

Town of Gananoque

Industrial Park Feasibility Study

August 7, 2012





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1 Introduction

1.1 Purpose and Background of the Study

The purpose of the Industrial Park Feasibility Study is to assess the regional economic development environment and the demand for employment lands, analyze the financial feasibility for a business park in Gananoque, outline a marketing plan for the business park and outline action steps necessary to implement site development.

In 2007, the 1000 Islands Region Workforce Development Board completed a report titled Community Economic Implementation Initiative: Bringing Jobs to Gananoque and Township. In this report, it states:

“High priority needs to be given to completing business park feasibility studies because until the municipal councils have objective information at their fingertips they will never be able to make an informed decision. These feasibility studies will offer the best estimates of return on investment by quantifying costs and suggesting timelines required to recoup investment through land sales and added property tax revenue.” (Section 4.1.3, page 27).

The Town of Gananoque responded to this statement by completing the *Herbert Street Extension and Industrial Park Environmental Study Report* in 2010. It identified a number of possible scenarios for the expansion of the park to accommodate future business development.

Town staff and Council reviewed these findings and identified the preferred alternatives as either:

- **Extension of Herbert Street and a new road west to Charles Street (Figure 1).**
- **Extension of Herbert Street and Cemetery road to connect to Charles Street (Figure 2).**



FIGURE 1.1 - HERBERT ST EXTENSION/CHARLES ST CONNECTION NORTH

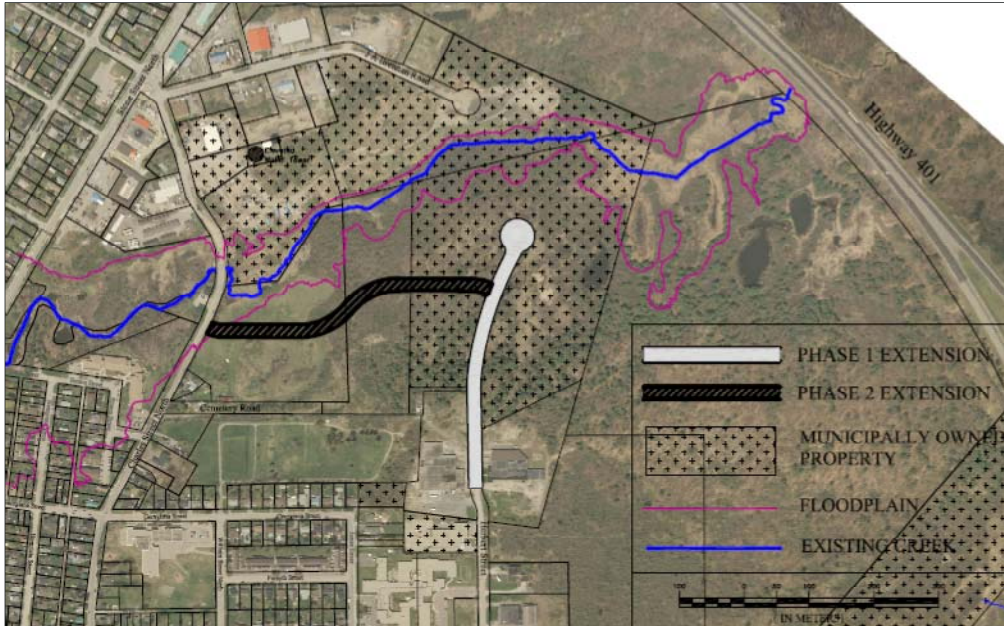
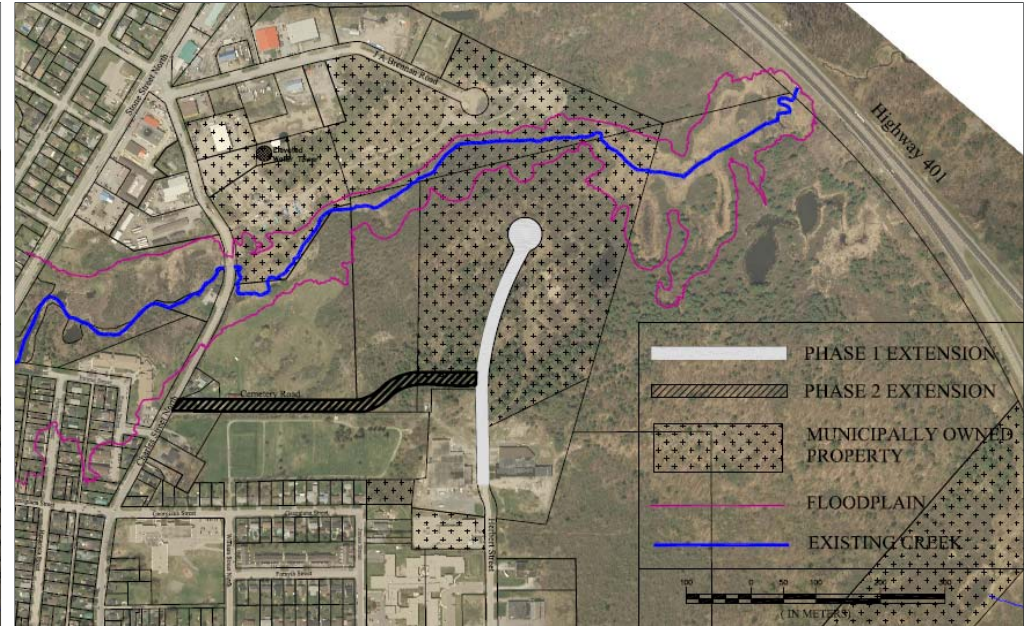


FIGURE 1.2 - HERBERT ST/CHARLES ST CONNECTION (CEMETERY RD)



These routes were identified based on the transportation impact, property access impact, natural environment impact, economic impact and municipal services impact (Figure 3). These two options are the focus for this feasibility study.



FIGURE 1.3 - GANANOQUE INDUSTRIAL PARK ALTERNATIVES SCORING

<i>Alternatives</i>	<i>Alternatives Description</i>	<i>Transportation Impact</i>	<i>Property Access Impact</i>	<i>Natural Environment Impact</i>	<i>Economic Impact</i>	<i>Municipal Services Impact</i>	
Weighting		20%	20%	20%	20%	20%	100%
Perfect Score		10	10	10	10	10	10
-	Do Nothing	0	0	10	10	7	5.4
1	Extension Of Herbert St. To J.A. Brennan Rd.	10	8	0	3	5	5.2
2	Extension Of Herbert St. (Dead End) & New Road West To Charles St.	9	8	7	5	3	6.4
3	Extension Of Herbert St. (Dead End) & Cemetery Rd. Connection To Charles St.	8	8	8	5	3	6.4
4	New Road East To Wilson Dr.	1	1	10	4	3	3.9
5	Extension of Herbert St. (Dead End) & New Road East to King St.	2	3	7	0	3	3.0

Rating System: 0-10, 0 being poor, 10 being excellent

1.2 Study Methodology

The industrial park feasibility study process was completed over two parts.

Part 1 is return on investment analysis with recommendations. This part of the report explores the regional industrial land supply, local industrial land development context and the feasibility of developing the park based on the two alternative designs. This part includes a pro forma feasibility analysis and assessed alternative approaches. It determines the breakeven points and includes a Net Present Value (NPV) analyses. The part of the report concludes with a recommended approach to developing the industrial park in Gananoque.



This Part is broken down into the following components:

- **Section 2.0** – Regional Industrial Land Supply and Local Context describes the real estate market characteristics influencing development in Gananoque. In addition, the section examines the Town’s Official Plan goals and permitted uses for employment lands as well as the servicing options for Gananoque’s industrial park.
- **Section 3.0** – Financial Analysis develops feasibility analysis scenarios, assesses the project economics and identifies development risks and benefits for the Town.
- **Section 4.0** – Recommendations provides recommendations for the Town to pursue based on research findings from the industrial park feasibility study project.

Phase 2 is a marketing plan. It provides an overview of the target markets for regional and city economic development stakeholders and recommends target markets, key messages and the most effective ways of reaching the target market with the key messages for Gananoque.

Part I

Return on Investment Analysis and Recommendations



2 Regional Industrial Land Supply and Local Context

2.1 Importance of Non-residential Development

The importance of industrial park development should be viewed in the context of other economic opportunities and challenges that Gananoque faces.

- Tourism has been an important part of the local economy ever since people started visiting the 1000 Islands. With declines of other industries (primarily manufacturing) and developments such as the casino in the last decade this sector has increased in relative importance. Tourism has become a very competitive industry and has shown sensitivities to public health announcements and fuel prices. Regions such as Toronto, Ottawa and Niagara attract the highest volumes of visitors in Ontario. According to the Ontario Ministry of Tourism and Culture, visitor trips are projected to grow modestly (less than 4%) over the 2012 to 2015.¹ Historically, growth in visitor trips and spending to the South Eastern Ontario Tourism Destination Region has been low. Growth that has occurred has been from the Ontario tourism market.²
- The prevailing economic restructuring conditions that have impacted Ontario's manufacturing industry over the past two decades had a direct impact on the province and local economy. Collins & Aikman's closure in Gananoque is only one example of the restructuring that has occurred in the region's manufacturing industry.
- There has been in a fundamental change in the character of Gananoque's Lowertown area. The slow, but sure, conversion from traditional industry on the waterfront to recreation, arts/entertainment, and creative businesses are making it a more attractive destination for visitors.

¹ Ministry of Tourism, Culture and Sport, Tourism Outlook, http://www.mtc.gov.on.ca/en/research/business_outlook/outlook.shtml. Viewed on May 10, 2012.

² Ministry of Tourism, Culture and Sport, Regional Tourism Profile, 2009, RTO9: South Eastern Ontario, <http://www.mtc.gov.on.ca/en/research/rtp/2009/RTO9/index.htm>. Last modified May 19, 2011, viewed on May 10, 2012.



2.2 Industrial Land Market

To ensure a comprehensive industrial land market analysis, the following characteristics were reviewed for all cities and towns within a 100 km radius that have industrial land available for sale:

- Property tax rates for industrial-full occupied properties
- Residential and non-residential taxable assessment increases
- Residential and non-residential tax revenue increases and
- Development charges and building permit fees.

Property Tax Rates - In the 2005-2010 periods, Gananoque experienced a 15.8% decrease in industrial tax rates – the third largest decrease (behind Belleville and Edwardsburgh-Cardinal) within the 100km radius. The 100km radius averaged an 11.1% decrease in the same time span. While Gananoque has illustrated a significant decrease in its industrial tax rates, Gananoque's tax rate (5.53%) is still higher than the 100km radius average of 5.39%. In comparison, Gananoque's closest competitors' – Kingston and Belleville - industrial tax rates are below the 100km radius average. However, since 2010 the property tax rate for industrial - full occupied has decreased. Town Council has been motivated to move tax ratios towards the Range of Fairness as per the Ontario Fair Assessment System.

Taxable Assessment - In the same five year span, Gananoque experienced a 22.2% increase in non-residential taxable assessment – the seventh largest increase of the twelve municipalities compared in the 100km radius zone. The comparator communities within a 100km radius averaged a 42.7% (excluding Kingston) increase in the same time span. This suggests that while Gananoque's non-residential tax base grew it is behind the closest competitors – Belleville, which saw a 44.5% increase, while places such as Greater Napanee and Carleton Place saw increases above 90%.

Tax Revenues - In the five year span, Gananoque experienced a 6.4% increase in non-residential tax revenues, which was significantly lower than many of the other municipalities compared in the 100km radius zone. During the same time span, the comparator communities within the 100km radius averaged a 34.5% increase for non-residential tax revenues. Incidentally, Gananoque had the second highest increase in residential tax revenue. This suggests that while residential tax revenues have grown in Gananoque, employment opportunities have lagged behind during the five year span. Since 2010, the decrease in the tax rate for industrial –full occupied has only slightly affected the tax revenues for the Town of Gananoque.

Development Charges and Building Permit Fees - Gananoque has no industrial development charges, which is common amongst many Eastern Ontario communities. Gananoque's building permit fees are noteworthy as they are the lowest within the 100 km radius. This illustrates a competitive advantage that Gananoque presents to industries that are looking to build in Eastern Ontario.



For the purpose of the feasibility study, serviced and non-serviced industrial/business parks within a 100 kilometre radius from Gananoque were examined. Further details for each of the industrial/business parks are provided in Appendix A. This review identifies the many communities in Eastern Ontario that have these types of parks.

The industrial /business park research also examined the absorption rates and current listing price for the industrial parks within the 100km radius. In a six year span (2006-2012) the average added acreage among the communities within a 100km radius was 24 acres, which provided an estimate of 4 acres of industrial park space added each year. In contrast, the average absorbed acreage among the 100km radius industrial parks was 74 acres, which provided an estimate of 13 acres of industrial park space absorbed each year.

The average listing price per acre in the communities with a 100 km radius was \$52,000. If the industrial parks within Kingston were removed from the average, the average reduces to \$32,000.

Discussions with realtors, local business people and municipal councillors were also conducted to inform the study team of business expansion plans, industrial land demand expectations and growth prospects. Summaries for these discussions are provided in Appendix A.

2.3 Gananoque Industrial Park and Permitted Uses

The Town of Gananoque's goal for employment lands is to support the expansion of the employment base through flexible land use policies which recognize the dynamic nature of a changing regional economy. The objectives are:

- To provide for commercial and industrial uses which require larger land areas.
- To ensure access to efficient transportation links.
- To provide commercial and industrial development opportunities which will not result in land use conflicts in accordance with Ministry of the Environment Guideline on Compatibility Between Industrial Facilities and Sensitive Land Uses.
- To enhance economic development opportunities within the Town of Gananoque.³

³ Our Heritage – Our Town – Our Future: The Town of Gananoque Official Plan, September 2009, Section 3.4 Where We Work – Planning for Employment Lands, p.23.



The Official Plan further itemizes permitted uses for employment lands to include the following:

- Manufacturing and processing
- Warehousing and wholesaling of bulk products
- Transportation depots
- Heavy equipment and recreational vehicle sales and services
- Open storage
- Automobile and commercial vehicle service centres
- Service commercial uses ancillary to the above
- Large scale retail
- Other commercial uses appropriate or compatible with an industrial/ commercial mixed use area or business park as described in the implementing zoning by-law and subject to any other related policies in the Official Plan.⁴

The permitted uses are flexible and can accommodate both industrial and commercial uses that may be local or export-oriented.

2.4 Gananoque Industrial Park Servicing Options

A Herbert Street Extension and Industrial Park Environmental Study Report (ESR) were completed by The Greer Galloway Group Inc. in 2010. The ESR considered a variety of alternative means by which the Town of Gananoque could access currently vacant lands north of the existing Herbert Street Industrial Park.

Each alternative was evaluated based on its anticipated impact on:

- Traffic (including the ability to improve access to Highway 401 and provide a 'by-pass' to the downtown).
- Providing access to vacant municipal lands (to facilitate the development of these 'employment' lands).
- The natural environment (a watercourse, floodplain and old landfill are north of Herbert Street).
- Economics (including construction and the ability to avoid costs such as landfill remediation).
- Municipal services (including the looping of water mains and sanitary sewer system upgrades).

⁴ Ibid. pp.24-25.



The ESR and its evaluation of alternatives resulted in two equally preferred alternatives. While both alternatives were found to have equal weighting in the ESR and were estimated to cost close to the same amount (refer to Appendix B), this north connection alternative allows development to occur on both sides of the proposed right of way thereby maximizing the available frontage and potentially the number of developments that may occur. The challenge with the southern connection along Cemetery Road is the existing residential dwelling at the corner of Charles Street and Cemetery Road. There may be a need for additional property from the land owner if additional auxiliary lanes are required (right turn/left turn) and or the sharp turn to the north presents a problem for transport trucks requiring a wider than normal intersection. It is expected that a portion of the existing front yard would need to be purchased, but more detailed design work needs to confirm this expectation.

If the Town of Gananoque were to proceed with the extension of Herbert Street and the new connection to Charles Street the Town would achieve the following:

- Provide access to 8.1 hectares (20 acres) parcel of municipally owned employment lands and provide approximately 600 metres of new fully serviced frontage.
- Provide access to 8.5 hectares (21.1 acres) of privately owned lands and provide approximately 650 metres of new fully serviced frontage.
- Improve access to Charles Street and Highway 401 from the existing industrial park and east end of Gananoque including a 'bypass' around the Downtown core, residential and school areas.
- Minimize the impact on the Stocking Hill Creek watercourse and associated floodplain.
- Allow phased construction – including an initial phase to access the municipally owned lands north of Herbert Street.

Having examined the target sectors for growth in Eastern Ontario, the importance of non-residential growth, employment land characteristics in Eastern Ontario, permitted uses for industrially designated land in Gananoque and the leading servicing options for the Park, the next task is to better understanding the method and cost to service an industrial park.



3 Financial Analysis

This section of the report explores the cost to service the industrial park based on the two preferred alternatives presented in the Environmental Study Report, determines the net present value of pursuing each of the development scenarios and discusses the risks and benefits of developing the industrial park.

3.1 Servicing Cost Estimates

The explanations and details regarding development assumptions are provided in Appendix B. The cost to extend Herbert Street north towards the municipally owned lands is estimated at \$1.52 million. The additional cost to connect Herbert Street to Charles Street is estimated at \$1.13 million for the north connection and \$1.19 million for the south connection. The development could occur in two separate phases in two separate times in the industrial park's development.

Six alternative cost/revenue scenarios were assessed, as provided in Appendix B. They are analyzed using a spreadsheet model which incorporates development costs, development land sales revenues and cost recoveries on shared infrastructure as inputs to calculation of net development income. The input assumptions are varied to test outcomes given different development alternatives.

The two development scenarios are based on the recommended sketch plans presented in Section 1.0. All scenarios assume that industrial land is sold at \$74,130 per hectare (\$30,000 per acre). The four scenarios are defined as follows.

- **Scenario 1** – Assumes land is absorbed at 1.21 hectares (3 acres) per year, the industrial park is developed over two phases, and the second phase has a 40% servicing cost recovery arrangement with the residential landowners to the west.
- **Scenario 2** – Assumes land is absorbed at 1.62 hectares (4 acres) per year, the industrial park is developed over two phases, the industrial park is developed over two phases, and the second phase has a 40% servicing cost recovery arrangement with the residential landowners to the west.

For both scenarios 1 and 2, a 40% cost to servicing arrangement would need to be in place with the Town and the residential landowners. These landowners would compensate the Town for the servicing of these residential lands since servicing will increase the value and marketability of their lands.



- **Scenario 3** – Assumes land is absorbed at 1.21 hectares (3 acres) per year and the phase 1 Herbert Street extension is pursued only.
- **Scenario 4** – Assumes land is absorbed at 1.62 hectares (4 acres) per year and the phase 1 Herbert Street extension is pursued only.
- **Scenario 5** - Assumes land is absorbed at 1.21 hectares (3 acres) per year, the industrial park is developed over two phases, and the second phase does not have any servicing cost recovery arrangement with the residential landowners to the west.
- **Scenario 6** – Assumes land is absorbed at 1.62 hectares (4 acres) per year, the industrial park is developed over two phases, the industrial park is developed over two phases, and the second phase does not have any servicing cost recovery arrangement with the residential landowners to the west.

The spreadsheet model also factors in municipal tax revenues over the course of the development period and contributes to the town's "net" position. Each of the scenarios does not factor in additional ongoing maintenance costs such as road repair or snow plowing.

Unpredictable Costs

Beyond the costs identified thus far, there may be other costs to development that the Town should be aware of. These include:

- Land costs for properties not owned.
- Allowances have not been made for sanitary sewer and treatment improvements beyond that which would be required for the construction of the extension. The possible extension of Herbert Street will not change the Town's existing and future plans to improve the collection and treatment systems.
- Implementation of upgrades to infrastructure (entrance features or roadway cross sections) for marketing or branding identity.
- Relocation of the Gananoque Trail which has a portion of its loop within the land that is included in the expansion.
- Additional marketing dollars to make the opportunity more visible to potential investors.



