

## Report CCR-PCD-23-14

**To:** Chair Wright and Members of the Planning and Community Development Committee

**From:** Sharon Vokes

**Meeting Date:** July 22, 2014

**Subject:** Request for funding from Georgian College for development of Marine Emergency Duties (MED) Training Centre

**Status:** Recommendation adopted by Committee as presented per Resolution PCD84-14 July 22, 2014; Endorsed by County Council August 5, 2014 per Resolution CC115-14;

### Recommendation(s)

**WHEREAS Georgian College has requested \$2 million of financial support from Grey County to construct a Marine Emergency Duties (MED) Training and Research Centre at the Owen Sound Campus;**

**AND WHEREAS the Owen Sound Campus is home to the Great Lakes International Marine Training and Research Centre and is the only location within Central Canada currently providing International Marine Technology Training;**

**AND WHEREAS the Federal Government closed its MED Training Centre in Port Colborne in 2013;**

**AND WHEREAS Georgian College students require access to an MED Training and Research Centre for their course qualifications and now must travel to Newfoundland, Nova Scotia, British Columbia or Quebec (French only) to receive this training;**

**AND WHEREAS all mariners will require MED Training recertification every five years;**

**AND WHEREAS post-secondary institutions are important elements in the core foundation of strong economic and community development in a region and the addition of an MED Training and Research Centre at the Owen Sound Campus**

**will strengthen its campus and provide a positive economic impact on the County;**

**AND WHEREAS economic development is a top priority of Grey County Council;**

**NOW THEREFORE BE IT RESOLVED THAT Grey County provide \$2,000,000 over a ten year period to be funded through the annual budget process beginning in 2015;**

**AND THAT the appropriate by-law be prepared for Council's consideration.**

## Background

At the June 3, 2014 session of County Council, Georgian College (Georgian) made a presentation requesting \$2 million of financial support from the County to construct a Marine Emergency Duties Training and Research Centre which would establish the Owen Sound Campus of Georgian as Central Canada's marine centre of excellence.

Until 2013 Marine Emergency Duties training (MED) was operated by Transport Canada in Port Colborne. Until then Georgian marine students obtained this core component of their training in Port Colborne. With the closure of this centre there is no English-language option for MED training in Central Canada.

MED training includes mandatory basic safety and survival training for anyone who works on a ship and includes firefighting and advanced firefighting, survival craft, life raft and immersion suit training, plus basic and advanced first aid. It is required by Georgian marine students and those entering the industry directly. In addition, there is an ongoing need for refresher training as Transport Canada is expected to soon implement the international standard that requires mariners to recertify every five years.

Without a MED training centre in Central Canada, students and mariners are travelling to the east and west coasts of Canada for the certification. For example, in Georgian's case each marine student requires four MED courses prior to graduation and in June, 18 students were sent to Newfoundland at an approximate cost of \$2,000 per student.

The addition of an MED Training and Research Centre at the Owen Sound campus will provide further stability for maintaining a college presence in Grey County and establish the college as a centre of excellence for marine engineering and marine navigation.

There will be additional economic benefits to the County with new mariners attending the college for mandatory training and additional growth once recertification is required as there will be the need for accommodation and other ancillary services.

## *The Proposal*

Georgian wishes to construct a 6,500 square foot addition to house an MED Training and Research Centre which would then position Grey County as central Canada's marine centre of excellence. Initially the centre would have up to 1,500 annual registrations which translate into 6,000 training days, with the capacity to increase. The majority of the recertifications would be completed in the months of January through April and each trainee will require on average, four nights' accommodation. Training for post-secondary students will be ongoing throughout the year, same for additional corporate/industry training.

The estimated total cost of the proposal is \$7 million and Georgian is pursuing the following funding requests:

|                                    |               |
|------------------------------------|---------------|
| Federal and provincial governments | \$4.2 Million |
| Grey County                        | \$2 Million   |
| Private donors and other sources   | \$800,000     |

Georgian has already established partnerships with Algoma Central Corporation, Canada Steamship Lines and Owen Sound Transportation Company to name a few.

