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**THE TEULON INDUSTRIAL STUDY:
APPLYING EFFECTIVE ECONOMIC DEVELOPMENT PRACTICE
IN RURAL CANADA**

By

LINCOLN H. WEBB

A Practicum

Submitted to the Faculty of Graduate Studies
in Partial Fulfillment of the Requirements for the Degree of

MASTER OF CITY PLANNING

**Department of City Planning
University of Manitoba
Winnipeg, Manitoba**

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ABSTRACT

The purpose of the Teulon Industrial Study was to assess the feasibility of the development of an industrial park in the rural Canadian community of Teulon, Manitoba. The project, initiated through a partnership between the municipality, the local economic development committee, and the region's federally-funded Community Futures Development Corporation, was based upon local development priorities established through a community strategic planning process. The project reflects the community's desire to address a number of persistent issues including static population growth, youth unemployment and out-migration, and the lack of business diversification.

These persistent issues reveal that in many instances rural Canadian economic systems are failing. This is in part a result of inherent system limitations, system fragmentation due to economic and technological change, and a weak and fragmented government policy regarding rural development. The failure of rural systems is marked by the decline of small rural communities whose long-term survival and sustainability will require government re-investment in rural development and aggressive local economic development initiatives.

Theoretical frameworks for economic development may be characterized with regard to their relation to the Supply and Demand theories, Growth and Developmental approaches, and Corporate-Centre and Alternate approaches. A number of trends are affecting the practice of economic development. These include: the boom of entrepreneurialism; an increasing number of small businesses; the growing importance of technology; and public-private educational partnerships. These trends and marked deficiencies in past approaches have led to some to propose a new set of principles. The "Third Wave" approach demands a significant restructuring of economic development policy and practice based upon the notions of increased scale, flexibility, leveraging of public resources, and local accountability.

Economic development is becoming an increasingly important aspect of the planning profession, due in part to post-industrialism, the dominance of conservative governments, and the adoption of more proactive approaches by the profession. Planners are much more closely linked with local economic systems and businesses than ever before and therefore demands for a more responsive corporate orientation have emerged. Competent practice within the field of economic development by the planning profession will require a strong theoretical framework from which to work, an understanding of local and broader economic systems, and the analytical tools necessary to create effective partnerships with the business sector.

ACKNOWLEDGEMENTS

There are many people who have contributed to and made this Practicum possible. I would like to thank the volunteers of the Teulon Economic Development Committee and the staff and municipal council of the Town of Teulon who provided the initiative and support to begin and complete the Teulon Industrial Study. Further, I would like to thank the North East Interlake Community Futures Development Corporation (NEICOM Developments) and their community development staff who's technical and financial assistance was critical to the success of this project.

I owe a great debt of gratitude to my Practicum committee – Peter Diamant, Sheri Blake, and Bill Budd – who provided valuable insight, purposeful commentary, and constructive criticism. In particular, I would like to thank my advisor Peter Diamant for his great patience and guiding of this work. Peter, Bill, and Sheri, I wish you all the best in your future endeavors and thank you again.

I would also like to thank all my friends and peers for their support and encouragement. Finally and most importantly, I would like to express my gratitude to my family who's strength, support, and commitment have made my academic career possible and have allowed me to persevere with this work.

To All:

Ekhete tukhê agathê!

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CHAPTER ONE: INTRODUCTION

1.1 INTRODUCTION

Evolution (e-vo-'lū-shun): *a process of change in a certain direction : a process of continuous change from a lower, simpler, or worse to a higher, more complex, or better state : the process of working out or developing: a process in which the whole universe is a progression of interrelated phenomena.*

(Webster Dictionary, 1998)

Rural Canadian economic systems and the communities that exist within these systems must continue to evolve or risk extinction. The traditional role of rural communities as service centres and their linkages to primary extraction and farming is weakening. High youth out-migration, low incomes, and rural system fragmentation are symptomatic of a rigid rural system. The system has inherent limitations that are not responding adequately to rapidly shifting external forces driven by improved transportation systems, improved access to education and information, globalization of trade and markets, and increasing mechanization of agriculture and resource extraction.

These forces, which are weakening the traditional structure and linkages within rural systems, also, ironically, offer the best hope for the survival of rural communities. Improved transportation, communications, and deregulation are rapidly opening new trade opportunities and offering rural areas broader markets for rural goods that can be competitive in price and quality. Rapidly increasing labour force capacities compliment greater education, skill training, and entrepreneur development opportunities for rural residents.

These changes and those that will occur in the future will offer a multitude of opportunities for those communities that can think and act strategically with regard to present and future development. Communities must be well positioned to adapt to shifting external forces and

work to create greater flexibility and diversity within rural systems. This necessitates that local community groups and interests work together to develop priorities and begin the realization process. Key to this process is the ability of communities and planning practitioners to recognize local economic development principles and effectively utilize local human and financial resources to create healthy and sustainable rural communities.¹

1.2 RATIONALE & OBJECTIVES

The first objective of this practicum is to assess the feasibility of an industrial park development in the rural Canadian community of Teulon, Manitoba. The practicum, sponsored by the Teulon Economic Development Committee, was initiated based upon the community's development priorities which emerged by way of an economic development strategy modeled on the Community Roundtable process.²

The second objective of the practicum was a review of the theoretical framework for the development of rural Canadian communities and the evolution of rural development and economic development theory. This research is appropriate for three primary reasons. First, the economic and rural context in which the Teulon Industrial Study was undertaken demanded an understanding of economic development principles and made apparent the necessity of a planning approach which emphasized local priority setting and decision-making, as well as, local community capacity building. Secondly, an understanding of the structure and operation of rural systems was necessitated in order to recognize the origin and persistence of many of the problems facing rural communities today and the inability of government to address these problems in the past. Finally, the complex nature of the project, the reasons for its undertaking, and the future requirements if the proposed development is to become a reality has and will require an integrated planning approach that brings together diverse community groups, planning and economic development related organizations, and investors. The success of this project demands a holistic vision for the community that is

cognitive of the links between economic growth and socio-cultural development. The primary research question to be addressed is the ability of the planning profession to assist government and local communities to address rural disparities through utilization of the principles and practice of economic development.

1.3 LIMITATIONS OF THE PRACTICUM

Some generalization has been made within the study as to the state of Canadian rural economic systems and the factors that are affecting the development and sustainability of rural communities. Obviously the present state of local economies will not be the same across the country nor the effect of the factors described within Chapter Two of this Practicum be uniform. Nonetheless the author is willing to except this and work on the premise that in general there are failures within Canadian economic systems and that many rural communities are and will continue to be at risk unless aggressive steps are taken to mitigate identified issues.