3.2 Feasibility Analysis Results

The results of the different scenario analyses are summarized below. The major observations and implications drawn from these results include:

- Phase 1 staging of investment would occur during the first year and phase 2 would occur during the fifth year of development. Another option that was explored was pursuing phase 1 only.
- Land sales for the 20 acres of land are estimated to generate \$600,000 in revenue for the town; however, the town would have to pay a total of 6% of sales to the listing real estate broker and selling real estate agent.
- The 40% cost sharing arrangement between the town and the residential land owners for extending the Charles Street connection to Herbert Street would generate an estimated \$451,723 in revenues.
- The town would have to borrow the necessary funds to pursue the industrial park development at a cost of borrowing at 3.83%.
- Tax revenues will generate an estimated \$10,000 per developed acre. These tax revenues will accumulate each year as the industrial park develops.
- The earliest year that the Town of Gananoque is estimated to break even is in 2025 (Scenario 4). The latest year that the Town of Gananoque is estimated to break even is in 2036 (Scenario 5).

3.3 Net Present Value Analyses

Six scenarios were developed as a basis for further analysis that incorporated the time value of money and different land absorption rates. Results are presented in Appendix B. **The model uses constant 2012 dollars and an inflation-free discount rate of 3.83%.** The net present value (NPV) analysis results in the following observations:

- Assuming a 1.21 hectare/year (3 acres/year) or 1.64 hectare/year (4 acres/year) absorption rate for the selling period, the lag between site development and receipt of sales revenues and tax revenues means **each development scenario yields a loss.**
- Increasing the absorption rate to 1.64 hectares/year (4 acres/year) reduces the project loss.
- Pursuing Phase 1 only instead of both phases reduces the project cost considerably, but still nearly \$400,000 - \$500,000 from a breakeven point.
- Adding tax revenues into the net present value brings the project cost closer to breakeven. A positive NPV could be achieved if the time period is expanded beyond eight years.



3.4 Development Risks and Benefits

The risks of proceeding with the development of the industrial park lands include:

- The fundamental economic risk that absorption rates, sales revenues and tax revenues will occur during the eight year time period. There is a risk of over investing in services infrastructure as it remains unused because planned industrial land uses do not materialize and there is little potential for conversion to residential uses because of planning restrictions. However, this risk is mitigated by staging Phase 2 of the project out five years.
- The political risk that alternative uses that committed funds could otherwise have been applied to would have generated better economic, environmental and social returns. To mitigate this risk, the town can put this project in context by comparing the total investment to the town's annual capital budget. The smaller the share the less of a political consequence.
- The political risk that some ratepayers do not share the Council's understanding of the risks and benefits of investing in the town's potential to generate local employment. This risk can be mitigated by an effective communications strategy.

If the town does not desire to pursue this project, the risk associated with inaction is that opportunity for investment would be passed over. Tax assessment and tax revenue growth would continue to lag behind other communities and an improved live-work relationship arising from industrial development would continue to struggle.

The benefits from investing in the industrial park development include:

- Creation of employment, an improved live-work relationship and better job prospects for some young adults. With 8.1 hectares (20 acres) of development, it is estimated that the park could generate 175,000 to 350,000 sq. ft. of built space. Assuming one employee for every 900 sq. ft., these lands could generate 195 to 390 jobs in Gananoque.
- Full utilization of municipal investment in services infrastructure.
- Creation of new non-residential tax assessment and revenues.
- Improved live-work relationships and reduced out commuting.



4 Recommendations and Implementation

4.1 Recommendations

Given the preceding industrial land assessment, cost estimates & analysis and risks & benefits described, **we recommend that the town give full consideration to proceeding with the development of an industrial park on the whole (Phase 1 and 2) in Gananoque.** The core factors supporting this recommendation are:

- The lagging non-residential assessment and tax revenues will continue unless the town steps in to make new lands serviced.
- The lack of market incentive to motivate private developers to invest in industrial lands.
- Investment in infrastructure can be staged to track ahead of sales and prevent added financial strain for the town during the immediate to short term.
- The recommended concept plan spreads the investment in storm water management across a larger land base generating higher sales revenues.

4.2 Implementation

4.2.1 Necessary Steps

Given these recommendations, the necessary steps for the Town of Gananoque to make these industrial lands 'shovel-ready' for business investment are as follows.

1. Establish a steering committee

A steering committee should be established with a mandate to ensure progress continues towards the development of a 'shovel-ready' industrial park. This committee should consist of the Chief Administrative Officer, Mayor, Treasurer, Director of Public Works, Manager of Community Development, a member of the Economic Development Committee and the Manager of Economic Development.

2. Gain necessary approvals



The town has the legal authority to create road rights of ways and development blocks without formal approvals. Nonetheless, there will be requirements held by other organizations (i.e. Ontario Ministry of Transportation, Ontario Ministry of the Environment, Conservation Authority) that are best addressed through preparation, circulation and review of a draft plan of subdivision, and subsequent study responses to issues raised through these processes. The following requirements are anticipated:

- Confirm road and plan structure.
- Plan of Subdivision
 - Prepare draft plan of subdivision, using development blocks with lot lines to be detailed in the future.
 - Circulate draft plan to typical review agencies seeking comments and further study requirements.
 - Review circulation comments and modify plan as appropriate.
 - Complete further study requirements (e.g. stormwater management study) and review with commenting agencies. Develop commentary and language to be considered in planning documents that will confirm phasing of east-west connector. This is in keeping with the recommendations of the EA for this development.
 - Finalize draft plan and register it.
- Define development lot limits to meet buyer requirements through the part lot control process.
- Undertake and prepare pre-servicing reports to determine and define suitability of proposed road and infrastructure locations. This would confirm general location of servicing related topographic features such as rock outcrops or existing infrastructure such as hydro lines and substations.
- Confirm minimum servicing requirements for phase 1 (does Herbert Street need to be extended to end as set out on plan or consider just servicing to intersection of east-west road).
- Meet with community stakeholders to determine suitable relocation of plan for existing Gananoque Trail that runs through the expansion lands.
- Develop an identity plan for the business park. In conjunction with the marketing plan, entrance features (gateway signage) and specialty street lighting could be used to provide a park image or signature.

3. Service the business park

It is expected that servicing of the industrial park lands will occur over two phases. Phase 1 will occur shortly after necessary approvals have been obtained and Phase 2 will occur in five years. The required action steps are:



- Given the finalized draft plan, have municipal engineers prepare the design drawings and stormwater management plan for both phases.
- Determine what elements of phase 1 should be tendered.
- Prepare tender documents as required for the phase 1 lands, put out tenders and select the preferred bidder.
- Service the industrial park lands and coordinate with the electricity services provider for servicing.

It is important to note that in the future when industrial park lands get built out, the town will need to determine whether any design changes are warranted. When the town is ready to pursue phase 2 of the industrial park, the implementation steps to service the remaining business park are

- Determine what elements of phase 2 should be tendered.
- Prepare tender documents as required for phase 2, put out tenders and select the preferred bidder.
- Service the remaining industrial park lands.

4. Implement the marketing plan and prepare a land sales agreement

The marketing plan is explained in part 2 of this report. Marketing of the park does not have to be an expensive endeavour for the town, as part 2 confirms.

The financial analysis included a line item where six percent of land sales were directed to the listing broker and sales agent. For the industrial park to get the attention of the realtors, the town needs to compensate them for attracting new businesses to the area. Listing with real estate brokerages is also further explained in part 2 of this report.

A draft Agreement of Purchase and Sale should be developed to identify the town's terms and conditions for sale. This step should begin as soon as the servicing is underway. The agreement should be developed by the town's lawyer and incorporate provisions for:

- A deposit on signing, to be credited to the purchaser at closing
- A conditional period in which the purchaser can complete a due diligence analysis, with provision for a penalty-free termination of the agreement and return of the deposit if un-resolvable issues arise and
- A requirement for an approved site plan within one year of purchase or the town can terminate the agreement and refund the purchase price with interest and without penalty.

Formal approval and transfer of the sale of land to the purchaser will require town council approval, as supported by a report by the economic development manager.



4.2.2 Suggested roles and responsibilities

The following chart outlines suggested timelines, roles and responsibilities for implementing the development of the industrial park. Given the timeline, the industrial park will be 'shovel-ready' in 2014. For the town to meet the timeline, senior staff members will have to be involved. Responsibilities are given to the CAO, treasurer, director of community development, economic development manager and director of public works.

FIGURE 4.1 - INDUSTRIAL PARK DEVELOPMENT

	Implementation Timeline					Town of Gananoque					
	2012	2013		2014		Mayor	CAO	Treasurer	Director of Community Development	Economic Development Manager	Director of Public Works
Step	H2	H1	H2	H1	H2						
Establish a steering committee						S	I	S	S	S	
Gain Necessary Approvals						S			I	S	
Service the business park						S					I
Implement the marketing plan										I	
Prepare land sales agreement						S	I				

Implementation Responsibilities: I – Initiate – Take responsibility for achieving results S – Support – Assist by providing input, content, and/or direction

Part II

Investment Marketing Plan



5 Investment Marketing Plan

5.1 Gananoque's Target Markets

Broadly speaking, there are two main targets in investment attraction marketing.

1. Influencers

The first are Influencers who are engaged by companies to help them identify potential investment locations and perhaps even help them make a decision. Influencers include industrial/commercial real estate professionals, site selection consultants, investment representatives of the provincial and federal government and specialized consultants. It is important for Gananoque to connect with these individuals because they are in constant communication with potential investors – over the course of a year they may deal with dozens or even hundreds of clients. Influencers can also have a lot of say in the final decision.

The disadvantage of this relationship is that communication is going through a broker and contact with the corporate decision maker will be difficult and may be impossible. In fact, trying to by-pass the Influencer can lead to mistrust from both the Influencer and his/her client and could be disastrous.

Influencers are hired because they are experts that can either get the investor a short list of options very quickly, based on their knowledge or can conduct a more comprehensive inventory of site options. In both cases, influencers will be ruthless in trying to narrow down the possible locations very quickly. As such, there initial work is a process of elimination – looking for anything negative that a community possesses to be eliminated.

The implication of these facts is that Gananoque must employ a combination of direct and indirect tactics to reach these important contacts but then also be ready to provide positive and accurate information in a very timely manner in order to stay off the cut list.

2. Corporate Decision Makers

The ideal scenario is that Gananoque can make contact directly with the person(s) responsible in the company for making a site selection decision. The advantage is obvious – that you have the ear of the person who will decide and feedback/questions are coming direct without 'noise' from an intermediary. Even better is that the Town is first out of the gate and provides such a compelling case that the investors does not look at any other options.



The disadvantage of this relationship is that it is almost always a one-shot opportunity. The time and money invested in providing that compelling case is lost after the decision is made. At least with Influencers they can bring more opportunities to Gananoque.

Another disadvantage is that companies that are in an expansion or relocation frame-of-mind are extremely difficult to find – a needle in a haystack so to speak. To put it into context, the World Bank estimates that the generation of 1 investment requires contacting 1,000 potential investors.

The implication of this reality is that this target market cannot be the sole focus of Gananoque's Marketing Plan. With one staff person and a very modest financial budget this cannot be afforded. At the same time, the direction provided on target sectors later in this section narrows the field of possibilities considerably. Furthermore, partnerships with OEEDC are important to spread the cost of this outreach.

5.2 The Economic Development Office's Critical Role

Moment of Truth Performance

"Moment of truth performance" is critical in investment attraction. A company's final site selection decision is not always made on the basis of numbers alone. The dominant decision factor can be attitude and results. A winning community provides the necessary information, but also demonstrates a willingness and ability to overcome less than desirable circumstances.

In other words, for an organization to succeed in investment attraction marketing, it must be competitive on both site selection factors (the product) and organizational performance (the people). One can lose as quickly from poor organizational performance as from lack of competitive product. In a process of elimination, like site selection, there is little time to gather and organize when engaged in the process with a prospect.

As the key point of contact and normally the first point of contact, the Town's Economic Development Office should aim to consistently meet the "Gold Standard" of acceptable service. The following figure shows how technology has accelerated the Gold Standard over the last decade.



FIGURE 5.1 - EVOLUTION OF ECONOMIC DEVELOPMENT SERVICES

Year	The Gold Standard Response Time	The Gold Standard of Economic Development Service
1998	48 hours	<ul style="list-style-type: none"> ■ 48 hours is generally required ■ Courier a package that contains Community Profile, Available Properties Guide, Lure Brochure, etc. ■ Post-It Notes to highlight the pages that will be of most interest
2001	Same day	<ul style="list-style-type: none"> ■ Same day or 24 hours maximum is generally required ■ Send an email that has several attachments including key excerpts from our Community Profile and hyperlinks to online listings of available property that closely meets your criteria
2008	Immediate	<ul style="list-style-type: none"> ■ <u>Action during</u> the call with the investment prospect is generally required ■ Go online and tour the website to download relevant files ■ Go through available properties directory and look at maps, photos and details of available properties which meet the prospect's criteria
2011		<ul style="list-style-type: none"> ■ Action while mobile ■ Investors and Influencers are using mobile devices to download information on community's available properties, labour force, etc.

Source: Millier Dickinson Blais Inc. (2012)

The advancement of technology and the internet means that overnight responses are seldom good enough. Communities must become more sophisticated in gathering/ organizing community data and responding immediately to specific questions.



This is easy to measure, but it takes an honest self-assessment. Simply, how did we do? Did we meet the Gold Standard of Service for that client? Tracking this will provide, at the end of each quarter, the number of times the gold standard was met. Over the course of several quarters, one will see a trend and be able to proactively identify ways to improve.

Being Investment Ready

The following findings are relevant to this discussion:

- In the last 10 years, decision cycles have been compressed. Operations run 365/7/24 and an economic development office that does not keep up is likely to miss opportunities;
- Having an inventory of “shovel-ready” properties is essential and heightens an investors’ interest. In other words, zoning is in place, there are no environmental/archaeological/geological problems and utilities are at the site.
- Competitive communities have an immediately available inventory of available buildings and land, appropriate utility infrastructure, a labour force that is ready to work, shows widespread support for industry and can give a professional presentation to decision makers.

If the Town of Gananoque wants to remain competitive in attracting new business investment, the level of preparedness to respond to investment enquiries is a key consideration.

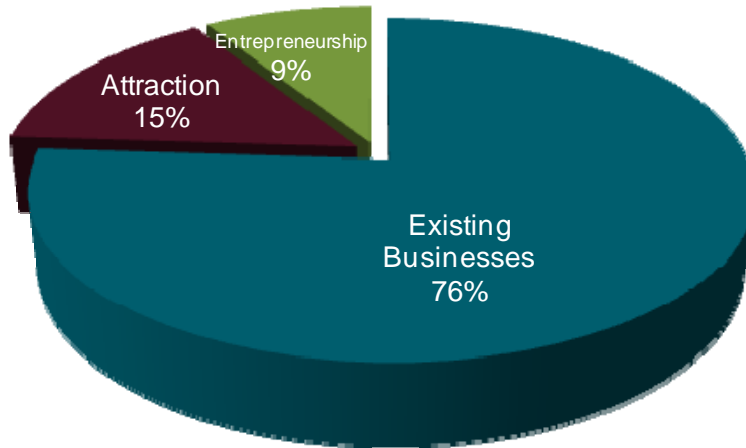
5.2.1 Primary Target – Businesses Already in Gananoque

Existing local business owners and entrepreneurs are primary targets for expansion into the industrial park. It is simplest for them to manage an expansion from their existing location and retain their workforce, resources and business support networks.

Research studies have clearly shown that existing businesses create the majority of employment growth in both growing and stagnant economies. The figure below is from research completed by Blane Canada Ltd. which indicates that 76% of new jobs come from existing businesses, 15% from new businesses that have recently entered the community and 9% from new business start-ups. This is backed up by numerous other studies on the subject.



FIGURE 5.2 - HOW JOBS ARE CREATED



Source: Blane Canada Ltd.

Consider these ideas when thinking about how it is common sense for the Town to ensure local businesses are happy and want to expand in Gananoque.

- Existing businesses already have a stake in the community and are demonstrably contributing to the economic vitality and social fabric of the community.
- Business owners know that it is easier and less expensive to retain existing customers. The same thing is true for communities that focus on retaining existing businesses.
- Keeping what you have is good for the development and growth of smaller firms. Businesses that export goods and services generate the revenue that funds smaller, local, service businesses. Both types of firms are necessary and the service firms may not survive if the exporting firms close or move away.
- Every economy loses about 10 percent of its jobs annually due to retirements, business closings, product life cycles, etc. Existing businesses are best positioned locally to replace those jobs.
- Finding and fixing problems for existing businesses may identify businesses for targeted recruitment efforts.



- Satisfied existing businesses can be a community's best ambassadors when recruiting new firms to the area as well as serving as a source of leads when seeking new firms to recruit.
- If an existing business is a thriving and growing concern, or is viewed as having growth potential, it may be the target of recruitment activities by another community. Thus it is in the best interests of local communities to make every effort to retain them.
- Existing businesses are also ambassadors for industry recruitment. The ladder figure to the right is analogous to the increasing 'commitment' of businesses to the community. The objective should be to get every business to be an advocate of the Town of Gananoque. No longer are business owners just doing business in the community and creating jobs and paying taxes, but they are talking positively to their business peers about the merits of establishing in Gananoque. This is the ultimate in testimonials.

FIGURE 5.3 - COMMITMENT OF LOCAL BUSINESSES TO THE GANANOQUE



Local business owners and entrepreneurs will want to understand the plans for the industrial park expansion, the status and timing of servicing and costs for purchasing land. The information that they expect from the Town is less technical, but more frequent. Simply networking with these people at events and including them in communications will reach this target market.

5.2.2 Primary Targets – Connecting With Influencers

Industrial and commercial realtors are often given the responsibility to find site locations for business owners contemplating a relocation or expansion. As a result they are able to make a connection between the Town of Gananoque and a prospective business investor. These realtors are well-versed in business requirements and costs and appreciate prompt responses to information requests. They can be serviced effectively by having property information available online (and increasingly on websites that are mobile friendly). A large part of the real estate business is based on professional relationship building. These relationships can be established with realtors through participating in their organizations and through events such as golf tournaments.

Investment attraction representatives at Ontario's Ministry of Economic Development & Innovation are often the first point of contact for site selection professionals or companies interested in relocating or expanding into Ontario. As a result their representatives are in a position to provide referrals to potential sites. Other site selection professionals do their own research and inform themselves of properties that are suitable for their clients. Investment attraction representatives are accessible and should be informed periodically of industrial land that is available for development.

Influencers have an international scope. The most prominent of these are representatives of Canada's embassies and consulates, consultancy firms that focus on investment site selection and incentive negotiations, technical advisors that



are focused on specific industries such as green energy and logistics, and also the location advisory practices of multinational real estate firms such as Colliers, Cushman & Wakefield and DTZ Barnicke. To maximize the effectiveness of Gananoque's relatively small economic development budget, connecting with these individuals is imperative.

5.2.3 Secondary Targets – Direct to Company

The Ontario East Economic Development Commission (OEEDC), of which the Town of Gananoque is a member, has spent considerable time investigating the development prospects of several business sectors that are particularly relevant for Gananoque.