Georgian indicated in its presentation that local annual economic impact will increase with the establishment of the MED Training and Research Centre and through MED refresher training. From January to June 2013, at which time the Port Colborne site closed, 181 corporate training clients (representing 702 training days) received training onsite in addition to 40 Georgian students (representing 200 training days). Training at this time was limited due to lack of access to resources during the divestment transition. Prior to that in 2012, in its last full year of operation, 600 corporate training clients and 135 Georgian students received MED training at the Port Colborne location.

## *The Importance of Post-Secondary Institutions in a Community*

In developing this report for the Committee's consideration considerable research has been undertaken to arrive at a recommendation. This research was deemed necessary as the funding to a post-secondary institution is new to Grey County Council.

Studies reviewed covered Atlantic Canada to British Columbia and also included a couple from the United States. In particular, the studies related to Durham Region, Brantford and Stratford were most helpful. The studies covered the key values that post-secondary institutions provide a region as well as specific economic impacts related to a particular region.

To put it simply, post-secondary institutions are a foundation in a community. If you look at a region as a beautiful tapestry woven together, it could easily be argued that a post-secondary institution is like the warp that is invisible to the eye but holds the other elements in place.

How is this? Now, more than ever, access to education is critical to an individual's well-being and that of the area that they live in. Much has been written about the fact that we now live in a knowledge economy. Global competition for jobs, ideas and people is the reality. Education is the key to thriving in this new reality.

There are direct economic impacts related to having a post-secondary institution in a community. Initially, there is construction. On an ongoing basis, there are salaries and operational costs associated with running the institution. There are costs for students in terms of housing, food, etc. These costs in turn create more economic stimulus in what is known as the multiplier effect. The Durham Region report utilized multipliers of 1.67 and 1.33 derived from a 2005 Laurier Brantford Study. A 2001 PriceWaterhouseCoopers study conducted for the University of Waterloo utilized a provincial multiplier of 2.35 and 1.96 specifically for Waterloo Region. The multiplier used by Georgian in determining its economic impact is 1.5.

Not surprisingly, the studies also noted that college and university graduates earn more money over the course of their lifetime. Higher incomes result in higher spending which then translates into a more prosperous economy. The 2010 Durham Region report on the impact of Durham College noted that an Ontario college diploma translates into an average of \$450,000 more over a career than a high school diploma.

It has also been demonstrated that post-secondary institutions tend to create innovation through academic and industry collaborative research and development. This creates academic institution-generated business spin-offs. The importance of post-secondary institutions has been recognized by the Southwest Economic Alliance (SWEA) and was the subject of one of SWEA's conferences a few years ago. An example of this phenomenon is Waterloo Region where the presence of the University of Waterloo proved to be a catalyst of what is now known as the technology triangle with the region being well known for its cluster of technology related businesses.

There are social and societal benefits of post-secondary education. It's clear that if an individual earns more money over the course of their career that the federal and provincial governments will benefit through the collection of more income tax. While staff did not find a reference to local property taxes within any of the studies, it is likely a good assumption that increased salaries also translate into more expensive housing, which in turn results in higher property taxes being paid.

Studies have shown that some of the community benefits of people with post-secondary degrees and diplomas are that they are likely to live longer, be healthier and these families are half as likely to live in poverty. (TD Economics, Investing in Post-secondary Education Delivers a Stellar Rate of Return, 2004 and Berger, Motte, Parkin Ed: The Price of Knowledge, 2009).

As already noted, we live in a knowledge economy and we are competing in a global economy. As the rest of the world moves ahead with higher levels of education, it is critical that Grey County remain competitive in this regard.

### *The Georgian Story*

Georgian College fosters a culture of entrepreneurship and innovation, preparing students to become not only job seekers, but also job creators. The college has seven campuses across Central Ontario located in Barrie, Orillia, Owen Sound, Midland, Orangeville, Muskoka and Collingwood, serving a total of 11,000 full-time students and has 28,000 part-time course registrations annually.