Theory and emerging trends within the field of economic development are an important aspect of this Practicum. While Canadian research has been utilized wherever possible, these sources have been lacking in certain areas and necessitated some reliance on literature originating from the United States and European countries. This may cause some confusion for the reader as to the current theory and practice that is being utilized in Canada. It should be noted that in Canada a greater emphasis has been placed on social objectives rather than on fostering economic development through expansion of existing industry or attracting new industries (Australian Regional Development Council, October 1996: 15).³

With regard to the Teulon Industrial Study some limitations exist. First, the study presumes that the impetus for the project was from the community through a strategic planning process. While it is assumed by the author that this planning process was inclusive and included

input from as large and varied a segment of the community as possible the author did not participate in this process nor was any attempt made to validate this strategic planning process. Secondly, the author relied upon preliminary engineering reports submitted by Wardrop Engineering prior to and during the study. It was assumed the conclusions reached and infrastructure prices quoted by this corporation were accurate.

1.4 METHODOLOGY

The methodological approaches incorporated in this practicum involved a literature review, market analysis, financial and cost impact analysis, and site analysis. Each of these are elaborated in the following subsections.

1.4.1 Literature Review

The literature review primarily serves to provide the theoretical basis for the practical incorporation of the concepts of rural development and economic development into the Teulon Industrial Study.

The historical development of Canadian rural systems was explored with particular emphasis on the internal and external forces that have led to the fragmentation and decline of this system since World War II. In addition the literature review provides a summary of rural development policy in Canada and the role of the various levels of government in addressing rural disparities.

Economic development theory was briefly reviewed and its application to rural communities assessed and categorized via the applicability of these theories to: Supply versus Demand Theory of Development, Growth versus Development Theory, Corporate-Centre versus Alternative Theory. Further, a new direction in economic development known as the “Third Wave” is explored and emerging trends within and affecting the field discussed.

Concluding the literature review the role of the Planner within economic development is established. To accomplish this, the historical progression of the profession in Canada is presented and the evolution of the profession towards a closer and more beneficial relationship with local economic systems is argued.

1.4.2 Market Analysis

A market analysis was conducted to determine present and future demand for developable industrial land in Teulon, Manitoba. Demand was categorized into derived and replacement demand. Derived demand was the primary consideration in this market analysis. The analysis consisted of two areas of study - an analysis of present and possible future competition with regard to the provision of industrial land to industrial tenants and an economic base study of the community of Teulon.

Analysis of Competition:

An analysis was undertaken to determine those districts which would be competitive with a potential industrial park in Teulon. A thorough market survey of eleven competitive rural industrial sites, as well as discussions with twenty southern Manitoba municipalities regarding their industrial development intentions was undertaken to determine:

- Year opened for occupancy
- Gross acreage at time of opening
- Zoning
- Unusual physical conditions
- Occupancy level at date of survey
- Estimated annual average acreage absorption
- Development costs per acre
- Opening price per square foot
- Current price per sq. foot

- Availability of major highway, rail service, and/or airport
- Available utilities

The *price data* (determined from above) was used to test the reasonableness of the initial price structure proposed for the project. The *total demand* for industrial land (total of all acreage's sold) was calculated to determine historic consumption of industrial land in rural areas within one (1) hour of Winnipeg, the highest order market centre in the region. *Percentage of absorption* was determined by project size, annual absorption patterns, and the impact of new projects on overall absorption patterns. Remaining unsold inventory in competitive projects was examined to determine if they would be competitive with an industrial park developed in Teulon.

Economic Base Study:

This aspect of the analysis was utilized to determine the strengths and weaknesses of the community of Teulon relative to industrial development. The primary source of information for this component of the analysis was 1996 census data and previous work completed concerning the community and region in general. The economic base study was critical, in conjunction with the competition analysis, in determining the viability of increased industrial development in the community and the type and size of industrial tenants the community should focus on attracting / developing.

1.4.3 Financial & Cost Impact Assessment

Based upon the market analysis and preliminary per unit construction costs, financial models were developed to project development costs based upon site location, park design, sale acreage price, service availability and type, and financing terms. The models provided a flexible tool to evaluate project costs, and proved when used in association with social, environmental and other data to be an extremely powerful tool in site selection and project

optimization.

1.4.4 Site Analysis

Potential sites for industrial development were selected through consultation with the Town of Teulon and the Teulon Economic Development Committee. This consultation highlighted two potential sites in the community as the most suitable and preferable for industrial development.

The two sites were then evaluated based upon environmental considerations, social and cultural impact, marketability, service efficiencies, transportation linkages, development cost, and overall fit of the development within the present and future community context.

1.5 PRACTICUM ORGANIZATION

This Practicum is organized within five chapters and an Appendix consisting of the Teulon Industrial Study. Chapter One consists of an introduction to the study. Chapter Two provides the theoretical foundation of the Practicum which is focused on the concept of rural development and economic development theory and its utilization in the creation of healthy, sustainable rural communities. The development and character of rural systems is explored and underlying fundamental weaknesses within this system identified.

The role of government in the development of rural Canada is discussed with particular emphasis upon the Federal Government of Canada. The purpose and participation of the various levels of government in rural development policy formation and implementation in the twentieth century is summarized and the present day circumstances related.

Chapter Three consists of a brief review of emerging trends within economic development, as well as, the present and future role of the Planner in rural economic development. To

understand this role and current circumstances the historical progression of the profession in Canada is presented and the evolution of theory and practice towards a closer and more beneficial relationship with local business and economic systems is argued.

The fourth chapter provides a synopsis of the objectives of the Teulon Industrial Study and the methods through which these objectives were met. A brief critique of the study based upon it's relevance to the Practicum including the breakdown of rural economic systems, economic development theory, and the emerging roles within the city planning profession is offered.

The concluding chapter of the Practicum, Chapter Five, provides a brief discussion of the lessons learned through undertaking the Teulon Industrial Study. In addition suggestions of possible avenues for further study are outlined. To complete the chapter a summation of the Practicum is afforded.

The Appendix of this Practicum consists of the industrial park study completed in September of 1997. The study was sponsored by the Town of Teulon, the Teulon Economic Development Committee, and NEICOM Developments Community Futures Development Corporation. This part, including an introduction to the study, includes the following sections:

Executive Summary

Section 1: Why Industrial Development?

Section 2: Industrial Market Analysis

Section 3: Proposed Industrial Sites in Teulon

Section 4: Recommended Industrial Development Strategy

Appendixes

The Executive Summary provides summary of the conclusions arrived at through the study and recommended actions for the Town of Teulon and Teulon Economic Development

Committee. Section One of the study cites the *Teulon Community Development Strategy* (March, 1997) which identifies the development of an industrial park as a priority of community residents and businesses and the basis for initiation of the study.⁴ Further, the benefits of a properly planned industrial park as a component of a community economic development strategy are related.