- **Advanced manufacturing and clean technologies** – Eastern Ontario has a combination of skilled people, leading edge technology, academic and applied research capabilities, and a location that makes it accessible to several key US markets and world leading manufacturers.⁵
- **The creative economy** - Eastern Ontario has the capability to attract and foster new creative industries. These creative industries reflect enterprises that are using ideas, innovation and knowledge in their service to deliver creative solutions and products for the economy. Small creative companies such as Gananoque's own Kids Crooked Playhouse (makers of creative playhouses for kids) have been expanding across Eastern Ontario creating a new local innovative economy.⁶
- **Food processing** - The *Eastern Ontario Food Competitiveness Study*⁷ states that Eastern Ontario is a high-value and low-cost place to do agri-business. A strong economic partnership among food manufacturers, educational institutions and local economic development offices has helped keep the area's food processing industry strong and highly productive.
- **Logistics & warehousing** - Eastern Ontario's unique position allows for overnight surface delivery to 62% of Canadians, including those in three of Canada's four largest markets and access to the fifth busiest border crossing (Lansdowne/Alexandria). Eastern Ontario also has a network of support services, which include regional courier hubs, welding, machining and fabricating shops and customs brokers.⁸

⁵ Ontario East Economic Development Corporation, Advanced Manufacturing and Clean Technologies, <http://www.onteast.com/content/advanced-manufacturing-clean-technologies>, 2012.

⁶ Ontario East Economic Development Corporation, Creative Economy, <http://www.creativeontarioeast.ca>, 2012.

⁷ not available online

⁸ Ontario East Economic Development Corporation, Logistics & Warehousing, <http://www.onteast.com/content/logistics-warehousing>, 2012.



For over five years the OEEDC has maintained a consistent international presence in these markets and in some, such as food processing, this has been ongoing for about a decade. The U.S. is the primary focus of these efforts and is a logical source of investment opportunities for Gananoque – the town's border location offering up a solid competitive advantage.

The City of Kingston (through the Kingston Economic Development Corporation) is also targeting investment in the green technology, research and development and health care sectors whereas the City of Brockville's Economic Development Department is also targeting investment in the pharmaceutical sector.

In Gananoque, the largest sector in terms of jobs is in the manufacturing sector. At the same time, many jobs have been lost in manufacturing over the previous 10 years – Covidien-owned Ludlow Technical Products Ltd. has employed over half of remaining sector's employment base. This company is a manufacturer of disposable medical products. A 2007 jobs report done for the 1000 Islands Region Workforce Development Board makes reference to future manufacturing growth in the area likely coming from smaller companies of five to 25 employees who require a couple of acres of land or 5,000 to 10,000 square feet.⁹ Trends since then indicate it is reasonable to expect that future growth in Gananoque will be largely by small businesses of less than 25 employees.

Much of the town's employment growth over the previous 10 years occurred in arts, entertainment and recreation, which was driven by the tourism sector and employers such as the Thousand Islands OLG Casino.¹⁰ Other growth sectors included retail trade, accommodation and food services and wholesale trade.¹¹ Further details regarding the number of people employed by business and resident labour force by sector are provided in Appendix C.

Gananoque's Targets

The advanced manufacturing, logistics and warehousing sector (up to about 60,000 sq. ft. in size) and "creative" economy are appropriate high priority targets for Gananoque. A site location matrix provides weighting for investment factors and differentiates these factors as high, medium or low levels of importance. This matrix was used to guide the discussion for secondary target markets.

Advanced Manufacturing Sector

⁹ Millier Dickinson Blais Inc. *1000 Islands Region Workforce Development Board, Bringing Jobs to Gananoque and Township*, 2007, p.17.

¹⁰ Town of Gananoque Community Profile, <http://www.gananoque.ca/invest-in-gananoque/community-profile>. 2012.

¹¹ Statistics Canada, Community Profiles, Town of Gananoque, 2001 & 2006.











The OEEDC is targeting investment in the advanced manufacturing sector. More specifically, this sector includes electrical equipment, appliance and components for green energy industries and aerospace products and parts. Any messaging in attracting investment in this sector will need to address the key location requirements presented in the following table. Further details of location requirements are presented in Appendix D.

FIGURE 5.4 - KEY LOCATION REQUIREMENTS FOR THE ADVANCED MANUFACTURING & CLEAN TECHNOLOGIES SECTOR









Electrical equipment, appliance and components manufacturing		Aerospace products and parts manufacturing	
Labour Force Characteristics	<ul style="list-style-type: none"> ■ Size of total labour force ■ Unemployment rate ■ Availability of skilled workers ■ Cost of skilled workers ■ Presence of union ■ Workers compensation and employment 	Property Availability & Cost	<ul style="list-style-type: none"> ■ Serviced industrial land availability (shovel ready sites) ■ Cost of land or lease rates
Utilities	<ul style="list-style-type: none"> ■ Electricity (capacity, availability, rate, reliability) 	Transportation / Distribution	<ul style="list-style-type: none"> ■ Proximity to current and future customer markets ■ Proximity to suppliers / raw materials ■ Proximity to highways ■ Proximity to airports ■ Proximity to railways / intermodal facilities ■ Third party trucking availability
Property Availability and Cost	<ul style="list-style-type: none"> ■ Serviced industrial land availability (shovel ready sites) ■ Cost of land or lease rates 		
Education & Training	<ul style="list-style-type: none"> ■ Community colleges – availability and quality of programs ■ Universities – availability and applicable programs ■ Local employment and training services 	Labour Force Characteristics	<ul style="list-style-type: none"> ■ Size of total labour force ■ Unemployment rate ■ Availability of skilled / unskilled workers ■ Cost of skilled / unskilled workers ■ Presence of union ■ Workers compensation and employment insurance

FIGURE 5.5 - HOW GANANOQUE ALIGNS WITH IMPORTANT SITE REQUIREMENTS FOR THE ADVANCED MANUFACTURING SECTOR



Critical Location Factor	Local Performance	Explanation
Labour Force Characteristics		
Size of total labour force	 	While not as large a resident labour pool as surrounding communities, the density of highly educated workforce in the area is high. The daily exodus of workers to other areas of the region, and their likely desire to lessen commute times, also makes the city attractive to investors. In the immediate area Kingston and Brockville do have an edge on this factor
Availability & Cost of Skilled Workers		Unemployment is mid-range, but since this sector is less sensitive to wage rates and wage rates do not vary significantly across the region, the town can become a preferred destination for investment.
Transportation and Distribution Infrastructure		
Proximity to Highways		Highway 401 and proximity to international border are big advantages.
Proximity to Airports		While not having an airport with scheduled passenger service in Gananoque, the choices are excellent. Kingston offers 7-8 flights per day to/from Air Canada's Toronto hub, Ottawa and Montreal international airports are between 1.5 to 2.5 hours away and Syracuse, 1.5 hours away, offers great service for those looking to flights within the U.S.
3rd Party Trucking and Warehousing Availability	 	There are plenty of options nearby (e.g. Meyers Trucking Limited), but still may be viewed as less competitive compared to other areas of the region, especially with respect to warehousing.
Municipal Values		
Alignment with Municipal Objectives		Gananoque has a strong history in manufacturing and this is a position that the community would like to see improve in order to provide well paying full-time jobs and provide more balance to the economy.
Local Industry		



Critical Location Factor	Local Performance	Explanation
Local Industry Cluster	 	Historically a strong and desired sector, but the cluster has been hard hit by closures in the last decade. Support services in Brockville and Kingston offer advantages.
Property Availability and Cost		
Strategic Land/ Property Availability		Immediate proximity to Highway 401 is less important for this sector, but while this market will have a tolerance for higher land prices if the amenities are right, if priced appropriately, the Town's land will be attractive. A strong consideration for those not wanting to pay Kingston prices.
Telecommunications		This utility is critically important and the infrastructure appears to be in place in Gananoque.
Incentives/ Support Programs		
Provincial and National Incentive Programs		The Ontario government provides a number of programs to assist manufacturers in the province, including support for small to medium businesses, research and development and technology commercialization. The Town should be able to expedite accessing of these programs.
Education & Training		
Community Colleges - Quality	 	There are many options in the region; however, it is always ideal to have a local presence, which Gananoque does not.
Quality of Life		
Perception to Attract Employees		Gananoque has an extremely positive reputation in the region and this advantage should not be underestimated for this sector as an employer's ability to attract and retain its employees is one of the most important site determining factors.



Logistics & Warehousing Sector









Highly important location factors for the multi-modal logistics sector are related to proximity to transportation infrastructure, available industrial properties and available unskilled workers. Further details are presented in the following table. Further details of location requirements are presented in Appendix D.

FIGURE 5.6 - KEY LOCATION REQUIREMENTS FOR THE LOGISTICS & WAREHOUSING SECTOR



Transportation / Distribution	<ul style="list-style-type: none"> ■ Proximity to current and future customer markets ■ Proximity to suppliers ■ Proximity to highways ■ Proximity to railways/intermodal facilities ■ Third party trucking availability ■ Third party warehousing availability
Labour Force Characteristics	<ul style="list-style-type: none"> ■ Size of total labour force/ participation rate ■ Unemployment rate/ employment rate ■ Availability of unskilled workers ■ Cost of unskilled workers ■ Workers compensation and employment insurance
Property Availability and Cost	<ul style="list-style-type: none"> ■ Industrial building availability ■ Serviced industrial land availability (shovel ready sites) ■ Cost of land/ lease rates



FIGURE 5.7 - HOW GANANOQUE ALIGNS WITH IMPORTANT SITE REQUIREMENTS FOR THE TRANSPORTATION AND LOGISTICS SECTOR

Critical Location Factor	Local Performance	Explanation
Labour Force Characteristics		
Size of Labour Force and Wage Rates	 	Regional unemployment is low, not helping this sector that generally requires wages on the lower end of the scale to remain competitive. However, technology advancements are placing more importance on a skilled workforce that can be found locally.
Transportation and Distribution Infrastructure		
Regional Infrastructure		Highway 401 is key to Gananoque's success. The highway sets it apart from communities Ontario communities located further north (e.g. Smiths Falls, Perth and even Ottawa). Located in the middle of the quadrangle of three of Canada's four largest markets (Toronto, Montreal and Ottawa) and within 10 minutes of the US border are also strong advantages.
Local Infrastructure	 	While the proposed industrial park is close to Highway 401, without the east-west connector to Herbert Street, the Town must be cognizant of the impact of significant truck traffic on King Street.
Multimodal Connections		Not having a rail or water port multi-modal facility will eliminate the town from attracting certain types of investment, but considering these are rare facilities, there is still plenty of opportunity.
Local Industry		
Local and Regional Industry Cluster		There are many linkages with other sectors, including the presence of many long-standing companies in the regional economy – mainly in Kingston and Brockville.
External Industry Trends		A regional increase in transportation and warehousing business in the region is related to the overall strength of Canada's economy. Logistics is a cost centre that companies are continually trying to rationalize so consolidation of Quebec and Ontario facilities such as Lyreco's large Kingston facility are an ongoing possibility.



Critical Location Factor	Local Performance	Explanation
Municipal Values		
Alignment with Municipal Objectives		This type of investment is consistent with the Town's goals of increasing its non-residential tax assessment base. Note that logistics operations provide fewer employees per square foot but the types of required skills fit well with what Gananoque has to offer.
Property Availability and Cost		
Strategic Land and Property Availability		Currently the town is not ready for this type of investment. The expansion of the industrial park is vital for the attraction of new industry. Land generally needs to be priced at the lower end of the spectrum due to the land intensive nature of this sector. With expansion of the industrial park this becomes a positive, however, only for opportunities on the smaller side (an upper limit around 60,000 sq. ft.) with more opportunities being seen for smaller local/regional distributors that require up to 5,000 sq. ft.



Creative Economy

The infrastructure requirements for people in the creative economy are few, which means limited investment by the town. However, the following are essential: efficient telecommunications (mobile phone coverage, broadband access), reliable courier service and reasonable access to an airport with commuter flights. Although many people in the creative economy may locate their business in the downtown or in their home, there may require additional space as they expand their operations in the future.









Over the short term, attracting investment in the creative economy will not lead to investment in the industrial park. However, it is the ingenuity of the people in the creative economy labour force who see development opportunities and may want to expand their business in the industrial park. Any messaging for attracting investment in the creative economy will need to address the key location requirements presented in the following table. Further details of location requirements are presented in Appendix D.

FIGURE 5.8 - KEY LOCATION REQUIREMENTS FOR THE CREATIVE ECONOMY









Quality of Life	<ul style="list-style-type: none">■ Health care facilities■ Emergency services■ Crime rate■ Recreation and cultural facilities■ Housing availability and cost
Education & Training	<ul style="list-style-type: none">■ Elementary school performance■ Secondary school performance■ Community colleges – quality■ Universities – applicable programs■ Local employment and training services
Transportation/Distribution/ Utilities	<ul style="list-style-type: none">■ Proximity to highways■ Proximity to airports■ Telecommunications



FIGURE 5.9 - HOW GANANOQUE ALIGNS WITH INVESTMENTS IN THE CREATIVE ECONOMY

Critical Location Factor	Local Performance	Explanation
Local Opportunities for Business Growth		
Local industry and investment attraction	 	Gananoque has experienced slow growth in commercial/industrial investment, but much lower than the average of communities its size.
Transportation and Distribution Infrastructure		
Proximity to Highways and Larger Centres		Excellent highway access to three of Canada's four largest urban areas within three hours and Syracuse, an important city of the northeast U.S.
Proximity to Airports		Three international airports within three hours (Syracuse, Ottawa and Montreal) and Kingston Airport, which offers 7-8 daily flights to Toronto's Air Canada hub.
Utilities		
Telecommunications		Broadband and cellular service is available and of good quality.
Property Availability and Cost		
Availability of Commercial Buildings and Land	 	Evidence is that there is always some office/commercial space available in Gananoque. However, the quality varies with most spaces being average in quality, requiring upgrades and industrial facilities are too large for smaller creative economy businesses.
Education and Training		
Elementary and Secondary School Performance		Gananoque has a very good elementary and secondary school system.



Critical Location Factor	Local Performance	Explanation
Community Colleges and Universities – Programs/Quality	 	Kingston and Ottawa are a strong university and college communities. Brockville has a small college campus. There are no colleges or universities in Gananoque so most students are forced to leave the area to attend school.
Local Employment/ Training Services		The local CFDC offers excellent business counselling services.
Quality of Life		
Health Care Facilities	 	Kingston and Ottawa are leading medical centres but there is no hospital right in Gananoque.
Emergency Services		High quality local fire, police and other emergency services, with region-wide enhanced 911.
Recreation and Cultural Facilities		The location on the St. Lawrence, nearby 1000 Islands and freshwater lakes to the north makes the area a water lover's paradise. A trail system weaves the perimeter of the town. Playhouse offers top notch entertainment. Many festivals. Arena is in less than stellar condition. Lowertown and downtown have even more potential than shown now. A Cultural Plan has been completed which suggests more opportunities on the way.
Housing Availability and Cost		The average housing cost in Gananoque is lower than that of the communities in the area, albeit waterfront property is exclusive. While the housing prices are increasing, they are still considered affordable in comparison with the surrounding region.



5.3 SWOT Analysis

An assessment of Gananoque's strengths, weaknesses, opportunities and threats (SWOT) is intended to inform the feasibility assessment of the Town's proposed industrial park expansion. Strengths are the unique factors or assets that the community can build off and capitalize on for the unique elements. Weaknesses are current areas of disadvantage which may require strengthening or repositioning. Opportunities are the external factors that can play a significant role in determining the community's possibilities. They can directly influence the types of strategies, whereas threats are external factors that present challenges to a community. This SWOT assessment has been compiled based on background research, economic overview and the results of the consultation process.

5.3.1 Strengths

It is essential that the Town leverage the unique assets and characteristics of the community in a way that will provide an advantage to new businesses within the industrial park

Proximity to Four Large Cities – Defined as Gananoque's strongest strength is its central location within the quadrangle of Toronto-Ottawa-Montreal-Syracuse. With this strategic position, Gananoque's businesses and residents can access three of Canada's top markets and serve as an entrance point into the U.S. market. The town is a few minutes from an international border crossing and is close to airports in Ottawa, Kingston, Syracuse and Montreal. Its location also gives it access to a strong post-secondary base in Kingston and immediate access to the St. Lawrence River.

Good Quality of Life – There was a consistent claim by stakeholders engaged in the project process of Gananoque's high quality of life. The natural beauty, pace of life and excellent medical, protective and emergency services ensure that the area is a safe and exciting place to live and locate a business into.

Low Industrial Development Costs – A comparative analysis of towns and cities within 1km from Gananoque has illustrated that Gananoque has the lowest building permit fees in the radius. This coupled with its no development charge policy on industrial properties makes Gananoque an attractive business location for new building owners.

Proximity to Post Secondary Institutions – Queen's University and St. Lawrence College offer innovative research and teaching programs in engineering, green technology and health care.

Strong Work Ethic – The town has built its past on the shoulders of the manufacturing industry, and even before that as on the maritime and farming sector – it has an engrained and established strong work ethic. Business owners have stated



that while manufacturing jobs are sparser than before any new business owner will have the benefit of a labour force with a strong work ethic.

Lower Housing Costs - The average housing cost in Gananoque is lower than that of the communities in the area, albeit waterfront property is exclusive. While the housing prices are increasing, they are still considered affordable in comparison with the surrounding region, which makes the area attractive for people who are interested in working in a community with lower housing costs.

5.3.2 Weaknesses

The following weaknesses are constraining Gananoque`s residents from living and working in the community and the industrial park from developing.

Lack of Employment Opportunities – Due to the size of the community, Gananoque offers limited employment opportunities for the young population. Larger cities like Kingston, Ottawa, Montreal and Toronto have more and diverse employment opportunities that can lure the young population away from Gananoque.

Lagging Non-Residential Development –The assessment data results indicate that Gananoque is lagging in new non-residential development compared to other communities in Eastern Ontario. This trend places more municipal taxation burden on the residential homeowners.

Lack of Serviced and Available Properties – Discussions with realtors indicated that there are only a small number of non-residential properties that are available and serviced in Gananoque for development. Cities such as Kingston and Brockville offer many more available properties and development opportunities.

Lack of Multi-Modal Connections - Not having a rail or water port multi-modal facility will eliminate the town from attracting certain types of investment from sectors of the economy that require immediate access to multi-modal facilities.

5.3.3 Opportunities

External factors can also play a significant role when influencing the feasibility of an industrial park. These factors can include structural changes in the regional economy, shifts in demographics or technological changes. The following summarizes some of the major factors that were identified as influencing the outcome of the industrial park feasibility study.



Regional Partnerships – Gananoque’s membership into the OEEDC offers a great deal of investment attraction exposure. Town staff involvement to help shape and direct this organization is mutually beneficial for Eastern Ontario and Gananoque. Town of Gananoque staff are strongly encouraged to continue their involvement with the OEEDC sector teams. Their involvement with this economic development organization gives the Town of Gananoque greater exposure to regional, national and international markets. If the OEEDC translates marketing materials, Gananoque could provide corresponding materials in the same language.

Direct Access to Large Canadian Cities and US Markets – Gananoque has an ideal location with direct access to three major Canadian cities (Toronto, Ottawa and Montreal) and the U.S. border crossing via nearby Thousand Islands Bridge.

Town Capacity for Growth – Gananoque has the municipal servicing capacity to support more non-residential and residential development. The industrial park lands along Herbert Street are undeveloped and the lands to the west also remain undeveloped.

Movement of “More Experienced” Population – Gananoque is becoming a haven for people fleeing the city. It has a quality of life and cost of living that is attractive to empty-nesters or young retirees. Often these people will bring businesses with them. These may start out at home, but can evolve into needing small commercial or industrial spaces.

Access to Post-Secondary Education and Research - Kingston benefits from innovative research and development projects and programs at Queen’s University and St. Lawrence College. The benefits create new business activity in target sectors such as green technology and health care. The Town should stay informed of innovative projects and could identify opportunities where research centres or projects could be located in Gananoque.

Access to Provincial Incentive Programs - The Ontario government provides a number of programs to assist manufacturers in the province, including support for small to medium businesses, research and development and technology commercialization. The Town should be able to expedite accessing of these programs.

5.3.4 Threats

Equally important is how Gananoque addresses or manages the internal and external threats that may keep the town from developing the industrial park. The following discussion lays out the key threats facing Gananoque in effectively developing and marketing the industrial park.