Looking more closely at the Owen Sound Campus, it has 1,100 full-time apprenticeship and college and career preparation students annually. In comparison to the other Georgian campuses, the student demographic at the Owen Sound Campus is slightly older. The average age of a full-time Owen Sound Campus student is 24, while the college-wide average is 22.

The student demographics at the Owen Sound Campus based on first year, full-time, 2013-2014 registrants, confirm 50 per cent are from Grey County while 20 per cent are from Bruce County. Furthermore, looking specifically at the 2011-2014 cohort of students in the two marine programs, 89 per cent are from Ontario, including 9 per cent from Grey County and 7 per cent from Bruce.

As of March 2014, the Owen Sound Campus had 249 employees, including 43 full-time workers. As of 2012/13, the campus had an approximate annual operating budget of \$10.2 million. A study conducted by Georgian using 2013/14 data and using a multiplier effect of 1.5, indicates that the Owen Sound Campus currently has an annual economic impact of approximately \$17 million.

The Owen Sound Campus is home to the state-of-the-art Great Lakes International Marine Training and Research Centre (GLIMTRC), equipped with advanced simulators. The only other comprehensive marine training centres in Canada are in Newfoundland, Nova Scotia, Quebec (French instruction only) and British Columbia.

Georgian's marine programs, located solely at its Owen Sound Campus, are considered one of its anchor programs. Most, if not all post-secondary institutions have several

program areas that differentiate them from others and offer a particular expertise and/or experience.

Full-time programs delivered at the Owen Sound Campus include:

- Business
- Carpentry Techniques
- Culinary Management
- Culinary Skills – Chef Training
- Early Childhood Education
- Electrical Techniques
- Gas Technician
- Heating, Refrigeration and Air Conditioning Technician
- Marine Engineering Technician
- Marine Navigation – Technology
- Office Administration – Executive
- Office Administration – General
- Personal Support Worker
- Police Foundations
- Power Engineering Technician
- Power Engineering Technology
- Practical Nursing
- Pre-Health Sciences
- Welding Techniques

In addition, Georgian has plans to launch a Marine Engineer Management program at the Owen Sound Campus by 2016 with an enrolment of 24 students, which will grow as required to meet industry demand.

Like many other institutions, Georgian completed its own economic impact study using EMSI (Economic Modelling Specialists International) and utilizing 2012-13 data. That study made the following assessments:

- Students receive an internal rate of return of 14.2% for the time and money they invest in an education at Georgian. For every \$1 students spend on their investment, students receive a cumulative \$3.10 in higher net future earnings over the course of their working careers.
- The Ontario government receives an internal rate of return of 19.3% on its investment in Georgian, or \$4.70 in return for every \$1 in provincial government funding.

### *Why Fund*

Education, like health care, is a provincial responsibility so at first glance it would seem that County Council should respectfully decline Georgian's request for funding. Regrettably, it's not that simple. Council today, as it has for decades, understands that without municipal support our hospitals cannot continue to provide the standard of health care that our local residents want and deserve. Indeed, without municipal

support, hospitals might not even have been built either in the past or, most certainly, into the future. The shift from the industrial era to the knowledge economy has placed funding post-secondary education in the same realm as funding to hospitals.

The Skills Gap Analysis completed in February 2014 by the Four County Labour Market Planning Board made a number of observations regarding Grey County's labour market including, but not limited to:

- Average household income in 2011 was \$56,518 representing the lowest average of the four counties in the region;
- Average personal income in 2011 was \$34,314 which is comparable to Huron and Perth counties but about \$8,000 lower than the average for Ontario;
- A smaller proportion of people in Grey County have completed high school and gone on to complete higher levels of formal education compared to Ontario;
- The employment participation rate fell from 61.2% in 2006 to 58.3% in 2011;
- The unemployment rate increased from 5.2% to 7.4% between 2006 and 2011
- Employers are finding that skilled trades and professional type positions are the most difficult to fill
- Employers are having the most difficulty finding employees with the skills of critical thinking and problem solving, leadership skills and artistic or creative skills;
- A small number of Grey County employers are experiencing sector specific challenges (agriculture, construction, education, health).