The second section of the study consists of a market analysis incorporating a study of the community of Teulon in relation to industrial development (Teulon Base Study) and an assessment of neighboring communities providing industrial land (Analysis of Competition). The purpose of the base study was to assess and highlight the current position of the community relative to the industrial market and the needs and requirements of potential industrial tenants. A competition analysis was conducted to collect important market information which was subsequently utilized to assess market trends and influence the development and structure of the industrial park.

Section Three investigates two potential sites for the development of an industrial park within the community. Extensive development cost estimates were reported for each site using a financial feasibility model which allowed for the creation of different cost-scenarios based upon park design, infrastructure type and placement, and other considerations. Analysis of the two potential sites included evaluation of the sites based upon access, marketability, zoning, the appropriateness of the site in the community context, and the social and environmental impact of industrial development.

Based upon the information presented in the previous section, Section Four recommends a site and suitable design for an industrial park within Teulon. Information on potential means for land acquisition, financing, provision of infrastructure services, introduction of development controls, landscaping and signage, industrial park marketing, tenant incentives,

and an appropriate organizational vehicle for development of the park is presented.

The included Study Appendixes provide background information to the study and additional resources for the community to commence the next steps in the development of an industrial park. The Appendixes include industrial park market profiles, site zoning, proposed development covenants, proposed landscaping and site plan, financial analysis models, engineering reports, analysis framework for the study, relevant media, and an industrial development checklist.

ENDNOTES: CHAPTER ONE

1. The terms “sustainable” and “sustainability” are used within this Practicum to refer to the continued viability of communities based upon the establishment of balance and mutual benefit between environmental, cultural, and socio-economic concerns.
2. In 1991 Province of Manitoba Department of Rural Development established the Community Choices Program. An important component of this program was the creation of Community Round Tables which included representation by municipal councils and local organizations. The aim of the Round Tables were to bring diverse local interests together in order to set community priorities.
3. This emphasis is reflected in targeting of Canadian public resources at initiatives which work towards provision of a combination of increased personal income, a rise in the material standard of living, and higher educational levels (Douglas, 1994: 224).
4. The Teulon Community Development Strategy completed in March of 1997 was the end product of a Community Round Table Visioning Session facilitated by NEICOM Developments and funded in part by the Province of Manitoba Department of Rural Development.

CHAPTER TWO: RURAL DEVELOPMENT

2.1 RURAL DEVELOPMENT: DEFINITIONS

To address the underlying internal and external factors that are behind rural disparities and not simply engage in their symptomatic treatment, a conceptual framework or theoretical base is required for practice. Theoretical groundwork is necessary as the majority of these issues are firmly embedded and in the long-term have proven resistant to quick-fixes regarding local employment, tax revenues and expenditures, and short-term business attraction (Malizia, 1986: 490).

Current rural development theory, while endeavoring to set the groundwork for practice, is not a uniform body. There exists today a number of divergent theories and an even larger number of modifications to these core theories. This plurality is made more complex through the interchangeability and differing definitions often employed to describe the word “rural development”. Stinson (1981) referred to rural development as:

...the development of human capacity (in rural areas) to meet (the) human needs and to realize (the) full potentials (of rural people) within the framework of universal human values, the context of a specific situation and environmental limits.

Hill (1985:18), however, claims, that the phrase “rural development” is an elusive one due to:

...the very complexity of the matters involved in rural development. In part, it results from very limited and sometimes misdirected research efforts. In part, it results from the failure to specify and differentiate possible component meanings of the concept of rural development.

Dykeman (1998: 149) recognizes that considerable confusion exists regarding the concept of rural development, as well as, economic development, community development, and community planning. Perhaps the most widely accepted definition of rural development, though, is that defined by the Canadian Council on Rural Development (1973) which viewed rural development as :

...a planned process of change, both economic and social, for the benefit of the people - to widen their economic horizon as well as enrich their social well being. Economic development and social development are thus inextricably interwoven; together they constitute one single indivisible process, aimed at serving fundamental human purposes.

This definition acknowledges economic, social, and political considerations and suggests that in order to promote effective development within the Canadian rural system an integrated approach that includes the entire rural economy is required. There is no acknowledgement in this definition though of the importance of community economic development as a critical component to the success of rural development policy and policy implementation. Therefore for the purposes of this Practicum the following definition for rural development will be utilized:

(Rural development) ...is a process designed to create sustainable economic and social progress for the whole community with the fullest reliance upon the community's initiatives and active participation and that of the appropriate levels of government.

This definition recognizes the importance of purposeful intervention by rural communities in selected aspects of the community's economy, for the community's welfare.¹ There is also an acceptance of the complex interrelationship between local economic, social, and cultural factors, as well as the natural environment as determinate in the long-term health and sustainability of rural communities. Finally the definition, while emphasizing the primary

role of the community, does not discount the role of government as a source of resources and information.

2.2 RURAL SYSTEMS

The rural system may be defined as an area which is:

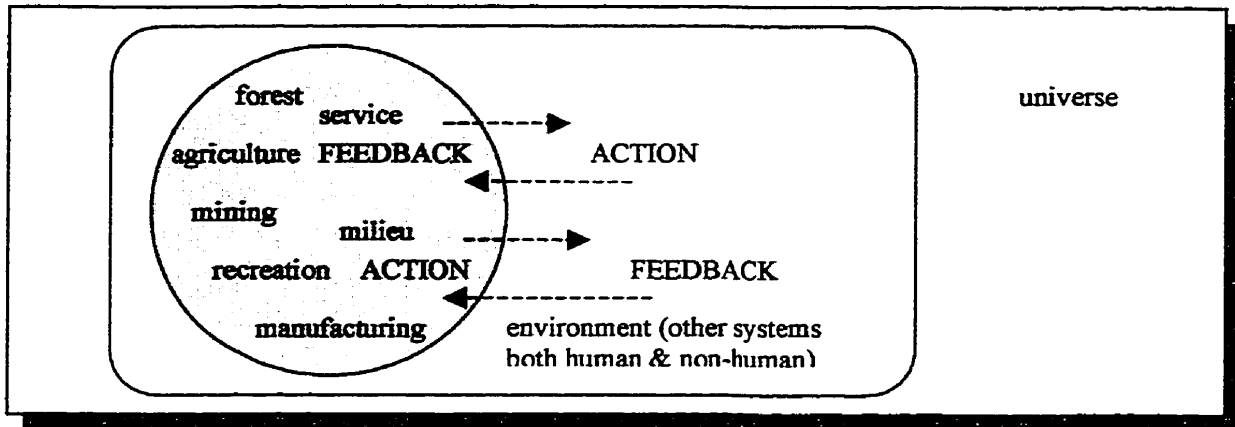
- i) *Diminished by extensive land uses notably agriculture and forestry;*
- ii) *Contains small lower order settlements which demonstrate a strong relationship between buildings and extensive landscape and are perceived as rural by most residents;*
- iii) *Engender a way of life which is characterized by a cohesive identity based on respect for the environment and behavior qualities of living part of an extensive landscape.*