Availability of Industrial Land in Surrounding Communities – The availability of vacant industrial land in communities within 100 km of Gananoque will always be an ongoing threat to future development. For the last 50 years Kingston,



Belleville and Brockville, in particular, have had industrial parks with available land. In the last 10 years the amount of available land has not shrunk because as land is sold and developed, the cities are putting more serviced land on the market. They have realized the business diversification, employment creation and taxation value of being ready for investment.

Town's Capacity to Operate and Finance Assets – The small population base and lagging assessment growth places the Town in difficult position. It needs to maintain the existing physical infrastructure (e.g. roads, water, sewer) and recreational facilities while at the same time financially supporting new infrastructure investment.

Lack of Depth in the Business Community – Gananoque is a small community compared to other cities in Eastern Ontario (i.e. Kingston and Ottawa). The business community is small and many of the larger employers, with the exception of Covidien/Ludlow Technical Products Ltd., are in service-related industries. People are attracted to communities where there are a diverse number of businesses and employment opportunities.

Delays in Traffic Flow – An issue that surfaced during the project was the delays in traffic flow. The delays occur along the County Road 2 King Street East and the 1000 Islands Parkway in Gananoque. This issue becomes particularly troublesome during the summer months when traffic gridlock hinders the movement of goods and people. However, new residents and business owners moving in from larger centres will likely view Gananoque's gridlock as only a very minor threat, if at all.

5.4 Competitive Advantages/Disadvantages

While the SWOT analysis completed in the previous section is an important exercise and necessary first step to identifying the best options for economic improvement, there is a need to dig deeper to determine Gananoque's competitive advantages and disadvantages for future investment within the town's industrial park.

Competitive advantages and disadvantages are different than strengths and weaknesses. Strengths and weaknesses may be common to Gananoque as well as its competitors, while competitive advantages and disadvantages will differentiate the area from its competitors. The area has a better chance of continued success if it can target its economic development activities to serve business sectors best able to capitalize on its competitive advantages while not suffering from its competitive disadvantages.

Competitive advantages form the centre for the town and industrial park's unique value proposition – the “wow” factor that will motivate potential investors to take a closer look.



Competitive disadvantages are those elements that the community needs to help fix (or become less of an obstacle) if it is critical to investment attraction and marketing efforts. Alternatively, the competitive disadvantage can be ignored as long as there is agreement not to try and pursue investment that will find those qualities a challenge.

FIGURE 5.10: GANANOQUE`S COMPETITIVE ADVANTAGES AND DISADVANTAGES

Competitive Advantages	Competitive Disadvantages
<ul style="list-style-type: none">■ Highway 401 access■ Proximity to the US border crossing■ University and college proximity■ Available and serviced properties■ Low development costs (i.e. industrial land costs, no development charges, low building permit fees)■ Flexibility in purchasing industrial land from the Town■ Streamlined development permit system	<ul style="list-style-type: none">■ Stagnant population growth with limited projected growth■ Small business base■ Lack of available land for industrial development

5.5 Key Messaging

The investment marketing plan for the Town of Gananoque`s industrial park will focus on many of the town`s benefits and advantages. To convey the right message to prospects, key messaging for advertising and content generation has been defined based on input from stakeholders and based on the findings from the SWOT analysis and competitive advantages.

5.5.1 Key Messages for the Industrial Park

Direct access to Highway 401 - One of the key criteria for business owners looking to relocate or expand is the transportation access to their customers and prospects. Gananoque`s industrial park is wonderfully located with immediate access to Highway 401. In a three hour driving radius, Highway 401 connects Gananoque with a significant proportion of the Canadian marketplace including Toronto, Ottawa and Montreal. In addition, in a two hour drive, a



business owner can get to Syracuse, New York, whose airport is convenient for inter-U.S. flights and network of Interstate highways allows easy access to a large export market. These location factors are a competitive advantage for Gananoque and can be used as a key message in marketing materials.

Permitted use advantage - One point of differentiation for the industrial park is flexibility in the permitted uses of the land. Lots are not developed at this point in the Gananoque industrial park; however Gananoque's permitted uses for the industrial area vary widely and include uses such as manufacturing, warehousing, heavy equipment sales and large scale retail. Planning policies as they relate to permitted use in many cases will not prevent businesses from expanding in the park. The permitted use flexibility is a key advantage and needs to be integrated into key industrial park messaging.

Low cost of purchasing industrial land - The cost to purchase industrial land in Gananoque at \$30,000 per acre is relatively low in comparison to other communities in eastern Ontario (e.g. Kingston, Ottawa).

5.5.2 Key Messages for the Community

As identified earlier, site selection and business investment decisions are based on criteria besides highway access and development costs. Other criteria are often less controllable and include workforce availability. Being located in Gananoque can have many advantages for entrepreneurs, managers and employees. These advantages must be promoted as they create an essential message that can be communicated throughout the marketing & promotion tools and tactics. Only this way will all competitive advantages be included and effectively promoted. The following are the key community messages.

A small town quality of life - Small business people and entrepreneurs want to be in places where they can create a successful business. They are sensitive to the location's quality of life. All marketing materials and content developed to promote Gananoque as a place for business will have to include the recreational sites and events.

Proximity to three large Canadian cities and the United States market - Gananoque can offer the best of a small town life while being connected easily to three large Canadian cities (i.e. Toronto, Ottawa and Montreal). The town is also directly accessible to the United States via the Thousand Island Bridge.

Proximity to Kingston and Brockville's post-secondary institutions - Gananoque benefits from its proximity to Kingston's renowned universities, which are Queen's University and the Royal Military College). Queen's University offers a high quality education for its students and innovative research programs. Queen's leading research programs are in neuroscience, engineering and computer science. St. Lawrence College (Kingston and Brockville campuses) offers a large variety of programs for students and applied research. Innovative research specifically addresses solar, wind, and geothermal technologies and control engineering technology.



Access to a regional labour force - Although the population of Gananoque is small in comparison to larger centres like Kingston or Brockville, the town is easily commutable within a thirty to forty minute drive time. Within this drive time radius, Gananoque businesses have access to a large and skilled labour force.

Diverse local economy - Gananoque's long history of a balanced and diverse local economy provides a stable environment for new business and business expansion; which is remarkable for a community of its size.

Family-oriented community - The community of Gananoque is welcoming to families, which helps create a stable and diverse economy which supports commercial investment.

5.6 Marketing & Promotion Tools and Tactics

The marketing and promotion tools and tactics that are recommended for the Town of Gananoque to use to market and promote the industrial park are as follows:

- a website
- prospectus
- temporary and permanent signage
- public relations campaign
- direct e-mail with telephone follow-up
- special events.

These tools can be used to reach both the primary and secondary target market audiences.

5.6.1 Website

Within the last twenty years there was a worldwide shift from traditional marketing material (i.e. print based media) towards marketing materials and information that can be accessed electronically. This transformation was driven by public expectations that demand the delivery of enhanced services and information immediately. The Internet is the primary source for site selection information. Lack of a strong website compromises Gananoque's ability to effectively promote itself and the industrial park for investment for local to international business community audiences.

The work undertaken to complete employment land analysis, which was presented earlier in the report, relied heavily on Internet based research for comparable industrial parks. Based on this process, it is clear that Gananoque must build on



its online presence. This presence can effectively be integrated into the town's website since the scale of the industrial park does not warrant a standalone website. Economic development and community information is already communicated through the ganoque.ca site.

Industrial park information can become a new webpage within the town's website. This page and supporting pages will become an important tool in the overall marketing plan. Key information and messaging for the business park should include:

- A location map of the industrial park in proximity to the surrounding area. The map needs to identify highways and roads. In addition, the map needs to be functional where the user can zoom in and out of the industrial park area. Different use of colours can indicate if land is occupied or vacant.
- Land costs priced per acre.
- Infrastructure and servicing information such as electricity, water and wastewater services and storm water retention.
- Competitive advantages that make the industrial park unique such as an effective development permit system.

Industrial park information should be easy to find using a Google search. The webpage will have to link certain key words in the title so that it is an easy find on search engines. There will also need to be tabs on the main site which takes users directly to the industrial park webpage. The webpage should also have a downloadable prospectus, described in the following section, which the user can save and print. The benefit of having the industrial park information as part of the town's main website is the immediate linkage with other relevant information such as the Official Plan document and Development Permit By-law.

Supporting webpages should include local supplier businesses (e.g. accountants, lawyers), connections to local chambers, associations and quality of life information. Include contact information, if users would like to follow up with additional questions or information requests.

Communities that have developed effective websites that provide relevant business, community and business park information include the City of Cambridge (www.cambridge.ca/economic_development), City of London (www.ledc.com) and City of Hamilton (www.investinhamilton.ca).

5.6.2 Prospectus

The purpose of a prospectus is to provide interested parties who wish to print information with a quick way to download relevant information in one document. A prospectus is a standard document that realtors, site selection professionals and



business owners can easily review. Much of the information has already been collected and available on the website. This prospectus has to be redesigned in a printer-ready format and made available online.

The prospectus should include:

- Business park information that highlights the competitive advantages.
- Available vacant land with information regarding zoning.
- Community profile.
- Sector specific information with one or two success stories.

The communities that have developed effective websites (i.e. City of Cambridge, City of London and City of Hamilton) have also developed effective downloadable print information.

5.6.3 Signage

There are two forms of signage that are required: temporary and permanent. The purpose of temporary signage is to make drivers aware that land is available and to provide contact information and a website address. The sign would be removed when the park is built out and vacant land is sold. The purpose of permanent signage is to identify the park in the community. This signage will include the name of the park and town logo. It is commonly placed at the main park entrance and sometimes referred to as gateway signage. The area surrounding the sign is landscaped with special lighting.

5.6.4 Public Relations

Positive public relations sends a positive message out about a community, but positive messaging does not happen on its own. It requires skill and consistency over a period of time and can be effective if practiced correctly. The marketing tools described earlier can increase the business park profile, but effective public relations can improve credibility. When people hear or read a story about an organization that is successfully operating a business in Gananoque, other business owners and entrepreneurs will be more likely to have a favourable opinion of Gananoque.

Positive public relations campaigns help you attract those people who want the quaint, small town atmosphere and favour it over low cost. If people buy in to this atmosphere they will understand why it is worth staying, locating or expanding in Gananoque. Another positive feature of this promotion tool is that it is an excellent way to stretch the economic development marketing budget. Some promotional tactics that can come from a public relations campaign are:



- **Announcements** – brief press releases regarding economic developments or community events.
- **Major announcements** – press releases announcing new infrastructure projects or business investments.
- **Social networking** – social networking feeds that are linked to community announcements.
- **Opportunity editorial articles and blogging** – opportunities to comment on issues of the day and build name recognition as an expert in the field using both print and online media.
- **Newsletters** – quarterly newsletters and annual reports to communicate strategic messages.

5.6.5 Direct E-mail

A regular newsletter program should include economic development and tourism activities that are Gananoque focused. The program should include developments related to Lowertown, waterfront, downtown, gateway commercial and industrial areas. The newsletter has several benefits.

- It forces the creation of new content which can be used for the website.
- It provides a vehicle to regularly inform prospects and stakeholders, government representatives, realtors and other business owners about the status of the park, servicing updates, sales updates and business expansion stories.
- It can be used to inform councillors and the community about progress in the industrial park.
- It is a frequent reminder to business decision makers of the Gananoque industrial park and to consider this park when investment opportunities surface.

5.6.6 Events

An opportunity to build awareness and generate media attention when promoting the park is to hold a launch event. It is intended to be used as a celebration of the official grand opening of the park. People involved in making the park shovel-ready can speak about the park and the opportunities for businesses in Gananoque. It is important that businesses and members of the media are given information packages and for members of the media are invited to ask questions.

To garner interest from the local realtors, participating in a real estate board event such as a golf tournament for the purpose of networking and creating professional relationship with them would be beneficial.



5.7 Marketing Implementation

By utilizing existing economic development staff time, it is anticipated that the ongoing marketing costs will be manageable. The following table is a short term implementation schedule and budget for the related marketing & promotion tools and tactics. Not including staff time to manage the marketing message and communicate developments via direct e-mail, the largest marketing expense is the permanent gateway sign estimated to be \$20,000- \$30,000. The other marketing costs are relatively low ranging from an estimated \$2,500 to have printable versions of the prospectus to yearly estimated cost of \$5,000 for events specific to marketing the industrial park.

FIGURE 5.11 - INDUSTRIAL PARK MARKETING SCHEDULE AND BUDGET

	Implementation Timeline										Budget for Year 1	
	2012		2013				2014				Estimate	Description
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Website											\$0	Part of the Town's cost to have a website
Prospectus											\$2,500	Printable version
Signage												
-Temporary											\$5,000	Contact information sign
- Permanent											\$20,000 - 30,000	Gateway sign
Public Relations												Staff Time
Direct E-mail												Staff Time
OEEDC Events											\$20,000	Will allow participation in 3-4 events.
Events											\$5,000	Fourth quarter launch event, followed by annual events
											\$52,500 – \$62,500	



Appendices



Appendix A – Employment Land Market and Consultations

A1: Industrial Land Market

Appendix A provides a contextual discussion of the market for Gananoque's industrial land. The discussion is centered on the comparison of municipalities and their industrial parks in a 100km radius from Gananoque. The following municipalities have been included in the discussion.

- City of Belleville
- City of Brockville
- Town of Carleton Place
- Township of Edwardsburgh-Cardinal
- Town of Greater Napanee
- City of Kingston
- Loyalist Township
- City of Ogdensburg, NY
- Town of Perth
- Town of Prescott
- Town of Smiths Falls
- Township of South Dundas
- City of Watertown, NY

Municipal Comparison

To ensure a comprehensive employment land market analysis, the following characteristics were reviewed for all major cities and towns within a 100 km radius:

- Property tax rates for industrial-full occupied properties
- Residential and non-residential taxable assessment increases
- Residential and non-residential tax revenue increases and
- Development charges and building permit fees.



Table A.1 provides a change in industrial property taxes rates from 2005-2010. In the five year span, Gananoque experienced a 15.8% decrease in industrial tax rates – the third largest decrease (behind Belleville and Edwardsburgh-Cardinal) within the 100km radius. The 100km radius average illustrated an 11.1% decrease in the same time span. While Gananoque has illustrated a significant decrease in its industrial tax rates, Gananoque’s tax rate (5.53%) is still higher than the 100km radius average of 5.39%. In comparison, Gananoque’s closest competitors’ – Kingston and Belleville - industrial tax rates are below the 100km radius average. However, since 2010 the property tax rate for industrial - full occupied has decreased. Town Council has been motivated to move tax ratios towards the Range of Fairness as per the Ontario Fair Assessment System.

TABLE A.1: CHANGE IN PROPERTY TAX RATES FOR INDUSTRIAL - FULL OCCUPIED, 2005-2010

Municipality	2005 Tax Rate	2010 Tax Rate	% Change in Tax Rate	Municipality	2005 Tax Rate	2010 Tax Rate	% Change in Tax Rate
Gananoque	6.571013%	5.532220%	-15.8%	Kingston	5.770030%	5.159267%	-10.6%
Belleville	4.879308%	4.003348%	-18.0%	Perth	6.946302%	6.516131%	-6.2%
Brockville	5.819384%	5.569976%	-4.3%	Prescott	6.878410%	6.116384%	-11.1%
Carleton Place	6.898540%	5.813097%	-15.7%	Smiths Falls	7.244357%	6.430404%	-11.2%
Edwardsburgh-Cardinal	6.821141%	5.290737%	-22.4%	South Dundas	4.380354%	4.577152%	4.5%
Greater Napanee	4.807900%	4.285905%	-10.9%	100 km Radius Average	6.092431%	5.390420%	-11.1%

Source: Ministry of Municipal Affairs, Province of Ontario, 2005 and 2010 Financial Information Returns for the Towns of Gananoque, Greater Napanee, Carleton Place, Perth, Prescott and Smiths Falls, Cities of Belleville, Brockville and Kingston and Townships of South Dundas and Edwardsburgh-Cardinal, Schedule 22.



Table A.2 provides a taxable assessment comparison from 2005-2010. Gananoque experienced a 22.2% increase in non-residential taxable assessment – the seventh largest increase of the 12 municipalities in the 100km radius zone. The 100km radius average illustrated a 42.7% (excluding Kingston) increase in the same time span. This suggests that while Gananoque’s non-residential tax base grew, it is behind the closest competitors – Belleville saw a 44.5% increase, while places such as Greater Napanee and Carleton Place saw increases above 90%.

TABLE A.2: TAXABLE ASSESSMENT COMPARISON BETWEEN RESIDENTIAL AND NON-RESIDENTIAL

Municipality	Taxation Period 2005-2010			
	Residential		Non-Residential	
	Change in Taxable Assessment	% Change in Taxable Assessment	Change in Taxable Assessment	% Change in Taxable Assessment
Gananoque	\$141,078,199	35.3%	\$14,169,111	22.2%
Belleville	\$1,149,907,447	34.9%	\$307,417,171	44.5%
Brockville	\$291,539,206	20.9%	\$79,937,615	36.5%
Carleton Place	\$337,964,565	38.2%	\$39,717,570	139.0%
Edwardsburgh-Cardinal	\$167,196,178	31.9%	\$15,275,303	35.2%
Greater Napanee	\$184,994,320	28.6%	\$39,706,169	98.3%
Kingston	\$3,439,605,689	34.1%	\$648,638,951	53.5%
Loyalist	\$459,054,151	37.1%	\$10,888,558	12.5%
Perth	\$160,457,870	34.8%	\$36,845,365	43.1%
Prescott	\$72,153,290	31.5%	\$5,429,430	11.5%
Smiths Falls	\$138,891,005	30.3%	\$18,973,360	17.7%
South Dundas	\$196,207,189	25.2%	\$11,057,228	9.7%
100 km Radius Average (without Kingston)	\$299,949,402	31.7%	\$56,674,262	42.7%

Source: Ministry of Municipal Affairs, Province of Ontario, 2005 and 2010 Financial Information Returns for the Towns of Gananoque, Greater Napanee, Carleton Place, Perth, Prescott and Smiths Falls, Cities of Belleville, Brockville and Kingston and Townships of South Dundas and Edwardsburgh-Cardinal, Schedule 22.



Table A.3 provides a municipal tax revenue comparison between residential and non-residential properties from 2005-2010. In the five year span, Gananoque experienced a 6.4% increase in non-residential tax revenues, which was significantly lower than many of the other municipalities compared in the 100km radius zone. During the same time span, the 100km radius average for non-residential tax revenue increase was 34.5%.

TABLE A.3: MUNICIPAL TAX REVENUE COMPARISON BETWEEN RESIDENTIAL AND NON-RESIDENTIAL

Municipality	Taxation Period 2005-2010			
	Residential		Non-Residential	
	Change in Municipal Tax Revenue	% Change in Tax Revenue Increase	Change in Municipal Tax Revenue	% Tax Change in Revenue Increase
Gananoque	\$1,410,222	32.7%	\$104,574	6.4%
Belleville	\$6,464,672	20.0%	\$3,117,876	33.1%
Brockville	\$3,428,081	18.6%	\$2,369,559	32.1%
Carleton Place	\$938,358	18.0%	\$712,260	72.5%
Edwardsburgh-Cardinal	\$812,393	28.6%	\$151,114	34.0%
Greater Napanee	\$631,116	27.2%	\$387,437	128.6%
Kingston	\$28,659,752	26.8%	\$10,215,884	42.7%
Loyalist	\$2,141,428	29.9%	\$21,999	7.0%
Perth	\$1,345,063	29.2%	\$488,160	32.4%
Prescott	\$541,431	17.9%	\$37,231	2.6%
Smiths Falls	\$1,505,943	22.7%	\$49,658	1.4%
South Dundas	\$1,212,474	34.6%	\$219,861	29.2%
100 km Radius Average (without Kingston)	\$1,783,600	25.4%	\$696,339	34.5%

Source: Ministry of Municipal Affairs, Province of Ontario, 2005 and 2010 Financial Information Returns for the Towns of Gananoque, Greater Napanee, Carleton Place, Perth, Prescott and Smiths Falls, Cities of Belleville, Brockville and Kingston and Townships of South Dundas and Edwardsburgh-Cardinal, Schedule 22.