The truth of the matter is that Grey County is facing an aging demographic with a larger than average proportion of its workforce lacking the education to be able to adjust to the changing reality of the transition to the knowledge economy. While it is acknowledged that the household and personal income is likely understated as the individuals who own a weekend/seasonal home are excluded, it does represent the more permanent county population.

With lower than average household incomes, it is more difficult for some families to send their children off to college and university. The Owen Sound Campus has been filling in some of this gap, but it likely can and should do more. The ability to provide quality post-secondary education locally has the potential of reversing the cycle of poverty for some and giving many others more disposable income.

Economic development has been recognized as the top priority of County Council and access to post-secondary education is a key determinant in a community's economic health. Georgian College is also a catalyst for retention and expansion of existing businesses as well as a major attraction for new business to the area. The County also invests significant funds into social related services in its own budget and to health care, whether as funding to the health unit or for capital construction of hospitals. The

analysis of all the studies reviewed indicated that the need for these types of services can and are decreased through education.

It is highly likely that many residents and businesses are not aware of all the types and caliber of programming that the Owen Sound Campus is already providing. Partnering with the County may serve as a way of creating more awareness in the community of what is available in its own backyard.

The reality:

Higher education = Better educated workforce = Better economic climate to establish and maintain a business = Less poverty and need for social housing and social assistance = Healthier residents = Increased funding to Federal and Provincial governments and improved property tax base for municipalities.

As noted previously, the Great Lakes International Marine Training and Research Centre is unique to the Owen Sound Campus. Like the technology triangle that has evolved in the Waterloo Region from the University of Waterloo, the addition of an MED Training and Research Centre at the Owen Sound Campus may be the catalyst for Grey County to attract and retain other marine related businesses. Currently AKA Associates and P&H fall into this category.

Georgian is currently in the process of installing lifeboats and davits along Owen Sound's harbour for MED training at the P&H site. Students and corporate training clients will use this site in addition to the proposed facilities to be located on campus.

It is well known that Owen Sound's harbour is in dire need of dredging. There may be opportunities to work with Georgian to see the dredging become a reality. One area of support may be in the form of lending its voice of support; while another might be research-oriented in offering to assist in some modelling of what potential dredging operations might look like. The ability to model specific dredging operations and then determine the types of ships that can use the harbour was mentioned at the tour of the college that was held in June.

### *What Other Municipalities Do*

The development of post-secondary institutions has historically been naturally drawn to larger urban centres. Research has not been undertaken to determine if the urban municipalities have traditionally funded these institutions, although this is likely the case. Indeed, Fanshawe College has recently approached the City of London for an additional \$10 Million grant, which is beyond the \$10 Million already approved to expand into a building within the downtown core.



What is more telling is the trend that has been occurring in the last ten years in areas near Grey County that are not large urban centres heavily serviced by post-secondary institutions. Three examples are Simcoe County, City of Stratford and City of Brantford. In each case, the municipality has been proactively involved in attracting and retaining post-secondary institutions.

Simcoe County has provided funds to the Barrie and Collingwood campuses of Georgian, as well as championing and financially supporting the establishment of a Lakehead University campus in Orillia. The County recognized the importance of post-secondary institutions in the county as a pillar of its prosperity and that there is a need to ensure that all residents have easy access to post-secondary education. From information that is available, it is clear that Simcoe considers ongoing funding to post-secondary institutions a method of improving both community and economic development which is in keeping with the various studies that have been reviewed on the subject.

Brantford had been struggling with the economic downturn and its downtown core was in need of revitalization. Brantford partnered with Wilfrid Laurier and Nipissing University to not only bring a university campus to Brantford, but to locate in existing buildings within the downtown core. The downtown core has been transformed with the addition of Laurier and Nipissing. In an economic impact study released in 2012 in its initial school term of 1999-2000 only 39 FTE's were enrolled. In 2010-2011 the enrollment swelled to 2,235 FTE's and it is anticipated there will be 4,095 FTE's by 2015-2016.

