



## **ECONOMIC DEVELOPMENT REPORT PED-03-2020**

**To: Committee of the Whole**  
**From: Jennifer Laforest**  
**Date: March 3 2020**  
**Subject: 2020 Business Needs Survey - Preliminary Findings**

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### **Recommendation:**

- That Committee of the Whole receive the following report as information.

### **Background:**

On January 6th 2020, Administration sent a survey to 12 businesses in the Vankleek Hill Industrial Park including: Hilltech, Martel Monuments, Metec Metal Technology, Helitrades, Beau's, Sarah Cole Cider, Emblem Tech, Aquasan, Foam Geometric, Innovatech, Orion, Kyan Culture and FCA First Class Attachments.

The Township of Champlain received 9 survey responses. This translates to a 75% response rate.

The Township of Champlain has also received a letter of interest from the Hawkesbury Industrial Investment Association (HIIA) which has expressed interest in the project and provided recommendations for Council's consideration.

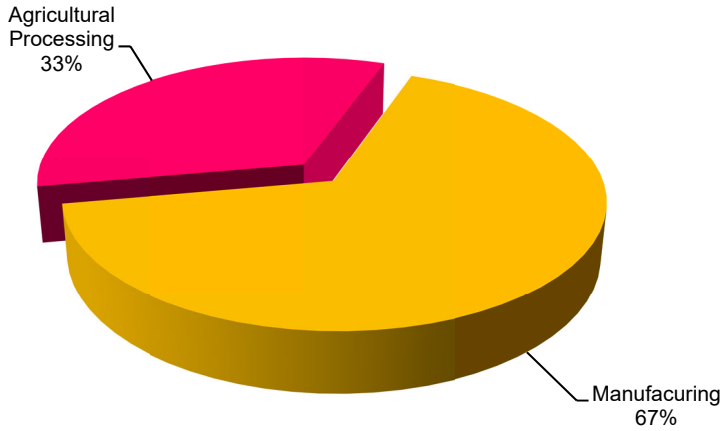
### **Findings and Analysis**

Vankleek Hill Industrial Park businesses were asked a total of 17 questions which relate to business type, business size, business growth outlook, impression, land and location preferences. While similar questions were asked for municipal OPRO Survey, no business survey has specifically targeted manufacturing businesses in Champlain Township.

#### **1. Business Type**

The Vankleek Hill Industrial Park has been part of the Trade and Industry Policy Area and since the former towns of Vankleek Hill and West Hawkesbury adopted their original zoning bylaws in the 1960's. This land was owned by the municipality as employment lands and sold to businesses over a 25 year period. This is an important consideration because, unlike other areas of the

Township, the occupants of the Vankleek Hill Industrial Park have been carefully curated over time based on employment and manufacturing policy objectives and therefore remain more homogenous than other industrial clusters in the community.



Trade and industry development policies have traditionally favored manufacturing and warehousing uses. Therefore it is no surprise that the majority of businesses in this Vankleek Hill Industrial park self-identify under these categories.

61% of the businesses in this area identified as manufacturing and 33% as agricultural related processing. Retail, warehousing and food and beverage are characterized as secondary uses. The businesses which identified as agricultural processing were relatively new compared to their manufacturing counterparts.

## 2. Business Size

The international Organization for Co-Operation and Development (OECD) classifies business size by the number of employees. Internationally, businesses with fewer than 10 employees are considered small, businesses with 50-249 employees are considered medium and businesses with more than 250 people are considered large.