Incidentally, Gananoque had the second highest increase in residential tax revenue. This suggests that while residential tax revenues have grown in Gananoque, employment opportunities have lagged behind during the five year span.

Table A.4 provides a comparison of industrial development charges and building permit between the 100km radius municipalities. Gananoque has no industrial development charges, which is common amongst many Eastern Ontario communities. Gananoque's building permit fees are noteworthy as they are the lowest within the 100 km radius. This illustrates a competitive advantage that Gananoque presents to industries that are looking to build in Eastern Ontario.

TABLE A.4: DEVELOPMENT CHARGES AND BUILDING PERMIT FEES COMPARISON

Municipality	Industrial Development Charges	Building Permit Fees/\$1000	Municipality	Industrial Development Charges	Building Permit Fees/\$1000
Gananoque	None	\$3.50	Kingston	\$7.31	\$12.00
Belleville	\$3.76	\$10.00	Perth	None	\$6.00
Brockville	None	\$5.38	Prescott	None	\$8.50
Carleton Place	\$1.77	\$6.00	Smiths Falls	None	\$6.00
Edwardsburgh-Cardinal	None	\$5.00	South Dundas	None	\$5.00
Greater Napanee	\$13.34	\$8.00	100 km Radius Average	\$2.38	\$7.04

Source: Municipal Websites for the Towns of Gananoque, Greater Napanee, Carleton Place, Perth, Prescott, Edwardsburgh-Cardinal and Smiths Falls, Cities of Belleville, Brockville and Kingston and Township of South Dundas..

Industrial/Business Park Profiles

Alcan Business Park, Kingston - Designated for mixed-use business activities, the Alcan Business Park in Kingston attracts businesses centered on research and development, light manufacturing and assembly, data processing and corporate offices. Currently operating at full capacity, some of Alcan Business Park's tenants include; Revenue Canada, ESG Solutions, Signum Corporation, Daltco Electric and the Cornell Professional Centre.



Carleton Place Business Park, Carleton Place – Designated for restricted industrial activities, the Carleton Place Business Park in Carleton Place attracts businesses centered on high technology, software development and electronic components to fibre optics.

Cataraqui Industrial Estates, Kingston – Designated for general industrial activities, the Cataraqui Industrial Estates in Kingston attracts businesses operating in manufacturing and assembling operations, processing plants, warehousing and distribution facilities. Current tenants include Sonoco, TDL Group, Scott Industrial Services and Robinson Solutions.

City Center Industrial Park, Watertown – Designated for light industrial activities, the City Center Industrial Park in Watertown, New York attracts businesses in light manufacturing and assembly, wood products and distribution, industrial electrical supplies.

Clyde Industrial Park, Kingston – Designated as a mixed-use industrial park, the Clyde Industrial Park in Kingston attracts businesses that focus on manufacturing and assembly, laboratories, processing plants, distribution and wholesaling. The park's tenants include the Benson Group, the Kingston Truck Centre, Allan Graphics, Alumi-Bunk and AmerisourceBergen.

Development Drive Business Park, Prescott – Designated as a business park, Development Drive Business Park in Prescott is a prime non-serviced land available for commercial or industrial development. Currently the park has a paved roadway available with the intention of servicing the land when development requests.¹²

Jefferson County Corporate Park, Watertown – Designated as a business park, the Jefferson County Corporate Park in Watertown, New York attracts businesses centered on professional services and data processing.

Jenlands, Belleville – Designated for any type of industrial activity, the Jenlands properties in Belleville currently provide over 250 acres of serviced land ready to cater to businesses of all sizes. The lands are currently vacant.

John G. Broome Business Park, Brockville – Designated for general industrial activities, John G. Broome Business Park in Brockville attracts a variety of businesses – commercial, light manufacturing, warehousing, retail and distribution.

¹² During the preparation of this report, both Town staff and members of the Economic Development Committee indicated a desire to know more about why land has not sold in Prescott despite being on the market for nearly a decade. The main reasons are twofold:

The park has never been effectively marketed with responsibility for promotion historically given to the Town's Chief Administrative Officer. Even today one will not find a visible for sale sign on the site nor find a listing for the land on the Town's website – contact details on one online listing (www.southgrenville.com/Prescott_IndPark.pdf) are for a staff person who last worked for the Town in 2010.

The property is not serviced with water, sanitary sewer, electricity or natural gas in a market where many municipalities have serviced industrial land that is immediately ready for development (as show in Table A-6). In addition, applications for industrial uses that do not require these services (e.g. transportation depots) have been considered undesirable because of their negative impact on road infrastructure and the fact they create few jobs and very little tax assessment.



Large tenants of the Park include Walmart, Home Depot, The Real Canadian Superstore, Giant Tiger Inc, and 3M Canada.

Johnstown Industrial Park, Edwardsburgh-Cardinal – Designated for large industrial activities, the Johnstown Industrial Park in Edwardsburgh-Cardinal attracts businesses in heavy manufacturing and assembly, warehousing and distribution. Current tenants include Greenfield Energy Solutions – Canada's largest producer in Ethanol.

Loyalist East Business Park, Loyalist – Designated for light industrial activities, the Loyalist East Business Park attracts businesses offering professional services or light manufacturing and assembly.

Morrisburg Industrial Park, South Dundas – Designated for medium industrial activities, the Morrisburg Industrial Park in South Dundas attracts businesses in manufacturing and assembly, processing, distribution and outdoor operations.

North East Industrial Park, Belleville – Designated for heavy manufacturing activities, the North East Industrial Park in Belleville attracts businesses in manufacturing and assembly, production and distribution. Currently, the Park is home to Kellogg Canada's production plant as well as PolyCello's manufacturing and assembly facility. The city administrative staff is currently looking to service additional acres north of the park with a target online date of 2013.

North-West Prescott Industrial Park, Prescott – Designated for heavy manufacturing activities, the North West Prescott Industrial Park attracts businesses in large hazardous operations, manufacturing and assembly, production plants and warehousing.

Ogdensburg Commerce Park, Ogdensburg – Designated for light industrial activities, the Ogdensburg Commerce Park in Ogdensburg, New York is over 100 acres located at the foot of the Ogdensburg-Prescott International Bridge. The commerce park is ideally situated to attract businesses involved in international distribution and services, particularly U.S. companies with a strong Canadian market base.

Pan Properties, Belleville – Designated for heavy industrial activities, the Pan Properties in Belleville attract businesses in heavy manufacturing and assembly, production plants, and large distribution centres. Currently the Pan Properties area remains mainly vacant.

Perth Industrial Park, Perth – Designated for light industrial activities, the Perth Industrial Park in Perth attracts businesses in light manufacturing and assembly, warehousing and distribution. Current tenants include 3M Canada, Albany International, Central Wire Industries and Omya International.

Richmond Industrial Park, Greater Napanee – Designated as a general industrial zone, the Richmond Industrial Park in Greater Napanee is fully serviced with over 800 public and private acres available. Goodyear's 800,000 sq. ft. plant is the anchor to the Richmond Industrial Park. Other businesses in the Richmond Industrial Park include: RC Industrial, CAT



Transport and GT Machining & Fabricating. First Light, one of North America's largest photovoltaic solar parks, is also located within the park borders.

Smiths Falls Industrial Park, Smiths Falls – Designated for general industrial activities, the Smiths Falls Industrial Park was once home to a Hersey distribution factory. After their departure the industrial park was purchased by a private-public partnership. Currently the park remains vacant.

St. Lawrence East Business Park, Kingston – Designated for light manufacturing activities, the St. Lawrence East Business Park in Kingston attracts businesses centered on light manufacturing and assembly, data processing, technical training, professional and medical services, and financial companies. Current tenants include: StarTek, Lyreco Distribution, Jolly Giant Software, Impact Zone, Ontario Breast Screening Program and Barriefield Animal Hospital.

Taylor Kidd Industrial Park, Loyalist – Designated for heavy industrial activities, Taylor Kidd Industrial Park in Loyalist attracts businesses in heavy manufacturing, assembly and distribution. Key tenants of the park include, Kingston Cogen, Bombardier, Advanced Process Fuels and Coco Paving.

Waterfront Hotel Development Lands, Prescott – Designated for commercial activities, the Waterfront Hotel Development Lands in Prescott are designed to attract an accommodation facility for waterfront activities. The lands are currently serviced but vacant.

West End Industrial Park, Brockville – Designated for general industrial activities, the West End Industrial Park in Brockville currently added serviceable acres to the park in anticipation of the current interest of asphalt and concrete.



Industrial Park Comparison

The following table illustrates the comparative analysis of industrial and business parks within the 100km radius zone.

TABLE A.5: INDUSTRIAL PARKS WITHIN A 100 KM RADIUS OF GANANOQUE

Industrial Park	Town	Ownership	Age	Primary Use	Serviced (Water, Sewer, Natural Gas, Electricity)	Telecommunications	Nearest Highway	Nearest Airport	Nearest Seaport	Nearest Border	Accessible Rail	Environmental Conditions
Alcan Business Park	KG	PUB/PVT	10-20	Business Park	Yes	DSL, Wireless, Fibre	2 km (401)	180 km (OI)	100 km (PoP)	45 km (TIB)	N/A	None
Carleton Place Business Park	CP	PUB	20+	Restricted Indust	Yes	DSL, Wireless	25 km (417)	55 km (OI)	85 km (PoP)	95 km (POB)	N/A	None
Cataraqi Industrial Estates	KG	PUB/PVT	10-20	General Indust.	Yes	DSL, Wireless, Fibre	1 km (401)	185 km (OI)	105 km (PoP)	50 km (TIB)	3 km (CNR)	Wetlands
City Center Industrial Park	WT	PUB	20+	Light Industrial	Yes	DSL, Wireless, Fibre	1 km (81)	15 km (WI)	45 km (PoAB)	50 km (TIB)	2 km (CSX)	None
Clyde Industrial Park	KG	PUB/PVT	20+	General Indust.	Yes	DSL, Wireless, Fibre	2 km (401)	180 km (OI)	100 km (PoP)	45 km (TIB)	N/A	Wetlands
Development Drive Business Park	PR	PUB	10-20	Business Park	No	None	1 km (401)	5 km (OGI)	0 km (PoP)	0 km (POB)	0 km (CNR)	None
Jefferson County Corporate Park	WT	PUB	20+	Business Park	Yes	DSL, Wireless, Fibre	1 km (81)	15 km (WI)	45 km (PoAB)	50 km (TIB)	2 km (CSX)	None
Jenlands	BE	PVT	10-20	Any Industrial	Yes	DSL, Wireless	1 km (401)	200 km (PI)	120 km (PoO)	125 km (TIB)	1km (CNR)	Woodland
John G. Broome Business Park	BR	PUB/PVT	20+	General Indust.	Yes	DSL, Wireless, Fibre	1 km (401)	100 km (OI)	20 km (PoP)	20 km (POB)	0 km (CNR)	None
Johnstown Industrial Park	EC	PUB	20+	Large Industrial	Yes	DSL, Wireless, Fibre	1 km (401)	5 km (OGI)	0 km (PoP)	0 km (POB)	N/A	None
Loyalist East Business Park	LT	PUB	0-10	Light Industrial	Yes	DSL, Wireless, Fibre	1 km (401)	230 km (OI)	135 km (PoP)	85 km (TIB)	N/A	None
Morrisburg Industrial Park	SD	PUB	20+	Medium Indust.	Yes	DSL, Wireless, Fibre	3 km (401)	120 km (OI)	45 km (PoP)	40 km (POB)	1 km (CNR)	Low-lying
North East Industrial Park	BE	PUB	20+	Heavy Manuf.	Yes	DSL, Wireless, Fibre	2 km (401)	205 km (PI)	125 km (PoO)	120 km (TIB)	2 km (CNR)	None
North-West Prescott Industrial Park	PR	PUB	20+	Heavy Industrial	Yes	DSL, Wireless, Fibre	1 km (401)	5 km (OGI)	0 km (PoP)	0 km (POB)	0 km (CNR)	None
Ogdensburg Commerce Park	OG	PVT	20+	Business Park	Yes	DSL, Wireless, Fibre	100 km (81)	5 km (OGI)	0 km (PoOG)	0 km (POB)	2 km (CSX)	None
Pan Properties	BE	PVT	10-20	Heavy Industrial	Yes	DSL, Wireless, Fibre	1 km (401)	205 km (PI)	125 km (PoO)	120 km (TIB)	N/A	None
Perth Industrial Park	PH	PUB	20+	Light Industrial	Yes	DSL, Wireless, Fibre	55 km (417)	90 km (OI)	85 km (PoP)	85 km (POB)	10 km (CNR)	None



Industrial Park	Town	Ownership	Age	Primary Use	Serviced (Water, Sewer, Natural Gas, Electricity)	Telecommunications	Nearest Highway	Nearest Airport	Nearest Seaport	Nearest Border	Accessible Rail	Environmental Conditions
Richmond Industrial Park	GN	PUB	20+	General Indust.	Yes	DSL, Wireless, Fibre	2 km (401)	230 km (PI)	135 km (PoP)	85 km (TIB)	N/A	Woodland
Smiths Falls Industrial Park	SF	PUB/PVT	20+	General Indust.	Limited	Limited	35 km (416)	70 km (OI)	70 km (PoP)	70 km (POB)	N/A	Woodland
St. Lawrence East Business Park	KG	PUB	10-20	Business Park	Yes	DSL, Wireless, Fibre	2 km (401)	175 km (OI)	95 km (PoP)	40 km (TIB)	3 km (CNR)	Wetlands
Taylor Kidd Industrial Park	LT	PUB/PVT	20+	Heavy Industrial	Yes	DSL, Wireless, Fibre	1 km (401)	230 km (PI)	135 km (PoP)	85 km (TIB)	2 km (CNR)	Wetlands
Waterfront Hotel Development Lands	PR	PUB	20+	Commercial	Yes	DSL, Wireless, Fibre	1 km (401)	5 km (OGI)	0 km (PoP)	0 km (POB)	0 km (CNR)	None
West End Industrial Park	BR	PUB/PVT	20+	General Indust.	Yes	DSL, Wireless, Fibre	1 km (401)	100 km (OI)	20 km (PoP)	20 km (POB)	N/A	None

Source: Municipal and Economic Development Websites for the Towns of Gananoque, Greater Napanee, Carleton Place, Perth, Prescott, and Smiths Falls, Cities of Belleville, Brockville, Watertown, Ogdensburg and Kingston and Township of South Dundas and Edwardsburgh-Cardinal.

Abbreviations

Municipalities BE – Belleville BR – Brockville CP – Carleton Place EC – Edwardsburgh-Cardinal GN – Greater Napanee KG – Kingston LT – Loyalist OG – Ogdensburg PH – Perth PR – Prescott
SF – Smiths Falls SD – South Dundas WT- Watertown

Ownership PUB – Public Ownership PVT – Private Ownership

Airports PI – Pearson International Airport OI – Ottawa International Airport OGI – Ogdensburg International Airport WI – Watertown International Airport

Seaports PoO – Port of Oshawa PoP – Port of Prescott PoOG – Port of Ogdensburg PoAB – Port of Alexandria Bay

Borders TIB – Thousand Islands International Bridge POB – Prescott-Ogdensburg International Bridge



TABLE A.6: VACANT LAND, SERVICABLE ACRES ADDED, SOLD AND ABSORBED, AND CURRENT LISTED PRICE

Industrial Park	Town	2006 Vacant Land (Acres)	2012 Vacant Land (Acres)	Acres Added 2006-2012	Acres Sold 2006-2012	Added: Absorb (Per Year)	Current Listed Price ¹³
Alcan Business Park	Kingston	16	0	0	16	0:3	\$65,000
Carleton Place Business Park	Carleton Place	44	40	0	4	0:1	\$60,000
Cataraqui Industrial Estates	Kingston	50	80	40	10	7:5	\$150,000
Clyde Industrial Park	Kingston	24	5	0	16	0:4	\$65,000
Development Drive Business Park	Prescott	65	62	0	3	0:0.5	unlisted
Jenlands	Belleville	153	268	115	0	20:0	\$53,000
John G. Broome Business Park	Brockville	496	100	0	396	0:66	\$30,000
Johnstown Industrial Park	Edward-Card	300	268	100	300	17:50	\$15,000
Loyalist East Business Park	Loyalist	50	48	0	2	0:1	\$59,000
Morrisburg Industrial Park	South Dundas	52	50	0	2	0:1	\$15,000
North East Industrial Park	Belleville	438	190	0	248	0:42	\$45,000
Pan Properties	Belleville	73	70	0	3	0:1	\$100,000
Perth Industrial Park	Perth	59	40	0	19	0:4	\$22,000
Richmond Industrial Park	Gr. Napanee	800	800	100	100	17:17	\$25,000
Smiths Falls Industrial Park	Smiths Falls	300	300	0	0	0:0	\$15,000
St. Lawrence East Business Park	Kingston	150	55	0	95	0:16	\$110,000
Taylor Kidd Industrial Park	Loyalist	560	560	0	0	0:0	\$15,000
West End Industrial Park	Brockville	34	40	40	46	1:8	\$30,000
100 km Average		212	172	24	74	4:13	\$52,000

Source: Municipal Offices and Economic Development websites for the Towns of Gananoque, Greater Napanee, Carleton Place, Perth, Prescott and Smiths Falls, Cities of Belleville, Brockville and Kingston and Townships of South Dundas and Edwardsburgh-Cardinal.

¹³ The consulting team contacted many representatives of these communities to determine the difference between current listed price and actual sale price. Many of these representatives stated that the sale price was very close to the listed price (i.e. closer than 95%).



The previous table illustrates the absorption rates and current listing price for the industrial parks within the 100km radius. In a six year span (2006-2012) the average added acreage among the communities within a 100km radius was 24 acres, which provides an estimate of 4 acres of industrial park space added each year. In contrast, the average absorbed acreage among the 100km radius industrial parks was 74 acres, which provides an estimate of 13 acres of industrial park space absorbed each year.

The average listing price per acre in the communities with a 100 km radius was \$52,000. If the industrial parks within Kingston were removed from the average, the average reduces to \$32,000.

A2: Consultations

Town Council

WHAT IS THE PRIMARY APPEAL OF THE COMMUNITY THAT WOULD ATTRACT BUSINESS INVESTMENT TO THE TOWN AND IN PARTICULAR THIS INDUSTRIAL PARK?

Council believes that the primary attractions for business to come to Gananoque are the town's location and affordability. The town is located within the Montreal-Toronto corridor and close to the large urban centres of Kingston and Ottawa. The town is also relatively close to the 1000 islands border crossing for ease of access to the American market. The town offers a high quality of life that only the 1000 islands region can offer, along with a skilled workforce in manufacturing and other labour skills. Housing costs and cost of living are among the lowest in the region.

DO YOU FEEL AN INDUSTRIAL PARK IS A PRIORITY AND IF SO WHY?

Council believes that an industrial park is "a stepping stone in the right direction". They believe that providing an area where industry can develop within a dedicated town space can help create jobs within the community. Some challenges that the Council identified were the lack of interest in current vacant buildings that remain empty. They acknowledged that they would not like to see lots of serviced land in an industrial park sitting vacant, noting that currently Kingston and Brockville face a similar challenge. One councillor suggested that the Town could focus more on increasing density on existing serviced vacant properties.

HOW DOES THIS FIT WITHIN THE VISION OF THE TOWN?



Councillors offered a variety of answers to how an industrial park could help with the visions of the Town. If the industrial park were to focus on developing small businesses it can attract a more diverse sector that can tap into the diverse labour pool in Gananoque. Council also recognize that several businesses want an industrial base to return to the town to provide a new identity.