(Cloke, 1985:5)

Rural economic systems may be modeled within a purposeful organic systems framework (Anderson, 1988; Arthur, 1990). Similar to other economic systems, the rural one is made up of such components as production, allocation, distribution of earnings, investment, savings, consumption, and capital formation. Traditionally, though, this system has been characterized as one in which human activities transform natural resources and intermediate products for processing by other economic systems (Apedaile & Bollman, 1992). Activities noted include forestry, fishing, mining, and agriculture. The fundamental function of the system is to generate additional value to natural resources through the combination of labour, land, and equipment. The value created is used to support a desired standard of living and achieve other economic purposes within the system. In order for the system to function there is the necessity that value-added outputs have a value, expressly that there must be a demand for such outputs within the greater economic context of which the rural system is a part.

An understanding of the rural economic system requires the recognition that the system operates within a much larger national and international economic framework (see Figure

FIGURE 1: HOLISTIC FRAMEWORK FOR RURAL ECONOMIC SYNTHESIS



(Adapted from Apedaile & Bollman, 1992: 401)

1: Holistic framework for rural economic system synthesis). Working within this framework, the system therefore is susceptible as much to external factors as to those operating internally. As will be shown it has been the combination of both internal considerations and external ones that has led to the breakdown of the rural economic system and its continual decline.

There is strong evidence today that rural systems in Canada are failing (Troughton & Dykeman, 1988:4). In *Rural Canada: A Profile* (1995) the Research Sub-Committee of the Interdepartmental Committee on Rural and Remote Canada conducted a statistical review to determine the major trends facing rural Canada. Selected summations of the sub-committee suggest that the rural economic and social fabric may be weakening and is evidenced by:

- i) Youth populations are declining in rural areas;
- ii) Areas near cities are the only rural areas to gain from migration;
- iii) Employment rates in rural regions are lower in each age group than urban centres;
- iv) Per capita income is lower in rural Canada;
- v) Rural Canadians have lower levels of formal education;
- vi) Rural population growth is concentrated in areas near cities.

Since World War II economies in many rural areas and small towns have plummeted and

have been in crisis marked by declines in population, employment, and tax base (Martin 1965: 6-13; Reich, 1988: 3-8; Reid and Sear, 1992: 214-217). Today, the majority of rural and small communities are facing a number of issues that have proven problematic due to their persistency and threat to the health and sustainability of these communities.

2.3 SYSTEM BREAKDOWN: DETERIORATION OF CANADIAN RURAL ECONOMIC SYSTEMS

Many of the issues identified in *Table 1* are symptomatic of an underlying deterioration of the Canadian rural system. It can be argued that four main causal factors or system

TABLE 1: MAJOR ISSUES PREVALENT AMONG RURAL COMMUNITIES

	ECONOMIC	POLITICAL	SOCIAL	ENVIRONM.	AMENITY	LAND USE
ISSUES	farm abandonment	loss of political influence	youth migration	environmental degradation	decline of rural community	population decline
	service centre decline	community stability	changing social structure	technological reliance	isolation	settlement form
	low farm income	community self-determination	poverty	Sustainable agriculture	cultural deprivation	loss of farmland

(Adapted from Caldwell, 1989: 49)

characteristics have led to the current state of the rural system and will continue to hinder the stability and health of this system unless they can be addressed. These are:

- i) Inherent limitations of the rural system due to the manner of it's development;
- ii) Fragmentation of the rural system resulting from economic and technological changes originating internally and externally;
- iii) Fragmented and weak government policy regarding rural development;
- iv) Failure of government initiatives to adequately address rural issues and local community priorities.

2.3.1 Limitations

Over time rural settlement has transformed large areas of wilderness and created distinctive human landscapes in each region. For three centuries, rural issues dominated the Canadian political and economic agenda and this era was marked by the extensive rapid settlement and development of rural areas. Between 1780 and 1930 seventy million acres of wilderness were settled and over 700,000 farms established. In addition thousands of nucleated settlements emerged primarily to provide services to the growing number of farmers, their workers, and their families. Canadian farm population and the number of farms continued to grow until 1940 when they reached their peak (Troughton, 1988:6).

The majority of rural settlements established during this time were based upon the post-feudalistic concept of individual holdings - a rejection of the traditional European peasant-based rural system. This ideal had many benefits including the right for each individual to farm their own land and reap its economic benefits. Unfortunately this ideal, its adoption of 18th century Industrial Revolution principles, and more specifically the relentless pursuit of commercial goals that it encouraged has become the sole criteria for the form and survival of the rural system. These factors promoted settlement methods and rural restructuring that were at best both uniform and utilitarian and at worst highly exploitive of both labour and land:²

The basic character of Canada's rural regions has been strongly influenced by the objectives which controlled early settlement...it is apparent that exploitive attitudes to rural land had a particularly profound effect on contemporary patterns. The legacy of colonial ambition, mercantilism, and land hunger is still manifest in the problems of marginal areas. The growth of commercialism in agriculture in the nineteenth century is the underlying feature of rural Ontario and the Prairies.

(Bunce, 1984:7)

The extension of Industrial Revolution principles to the development of Canada's wilderness led to survey and settlement techniques that were geared toward the mass production of the human landscape.⁴ Dispersed farmsteads distinct from the nucleated service centres were promoted and have resulted in the marked separation of these two important functional elements of the rural system. Further, rail transportation and export market forces had led to a settlement pattern and framework that was "incredibly homogeneous and overbuilt" (Troughton, 1988:8). Troughton believes:

...an exclusive commercial orientation and the uniform methods to achieve it left Canadian rural systems lacking diversity and vulnerable , in that, if commercial success was not achieved, there was no other rationale for the continuance of the system, while the uniformity precluded both local evolution and adaptation.

(Troughton, 1988:9)

These early underpinnings to the settlement and development process have handcuffed rural systems with inherent limitations. Though in the past it has been the more marginal regions that have suffered from these limitations, it is apparent that in the future these inherent limitations will remain problematic - for even more economically viable regions must deal with a limited concept of "rurality" in economic, social, and amenity terms which provides so little to counteract the present-day contraction of the commercial base of rural communities (Troughton, 1988: 9).

