

2010 Progress Report



Sault Ste. Marie
**ECONOMIC
DEVELOPMENT
CORPORATION**



SAULT STE. MARIE
**INNOVATION
CENTRE**



SAULT
COLLEGE

**Employment
Solutions**



Community Development Corporation
OF SAULT STE. MARIE & AREA
A Community Futures Development Corporation



SAULT STE. MARIE
**CHAMBER
OF COMMERCE**



Ontario

Canada FedNor 

“Together, the private and public sectors and the community will work to make and maintain Sault Ste. Marie as a leader in creating sustainable employment in a healthy, growing and diversified economy.”

- Destiny Sault Ste. Marie Vision Statement



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Destiny Sault Ste. Marie Partners

Voting Members

- Chair, Member at Large
Mike Marinovich
- City of Sault Ste. Marie
Don McConnell, Planning Director
- Community Development Corporation of Sault Ste. Marie & Area
Brian Irwin, Executive Director
- Sault College Employment Solutions
Linda Ryan, Director
- Sault Ste. Marie Chamber of Commerce
Robert Reid, President
- Sault Ste. Marie Economic Development Corporation
Tom Dodds, Chief Executive Officer
- Sault Ste. Marie Innovation Centre
Tom Vair, Executive Director

Resource Members

- FedNor - Industry Canada
Tracey Forsyth, Community Economic Development Officer
Dan Hollingsworth, Initiatives Officer
- Ontario Ministry of Northern Development, Mines and Forestry
Christine Kucher, Northern Development Advisor
- Ontario Ministry of Training, Colleges and Universities
Judy Montague, Service Delivery Manager