WHAT ARE THE MAJOR ISSUES THE TOWN WILL HAVE TO OVERCOME IF IT WERE TO EXPAND THE INDUSTRIAL PARK?

Council was asked to identify potential issues that the industrial park would require to overcome in order to provide a reasonable service to the Town. Council admitted that they are not aware of the servicing costs for the park, but are concerned of these anticipated costs. Council is also concerned with traffic flows to and from the industrial area.

WHAT OPPORTUNITIES ARE THERE TO STIMULATE GROWTH OR NEW BUSINESS INVESTMENT?

Council identified creative industries and small businesses to be an opportunity in which the Town should focus in order to stimulate growth and business investment in the community. A community improvement plan is currently under development that will introduce new incentives for businesses to invest in Gananoque. Council suggests a focus on attracting creative industries or businesses that do not require an address (i.e. .com industries) in order to create a larger diverse economy that is not self-dependant on one manufacturing company.

HOW COULD TOWN STAFF ASSIST BUSINESSES BETTER?

Council acknowledged that they are improving their outreach with the business community. The Town has begun to work regionally with other agencies in order to attract businesses to Eastern Ontario. Council has also identified that the Town staff is accessible to business owners and prepared to assist with establishing their business and taking recommendations on program improvements

IF THE BUSINESS PARK WERE TO GO AHEAD, WHAT WOULD BE THE KEY SELLING MESSAGES?

Gananoque's location has been identified as its strongest selling message. It is located in a region of 4 million people, with quick access to US markets and the country's largest market corridor Toronto-to-Montreal. Other selling messages include that the quality of life is 'second to none', reasonable tax rates and ratios and a receptive business friendly council.

Realtors



WHAT ARE DRIVING YOUR CLIENTS' BUSINESS LOCATION DECISIONS? HOW IMPORTANT IS BUILDING/LAND COST IN THE LOCATION DECISION?

Realtors have expressed that their clients' driving factors for a business location decision comes down to three items: Tax rates, local workforce, and availability of property. They stated that Gananoque is not participating in an active market, often referring Gananoque as a sleepy market when compared to Kingston and Belleville which experience quick turnover rates on their existing industrial buildings. This is due to the amount of available properties that Gananoque is able to offer. Unless it is a local business moving within Gananoque, the realtors have stated that, it is quite difficult to sell property in Gananoque.

WHAT EASTERN ONTARIO OPPORTUNITIES ARE THERE TO STIMULATE GROWTH OR NEW BUSINESS INVESTMENT?

Realtors identified that an area of interest for Eastern Ontario communities is to emulate Kingston's and Belleville's efforts in selling their industrial properties. Kingston has focused on showcasing its pharmaceutical advantage with Queen University to attract medical based industries and Belleville continues to be aggressive in attracting and bringing new industries into the city through its strong economic development marketing initiatives. The realtors also suggested that industries prefer younger industrial parks over older parks – mentioning that the design of parks also plays a role in decision making.

WHAT ARE THE BEST INDUSTRIAL PARKS IN EASTERN ONTARIO?

Realtors have stated that Brockville and Kingston have the best industrial parks in Eastern Ontario.

WHAT MAKES GANANOQUE AN APPEALING LOCATION FOR BUSINESS INVESTMENT?

Realtors have argued that Gananoque is not an appealing location for business investment. Their decision was based on tax rates being much higher than surrounding municipalities Kingston and Brockville. Gananoque is from a location standpoint an attractive place to locate a business. Its proximity to the 401 and US Border are Gananoque's main selling features for an appealing location. The realtors have also suggested that Gananoque's hidden ace in play is their summer tourist activity. If the Town were to focus on harnessing the summer activity into an appealing business investment there may be potential to attract large industries.

ARE BUSINESSES LOOKING FOR EXISTING BUILDINGS OR VACANT LAND FOR THEIR EXPANSIONS?

Previous experience from the realtors suggest that businesses prefer existing buildings – particularly retrofitted buildings. The realtors point to the example of the former factory in town that was converted into a Home Hardware. Realtors



explained that businesses are more likely to purchase or lease an existing building that illustrates no signs of wear and tear over vacant land that requires the capital costs of the building's creation.

WHAT ARE INDUSTRIAL LAND COSTS SELLING AT ON A \$ PER ACRE BASIS IN AND AROUND GANANOQUE? DO THEY REQUIRE SERVICES?

This questions was not answered directly, but realtors identified that buildings are being leased at \$4 per sq. ft. in Gananoque. This is significantly lower than both Brockville (\$7 per sq. ft.) and Kingston (\$10 per sq. ft.).

WHAT ARE THE MAJOR ISSUES THAT HAVE TO BE OVERCOME IF THE TOWN WERE TO EXPAND THE INDUSTRIAL PARK?

Realtors acknowledged that the major issue that needs to be overcome if the Town were to expand its industrial park is the high tax rates placed on industrial property. The realtors explained that businesses will look elsewhere – one example a realtor provided was a businesses' decision to locate in Brockville because property taxes were going to cost \$60,000 per year compared to \$240,000 per year in Gananoque. The realtors suggested that the Town recognize that retail spaces are taking over the industrial area, and that light industry has left Gananoque. Older commercial areas are turning into boutique areas lowering the security of investment because property is not as liquid.

WHAT WOULD BE THE KEY SELLING MESSAGES WHEN MARKETING THE PARK?

The key selling messages to marketing the industrial park that the realtors alluded to were to focus on the summer month activity and attract businesses/industries that would cater to those crowds. Realtors also suggested that the Town should create a softer image of light industrial, one that can be placed beside an office user next door. Other key selling messages included introducing new products and showcasing successful businesses in Gananoque.

Existing Businesses

HOW MANY YEARS HAS YOUR COMPANY BEEN IN OPERATION? DID YOUR COMPANY START IN GANANOQUE, OR MOVE THERE FROM SOMEWHERE ELSE?

Several of the business stakeholders have started and remained in Gananoque for over 30 years. They have survived the ups and downs of the Gananoque market and forecast that the community is due for an up rise in the foreseeable future.



They have acknowledged that the firms that have left Gananoque (Textron) found that the Town was not providing enough incentives to keep them satisfied with their location, noting that water rates were the highest amongst the region.

HOW IS GANANOQUE AS A PLACE TO OPERATE YOUR BUSINESS?

Business stakeholders have mixed reviews to Gananoque as a place to operate business. While they acknowledge that the location, transportation links and local taxes and regulations are reasonable, they were mostly concerned with the effort from the Town concerning utility and servicing costs as well as support from the Town, some noting that this was the first time in several years that they were contacted by the Town concerning business operations. Servicing costs have been identified as a large problem for many manufacturers, particularly those that rely on a great source of water.

DO YOU LEASE OR OWN YOUR PRESENT BUSINESS FACILITIES?

Several business stakeholders lease their current premises, many noting that rates are reasonable within town. The natures of these leases are for the most part long term relationships with a current landlord. Some businesses have remained in the same leased building for up to 15 years. Businesses did acknowledge that they would be interested in moving if other options similar to their current location existed within the community.

DO YOU EXPECT TO NEED ADDITIONAL PHYSICAL SPACE FOR YOUR BUSINESS IN THE NEXT TEN YEARS?

Business stakeholders acknowledged that they are not currently seeking for additional physical space, and that any space that would be required in the next ten years is available at their current premises.

DO YOU EXPECT TO NEED ADDITIONAL WORKERS FOR YOUR BUSINESS IN THE NEXT TEN YEARS?

Business stakeholders have identified that they do foresee some growth in the next ten years that would most likely require additional workforce, but do not see it being more than a few extra hands.

WOULD YOUR COMPANY BENEFIT FROM THE EXPANSION OF AN INDUSTRIAL PARK?

Business stakeholders had mixed opinions on the idea of an industrial park expansion. Businesses that acknowledged the industrial park would provide a benefit to the company and community suggested that the park would require a separate connected access that did not utilize the town's main road. This separate connection would allow for easier access to and from the park and the 401. Businesses that did not see a need for an industrial park noted that unless the Town was focusing on attracting tech based firms like the rest of Ontario, the competition for manufacturing in Gananoque would not be welcomed so easily.



DO YOU THINK ANY OF YOUR SUPPLIERS OR CUSTOMERS WOULD CONSIDER GANANOQUE AS A PLACE TO MOVE THEIR BUSINESS TO?

The business stakeholders identified that if the Town were to want to attract any of their current suppliers it would need to market themselves as a destination for businesses. One stakeholder noted that the Town needs to first acknowledge who their competitors are and how they can beat their competitors if they want to have any chance of attracting suppliers who find it easier to operate outside of Gananoque.

WHAT COULD LOCAL OFFICIALS DO TO HELP YOU GROW YOUR BUSINESS?

Many business stakeholders feel that the Town has not helping them sufficiently. The businesses have addressed that new incentives or programs designed to curb hard costs such as rent, taxes, service rates would allow them to generate a larger revenue which can in turn be used to create economic spinoff for the Town by not only attracting more businesses but also providing the community residents with more disposable income to spend within the community.



Appendix B – Cost Analysis and NPV Scenarios

Before reviewing the results of the cost analysis, there are several assumptions and recommended approaches which warrant discussion.

Development Phasing

The proposed extension of Herbert Street and connection to Charles Street has the benefit of being well suited for a phased construction / development approach. The northerly extension of Herbert Street would be completed in Phase 1 to immediately access the currently owned municipal employment lands. This first phase would achieve one of the principal goals set by the Town and that is to provide access to a significant parcel of fully serviced industrial lands and ultimately draw development to these lands.

The construction of this first phase however would not improve access to Highway 401, which is also understood to be a barrier to development. The westerly connection to Charles Street would be completed in Phase 2 to provide a new route to access Highway 401 and improve traffic flow not only from the industrial park but also to lessen traffic across the historical downtown core.

The timing of the second phase would be dependent on the demand for the Phase 1 lands and / or how significant the lack of a connection is to developing the industrial area.



Proposed Road Cross Section

New road sections are assumed to be a blend of urban and rural cross sections – similar to that which is currently found on Herbert Street.

FIGURE B.1: EXISTING HERBERT STREET CROSS SECTION





As illustrated in the following figures the proposed road includes the following:

Road Surface:

- Hot mix asphalt driving surface (2 lane, 90mm thick).
- Granular base (150mm granular A, 300mm granular B).
- Gravel shoulder (no concrete curb, gutter or sidewalk).

Municipal Services (Above Ground):

- Surface water collection and conveyance system (ditches).
- Pole mounted utilities (telephone, cable, hydro).

Municipal Services (Below Ground):

- Water distribution system.
- Sanitary sewer collection system.
- Utilities (natural gas)

FIGURE B.2: PROPOSED CROSS SECTION

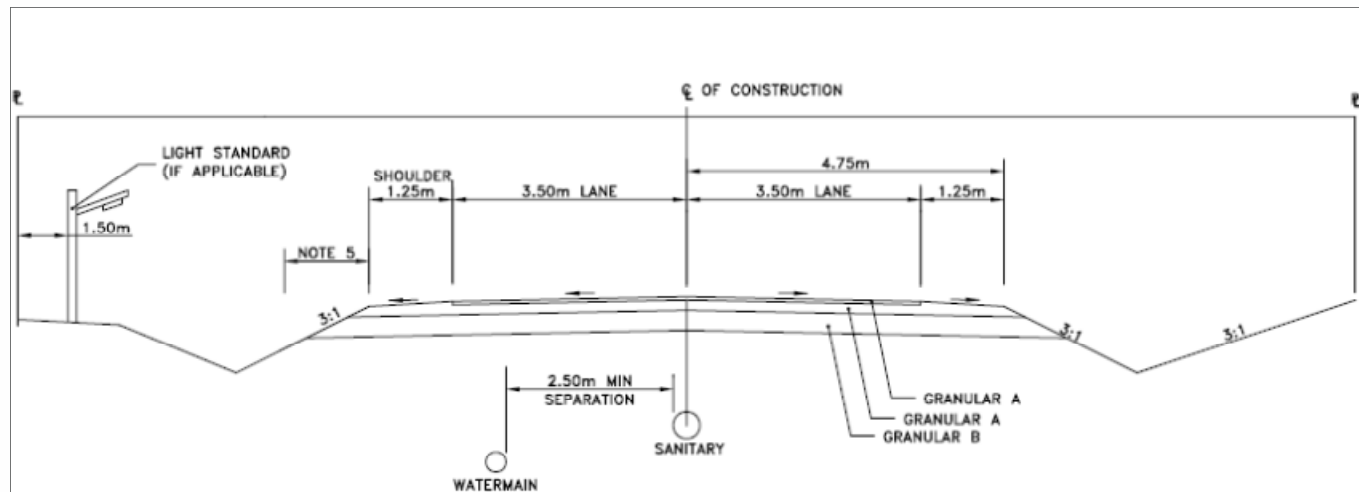




FIGURE B.3. PICTON, ONTARIO INDUSTRIAL PARK – SIMILAR TO PROPOSED CROSS SECTION



Stormwater Management

As noted earlier it has been assumed that stormwater collection and conveyance will be via roadside ditch. This is a comparatively low cost approach to stormwater with the added benefit of allowing stormwater to flow over a natural channel that will provide some level of infiltration and retention of suspended solids. There are two principal options available to the town in regards to stormwater quantity control and quality management, a 'communal' or shared stormwater pond or individual, site specific measures.

While a larger, shared pond is generally felt to provide better, more reliable stormwater storage and treatment, it also presents a number of concerns that would impact the town. A shared pond would ultimately be assumed by the town and would present an ongoing cost, manpower and liability burden the town may not want to assume. Also, in order to design a pond for undeveloped lands, significant assumptions on how the land is to be developed have to be made. These assumptions can easily result in a pond that is either bigger (more costly) than necessary or smaller (requiring additional lot by lot controls) than necessary.



For this industrial park extension, it is assumed and recommended that stormwater storage and treatment be addressed through individual lot measures to be constructed by the individual developments and approved at the time of site plan approval.

Cost Estimates

The costs estimates provided below are based on a number of assumptions. As investigation, design and other processes move forward there will be changes in the distribution of costs from one line item to another as well as in the overall cost of construction. The cost estimates are as follows:

- Phase 1: Herbert Street extension = \$1.52 million .
- Phase 2: Charles Street Connection (North) = \$1.13 million.
- Phase 2: Charles Street Connection (South) = \$1.19 million.

The total cost for the Charles Street north connection equals \$2.65 million whereas the south connection equals \$2.71 million. The south connection is approximately \$60,000 more in servicing costs. Since there are no development charges for the Town, the full cost of services would be placed on the municipality.



FIGURE B.4: GANANOQUE INDUSTRIAL PARK PHASES 1 AND 2 COST ESTIMATES

Item	DESCRIPTION	UNIT	UNIT COST	Length (m): 350		450		475	
				Phase 1: Herbert Extension		Phase 2: Charles Connection (North)		Phase 2: Charles Connection (South)	
				QTY.	TOTAL PRICE	QTY.	TOTAL PRICE	QTY.	TOTAL PRICE
1	Mobilization & Demobilization	L.S.	\$20,000	1	\$20,000	1	\$20,000	1	\$20,000
	Intersection Improvements (Charles)	L.S.	\$50,000	0	\$0	1	\$50,000	1	\$50,000
	Extension of Utilities	m	\$200	350	\$70,000	450	\$90,000	475	\$95,000
	Rock Removal (2 trenches, 1.5 x 1.0 x length each)	m ³	\$150	1,050	\$157,500	1,350	\$202,500	1,425	\$213,750
	Clearing and Grubbing (20 x length)	m ²	\$2.00	7,000	\$14,000	9,000	\$18,000	9,500	\$19,000
	Sanitary Sewer (length)	m	\$200	350	\$70,000	450	\$90,000	475	\$95,000
	Maintenance Hole (1 per 75m length)	ea.	\$4,000	5	\$18,667	6	\$24,000	6	\$25,333
	Pump Station	ea.	\$500,000	1	\$500,000	0	\$0	0	\$0
	PVC Water Main (length)	m	\$250	350	\$87,500	450	\$112,500	475	\$118,750
	Gate Valve with Box (2 per 100m length)	ea.	\$1,500	7	\$10,500	9	\$13,500	10	\$14,250
	Fire Hydrant; complete (1 per 100m length)	ea.	\$5,000	4	\$17,500	5	\$22,500	5	\$23,750
	Ditching	m	\$30	350	\$10,500	450	\$13,500	475	\$14,250
	Granular B (9 x 0.3 x length)	tonne	\$15	2,268	\$34,020	2,916	\$43,740	3,078	\$46,170
	Granular A (9 x 0.15 x length)	tonne	\$16	1,134	\$18,144	1,458	\$23,328	1,539	\$24,624
	Hotmix Asphalt (7.5 x .09 x length)	tonne	\$120	614	\$73,710	790	\$94,770	834	\$100,035
	Subtotal				\$1,102,041		\$818,338		\$859,912
	Misc. Items & Contingency (20%)				\$220,408		\$163,668		\$171,982
	Professional Services (15%)				\$198,367		\$147,301		\$154,784
	Total Cost				\$1,520,816		\$1,129,306		\$1,186,679
Total Cost Phase 1 & Phase 2:							\$2,650,123	\$2,707,495	



FIGURE B.5: NET PRESENT VALUE OPTION 1 – ABSORPTION @ 1.21 HECTARES (3 ACRES) PER YEAR, PHASES 1 AND 2

Input Assumptions	
Absorption Rate @	1.21 per hectare (3 acres) per year
Average Sales Price (hectares) @	\$74,130 per hectare (\$30,000 per acre)
Income (Loss) Discounted @	3.83%

Calendar Year	2014	2015	2016	2017	2018	2019	2020	2021
Year	1	2	3	4	5	6	7	8
Expenses								
Herbert Street Extension	-\$1,520,816							
Charles Street Connection					-\$1,129,306			
Revenues								
Sales	\$0	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$60,000
Less: Sales Commissions (6%)	\$0	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	\$3,600
Net Sales	\$0	\$84,600	\$84,600	\$84,600	\$84,600	\$84,600	\$84,600	\$56,400
Cost Sharing								
Residential Lands @ 40% of cost					\$451,723			
Net Income (Loss)	-\$1,520,816	\$84,600	\$84,600	\$84,600	-\$592,984	\$84,600	\$84,600	\$56,400
Cumulative Net Income (Loss)	-\$1,520,816	-\$1,436,216	-\$1,351,616	-\$1,267,016	-\$1,860,000	-\$1,775,400	-\$1,690,800	-\$1,634,400
Net Income (Loss) Discounted @ 3.83%	-\$1,520,816	\$78,474	\$75,579	\$72,791	-\$491,393	\$67,520	\$65,029	\$41,754
Cumulative Net Income (Loss) Discounted @ 3.83%	-\$1,520,816	-\$1,442,342	-\$1,366,763	-\$1,293,972	-\$1,785,365	-\$1,717,844	-\$1,652,815	-\$1,611,061
Net Present Value	-\$1,611,061							
Adjusted for Industrial - Full Occupied Tax Revenues								
Net Income (Loss) - Before Tax Revenues	-\$1,520,816	\$84,600	\$84,600	\$84,600	-\$592,984	\$84,600	\$84,600	\$56,400
Add: Tax Revenues		\$16,500	\$33,000	\$49,500	\$66,000	\$82,500	\$99,000	\$110,000
Net Income (Loss) - After Tax Revenues	-\$1,520,816	\$101,100	\$117,600	\$134,100	-\$526,984	\$167,100	\$183,600	\$166,400
Cumulative Net Income (Loss) After Tax Revenues	-\$1,520,816	-\$1,419,716	-\$1,302,116	-\$1,168,016	-\$1,695,000	-\$1,527,900	-\$1,344,300	-\$1,177,900
Net Present Value	-\$1,177,900							
Estimated Breakeven Year	2032							

Note: Tax revenues assume that an average of \$10,000 of tax revenues will be earned for each acre of development. The taxes are further adjusted down to factor in the municipal portion of tax revenues (less of education taxes).