2.3.2 System Fragmentation

Despite the intrinsic limitations within the rural system it was only after World War II that internal and external forces fueled by economic, technological, and demographic change began to noticeably breakdown and fragment Canadian rural systems. An inability to deal with increasing farm size and significant contraction in farm numbers and farm employees, due in part to the mechanization of agriculture, has resulted in painful and rapid rationalization

of rural communities:⁴

The mechanical, biological and chemical revolution in agriculture during the 1950's and 1960's generated a whole new complex of agri-business industries to service the needs of increasingly commercialized farming operations. Larger, more commercialized farming operations not only meant rural depopulation but a reshaping of entire rural landscapes. Farm populations were squeezed between their traditional values and the inevitability of technological change... This progress could no longer be digested and contained within the traditional framework of rural society. The framework itself was being shaken to its very foundations.

(Gilson, 1989:101)

Further fragmentation has resulted through differential effects of technology which have resulted in the division of the rural system into distinct groups (See Figure 2: Rural System Fragmentation - Western Canada) and the weakening of traditional rural linkages (i.e. farm and community service centre). These effects were evident very early in the Canadian prairies where many communities became redundant and disappeared. An analysis of the rationalization of Saskatchewan rural service centres in a study conducted by Stabler (July 1991) reveals that this process has continued into the 1990's (See Table 2). The most prominent result of the research was the marked decline (79.3%) in the number of communities classified as "Complete Shopping Centres", the majority of which have shifted to become lower order centres. It is interesting to note that many surviving service centres did so primarily through diversifying in an urban rather than rural direction (Apedaile, Freshwater, Ehrensaft, 1993: 27).

TABLE 2: RATIONALIZATION OF SASKATCHEWAN SERVICE CENTRES

Functional Classification	Number of Centres		
	1961	1981	1990
1) Primary Wholesale-Retail	2	2	2
2) Secondary Wholesale-Retail	8	8	8
3) Complete Shopping Centres	29	22	6
4) Full Convenience Centre	189	139	117
5) Minimum Convenience Centre	271	400	419

(Adapted from PFRA, 1992:29)

FIGURE 2: RURAL SYSTEM FRAGMENTATION - WESTERN CANADA



This typology was developed using 1981 and 1991 Census of Population data to show the level of certain variables and their change over the 1981 and 1991 period. Statistical “outcomes” have been used to identify differences in characteristics and reveal different forms of rural systems. There are substantial differences in measures of outcomes (eg. percent of population employed, levels of income, etc.) between the census divisions with large cities (labeled as ‘primary settlements’) and the rest of the census divisions. Similarly, there are substantial differences in measures of outcomes between northern census divisions with a high proportion of Aboriginals in their population (labeled as ‘native north’) compared to the rest of the census divisions.

Urban frontier: This is a group of census divisions with a larger city or adjacent to a metropolitan area with “outcome” characteristics similar to the primary settlements — namely, higher incomes, higher educational levels, a skilled workforce and a service-based economy.

Rural nirvana: This is a group of census divisions that represent out-migration of city dwellers to the countryside. Skills and income levels are high. Residents are likely to commute to work and to remain economically and socially integrated to nearby cities.

Agro-rural: This group of census divisions is characterized by rapid population decline, out-migration of the young, moderate income levels but a high degree of dependence on government services for employment and a relatively high dependency on government social transfer payments.

It is important to note that most of Saskatchewan and many Québec census divisions are within this type.

Rural enclave: This group of census divisions have few economic opportunities. Sectors that are present, such as manufacturing, fishing and forestry, tend to be in decline. The resulting outcome is low income levels, a high proportion of families below the low income cut-off and a high rate of dependency on government transfer income. Education levels tend to be below average and young people tend to stay within the area.

Resourced areas: This group of census divisions is dominated by mining and oil. There are young family structures, well educated, with high and stable levels of income.

(Adapted from Fellegi, 1996)

Today, the fragmentation and subsequent weakening of the traditional rural system continues. Technologies and economic structures continue to change at a rate in which rural systems can not compensate. Trends towards the industrialization of agriculture continue to have severe impacts on traditional rural system linkages. System fragmentation on this level precludes a uniform approach to rural development and demands, instead, one that is responsive to the specific priorities of individual communities.

2.3.3 Rural Development Policy

Over the last century there has been an alteration in the strength of Canada's population base from a rural to an urban context and a shift in the economic and political dominance-dependency relationship between the two (PFRA, March 1992:1). Corresponding to this change has been a transition with regard to the nature and approach to rural development by the three levels of government, in particular that of the Federal Government of Canada.

In the initial development stage of Canada emphasis was placed on the settling of the frontier, the provision of infrastructure such as the railway, and the serving of the primary sector by the government. During this stage rural development policy was nearly synonymous with national policy (Cummings, 1988: 45). By 1921 urban populations had grown to such an extent as to outnumber rural residents and issues of disparity between rural and urban areas had begun to arise. The Federal Government, as the senior level of government, assumed a lead role in rural development and addressing problems of inequity and poverty in rural regions of Canada.

The establishment of the ARDA program (Agricultural and Rural Development Act) in the early 1960's is considered by some examiners of Canadian rural policy as the first and last attempt by the Federal Government at a comprehensive rural development program in Canada (Canadian Council on Rural Development (CCRD), 1973:17; Cummings, 1988:50). Unlike

earlier initiatives such as the Prairie Farm Rehabilitation Act (PFRA) and the Maritime Marshland Rehabilitation Act which focused specifically on agriculture, ARDA recognized the need for a more comprehensive and integrated approach to rural development. By the early 1970's however the major components of the ARDA program had been terminated.

The next phase in Federal rural development policy was the introduction of the Fund for Rural Economic Development (FRED) which applied to "special areas" that had been agreed upon by the Federal and Provincial governments. Though limited to select areas, such as North East New Brunswick and Manitoba's Interlake region, the intention of the program was to provide comprehensive economic and social development for areas experiencing persistent economic depression. The FRED program, which had limited success, was seen as a vehicle which promoted joint federal-provincial planning and implementation and which mobilized federal and provincial institutions and resources (CCRD, 1973:18).

Joint Federal-Provincial development agreements had become the norm by the mid-1970's through the use of General Development Agreements (GDA's) and their respective sub-agreements. The GDA's, while often having a significant focus on rural development, were nonetheless deficient in providing a broad-based consideration of rural development. Often rural development was the justification for many GDA's but actual benefits tended to be derived in other sectors. By 1990 the GDA vehicle had been replaced by Economic Regional Development Agreements or ERDA's.