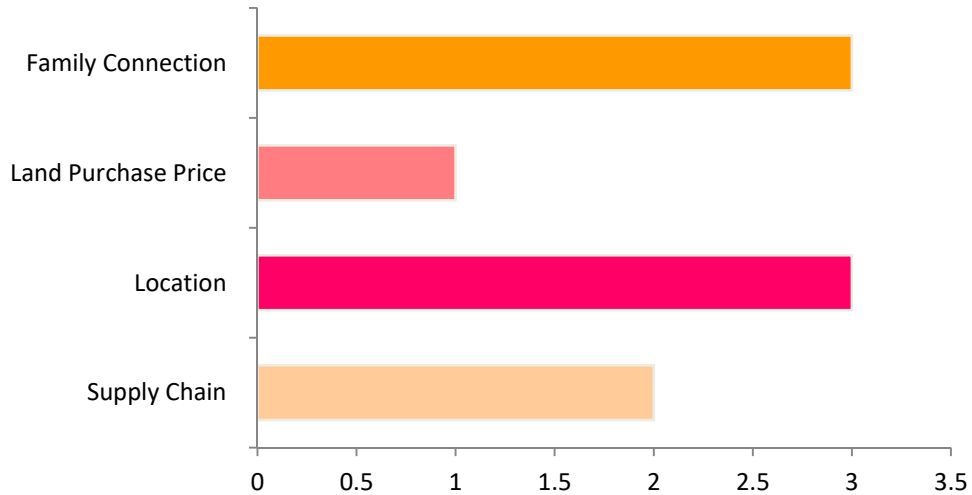
Because the businesses in Champlain have smaller a number of employees, Administration felt it was more appropriate to deem small businesses as 1-5 employees, medium size business as 5-20 employees and large as 20+ employees. Survey requested respondents select one of the three categories. Overall, 45% identified themselves as 'large', 22% identified themselves as 'medium' and 33% identified themselves as 'small'. This mix suggests that a variety of businesses have found suitable spaces in the Vankleek Hill Industrial Park. It is important to note that these businesses are still considered "small" by international standards.

## 3. Location Preference

Question number 7 asked respondents to cite the reason why they choose the Vankleek Hill Industrial Park. This question was interesting from a marketing standpoint, because it insight into the strategic advantages of this area. Respondents were given options including "location", "startup costs", "land purchase price", "family connection", "existing supply chain" and "rural character" as well as the "other".

The traditional understanding is that the Township of Champlain's relatively low land value and cost of living would be reflected in the response rates as a market advantage. However only 11% of the respondents indicated "land value" was the reason for choosing the Township of Champlain. "Family Connection" and "Location" featured prominently however at 34% each.

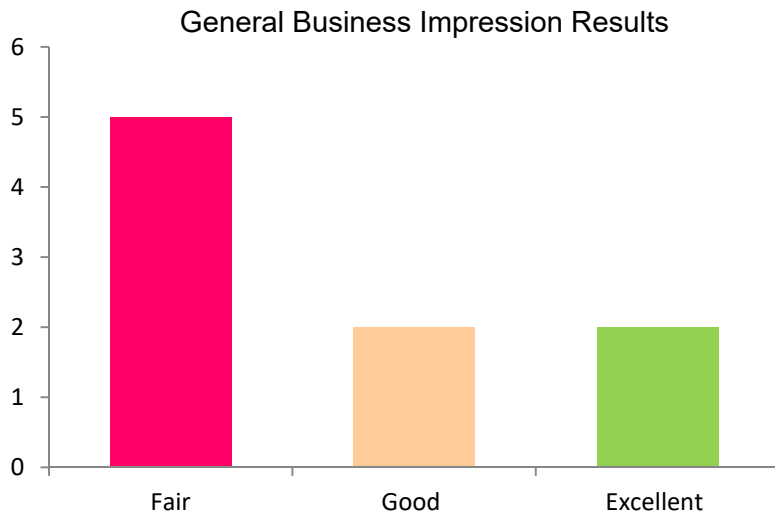
These are interesting findings because they demonstrate small business connection have a greater emotional connection to the community than what is commonly expected.



4. Community Impression

Community impression questions attempts to understand how businesses feel about the current local investment climate. It is a question that was featured prominently in both the OPRO Final Report and the Prescott Russel Economic Development Strategic Plan.

The Township of Champlain Business Needs Survey had two related questions to this theme, a question asking survey respondents about their ‘general impression’ of the Township of Champlain, and the second follow up question about whether or not ‘their attitude has remained the same’. For both questions, survey respondents were given the opportunity to provide an explanation.



