

Meeting Date: November 18, 2024
Department: Economic Development
Report No.: ED-2024-09
Submitted by: Heather Lalonde, Development Commissioner
Approved by: Trisha McKibbin, Chief Administrative Officer
SUBJECT: **Economic Development Report - 2024 3rd Quarter Update**

RECOMMENDATION: THAT: Report ED-2024-09 “Economic Development 2024 3rd Quarter Update” be received for information, and further; THAT: Council provide direction to staff regarding Intercommunity Transit beyond April 1, 2025.

BACKGROUND:

Following Economic Development’s presentation in August 2024, a motion was passed for Council to receive quarterly reports on Economic Development activities moving forward.

COMMENTS:

Since Economic Development’s last report the following activities have been undertaken:

Intercommunity Transit

As per a Council presentation in 2023, the Intercommunity Transit Service, which has been fully funded through Ministry of Transportation since its inception, will cease to receive financial support effective March 31, 2025. Efforts to sustain the funding have been underway for the past several months. Council recently supported a resolution to support the SCT partnership funding efforts that includes a regional approach to an integrated intercommunity transit service. This model sees the oversight of one managing body to continue to offer service throughout the SCT region. The Municipality of Strathroy-Caradoc was also received as a delegation by the Ministry of Transportation at the AMO Conference held in Ottawa, Ontario in August.

Over 22,000 passengers have used the Intercommunity Transit Service to date and transit fares collected total \$274,115.00. Contracts paid to the service provider total \$ 1,771,613.46 to October 31, 2024, which leaves a significant funding gap. Looking at 2023 as an example, total operating expenses were \$501,206 that were paid to the services provider. Fares collected were \$122,970.00,

which leaves a funding gap of \$378,236.00 that would be the responsibility of the Municipality to cover without any form of government support.

The current route goes from Sarnia to London with stops in Strathroy, Mount Brydges, and Komoka, which means Intercommunity Transit serves a population of over 500,000 residents. To date, Strathroy-Caradoc has been singularly responsible for the management of the route.

There are four suggested options for Council to consider moving forward with in regards to the inter-community transit service.

Option 1: Support the SCT application to the Ontario Transit Investment Fund and allocate budget for the next three years as per the figures provided by the SCT and SCOR.

Applications to the Ontario Transit Investment Fund have the requirement to be a new service and include a collaboration of partners. Strathroy-Caradoc has the ability to apply individually but would not meet the criteria set out by the program with the route and management in its current format

This model would require a multi-year commitment from each municipality in addition to a financial commitment. Financial estimates received from SCT indicate a requirement for Year 1 of \$20,000.00; Year 2 of \$100,000.00; and Year 3 of \$100,000.00. This is based on a successful application to the Ontario Transit Investment Fund.

The criteria for the Ontario Transit Investment Fund includes new and expanded services that encompass many partners including municipalities, agencies, post-secondary institutions, NFPs, developers, hospitals, and more. All partners are to be engaged in the operation of the transit system. Studies regarding transit planning are encouraged pre-application. Regional applications are encouraged.

OTIF is a continuous intake fund of \$5 million dollars for the Province. Once the funding allocation has been depleted for the year, it is complete.

Option 2: That Council consider maintaining the current service by accessing Gas Tax Funding, transit fare revenue, and municipal support from the Municipality of Strathroy-Caradoc. This would require substantial funding from the Municipality but would offer the flexibility to alter routes to better serve the community.

Gas tax allocation comes from a calculation that takes only the Municipality's population into consideration and would be approximately \$92,228 based on estimates received from the Ministry of Transportation Gas Tax Team. Items to be noted are:

1. Gas tax allocations were allocated using population estimates derived from 2016 Census data. Using an estimated population of 23,218, Strathroy-Caradoc is potentially eligible to receive an estimated population allocation of \$196,755.
2. The Gas Tax program guidelines stipulate that gas tax funds provided to each municipality are not to exceed 75% of municipal own spending on transit, which Strathroy-Caradoc estimates is \$122,970.00 (this figure is transit fare revenue for 2023). However applying the 75% cap,

Strathroy-Caradoc's estimated allocation for the 2023-24 Gas Tax Program would be capped at \$92,228.

Based on current revenue and expenses of the current service, the shortfall of funding would be approximately \$200,000.00 per year. This estimate is based on best-year revenue (2023) and gas tax allocation (\$92,228.00), with total estimated revenue of \$215,198.00 and the current operating contract for service provider (\$406,822.40). This does not take into account an anticipated increase from the service provider for future years.

Option 3: That the Municipality enter into discussions with Middlesex County to integrate application to Gas Tax Program and alter routes to better serve the population of Strathroy-Caradoc and Middlesex County. This option allows Middlesex County to use the Municipality's portion of the gas tax to bolster their application to the program and consolidate the management with the County's Transportation Coordinator.

Option 4: Use remaining funds to extend services beyond the budget window.