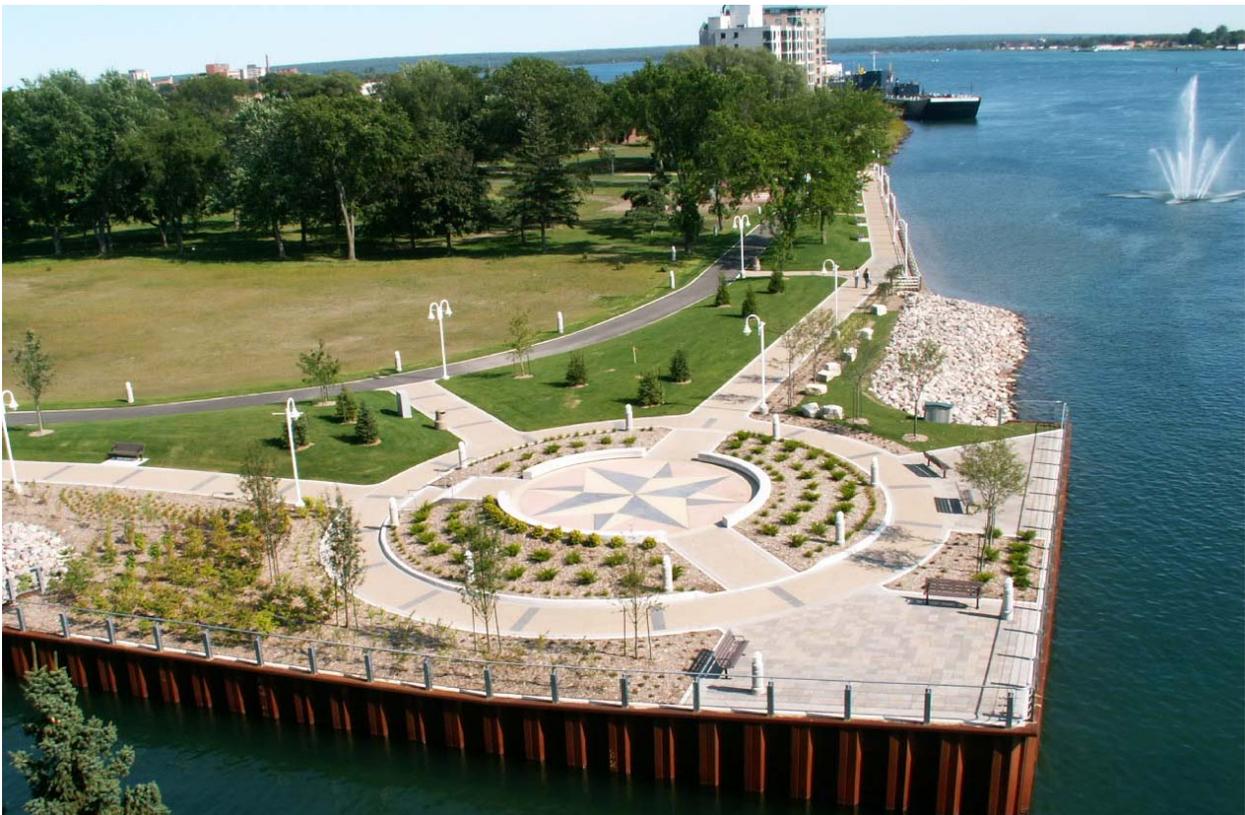
Message from the Chair

Destiny Sault Ste. Marie is a unique partnership. Its members represent economic development organizations, all three levels of government and the private sector in the community. Destiny SSM is a collaborative effort of its partners and acts as their common voice.

The purpose of the Destiny Sault Ste. Marie Steering Committee is to develop and implement the Destiny Sault Ste. Marie Strategic Plan by providing strategic direction, coordination, leadership and expertise to economic development efforts in Sault Ste. Marie.

A handwritten signature in blue ink, appearing to read 'Mike Marinovich'.

Mike Marinovich, Chair
Destiny Sault Ste. Marie Steering Committee
May 2011



Introduction

Destiny Sault Ste. Marie has a proven track record. With successes in economic diversification, the partnership released a Best Practices Guide in 2008, a document that was shared with communities across Canada. It has also been well recognized nationwide, with members making presentations on behalf of Destiny SSM over the past five years in Yellowknife, Edmonton, Thunder Bay (Northern Ontario Economic Development Conference), London (University of Western Ontario's Ivey School of Business and the Welcoming Communities Conference) and, most recently, in Toronto (Ontario Good Roads Association/Rural Ontario Municipal Association Conference).

The 2010 Progress Report has been prepared to provide a summary of the background and recent activities of Destiny Sault Ste. Marie, present a brief overview of current local economic conditions with emphasis on the seven key strategic priorities, and to outline the Steering Committee's proposed 2011 work plan.

Background

In 2001, the Community Development Corporation of Sault Ste. Marie & Area, with financial assistance from FedNor, established an Economic Development Committee to respond to concerns regarding the city's longer-term economic future. The committee recognized that more deliberate collaboration with community stakeholders would yield significant benefits for Sault Ste. Marie and, as such, worked with key business and economic development partners to establish Destiny Sault Ste. Marie. The plan provides a common strategic direction for various organizations to work together to diversify the local economy.

The first economic diversification strategy was completed in November 2002. A revised strategy was issued in March 2003. In 2009, an updated economic diversification plan was approved based on seven strategic priorities.

During this time, the Destiny Sault Ste. Marie Steering Committee has continued to monitor local economic development programs and prepare various strategies consistent with the original mandate of economic diversification.

Initially, Destiny SSM had the services of a full-time Managing Director, support staff and external resources. Given the need to continue to coordinate and support economic diversification with reduced funding, new terms of reference have been prepared, which set out key objectives and responsibilities of the partners.

The Steering Committee does not duplicate the work of its individual partner members nor undertake specific projects. Rather, its focus is on collaboration among partners and the identification and support of strategic issues.

Destiny Sault Ste. Marie Steering Committee

The Destiny Sault Ste. Marie Steering Committee is comprised of seven voting members with senior level economic development experience representing local agencies and organizations. It also includes non-voting members from various Federal and Provincial Ministries who provide assistance and resources to the committee.

In 2010, the Steering Committee welcomed two new members:

- Linda Ryan, Director of Sault College Employment Solutions
- Dave Murphy, Acting CEO of the Sault Ste. Marie Economic Development Corporation (SSMEDC), who replaced Bruce Strapp. Dave, in turn, was replaced on the Steering Committee in early 2011 by Tom Dodds, who became the new CEO of the SSMEDC.