The Department of Regional Economic Expansion (DREE), which replaced the Department of Forestry and Rural Development in 1969, and its advisory council (The Canadian Council on Rural Development - CCRD) was the last federal line department mandated to determine federal rural development policy and coordinate programming. Since the abolishment of this department in 1979 the Federal government has designated special agencies to address

specific rural development issues. Such agencies have included the Rural Resources Project and the NewStart program which was an experimental action-research program to develop innovative education and training methods and programs in rural areas (CCRD, 1973:18). The Rural Resources Projects are significant due to their incorporation of community participation - a mechanism that had generally not been a part of Federal rural development programming in the past (Cummings, 1988:51).

2.3.4 The Role of Government in Rural Development Initiatives

The major role of the Federal Government, with regard to rural development, is policy. In the past, policy formation and implementation were coordinated by one department responsible for rural development. With the elimination of the Department of Regional Economic Expansion, responsibility shifted directly to the federal cabinet and the Minister of State for Economic and Regional Development (MSERD) which performed the coordination role for policy through consultation with the Federal Economic Development Coordinator within each province.

Harry Cummings in his discussion of rural development policy in Canada suggests that the Federal Government of Canada has typically used the following models with regard to implementing rural development policies:

1. Direct implementation by the relevant sectoral department (i.e. Agriculture).
2. Direct implementation by the coordinating department acting as the lead agency for Rural Development (ie. DREE).
3. The creation of a special agency to implement area specific rural development programs (ie. Cape Breton Development Corporation).
4. Coordination of all Federal programs to ensure that they include appropriate Rural Development initiatives (ie. MSERD).

(Adapted from Cummings, 1988:53)

Provincial governments have generally employed similar mechanisms to implement rural development policy with a few exceptions (Cummings, 1988:53). For instance, typically rural development initiatives that concern Northern Affairs departments, in terms of geographic applicability or scope, are normally coordinated and/or delivered by that department in their areas of responsibility. Further, though the Province has been responsible for the creation of special organizations to deal with specific rural development issues, these organizations have normally been advisory rather than a vehicle for the implementation of programming (Cummings, 1988: 53-54).

Unlike their Federal counterpart, Provincial cabinets have been much more likely to play a key role in the formulation of rural development policy and coordination. In instances, such as Manitoba (Department of Rural Development), where a specific department or agency has been assigned a lead role in rural development this department/agency provides advice to cabinet and acts as the lead coordinator for Provincial policy. In instances where Federal and Provincial governments are acting jointly with respect to rural development, a provincial department responsible for inter-government affairs is typically involved (Cummings, 1988: 54).

Municipal governments have typically had little interaction with Federal departments with respect to rural development policy formation and implementation. Though they are often given select access to Federal government programming with regard to their local development efforts, Municipal governments most often find themselves in an advocate position, lobbying for Federal and/or Provincial support of a specific economic development project or local business opportunity. In the past municipal representatives have frequently played an advisory role but have rarely been involved in the implementation of Federal rural development initiatives (Cummings, 1988: 54). The introduction of the Community Futures Program in 1986 as part of the Canadian Jobs Strategy suggests that this role may

be changing. Through the creation and funding of regional development corporations currently overseen by the Department of Western Economic Diversification Canada, the Federal government has created a vehicle for the implementation of rural development policy that is directly linked to rural communities and municipalities. The Community Futures Development Corporations are overseen by a Board of Directors composed of representatives of the various communities within the geographic region the corporation is active within. These community representatives set policy for the corporation and are directly involved in the corporation's implementation of Federal government programming and funding (Employment and Immigration Canada, 1992).

Cummings in his summation of Canadian rural development policy suggests that all levels of government but in particular the Federal Government must endeavor to create a more effective and visible means for rural development policy formation and implementation. To begin this process Cumming suggests the following key changes are necessary:

1. *Delegation by the Federal Government of one department responsible as the lead agency with respect to the coordination of rural development policy and programming.*
2. *Identification of one sectoral department by each Provincial Government to act as a link with the Federal Government's rural development arm.*
3. *Development of links between rural municipalities and other organizations including specific sectoral interests in order to form an integrated group that can lobby the two senior levels of government more effectively.*

(Cummings, 1988: 56-59)

These key changes suggested by Cummings, though simply the initial steps, appear to be critical in the establishment of a clear and concise rural development policy and program development process that harmonizes the priorities and resources of the Federal, Provincial,

and Municipal governments. Through appropriate harmonization of priorities and resources the groundwork is set for greater integration between local, regional, and national rural development initiatives, as well as, the public and private sectors.