On October 31, 2024, the Municipality was informed that remaining funds from existing funding could be retained to extend current services until expended within the 2024/25 budget window. No further funding would be allocated and all programming would be completed prior to March 31, 2026. Beyond that timeframe, the Municipality of Strathroy-Caradoc would have to cease the Intercommunity Transit Line to coincide with the funding window. An extension to the current service provider would have to be negotiated. This may fill the gap to align with either Option 1 or 3. A communication plan to inform the public is required to ensure riders receive adequate notice of the cessation of the service.

Investment Attraction

As reported in August, the Municipality of Strathroy-Caradoc was successful in obtaining a Can Export Grant to undertake a Target Sector Study, creation of some marketing material, and FDI attraction training for staff. The target sector report is complete, the creation of marketing materials are underway and will align with municipal branding, and online training is imminent. The sector targets include traditional and emerging sectors that could be new to Strathroy-Caradoc.

There has been increased activity in enquiries related to industrial land after a quiet summer.

Continued interaction with Invest Ontario continues to be a priority to promote the community as a place to do business. Strathroy-Caradoc is now engaged in regular updates with the Provincial body charged with foreign direct investment activity.

Small Business Interaction

To the end of October 2024, since the previous Council report on August 12, 2024, there have been 144 interactions with local business. This includes answering enquiries, providing direction, and investment enquiries. The importance of having a local economic development role within the Municipality is underscored by this metric.

On September 25, 2024, Economic Development and Strathroy-Caradoc Fire Services collaborated to offer Fire Extinguisher training for small businesses in the Municipality. Training sessions were offered in Strathroy and Mount Brydges. Twenty-five registrants participated in this valuable program.

On October 22, 2024, two Small Business Week events were held to celebrate our local businesses. One event located in Strathroy featured a speaker that spoke to Marketing Hacks for small businesses, and the second event held in Mount Brydges recognized several small businesses that been in operation 10+ years. Feedback has been positive with encouragement to continue to offer opportunities to small business received by the office. Approximately 40 businesses participated in the two events.

Economic Development and Communications continue to work together to produce video shorts for the small business community. 19 video shorts will be complete by the end of 2024. The response to the program has been very positive. The views for the videos have been very positive with 39,158 views recorded to October 31, 2024. The number of hits are for the 11 video shorts that are currently available for viewing.

Community Stakeholder Interaction

Continued stakeholder engagement resulted in attendance of several meetings to collaborate on future events. Ongoing participation with the MBBA, SDCC, and BIA is part of the economic development program. Economic Development is a participant in the staff group that meets with the COTTFN administration.

Strathroy-Caradoc participates in the meetings convened by Middlesex County for lower tier communities to discuss economic development.

Strathroy-Caradoc participated in the Economic Developers Council of Ontario's Queen's Park Day, which included a Mayor's Roundtable and Economic Development meetings with Ministers during the day. A networking reception for MPPs and senior Provincial staff members concludes the day-long event.

Manufacturing

Highlights since August include the grand opening of Norbec in September with a two-day event that included a ribbon cutting celebration, plant tour, and opportunity to meet contractors and clients.

The second Manufacturer's Network event will take place on November 20, 2024 and will feature a speaker that will focus on Multiculturalism in the Workforce.

Marketing

The Economic Development Department continues to align all communications with the current communications plan. Promotion events for 2024 include podcasts, video shorts, creation of pull up banners to be used at events, support of local manufacturers during the myFM Manufacturing week, Small Business Week, Ribbon cuttings, attendance at local events, press releases for business news

and responding to media with regards to economic development activity. Consistent messaging about the investment environment is considered in all of these activities.

CONSULTATION:

Chief Administrative Officer

FINANCIAL IMPLICATIONS:

There may be significant budget impact regarding the Inter-Community Transit Service beyond March 31, 2025.

ALTERNATIVE(S) TO THE RECOMMENDATION:

1. **Option 1** – Intercommunity Transit - Support the SCT application to the Ontario Transit Investment Fund and allocate budget for the next three years as per the figures provided by the SCT and SCOR.
2. **Option 2** - That Council consider maintaining the current service by accessing Gas Tax Funding, transit fare revenue and municipal support from the Municipality of Strathroy-Caradoc. This would require substantial funding from the Municipality but would offer the flexibility to alter routes to better serve the community.
3. **Option 3** - That the Municipality enter into discussions with Middlesex County to integrate application to Gas Tax Program and alter routes to better serve the population of Strathroy-Caradoc and Middlesex County.
4. **Option 4** - On October 31, 2024, the Municipality was informed that remaining funds from existing funding could be retained to extend current services until expended within the 2024/25 budget window.
5. **Option 5** - Council to provide alternate direction.

STRATEGIC PLAN ALIGNMENT:

This matter is in accord with the following strategic priorities:

Economic Development, Industry and Jobs: Strathroy-Caradoc will have a diverse tax base and be a place that offers a variety of economic opportunities to current and prospective residents and businesses.

Managing the Challenges of Growth for the Municipal Organization: Strathroy-Caradoc will be an inclusive community where growth is managed to accommodate a range of needs and optimize municipal resources. We are committed to maintaining operational efficiency and economies of scale through these times of change.

ATTACHMENTS:
None