The Steering Committee recently approved a new Terms of Reference that set out the following objectives:

- Act as a “common voice” of the Destiny Sault Ste. Marie partners on local economic development matters.
- Develop sector-specific strategic plans in collaboration with sector partners.
- Review economic opportunities and priorities within the context of the Destiny Sault Ste. Marie strategies and provide the appropriate support to those initiatives that will contribute to the fulfillment of the strategies.
- Integrate Federal and Provincial Government economic development initiatives with local strategies and actions.
- Review and comment on funding applications as requested.
- Review and update the Destiny Sault Ste. Marie Strategic Plan on a bi-annual basis.
- Provide an annual report to City Council and partner Boards on the activities of the Destiny Sault Ste. Marie Steering Committee.

Community Economic Overview

October 2008 saw the beginning of a severe and prolonged global economic downturn. Recovery is still ongoing, and high levels of government debt suggest that full recovery may be several years away.

Four different indicators have been used to provide an indication of the effects of this downturn on local economic activity.

- 1.) Labour Force and Employment
- 2.) Income
- 3.) Construction
- 4.) Apartment Vacancy Rates

Labour Force and Employment

Total employment is a better indicator than the more common unemployment rate. Ironically, an increase in economic activity will often see a rise in the unemployment rate, as more persons re-enter the labour force as a result of anticipated job opportunities.

Labour Force and Employment

Year	Labour Force	Employment	Unemployment	Unemployment Rate
2006	42,600	39,900	2,700	6.3%
2007	40,100	37,200	2,900	7.2%
2008	42,500	40,100	2,400	5.6%
2009	40,100	36,300	3,800	9.5%
2010	42,200	38,000	4,200	10.0%

Source: Monthly Labour Force Survey (Statistics Canada)

The local economy has partly recovered from the recession that began in 2008. However, total employment remains below 2008 levels, and approximately 24.5% of employment is part-time, an increase from 18.5% in 2009.

Income

The best indicator of the economic health of the community may be total income, as determined by annual taxation statistics. Total income in Sault Ste. Marie, as reported by the Canada Revenue Agency, reached \$2,344,267,000 in 2008, the last year for which data is available. Total income includes employment, pension, investment and all other sources of personal income. The table below sets out both employment income, total income and employment income as a percentage of total income.

Income

Year	Employment Income (\$)	Total Income (\$)	Employment Income as % of Total Income	Employment Income as % of Total Income (Ontario)
2004	1,213,839,000	1,940,070,000	62.6%	68.6%
2005	1,319,697,000	2,093,988,000	63.0%	68.4%
2006	1,349,577,000	2,142,102,000	63.0%	67.4%
2007	1,434,568,000	2,317,281,000	61.9%	66.2%
2008	1,476,090,000	2,344,267,000	63.0%	67.0%

Source: Revenue Canada

Over the past five years, total income in the community increased above the rate of inflation. Compared to Ontario, Sault Ste. Marie's smaller percentage of employment income is likely a function of the greater number of retired persons.

Construction

The value of construction provides an estimate of new investment in the community. Non-residential includes commercial, industrial and institutional projects.

Construction Values

Year	Residential (\$)	Non-Residential (\$)	Total (\$)
2006	23,471,346	26,188,570	49,659,916
2007	32,347,769	204,177,159	236,524,928
2008	42,651,024	70,318,312	112,969,336
2009	31,763,591	93,551,075	125,314,666
2010	38,391,696	105,080,083	143,471,779

Source: Building Division, City of Sault Ste. Marie

The large increase in non-residential construction in 2007 is a reflection of the new Sault Area Hospital building. Although the permit was issued in 2007, construction occurred over several years, and the project was completed in 2010. Non-residential construction has been very strong over the past five years with a large number of major infrastructure projects.

Overall, residential construction has also remained fairly strong. Over the past five years, annual construction has averaged 132 units per year, which is an increase from 102 units per year between 2001 and 2005.

Apartment Vacancy Rates

Year	October Vacancy Rate
2006	1.0%
2007	1.8%
2008	1.5%
2009	1.2%
2010	1.2%

Source: Canadian Mortgage Housing Corporation, Market Survey

Apartment vacancy rates remained very low. Only 82 new apartment and condominium units have been constructed over the past five years, and lack of available rental housing remains a concern.