FIGURE B.6: NET PRESENT VALUE OPTION 2 – ABSORPTION @ 1.62 HECTARES (4 ACRES) PER YEAR, PHASES 1 AND 2

Input Assumptions	
Absorption Rate @	1.62 per hectare (4 acres) per year
Average Sales Price (hectares) @	\$74,130 per hectare (\$30,000 per acre)
Income (Loss) Discounted @	3.83%

Calendar Year	2014	2015	2016	2017	2018	2019	2020	2021
Year	1	2	3	4	5	6	7	8
Expenses								
Herbert Street Extension	-\$1,520,816							
Charles Street Connection					-\$1,129,306			
Revenues								
Sales	\$0	\$120,091	\$120,091	\$120,091	\$120,091	\$120,091		
Less: Sales Commissions (6%)	\$0	\$7,205	\$7,205	\$7,205	\$7,205	\$7,205		
Net Sales	\$0	\$112,885	\$112,885	\$112,885	\$112,885	\$112,885	\$0	\$0
Cost Sharing								
Residential Lands @ 40% of cost					\$451,723			
Net Income (Loss)	-\$1,520,816	\$112,885	\$112,885	\$112,885	-\$564,699	\$112,885	\$0	\$0
Cumulative Net Income (Loss)	-\$1,520,816	-\$1,407,931	-\$1,295,046	-\$1,182,161	-\$1,746,859	-\$1,633,974	-\$1,633,974	-\$1,633,974
Net Income (Loss) Discounted @ 3.83%	-\$1,520,816	\$104,711	\$100,848	\$97,128	-\$467,953	\$90,095	\$0	\$0
Cumulative Net Income (Loss) Discounted @ 3.83%	-\$1,520,816	-\$1,416,105	-\$1,315,257	-\$1,218,129	-\$1,686,082	-\$1,595,987	-\$1,595,987	-\$1,595,987
Net Present Value	-\$1,595,987							
Adjusted for Industrial - Full Occupied Tax Revenues								
Net Income (Loss) - Before Tax Revenues	-\$1,520,816	\$112,885	\$112,885	\$112,885	-\$564,699	\$112,885	\$0	\$0
Add: Tax Revenues		\$22,000	\$44,000	\$66,000	\$88,000	\$110,000	\$110,000	\$110,000
Net Income (Loss) - After Tax Revenues	-\$1,520,816	\$134,885	\$156,885	\$178,885	-\$476,699	\$222,885	\$110,000	\$110,000
Cumulative Net Income (Loss) After Tax Revenues	-\$1,520,816	-\$1,385,931	-\$1,229,046	-\$1,050,161	-\$1,526,859	-\$1,303,974	-\$1,193,974	-\$1,083,974
Net Present Value	-\$1,083,974							
Estimated Breakeven Year	2031							

Note: Tax revenues assume that an average of \$10,000 of tax revenues will be earned for each acre of development. The taxes are further adjusted down to factor in the municipal portion of tax revenues (less of education taxes).



FIGURE B.7: NET PRESENT VALUE OPTION 3 – ABSORPTION @ 1.21 HECTARES (3 ACRES) PER YEAR, PHASE 1 ONLY

Input Assumptions									
Absorption Rate @	1.21 per hectare (3 acres) per year								
Average Sales Price (hectares) @	\$74,130 per hectare (\$30,000 per acre)								
Income (Loss) Discounted @	3.83%								

Calendar Year	2014	2015	2016	2017	2018	2019	2020	2021
Year	1	2	3	4	5	6	7	8
Expenses								
Herbert Street Extension	-\$1,520,816							
Charles Street Connection								
Revenues								
Sales	\$0	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$60,000
Less: Sales Commissions (6%)	\$0	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	\$3,600
Net Sales	\$0	\$84,600	\$84,600	\$84,600	\$84,600	\$84,600	\$84,600	\$56,400
Cost Sharing								
Residential Lands - Not Applicable								
Net Income (Loss)	-\$1,520,816	\$84,600	\$84,600	\$84,600	\$84,600	\$84,600	\$84,600	\$56,400
Cumulative Net Income (Loss)	-\$1,520,816	-\$1,436,216	-\$1,351,616	-\$1,267,016	-\$1,182,416	-\$1,097,816	-\$1,013,216	-\$956,816
Net Income (Loss) Discounted @ 3.83%	-\$1,520,816	\$78,474	\$75,579	\$72,791	\$70,106	\$67,520	\$65,029	\$41,754
Cumulative Net Income (Loss) Discounted @ 3.83%	-\$1,520,816	-\$1,442,342	-\$1,366,763	-\$1,293,972	-\$1,223,866	-\$1,156,346	-\$1,091,316	-\$1,049,562
Net Present Value	-\$1,049,562							
Adjusted for Industrial - Full Occupied Tax Revenues								
Net Income (Loss) - Before Tax Revenues	-\$1,520,816	\$84,600	\$84,600	\$84,600	\$84,600	\$84,600	\$84,600	\$56,400
Add: Tax Revenues		\$16,500	\$33,000	\$49,500	\$66,000	\$82,500	\$99,000	\$110,000
Net Income (Loss) - After Tax Revenues	-\$1,520,816	\$101,100	\$117,600	\$134,100	\$150,600	\$167,100	\$183,600	\$166,400
Cumulative Net Income (Loss) After Tax Revenues	-\$1,520,816	-\$1,419,716	-\$1,302,116	-\$1,168,016	-\$1,017,416	-\$850,316	-\$666,716	-\$500,316
Net Present Value	-\$500,316							
Estimated Breakeven Year	2026							

Note: Tax revenues assume that an average of \$10,000 of tax revenues will be earned for each acre of development. The taxes are further adjusted down to factor in the municipal portion of tax revenues (less of education taxes).



FIGURE B.8: NET PRESENT VALUE OPTION 4 – ABSORPTION @ 1.62 HECTARES (4 ACRES) PER YEAR, PHASE 1 ONLY

Input Assumptions	
Absorption Rate @	1.62 per hectare (4 acres) per year
Average Sales Price (hectares) @	\$74,130 per hectare (\$30,000 per acre)
Income (Loss) Discounted @	3.83%

Calendar Year	2014	2015	2016	2017	2018	2019	2020	2021
Year	1	2	3	4	5	6	7	8
Expenses								
Herbert Street Extension	-\$1,520,816							
Charles Street Connection								
Revenues								
Sales	\$0	\$120,091	\$120,091	\$120,091	\$120,091	\$120,091		
Less: Sales Commissions (6%)	\$0	\$7,205	\$7,205	\$7,205	\$7,205	\$7,205		
Net Sales	\$0	\$112,885	\$112,885	\$112,885	\$112,885	\$112,885	\$0	\$0
Cost Sharing								
Residential Lands - Not Applicable								
Net Income (Loss)	-\$1,520,816	\$112,885	\$112,885	\$112,885	\$112,885	\$112,885	\$0	\$0
Cumulative Net Income (Loss)	-\$1,520,816	-\$1,407,931	-\$1,295,046	-\$1,182,161	-\$1,069,275	-\$956,390	-\$956,390	-\$956,390
Net Income (Loss) Discounted @ 3.83%	-\$1,520,816	\$104,711	\$100,848	\$97,128	\$93,545	\$90,095	\$0	\$0
Cumulative Net Income (Loss) Discounted @ 3.83%	-\$1,520,816	-\$1,416,105	-\$1,315,257	-\$1,218,129	-\$1,124,584	-\$1,034,489	-\$1,034,489	-\$1,034,489
Net Present Value	-\$1,034,489							
Adjusted for Industrial - Full Occupied Tax Revenues								
Net Income (Loss) - Before Tax Revenues	-\$1,520,816	\$112,885	\$112,885	\$112,885	\$112,885	\$112,885	\$0	\$0
Add: Tax Revenues		\$22,000	\$44,000	\$66,000	\$88,000	\$110,000	\$110,000	\$110,000
Net Income (Loss) - After Tax Revenues	-\$1,520,816	\$134,885	\$156,885	\$178,885	\$200,885	\$222,885	\$110,000	\$110,000
Cumulative Net Income (Loss) After Tax Revenues	-\$1,520,816	-\$1,385,931	-\$1,229,046	-\$1,050,161	-\$849,275	-\$626,390	-\$516,390	-\$406,390
Net Present Value	-\$406,390							
Estimated Breakeven Year	2025							

Note: Tax revenues assume that an average of \$10,000 of tax revenues will be earned for each acre of development. The taxes are further adjusted down to factor in the municipal portion of tax revenues (less of education taxes).



FIGURE B.9: NET PRESENT VALUE OPTION 5 – ABSORPTION @ 1.21 HECTARES (3 ACRES) PER YEAR, PHASES 1 AND 2, 0% COST SHARING FOR RESIDENTIAL LANDS

Input Assumptions									
Absorption Rate @	1.21 per hectare (3 acres) per year								
Average Sales Price (hectares) @	\$74,130 per hectare (\$30,000 per acre)								
Income (Loss) Discounted @	3.83%								
Calendar Year	2014	2015	2016	2017	2018	2019	2020	2021	
Year	1	2	3	4	5	6	7	8	
Expenses									
Herbert Street Extension	-\$1,520,816								
Charles Street Connection					-\$1,129,306				
Revenues									
Sales	\$0	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$60,000	
Less: Sales Commissions (6%)	\$0	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	\$3,600	
Net Sales	\$0	\$84,600	\$84,600	\$84,600	\$84,600	\$84,600	\$84,600	\$56,400	
Cost Sharing									
Residential Lands @ 40% of cost									
Net Income (Loss)	-\$1,520,816	\$84,600	\$84,600	\$84,600	-\$1,044,706	\$84,600	\$84,600	\$56,400	
Cumulative Net Income (Loss)	-\$1,520,816	-\$1,436,216	-\$1,351,616	-\$1,267,016	-\$2,311,723	-\$2,227,123	-\$2,142,523	-\$2,086,123	
Net Income (Loss) Discounted @ 3.83%	-\$1,520,816	\$78,474	\$75,579	\$72,791	-\$865,725	\$67,520	\$65,029	\$41,754	
Cumulative Net Income (Loss) Discounted @ 3.83%	-\$1,520,816	-\$1,442,342	-\$1,366,763	-\$1,293,972	-\$2,159,697	-\$2,092,177	-\$2,027,147	-\$1,985,394	
Net Present Value	-\$1,985,394								
Adjusted for Industrial - Full Occupied Tax Revenues									
Net Income (Loss) - Before Tax Revenues	-\$1,520,816	\$84,600	\$84,600	\$84,600	-\$1,044,706	\$84,600	\$84,600	\$56,400	
Add: Tax Revenues		\$16,500	\$33,000	\$49,500	\$66,000	\$82,500	\$99,000	\$110,000	
Net Income (Loss) - After Tax Revenues	-\$1,520,816	\$101,100	\$117,600	\$134,100	-\$978,706	\$167,100	\$183,600	\$166,400	
Cumulative Net Income (Loss) After Tax Revenues	-\$1,520,816	-\$1,419,716	-\$1,302,116	-\$1,168,016	-\$2,146,723	-\$1,979,623	-\$1,796,023	-\$1,629,623	
Net Present Value	-\$1,629,623								
Estimated Breakeven Year	2036								

Note: Tax revenues assume that an average of \$10,000 of tax revenues will be earned for each acre of development. The taxes are further adjusted down to factor in the municipal portion of tax revenues (less of education taxes).



FIGURE B.10: NET PRESENT VALUE OPTION 6 – ABSORPTION @ 1.62 HECTARES (4 ACRES) PER YEAR, PHASES 1 AND 2, 0% COST SHARING FOR RESIDENTIAL LANDS

Calendar Year	2014	2015	2016	2017	2018	2019	2020	2021
Year	1	2	3	4	5	6	7	8
Input Assumptions								
Absorption Rate @	1.62 per hectare (4 acres) per year							
Average Sales Price (hectares) @	\$74,130 per hectare (\$30,000 per acre)							
Income (Loss) Discounted @	3.83%							
Expenses								
Herbert Street Extension	-\$1,520,816							
Charles Street Connection					-\$1,129,306			
Revenues								
Sales	\$0	\$120,091	\$120,091	\$120,091	\$120,091	\$120,091		
Less: Sales Commissions (6%)	\$0	\$7,205	\$7,205	\$7,205	\$7,205	\$7,205		
Net Sales	\$0	\$112,885	\$112,885	\$112,885	\$112,885	\$112,885	\$0	\$0
Cost Sharing								
Residential Lands @ 0% of cost								
Net Income (Loss)	-\$1,520,816	\$112,885	\$112,885	\$112,885	-\$1,016,421	\$112,885	\$0	\$0
Cumulative Net Income (Loss)	-\$1,520,816	-\$1,407,931	-\$1,295,046	-\$1,182,161	-\$2,198,582	-\$2,085,697	-\$2,085,697	-\$2,085,697
Net Income (Loss) Discounted @ 3.83%	-\$1,520,816	\$104,711	\$100,848	\$97,128	-\$842,286	\$90,095	\$0	\$0
Cumulative Net Income (Loss) Discounted @ 3.83%	-\$1,520,816	-\$1,416,105	-\$1,315,257	-\$1,218,129	-\$2,060,415	-\$1,970,320	-\$1,970,320	-\$1,970,320
Net Present Value	-\$1,970,320							
Adjusted for Industrial - Full Occupied Tax Revenues								
Net Income (Loss) - Before Tax Revenues	-\$1,520,816	\$112,885	\$112,885	\$112,885	-\$1,016,421	\$112,885	\$0	\$0
Add: Tax Revenues		\$22,000	\$44,000	\$66,000	\$88,000	\$110,000	\$110,000	\$110,000
Net Income (Loss) - After Tax Revenues	-\$1,520,816	\$134,885	\$156,885	\$178,885	-\$928,421	\$222,885	\$110,000	\$110,000
Cumulative Net Income (Loss) After Tax Revenues	-\$1,520,816	-\$1,385,931	-\$1,229,046	-\$1,050,161	-\$1,978,582	-\$1,755,697	-\$1,645,697	-\$1,535,697
Net Present Value	-\$1,535,697							
Estimated Breakeven Year	2035							

Note: Tax revenues assume that an average of \$10,000 of tax revenues will be earned for each acre of development. The taxes are further adjusted down to factor in the municipal portion of tax revenues (less of education taxes).



Appendix C – Economic and Industry Overview

Appendix C provides a contextual discussion of potential growth sectors for Eastern Ontario that may benefit Gananoque, examines other potential growth sectors for larger nearby municipalities and provides an overview of the local economy.

C1: Regional Context

In determining potential growth sectors for Gananoque it is important to understand the strategic position in which the region has placed itself in. The Ontario East Economic Development Commission has growth sectors in which its membership will pursue and promote for the region. These growth sectors are (in no particular order):

- Advanced Manufacturing and Clean Technologies
- Creative Economy
- Food Processing
- Logistics & Warehousing.

Advanced Manufacturing and Clean Technologies

Eastern Ontario has a combination of skilled people, leading edge technology, academic and applied research capabilities, and a location that makes it accessible to several key US markets and world leading manufacturers.

Successful solar energy companies such as Sun Edison (US), EDF Energies Nouvelles (France), Enfinity (Belgium) and First Solar (US) have already transformed Napanee and Arnprior into two of North America's largest solar energy installation communities.

The aerospace industry has supply chain capabilities in Eastern Ontario. Tier 1, 2 and 3 suppliers are supported by a pool of small to medium sized enterprise manufacturing subcontractors and professional and technical support services. These capabilities have led to world class aerospace research in Eastern Ontario, which includes the David Florida Laboratory (Canadian Space Agency's world class assembly, integration and testing centre).

Continued support and research towards bio-energy solutions has led to companies and technology driven precision manufacturers locating in Eastern Ontario. These companies include GE-Hitachi Nuclear Energy, Sandvik Materials Technology Canada and Nu-Tech Precision Metals Inc.



Eastern Ontario continues to grow its innovation in the bio-health industry. Pharmaceutical and advanced medical technology manufacturing have developed in the region. Key companies include Bioniche Life Sciences, Chemaphor and Octane OEM.

Creative Economy

Eastern Ontario has been attracting and fostering new creative industries. These creative industries and occupations are the types of economic activity in which ideas and intellectual property are what produce value and generate wealth. Small creative companies such as Gananoque's own Kids Crooked Playhouse (makers of creative playhouses for kids) have been expanding across Eastern Ontario creating a new local innovative business. Larger creative companies such as Allphase Clinical Research, Improved Outcomes Software Inc, Protein Simple and TrialStat also play a larger role in providing leading research solutions in the bio-medical/bio-engineering field and Eastern Ontario's knowledge economy. Gananoque is well positioned to develop this sector of the economy since many people want to live in distinctive places with unique characteristics and identities.

Food Processing

The *Eastern Ontario Food Competitiveness Study* states that Eastern Ontario is a high-value and low-cost place to do agri-business. A strong economic partnership among food manufacturers, educational institutions and local economic development offices has helped keep the area's food processing industry strong and highly productive. Top food processing companies in Eastern Ontario include Vantage Foods Canada, Baskin-Robbins Ice Cream, Kellogg Canada and Kraft Canada.

Logistics & Warehousing

Eastern Ontario's unique position allows for overnight surface delivery to 62% of Canadians, including those in three of Canada's four largest markets and access to the fifth busiest border crossing (Lansdowne/Alexandria Bay) which connects with Interstate 81 (Boston/New York City/Richmond/Pittsburgh)¹⁴. With over 600 kilometres of four and six-lane freeways and a rail system that links to CN, Canadian Pacific Railway and many short line railroads, and three international cargo airports and seaway ports, Eastern Ontario is well positioned to foster and develop the growing logistics and distribution/warehousing sector.

Eastern Ontario has a network of support services, which include regional courier hubs, welding, machining and fabricating shops and customs brokers. In addition, there is a full range of maintenance services, including lift truck

a14 <http://www.onteast.com/content/logistics-warehousing>



repair. Top logistics/distribution businesses include All-Can Distribution, Black & Decker, National Grocers, Sears National, Shell Canada and Sysco Foods.

C2: Surrounding Municipalities

In addition to the potential growth sectors determined by the Ontario East Economic Development Commission, several surrounding municipalities have identified other growth sectors or especially strong sub-sectors for their community. These include:

- Green technology (Kingston).
- Research and development (Kingston).
- Health care (Kingston).
- Pharmaceuticals (Brockville).

Green Technology

Kingston has a fast growing alternative energy sector (e.g. wind, solar, bio fuel). Focused on sustainable growth, Kingston offers companies a connection to local research and training partnerships, a supply chain and access to export markets. Post-secondary institutions offer a variety of programs and initiatives to support green technology businesses. Companies such as DST Solaris, Gaia Power Inc. and Sun Edison are located in Kingston.

Research and Development

Kingston has also focused on developing its knowledge-based economy through research and development opportunities. Research and development facilities include Queen's University and its Innovation Park, Thin Film Research Centre, Sustainable Bio-economy Centre, GreenCentre Canada and SWITCH.

Other opportunities stem from clinical research at Kingston's hospitals and supporting development of specialized materials and processes for advanced manufacturers. Kingston is home to innovative companies such as Pathogen Detection Systems a company that has created a device to track E.Coli and other coliform bacteria in water and iGO Technologies a company that creates software and hardware for computer-assisted surgery.



Health Care

The health care sector in Kingston is one of the city's leading economic sectors - both as a major employer and investment stimulus. As Southeastern Ontario's healthcare centre, Kingston is home to facilities, specialists, services and researchers. Kingston's local hospitals work in partnership with Queen's University and St. Lawrence College and offer a training ground for health care professionals. Leading edge research is also undertaken with over 160 researchers working at the Kingston General Hospital alone. This research creates an environment for health care sector start-ups and private research companies.