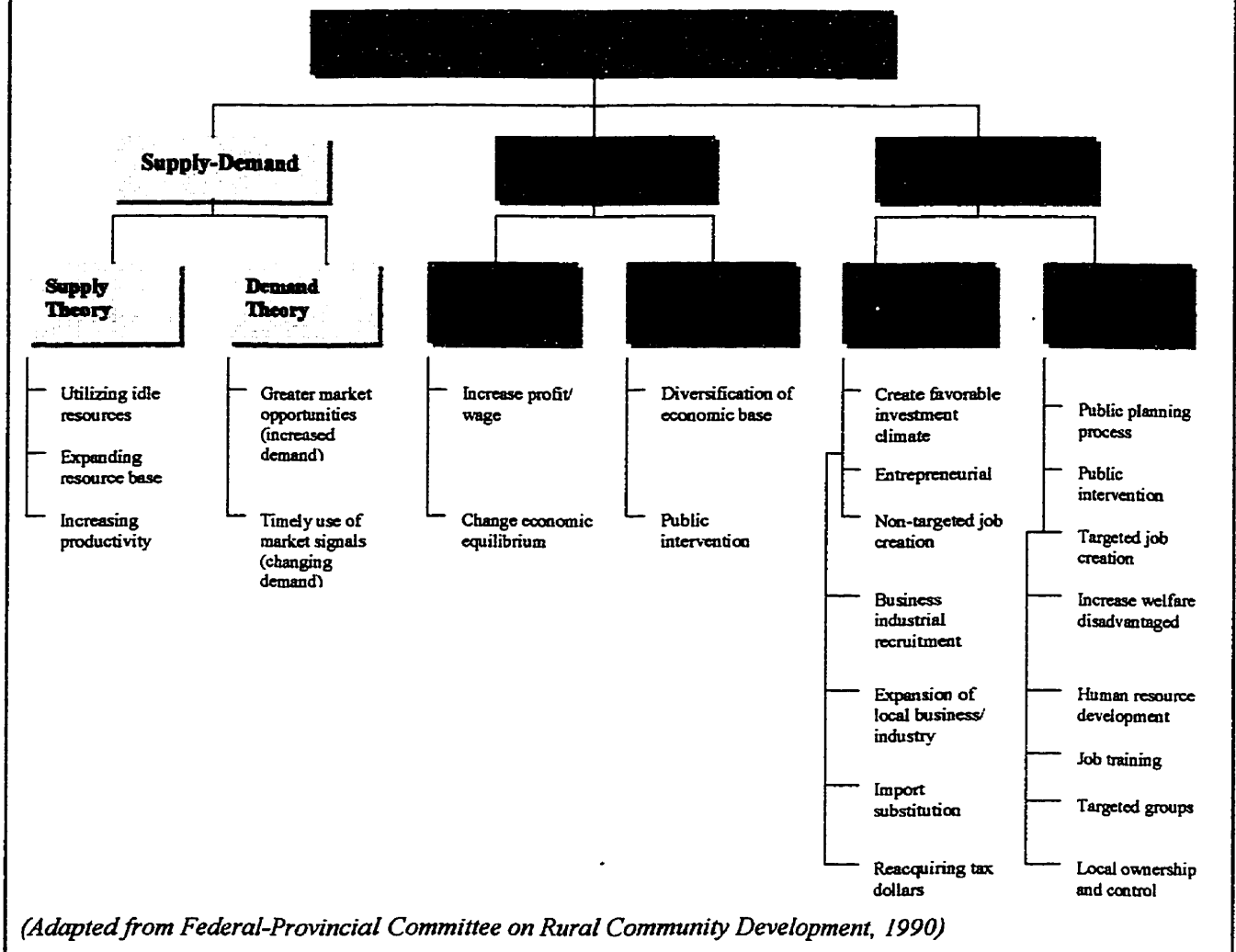
2.4 ECONOMIC DEVELOPMENT THEORY

Within the context of rural development is a number of subsets. The most important with regard to this Practicum is economic development. There exists today no one theory of economic development or rural economic development that is commonly upheld by practitioners or academics. Instead there exists a number of theoretical frameworks more often than not made up of even more divergent streams of thought. Despite this complexity what is evident is that there has been a clear progression in rural economic development theory in the last fifty years. Over this time period the theoretical framework emphasized has shifted from a more narrow economic focus to one that is more holistic and integrative taking into account the contribution of social, cultural, and environmental considerations to community well-being. Further, the perceived roles of local communities and governments has altered with current theory emphasizing the importance of local decision-making and solutions and down-playing the role of central government in rural economic development priority-setting and implementation (Douglas, 1994: 42-43).

In the research effort **Community Development Strategies on the Northern Plains**, Choy and Rounds (1992) recognize that there is no clear-cut theory of rural economic development but believe existing theory may be differentiated through three different approaches. These are:

1. Supply vs. Demand Theory of Development
2. Growth vs. Developmental Theory
3. Corporate-Centre vs. Alternative Theory

FIGURE 3: CLASSIFICATIONS OF ECONOMIC DEVELOPMENT THEORY



2.4.1 Supply-Side vs. Demand-Side Theory

This stream distinguishes rural economic development theory based upon basic economic principles. Supply-side theory assumes that the fundamental underlying cause of community economic problems is the under-utilization of local resources. Supporters of this stream of theory argue that mobilization of local resources is a necessity for future development and that roadblocks to economic development are to be found within the community rather than externally. Measures undertaken to achieve local economic development goals include three

(3) basic activities:

1. *Utilizing idle human and physical resources;*
2. *Expansion of community's resource base;*
3. *Increasing productivity of local resources.*

(Economic Council of Canada, 1990:5-7)

Through training and skill development and employment of presently unemployed labour a community may improve existing capacity and labour productivity. This capacity may be increased further through the use of volunteer labour and the attraction of migrants to the community. Supply-side theorists assume the presence of adequate demand but that there is a failure on behalf of communities to accommodate this demand with regard to skilled labour and adequate community infrastructure. Through expansion of the resource base via the generation of new supporting infrastructure including physical and institutional development a community is more likely to capture this existing demand. This often necessitates direct business investment by the local private sector or public agencies to increase local productivity and is normally coupled with an effort to increase the supply of capital within the community (Choy and Rounds: 1992). Local productivity may also be increased through the introduction of new technology that increases output and may include such things as equipment providing greater efficiency, innovative techniques, and new distribution methods.

Demand-side theory emphasizes greater market opportunities by way of increased external demand. The ability to recognize and act upon market signals that point towards changes in market demand and preferences is critical and therefore requires communities to undertake and utilize market analysis and marketing management techniques to this end (Choy and

Rounds, 1992). Demand-side initiatives require support from supply-side sources to ensure that market opportunities are capitalized upon. Proper linkages between export and non-export sectors, distribution of income from export sectors to other local enterprise, and the availability of a skilled workforce are essential supply-side elements necessary to ensure translation of external demand into local economic development (Shaffer and Summers, 1988).

2.4.2 Growth vs. Developmental Theory

The distinguishing criteria separating Growth and Developmental theories is the duration of the development. Growth theory targets short-term changes in the economy within an existing region or community with the primary goal of increasing the rate of economic growth through job creation and the expansion of the local tax base (FN: Canadian municipalities continue to receive the majority of their revenue through commercial and property taxation.). Growth theory, often equated with business development and real estate development, includes such conceptual frameworks as export-base theory, growth models, and trade theory (Choy and Rounds, 1992:18).

Unlike Growth theories, Development or Developmental theory focuses upon changes in the economic structure over a relatively long period of time and due in part to this is much more complex than traditional Growth theory. Due to the complex nature of Developmental theory it is often difficult to communicate the goals and objectives of such a focus and is often misinterpreted as undermining the goals of short-term private interests (Choy and Rounds, 1992:19).

Through the modification of local economic structures in such areas as industry, product, and occupational mix, as well as, patterns of ownership and control, firm size and age, and use of technology and degrees of competitiveness, Developmental theory focuses on long-

term capacity building and development often emphasizing the quality of local production and distribution (Malizia, 1986). Unlike Growth theory, which places considerable importance on increasing private production through the private sector for better prices, quantity and quality, Developmental theory focuses upon the utilization of public intervention to improve the underlying economic structures of communities. This public intervention, though increasingly undertaken in partnership with the private sector, is conducted under clear public goals.

2.4.3 Corporate-Centre vs. Alternate Approach

This categorization of economic development theory may be considered a modification of Growth and Developmental theory. The difference exists in the emphasis placed on the role of the private sector and public agencies in rural economic development and who should be undertaking economic development initiatives.