Key Strategic Priorities - Recent Developments

This section lists the seven key strategic priorities described in the 2009 Progress Report, along with recent activities associated with each strategy:

Labour/Immigration Strategy

As the existing Canadian workforce ages and population shifts occur over the next 20 years, a significant percentage of new entrants to the workforce will come as a result of immigration. The majority of newcomers tend to settle in larger urban areas. In order to ensure Sault Ste. Marie has the workers it needs to meet future demands, a number of strategies were initiated:

- In January 2009, the Corporation of the City of Sault Ste. Marie launched www.discoverthesault.ca, an immigration web portal funded by the Ontario Ministry of Citizenship and Immigration designed to assist recent and potential newcomers with finding vital information pertaining to Sault Ste. Marie.
- In September 2009, the City of Sault Ste. Marie, with the funding from Citizenship and Immigration Canada, formed the Local Immigration Partnership (LIP). LIP developed a community-based settlement and integration strategy for newcomers to the community. The immigration strategy, *Creating a Welcoming Community*, was approved by City Council in June 2010.
- New to the Sault, a program of the Sault Community Career Centre, is funded by Citizenship and Immigration Canada and is a one-stop settlement service centre for newcomers to Canada living in Sault Ste. Marie and area. The program supports the successful integration of newcomers into the community.



The screenshot shows the homepage of the 'DISCOVER THE SAULT .CA' website. The main navigation bar includes 'HOME', 'LIVING', 'WORKING', 'LEARNING', and 'GETTING STARTED'. The 'LIVING' section is highlighted, featuring a banner image of a family in a canoe on a lake. Below the banner, the text reads: 'Living in Sault Ste. Marie' and 'Sault Ste. Marie offers many of the advantages of 'big city' living but is nestled in natural wilderness. It is a great place to raise a family! Voted as one of the safest cities to live in North America, the Sault offers safe neighbourhoods where the word neighbour still resonates, and has community centres, parks and more to offer the whole family. A thriving arts and entertainment community, top-notch restaurants, and more are right here in the community of Sault Ste. Marie.' Below this text, there is a sub-section for 'Community Quality Improvement (CQI)' and a list of 'SUB NAVIGATION' items including Basic Needs, Cultural Communities, Education, Entertainment, Faith, and Family and Social. On the right side, there is a calendar for February 2011 and an 'Event Listing' section with items like 'Foreign Film Festival', 'Bookkeeping I', 'Building Business Relationships', and 'Vietnamese Cooking Workshop'.

Manufacturing and Assembly Strategy

- St. Marys Paper signed a 10-year power purchase agreement with the Ontario Power Authority, which will lead to the construction of a \$175-million co-generation plant that will utilize biomass (wood waste) to generate 30 megawatts of electricity.
- A \$6.5-million solar panel manufacturing plant from Heliene Canada opened.



PHOTO: An employee at Heliene Canada works to assemble on a photovoltaic solar panel.

Post Secondary Institute Strategy

- A new \$21.4-million Biosciences and Technology Convergence Centre at Algoma University is under construction. It will house business and technology tenants, including the Sault Ste. Marie Innovation Centre, and will help attract researchers, students, faculty and entrepreneurs to the community.
- Algoma University, which recently converted the Windsor Park retirement home into a downtown student residence, also plans on opening a \$6-million Fine Arts and Music Education (FAME) Centre at the site in 2012.
- A new \$25-million Academic Wing at Sault College is under construction. The building consists of flexible learning spaces with modular classroom design to accommodate a variety of program and student needs.
- A new \$22-million Algoma Public Health building on the Sault College campus is also under construction. It will consolidate five offices and create expanded research and teaching opportunities by creating significant synergies and opportunities for student learning in a variety of disciplines.
- Sault College added new academic programs, including Renewable Energy and Green Construction Techniques, Video Game Art, and Web Animation and Design. For Algoma University, new programs include a Master of Science in Computer Games Technology, the only such program offered in Canada, Honours Biology, and Bachelor of Social Work.
- Algoma University also announced the appointment of Dr. Nicola Shaw as Health Informatics Research Chair and Scientific Director for the Health Informatics Institute, and Dr. Pedro Antunes as Research Chair of Invasive Species Biology.