The Brantford study is interesting in that the report included a number of stakeholder interviews as well as the standard economic impact analysis. The first two general conclusions from the interviews, survey and economic impact modelling are noteworthy:

1. "All elements of the study (survey, stakeholder interviews, economic impact modelling and community) agreed that the academic partnership with the universities to revitalize the Brantford downtown core **continues to be significant, notable and a still developing success.**
2. **Ongoing efforts by all players** (the academic institutions, the City, the business and cultural communities, citizens and other levels of government) **should be maintained and deepened to maximize and sustain the ultimate degree of economic success possible for the downtown, greater Brantford, Brant County and the Six Nations."**

Included in the specific recommendations was one that encouraged the City and its partners to prioritize the identification and engagement of a new college partner for Brantford. The report notes that the respondents felt that the loss of Mohawk College is

an emerging gap in the local post-secondary continuum. The report goes on to recommend that the City and its partners seek and attract a new college to the community.

The story of Stratford is fairly well known locally as it has been featured by SWEA and Dan Matheson, Mayor of Stratford, has spoken at a number of functions. Stratford had a vision of becoming an intelligent community and realized that an important component of that vision was access to post-secondary education. Stratford leveraged its proximity to the Waterloo Region technology triangle, to work with the University of Waterloo to develop a facility within Stratford. The concept of the Stratford Institute to be a forward-looking research and commercial convergence centre that will drive the next generation of digital media technologies, applications and content models came to be through the recognition of the prevalence of media within Stratford with the Stratford Festival. The University of Waterloo was not looking to set up a campus in Stratford; it was Stratford knocking on the university's door.

What follows are some examples of the type of support municipalities have provided colleges and universities to either come to their municipality, or to expand their presence:

| <b>Municipality</b> | <b>Institution</b>   | <b>Year</b> | <b>Type of Support</b>                       | <b>Value</b> | <b>Total Project Cost</b> |
|---------------------|--|-------------|--|--------------|---------------------------|
| Simcoe County       | Lakehead University, Orillia   | 2009 - 2014 | Grant  | \$4.5M       | \$65 - \$70M              |
| City of Orillia     | Lakehead University, Orillia   | 2008        | Equal combination of grant and serviced land | \$10M        | \$65 - \$70M              |
| Simcoe County       | Georgian College, Barrie Campus, Sadlon Centre for Health and Wellness | 2008        | Grant  | \$2M         | \$65M                     |
| Simcoe County       | Georgian College, South Georgian Bay Campus                            | 2011        | Grant  | \$2M         | \$8M                      |
| City of             | University of  | 2012        | Grant  | \$14.5M      | \$26M                     |

| <b>Municipality</b> | <b>Institution</b>         | <b>Year</b> | <b>Type of Support</b> | <b>Value</b> | <b>Total Project Cost</b> |
|---------------------|----------------------------|-------------|------------------------|--------------|---------------------------|
| Stratford           | Waterloo, Stratford Campus |             |                        |              |                           |

Further to the information above, Simcoe County has confirmed that over the period of 2009 – 2014 it has paid combined grants to the Orillia Lakehead campus and the Georgian Barrie and campuses of \$5.9 million with an additional \$1.3 million already committed for 2015 – 2017.

Information related to the funding the City of Brantford has provided to post-secondary institutions had not been verified by Brantford at the time of finalizing this report for the Committee’s consideration so was not included in the chart above. It was noted in a report from Georgian that Brantford contributed \$17 million from 1999 to 2010 towards Mohawk College and Wilfred Laurier University.

### *The Risk of Not Funding*

It is well known that federal and provincial dollars for capital construction of existing or new colleges and universities is restricted. A conclusion that can be drawn is that there is more likelihood of being successful if municipalities and other partners are also invested. Without funding from the County, there is the very real risk that Georgian will not get funding to construct the MED Training and Research Centre.