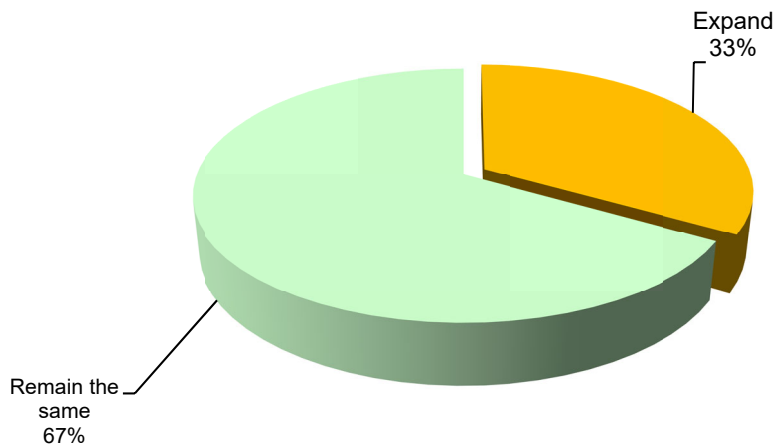
Overall, 5 respondents indicated the investment climate was “fair”, 2 indicated “good” and 2 indicated “excellent”.

When asked to explain “fair” or “good” responses, the survey participants cited lack of certainty for development and a changing political climate.

## 5. Growth Outlook

Survey respondents were asked about their growth outlook over the next 18 months.

Businesses in the Vankleek Hill Industrial Park were asked whether they are looking to “remain the same”, “relocate”, “expand”, “downsize”, “sell” or “close” in the next 18 months. 67% of the respondents indicate that they planned to “remain the same”. 33% indicated that they wished to “expand” and “grow”. 66% those businesses that indicated their wish to “grow”, are considered agricultural processing related industries.



While only 33% of the businesses in the Vankleek Hill Industrial Park indicated their interest in growing, the responses to this question are overall positive, as none of the businesses indicated their desire to move, sell, relocate or otherwise close their businesses.

Further market analysis would be required to understand what is considered a “healthy growth rate” among local businesses.

Flight risk can be considered moderate in this area, as 66% of the businesses in the Vankleek Hill Industrial Park are property owners. High ownership rates among the long standing businesses in the Industrial Park reflect the policy tradition of attempting to remove development speculation from this area.

Survey results indicate that new businesses may not have had the opportunity to purchase new land and therefore remain renters in the Vankleek Hill Industrial Park. The risk of flight for businesses which are renters versus owners may be considered higher. 89% of the surveyed businesses indicate ownership as their preferred tenancy arrangement. The remaining 11% preferring a long term lease.

As indicated earlier in this report, the Vankleek Hill Industrial Park has seen a notable uptake in agricultural related industries. These industries may warrant careful consideration from a strategic planning perspective as they are connected to the existing supply chain and part of identified growth industries.

## 6. Interest in Employment Lands

In practice land development only takes place only when there an identifiable market to sustain upfront investment.

Survey respondents were asked if they are interested in obtaining employment land adjacent to the Vankleek Hill Industrial Park. 44% of the business in the Vankleek Hill Industrial Park indicated interest in acquiring municipal lands.

Administration anticipated a correlation between interest in municipal land and business growth whereby the businesses that has indicated their desire to grow in the next 18 months would have indicated interest in employment land. However, only 25% of the respondents that indicated interest in employment lands indicated their intention for grow over the next 18 months.

Similarity, given the preference for land ownership among existing businesses, administration also predicted a correlation between desire to purchase employment land and ownership preference whereby renters in the area would be interested in purchasing their own employment land. Only 25% of the survey respondents which indicated interest in employment land were existing renters.

### **Hawkesbury Industrial Investment Association (HIIA)**

On December 6<sup>th</sup> 2020, administration with HIIA. The HIIA is a well-known advocate for community investment in local business infrastructure and are well placed to support the Township with advice on industrial development. The HIIA expressed interest in the project has provided two follow up recommendations; first, to sell employment land purchased last year to adjacent property owners, and, secondly to construct a road in order to further develop employment lands in Vankleek Hill.

As Council has yet to establish its objective and plan for employment in the Township, Administration understands that these recommendations are premature. Section 106 of the Municipal Act prevents any municipality from conferring what could be considered an unfair advantage to a specific business over the other. Therefore the program will be developed according to Council priorities, growth projections and policy objectives. Once a project plan is further developed, Administration will consult with the HIIA to assess their level of interest and determine how they might be involved the project.

### **Conclusion:**

The responses have remained confidential to avoid any bias in data analysis. Survey results indicate trends which warrant more attention and discussion.

Administration will continue to work on the completion on analysis and findings of the 2020 Business Needs Survey.

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**Attachments:**  
**A- Correspondence**