Pharmaceuticals

The pharmaceuticals sector in Brockville has a long history. Brockville continues to target the pharmaceutical businesses as the growing needs of the health care sector continues to rise. Brockville's large pharmaceutical companies include Ross Nutritional and Trillium Health Care Products.

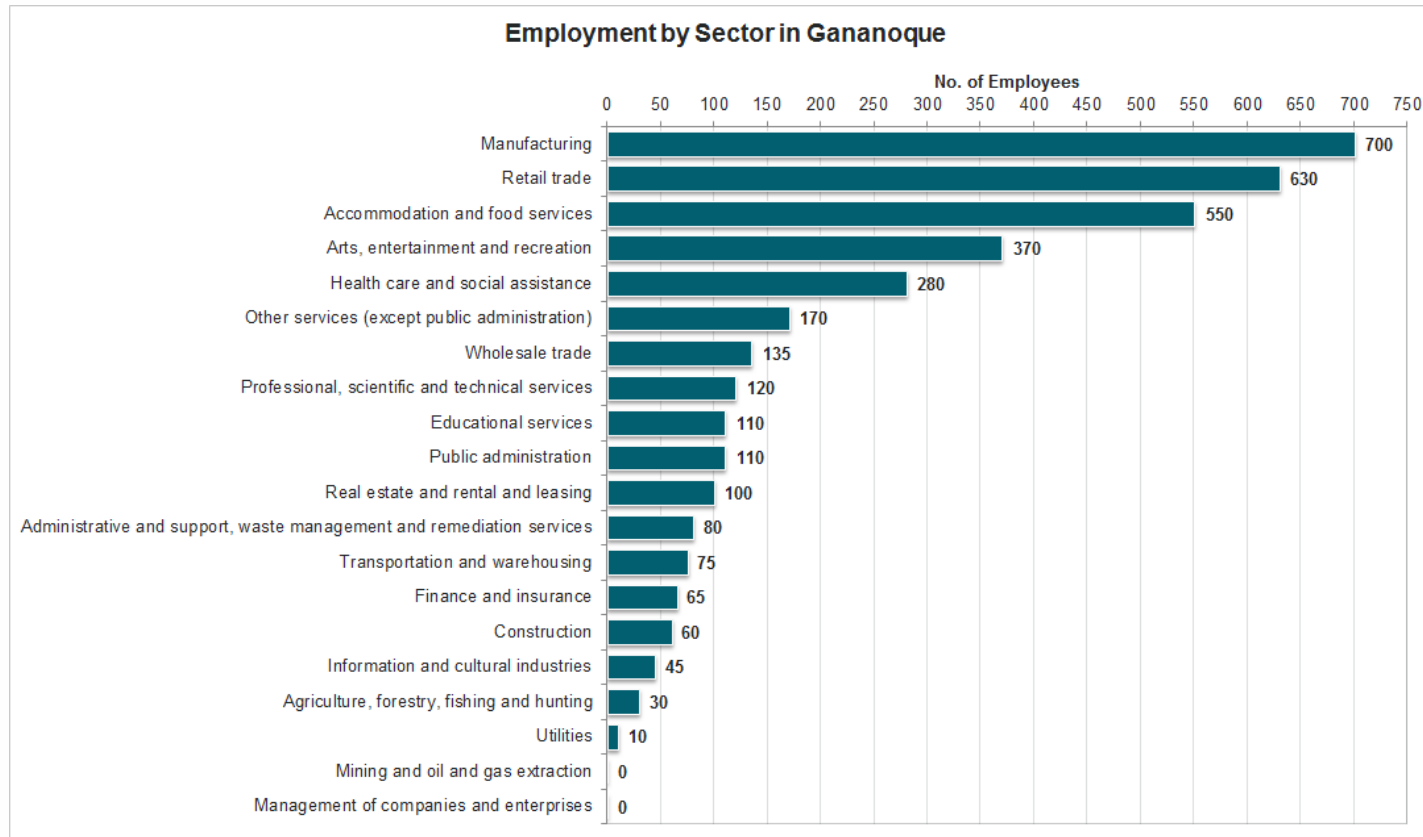
C3: Local Economy Context

Based on Statistics Canada 2006 census data, the town's employment base grew by 420 jobs (8%) from 2001 to 2006. This growth was largely driven by the arts, entertainment and recreation sector which grew by 300 jobs (428%) due to the opening of the Thousand Islands OLG Casino in 2002¹⁵. Other growth sectors included retail trade (+175 jobs), accommodation and food services (+115 jobs) and wholesale trade (+95 jobs). The sector to experience the largest decline was manufacturing, which saw a loss of 530 jobs in the five year span. Despite the decline, the manufacturing sector was still the largest sector in Gananoque, accounting for 700 jobs. The following three largest employment sectors were retail trade (630 employees), accommodation and food service (550 employees) and arts, entertainment and recreation (370 employees) (see Figure C.1).

¹⁵ Town of Gananoque, <http://www.gananoque.com/casino.htm>



FIGURE C.4: EMPLOYMENT BY SECTOR IN GANANOQUE, 2006



Source: Statistics Canada 2006 Census Profile Data, modified by Millier Dickinson Blais Inc.



The manufacturing sector includes Gananoque's largest employer, Covidien owned Ludlow Technical Products Ltd (450 employees), producers of disposable medical products for the international Covidien family of healthcare products. The second largest employer is the Thousand Island OLG Casino Gananoque, which employs 400 people. The Town of Gananoque benefits from this employer by receiving revenues from gaming and casino slots. The top nine employers in Gananoque as of May 2009 are identified in Figure C.2. In total these nine organizations employed one quarter of the town's 2006 employment base.

FIGURE C.5: TOP 9 EMPLOYERS IN GANANOQUE¹⁶

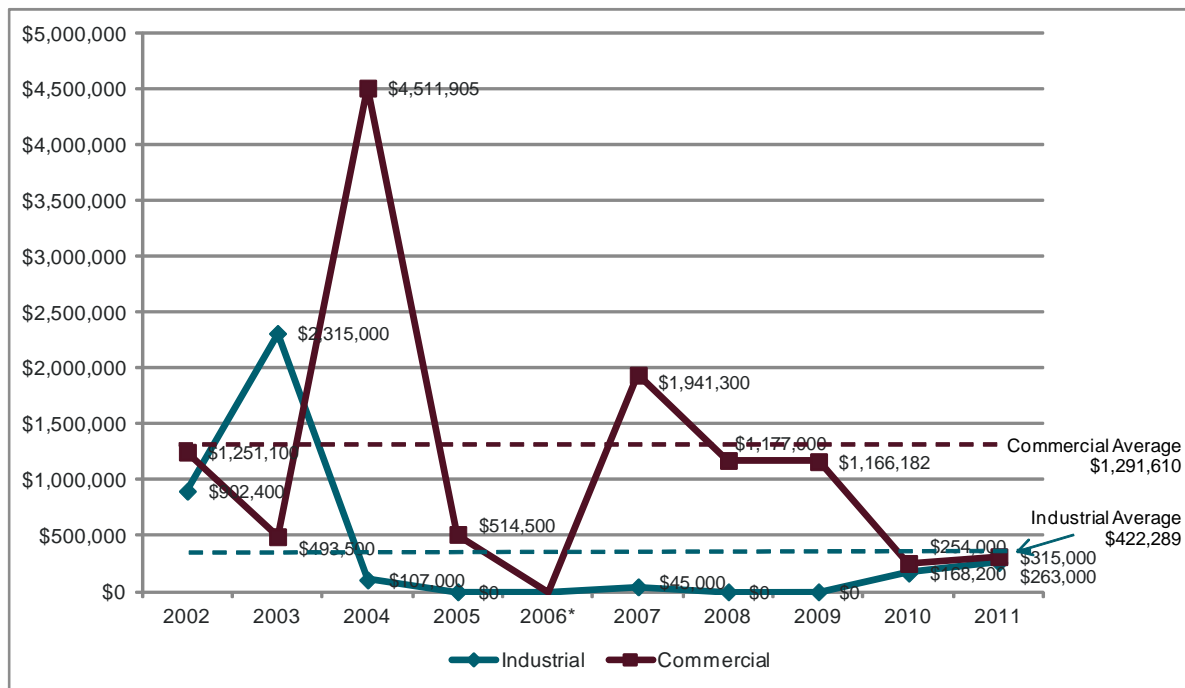
Major Employer	Product/Service	No. of Employees
Covidien/Ludlow Technical Products Ltd	Manufacturers disposable medical products	450
Thousand Islands OLG Casino Gananoque	Gaming institution	400
Home Hardware	Hardware and retail building supply store	127
Metro	Grocery store	100
Gananoque Boat Line	Boat tour operator	95
Carveth Care Centre	Nursing home	80
Gananoque Chevrolet and Cadillac	Car dealership	60
Town of Gananoque	Public Administration Office	50
No Frills	Grocery store	49
Total No. of Employees		1,411

¹⁶ Town of Gananoque Community Profile, <http://www.gananoque.ca/invest-in-gananoque/community-profile>. 2012.



In terms of building permit activity, Gananoque has experienced industrial and commercial construction. Industrial construction value was highest in 2003 at over \$2.3 million when the police station expanded. Throughout the 2002 to 2011 period industrial construction has average \$422,289 each year. Commercial construction values are comparatively higher than industrial values. Construction values peaked in 2004 at \$4.5 million when the 60 unit hotel was constructed and the playhouse was renovated. Construction values have averaged \$1.3 million each year from 2002 to 2011.

FIGURE C.3: COMMERCIAL AND INDUSTRIAL BUILDING PERMIT CONSTRUCTION VALUES, TOWN OF GANANOQUE, 2002-2011





Appendix D – Site Location Requirements for Secondary Target Markets

Advanced Manufacturing Sector

INVESTMENT FACTORS	Electrical Equipment, Appliance & Component Manufacturing		Aerospace Product and Parts Manufacturing		INVESTMENT FACTORS	Electrical Equipment, Appliance & Component Manufacturing		Aerospace Product and Parts Manufacturing	
	Category Weight %	Location Factor Importance	Category Weight %	Location Factor Importance		Category Weight %	Location Factor Importance	Category Weight %	Location Factor Importance
Labour Force Characteristics					Utilities				
Population (Current Counts, Future Projections)		M		M	Electricity (Capacity, Availability, Rate, Reliability)	12	H	10	H
Age Profile		M		M	Natural Gas (Capacity, Availability, Rate)		M		L
Commuting Patterns		L		M	Water (Capacity, Availability, Rate, Connection Fees, Quality)		M		M
Income (Average Income, Household Income)		M		M	Water Quality		L		L
Ethnicity Profile		L		M	Sewer (Capacity, Availability, Rate, Connection Fees)		M		M
Size of total labour force / Participation rate		H		H	Waste Management / Hazardous Waste Carriers & Facilities		M		M
Unemployment Rate / Employment Rate		H		H	Telecommunications (High Speed Internet, Cell Phone carriers)		L		M
Availability of Skilled Workers		H		H	Local Business Environment		-		-
Cost of Skilled Workers	16	H		H	ED involvement in local business community ("Business Friendliness")	8	H	8	H
Availability of Unskilled Workers		M		H	Environmental Policies		H		H
Cost of Unskilled Workers		M		H	Costs for Permitting, Construction, Occupancy		H		H
Competition for Required Skill Sets		H		H	Time Required to Process Zoning Permit, Site Plan, Building Permits		H		H
Level of Education		M		M	Recent Level of Development Activity		M		M
Turnover / Absenteeism		H		H	Property Availability and Cost		-		-
Presence of Union (labour management relations)		H		H	Industrial Building Availability	12	M	20	L
Language Skills		L		M	Serviced Industrial Land Availability (shovel ready sites)		H		H
Workers compensation and employment insurance		H		H	Commercial (Office) Building Availability		L		L
Local Industry		-		-	Commercial (Office) Land Availability		L		L
Largest Employers (type of company and employee counts)		M		H	Cost of Land / Lease Rates		H		H
Other local employers (type of company and employee counts)		M		M	Incentives / Business Support Programs		-		-
Locally Targeted Industries		M		H	Business Financing (Long term financing, etc.)	10	H	12	L
Recent projects / Companies new to the area	8	M	7	H	Provincial and Local Incentive Programs (tax exemptions, grants, etc)		H		H
Same Industry Cluster		M		H	Provincial and Local Business Development Programs		H		H
Presence of Supplier/Support Businesses		H		H	International Resources / Government Services		H		H
Existing Research Base		L		M	Local Chambers of Commerce		M		H
Presence of military base and installations		L		M	Education & Training		-		-
Transportation / Distribution		-		-	Elementary School Performance Rankings	12	L	8	M
Proximity to Current and Future Customer Markets		H		H	Secondary School Performance Rankings		L		M
Proximity to Suppliers/Raw Materials		L		H	Community Colleges - Availability and Quality of Programs		H		H
Proximity to Highways		H		H	Universities - Availability and Applicable Programs		H		M
Proximity to Airports	10	L	15	H	Technical/Vocational Colleges - Availability and Quality of Programs		H		H
Proximity to Railways / Intermodal Facilities		H		H	Local Employment and Training Services		H		H
Proximity to Port Facilities		M		M	Quality of Life		-		-
3rd Party Trucking Availability		H		H	Health Care Facilities	5	M	5	H
3rd Party Warehousing Availability		H		L	Emergency Services (Police, Fire, EMS)		M		H
Taxes		-		-	Crime Rate		L		H
Local Property Rates	7	M		H	Recreation and Cultural Facilities		L		M
Provincial Tax Rates		M		H	Climate		L		M
Federal Tax Rates / Corporate Tax Rate		M		H	Housing Availability and Cost		M		H
					Perception of Attractiveness to Employees Outside of Area		L		L

Source: Austin Consulting, modified by Millier Dickinson Blais.



Logistics & Warehousing Sector

INVESTMENT FACTORS	Category Weight %	Location Factor Importance	INVESTMENT FACTORS	Category Weight %	Location Factor Importance
Labour Force Characteristics	15	-	Utilities	8	-
Population (Current Counts, Future Projections)		M	Electricity (Capacity, Availability, Rate, Reliability)		M
Age Profile		L	Natural Gas (Capacity, Availability, Rate)		M
Commuting Patterns		L	Water (Capacity, Availability, Rate, Connection Fees, Quality)		L
Income (Average Income, Household Income)		M	Water Quality		L
Ethnicity Profile		L	Sewer (Capacity, Availability, Rate, Connection Fees)		L
Size of total labour force / Participation rate		H	Waste Management / Hazardous Waste Carriers & Facilities		L
Unemployment Rate / Employment Rate		H	Telecommunications (High Speed Internet, Cell Phone carriers)		M
Availability of Skilled Workers		M	Local Business Environment	-	
Cost of Skilled Workers		M	ED involvement in local business community ("Business Friendliness")	8	M
Availability of Unskilled Workers		H	Environmental Policies		M
Cost of Unskilled Workers		H	Costs for Permitting, Construction, Occupancy		H
Competition for Required Skill Sets		M	Time Required to Process Zoning Permit, Site Plan, Building Permits		H
Level of Education		L	Recent Level of Development Activity	M	
Turnover / Absenteeism		M	Property Availability and Cost	-	
Presence of Union (labour management relations)	M	Industrial Building Availability	15	H	
Language Skills	L	Serviced Industrial Land Availability (shovel ready sites)		H	
Workers compensation and employment insurance	H	Commercial (Office) Building Availability		L	
		Commercial (Office) Land Availability		L	
Local Industry	6	-	Cost of Land / Lease Rates	H	
Largest Employers (type of company and employee counts)		L	Incentives / Business Support Programs	-	
Other local employers (type of company and employee counts)		L	Business Financing (Long term financing, etc.)	M	
Locally Targeted Industries		L	Provincial and Local Incentive Programs (tax exemptions, grants, etc)	10	H
Recent projects / Companies new to the area		M	Provincial and Local Business Development Programs		L
Same Industry Cluster		M	International Resources / Government Services		L
Presence of Supplier/Support Businesses		H	Local Chambers of Commerce		L
Existing Research Base		L	Education & Training	-	
Presence of military base and installations	L	Elementary School Performance Rankings	L		
Transportation / Distribution	20	-	Secondary School Performance Rankings	L	
Proximity to Current and Future Customer Markets		H	Community Colleges - Availability and Quality of Programs	7	M
Proximity to Suppliers/Raw Materials		H	Universities - Availability and Applicable Programs		L
Proximity to Highways		H	Technical/Vocational Colleges - Availability and Quality of Programs		M
Proximity to Airports		M	Local Employment and Training Services		M
Proximity to Railways / Intermodal Facilities		H	Quality of Life	-	
Proximity to Port Facilities		M	Health Care Facilities	L	
3rd Party Trucking Availability		H	Emergency Services (Police, Fire, EMS)	L	
3rd Party Warehousing Availability	H	Crime Rate	L		
Taxes	7	-	Recreation and Cultural Facilities	L	
Local Property Rates		M	Climate	L	
Provincial Tax Rates		M	Housing Availability and Cost	L	
Federal Tax Rates / Corporate Tax Rate		M	Perception of Attractiveness to Employees Outside of Area	L	

Source: Austin Consulting, modified by Millier Dickinson Blais.



Creative Economy

INVESTMENT FACTORS	Category Weight %	Location Factor Importance	INVESTMENT FACTORS	Category Weight %	Location Factor Importance
Labour Force Characteristics	5	-	Utilities	11	-
Age Profile		L	Electricity (Capacity, Availability, Rate)		L
Commuting Patterns		L	Natural Gas (Capacity, Availability, Rate)		L
Household Income		M	Water (Capacity, Availability, Rate)		L
Ethnicity Profile		M	Water Quality		M
Size of total labour force/Participation rate		L	Sewer (Capacity, Availability, Rate)		L
Unemployment Rate / Employment Rate		L	Waste Management/Hazardous Facilities		L
Availability of Skilled Workers		M	Telecommunications		H
Cost of Skilled Workers		M	Local Business Environment		-
Availability of Unskilled Workers		L	ED involvement in local business community		L
Cost of Unskilled Workers		L	Environmental Policies		M
Competition for Required Skill Sets		L	Costs - Permits, Construction, Occupancy	L	
Turnover / Absenteeism		L	Time to Process Permits, Site Plan	L	
Labour-Management Relations		L	Recent Level of Development Activity	L	
Language Skills	M	Property Availability and Cost	-		
Local Industry	5	-	Industrial Building Availability	8	L
Largest Employers		L	Serviced Industrial Land Availability		L
Locally Targeted Industries		H	Commercial Building Availability		M
Companies new to the area		H	Commercial Land Availability		M
Local Industry Cluster		M	Cost of Land / Lease Rates		H
Presence of Supplier/Support Businesses		M	Incentives/ Support Programs		-
Existing Research Base	H	Business Financing	M		
Transportation / Distribution	12	-	Provincial and Local Incentive Programs	6	L
Proximity to Current/Future Customers		M	Int'l Resources / Government Services		L
Proximity to Suppliers/Raw Materials		L	Local Chambers of Commerce	H	
Proximity to Highways		H	Education & Training	-	
Proximity to Airports		H	Elementary School Performance	H	
Proximity to Railways / Intermodal		L	Secondary School Performance	H	
Proximity to Port Facilities		L	Community Colleges - Quality	H	
3rd Party Trucking Availability		L	Universities - Applicable Programs	H	
3rd Party Warehousing Availability		L	Local Employment and Training Services	H	
Taxes		6	-	Quality of Life	30
Local Property Rates	M		Health Care Facilities	H	
Provincial Tax Rates	L		Emergency Services (Police, Fire, EMS)	H	
Federal Tax Rates / Corporate Tax Rate	L		Crime Rate	H	
			Recreation and Cultural Facilities	H	
			Climate	M	
			Housing Availability and Cost	H	
			Perception of Attractiveness to Incoming Employees	M	

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