Given the additional expense to provide the required MED training to Georgian’s students, there is a question of affordability. The question going forward is whether the senior levels of government, or Georgian itself, will determine that there isn’t merit in upgrading the current marine training centre. With technology changing so rapidly, upgrades are inevitable. Should this happen, the Owen Sound Campus could very easily lose one of its core programs, and one that is unique within all of Central Canada. The question then would be whether the campus is viable. This is not something that was mentioned by Georgian staff in their presentation, but is something to be considered.

With a diminished campus, or total loss of the local campus, the areas of weakness in terms of required skills in the county identified by the Four County Labour Market Planning Board would continue to increase, thereby making it more difficult for employers to find suitable employees and to remain competitive and viable.

The County's ongoing social assistance and social housing budgets would not benefit from clients being able to obtain continuing education locally to help them move off the programs.

## Financial / Staffing / Legal / Information Technology

### Considerations

A grant of \$2 million could be funded over a ten year period at a rate of \$200,000 per year. This would be a levy increase of 0.4% and would translate into a cost of \$3.59 on an average residential assessment of \$241,582.

There are no staffing, legal or information technology considerations related to this report.

Certainly, there is a financial cost that would impact the levy. On the other side of the equation is the increased economic impact that the MED Training Centre would bring to the region. Georgian estimates this to be in the range of \$3.5 to \$5 million. Combined with the current economic impact, that is a total annual impact of a minimum of \$20 million per year.

Some may argue that if funding is to be approved that it should be done locally by the municipalities in the closest regional proximity. The reality is that the student demographic is more regional and the community and economic spin offs are also more regional in nature. This is borne out in the study done by Durham Region in 2010 that specifically looked at the economic benefit of Durham College on each area municipality. The study determined that all area municipalities benefitted, not just the host municipality.

### Link to Strategic Goals / Priorities

The expansion of Georgian and its continued vitality is woven into a significant number of Council's goals that were identified in the 2012 Corporate Strategic Plan. Specifically, Goal 1 of expanding the prosperity base and Goal 2 of enabling healthy and resilient communities, along with numerous specific actions of each respective goal are particularly relevant. Council has established that economic development is its number one priority and investing in the expansion of Georgian College in Grey County supports this goal.

## Attachments

Four County Labour Board Support for Georgian College Regrowth

Attachment to Report PDR-PCD-23-14 Economic Analysis and Impact of Laurier, Nipissing and Mohawk College in Brantford

Attachment to Report PDR-PCD-23-14 Economic Impact of Durham College on Durham Region and its Municipalities

Attachment to Report PDR-PCD-23-14 Role of Post-Secondary Education in Corner Brook

Attachment to Report PDR-PCD-24-14 Economic Impact Study – University of Waterloo Stratford Institution

Respectfully submitted by,

Sharon Vokes  
Clerk/Director of Council Services



July 2, 2014

The Four County Labour Market Planning Board, in recognizing the need to develop partnerships for a healthy and sustainable labour market, supports Georgian College's campus regrowth to become Central Canada's Marine Centre of Excellence.

Engaging the education sector with expansion of postsecondary services within the County of Grey is an economic development strategy that will keep the county progressing into the future. By expanding marine education opportunities at the Owen Sound Campus, the program will provide more learning opportunities for all, and retain and attract young adults to the area. This expansion will also continue to support the research currently being undertaken by Huron County for Careers on the Water. The expansion of marine training will support the recommendations coming out of that research and provide a good foundation for Grey County as an Intelligent Community.

A recent Skills Gap Study undertaken by the Planning Board recommends the development of partnerships between employers, educators and community partners to involve everyone in strategies for workforce development. This initiative by the Owen Sound Campus of Georgian College is an ideal opportunity for community partnerships to fashion a unique vision in the sustainability and growth of the economy in Grey County.

A handwritten signature in black ink, appearing to read "Gemma Mendez-Smith".

Gemma Mendez-Smith, Executive Director

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