Renewable Energy Strategy

- The Sault Ste. Marie Innovation Centre, one of the Destiny SSM partners, has taken the lead to implement the Alternative Energy Strategy.
- Essar Steel completed construction of a \$135-million cogeneration plant that utilizes excess gas from the steelmaking process. The 70-megawatt project reduces the company's reliance on the power grid by an average of 50% and its nitrous oxide emissions by 15%.
- The \$360-million Pod Generating/Starwood Energy Group solar farm began construction. On Base Line, 20 megawatts are now in operation, while 30 more megawatts are nearing completion on Black Road.



PHOTO: One of two 10-megawatt solar farms on Base Line in the city's west end.

Science and Technology Strategy

- A new \$24-million Federal-Provincial Invasive Species Centre will be completed in May 2011.
- A \$5.5-million tire recycling facility from Ellsin Environmental has been completed and will begin production in 2011. The company uses a patented Reverse Polymerization process to break down old tires into their original elements: steel, oil and carbon black.
- The Elementa Group's proposed full-scale energy-from-waste plant is under development.
- Algoma Games for Health received \$276,500 to establish a cutting-edge video game development studio in Sault Ste. Marie to create and market various products for rehabilitation and training purposes.
- Northern Ontario Heritage Fund Corporation contributed \$522,588 to the Sault Ste. Marie Innovation Centre to fund three staff positions drive new research projects and private sector participation in the Bio-Sciences and Technology Convergence Centre.

Tourism Development Strategy

- A new five-year Strategic Plan was approved by Tourism Sault Ste. Marie, a division of the Sault Ste. Marie Economic Development Corporation.
- The Gateway Site Steering Committee is moving forward with a business plan to determine the type and scope of development, including a “best-bet” tourist attraction.
- The \$10-million Agawa Canyon Tour Train coach improvements, along with \$1.02 million in audio/video technology upgrade, are expected to be complete and ready for riders in the 2011 summer season.
- The community hosted a number of major events in 2010, including the Scotties Tournament of Hearts and Finn Grand Fest. As well, the 2012 Canadian Adult Recreation Hockey Association World Cup was secured and, with 2,500 participants, it will be the single largest international sporting event in the history of Northern Ontario.
- Completion of a successful Downtown Development Initiative, which was designed to encourage building façade improvements in the downtown core. Government incentive investments totaling \$1.355 million (\$570,000 from the Ontario Ministry of Agriculture, Food and Rural Affairs; \$500,000 from FedNor; and \$285,000 from the City) led to \$9.8 million in spending from the private sector into this key area of the community.
- The Hub Trail and Waterfront Walkway projects are nearing completion.

Transportation Infrastructure Strategy

- The Sault Ste. Marie Transportation Infrastructure Task Force, previously the Global Gateway Transportation Steering Committee, is moving forward with a strategy that includes serviced industrial land, a deep water port, multimodal opportunities and other transportation opportunities such as rail.
- A \$33-million upgrade to the Huron Central Rail line was announced.
- The \$44-million International Bridge Plaza redevelopment was announced with construction set to begin in 2011.
- The extension of Third Line to Peoples Road, McNabb to South Market, and Pine Street to Second Line East, are either underway or will begin in 2011.

Proposed 2011 Work Plan

Over the next six months, the Destiny Sault Ste. Marie Steering Committee will complete two significant reviews.

- 1.) The first will be a comparison of the revised FedNor funding programs with the Destiny Sault Ste. Marie strategic priorities to maximize integration and opportunities between Federal priorities and local initiatives.
- 2.) The second will be a similar comparison of the recently-released Northern Ontario Growth Plan to maximize opportunities with Provincial initiatives.

Following these reviews, and depending on the outcomes, additional work, including the development of sector-specific strategies, will be undertaken later this year.

Conclusion

Destiny Sault Ste. Marie is a unique partnership in Ontario. The Steering Committee's role is to maintain an up-to-date Economic Diversification Plan and to identify and support strategic opportunities within a changing economic and political environment.

Sault Ste. Marie has endured the 2008-09 global recession better than many other municipalities. However, the community needs to continue to focus efforts on key economic priorities and integrate its planning with current political initiatives. This is necessary to continue the ongoing diversification of the local economy and will create a better quality of life for residents, both now and in the future.



www.destinyssm.com