Similar to Growth theory, the Corporate-Centre Approach stresses stimulation of economic growth through the local private sector. Commonly associated with this approach is the concept of “trickle-down” economics. Trickle-down economics suggests that benefits derived from initiatives targeted at the private sector will eventually provide in-direct benefits to disadvantaged groups and residents within a community and therefore such initiatives serve to benefit all groups. The rationale is often characterized by non-targeted job creation and the concept that monetary incentives provided directly to business will lead to job creation. Common incentives to business include subsidized technical assistance for small businesses and the provision of venture capital in the form of start-up, acquisition, and expansion funds (White, 1985).

Corporate-Centre approaches often target central business districts and the attraction of corporate head offices and branch plants with little emphasis on locally-owned and worker-

owned establishments (Robinson, 1989). Further, these approaches advocate private sector leadership and decision-making and promote private sector driven initiatives to stimulate economic growth. In these cases, the role of public agencies is limited to the creation of a business and of a social environment conducive to increased investment (Robinson, 1989).

The Alternate Approach, unlike that of the Corporate-Centre, assumes that active community intervention is necessary to ensure that benefits produced by economic development activities flow to disadvantaged and low income segments of the local population (Robinson, 1989). Job training and skill development is emphasized along with other labour supply and distribution considerations to ensure derived benefits for local residents. In this approach the specific requirements of disadvantaged groups are addressed through job creation, income redistribution, and regional development programs.

Diametric to Corporate-Centre approaches, which may involve a limited number of private sector and policymaking leaders making decisions, Alternative approaches stress an open planning process which is inclusive rather than exclusive and incorporate a broad range of interests. Public funding, either solely or in partnership with the private sector, and the use of these funds in a manner targeting specific disadvantaged groups is emphasized. The Alternative Approach is often associated with local business development and the promotion of local ownership.

2.5 RELEVANCE TO TEULON INDUSTRIAL STUDY

The Town of Teulon's historical function has been that of a rural service centre. It may be positioned within Fellegi's classifications (See Figure 2: Rural System Fragmentation - Western Canada) as "Agro-rural" characterized by population decline, youth out-migration, and moderate income levels. Community residents and businesses continue to enjoy a high

standard of amenities and services including a community hospital, education facilities from kindergarten to grade twelve, and an RCMP detachment. However, there is increasing pressure on these services as cost of delivery increases and the tax and population base decline or remain static. One of the primary reasons for the lack of growth within Teulon is that it's function as a service centre to surrounding farms is declining. As local farms industrialize and technology facilitates greater access to distant markets the following has occurred: 1) Farm labour requirements have been drastically reduced; 2) Farm reliance on Teulon for goods and services has declined. In Teulon therefore there has been a reduction in direct agriculture-related employment and in the regional market for local goods and services. Fewer jobs and business opportunities within Teulon have translated into high levels of youth out-migration and declining numbers of young families and businesses migrating to the community.

The theoretical classifications (Supply vs. Demand, Growth vs. Developmental, Corporate-Centre vs. Alternative) are all reflected within the Teulon Industrial Study to one degree or another. Supply-side theories are evident in the attempt to expand the community's resource base through new infrastructure provision. Increasing the supply of available industrial serviced land may be linked to providing industry with the capacity to produce more efficiently. The market analysis utilized to determine external market demand and preferences (i.e. price data, total demand, and percentage of absorption) reflects the greater emphasis of demand-side approaches to identifying market opportunities and responding to these signals.

Two motives in the development of an industrial park in Teulon were to increase private-sector employment and expand the local property tax base. These may be categorized as short-term growth-based approaches. Further, an emphasis on marketing the community and industrial park to attract non-local businesses ("smokestack chasing"), the provision of development incentives, and the creation of a local community development corporation

(CDC) are all typical growth-based strategies. The longer-term motives to diversify and stabilize the community's economic structure and consideration for the development of small local firms within the park's planning, however, are representative of developmental approaches.

Aspects of the Teulon Industrial Study may be attributed to the corporate-centre approach discussed earlier. Elements of "smokestack chasing", non-targeted job creation strategies, and the involvement of the local private-sector are all typical of these types of approaches. In contrast, the study was a relatively open planning process which included a broad range of community interests and was funded through the public sector. These characteristics are consistent with alternative approaches.

The community of Teulon is an example of the deterioration of the traditional Canadian rural economic system and the internal and external forces that are responsible for this breakdown. The Teulon Industrial Study is representative of efforts by the community to adapt to these changes through the use of development strategies which are based within a number of different and sometimes divergent theories of economic development. The following chapter will investigate a number of recent trends effecting the field of economic development and discuss the influence they may have on the work of economic development practitioners working within rural communities such as Teulon.

ENDNOTES: CHAPTER TWO

1. The term "community" may be defined as a people with common interests living in a particular area or a group of people with a common characteristic or interest living together within a larger society (Webster Dictionary, 1998).
2. Arguably serf-based rural systems, while limiting individual economic decision-making, provided a structure much more responsive to local cultural, social, and environmental

requirements. Further, these “non-peasant countysides”, are alike in having failed to achieve the intimate symbiosis of people and habitat, the humanized rural landscapes characteristic of many relatively dense, stable, earthbound communities in parts of Asia, Africa, Europe, and Latin America (Britannica Online, January 1999).

3. In modern history, the process of change from an agrarian, handicraft economy to one dominated by industry and machine manufacture. This process began in England in the 18th century and from there spread to other parts of the world. The main features involved in the Industrial Revolution were technological, socioeconomic, and cultural. The shift was characterized by labour specialization, use of technology, and economic restructuring to achieve levels of resource extraction and mass production previously unseen (Britannica Online, January 1999).

4. The term “rationalization” is used here to describe the elimination or alteration of community service centres that have ceased to serve their purpose within the context of the farm – service centre relationship or have been superseded in function by other centres.

CHAPTER THREE: ECONOMIC DEVELOPMENT - EMERGING TRENDS & THE ROLE OF THE PLANNER

3.1 EMERGING TRENDS INFLUENCING ECONOMIC DEVELOPMENT

In the epilogue of *Planning Canadian Communities*, Gerald Hodge in predication of the trends and prospects for community planning recognized that theory and practice evolve through a greater understanding of issues by those within the field, past experiences, and as a result of community and societal change (Hodge, 1986: 364). This experience holds true for economic development theory and practice.

In order to remain relevant and effective current economic development theory and its practical applications must actively work to remain aware and responsive to present and emerging trends in local and global economies, business practices, and society as a whole. It may be useful to discuss some key trends within this context and select approaches within the field.

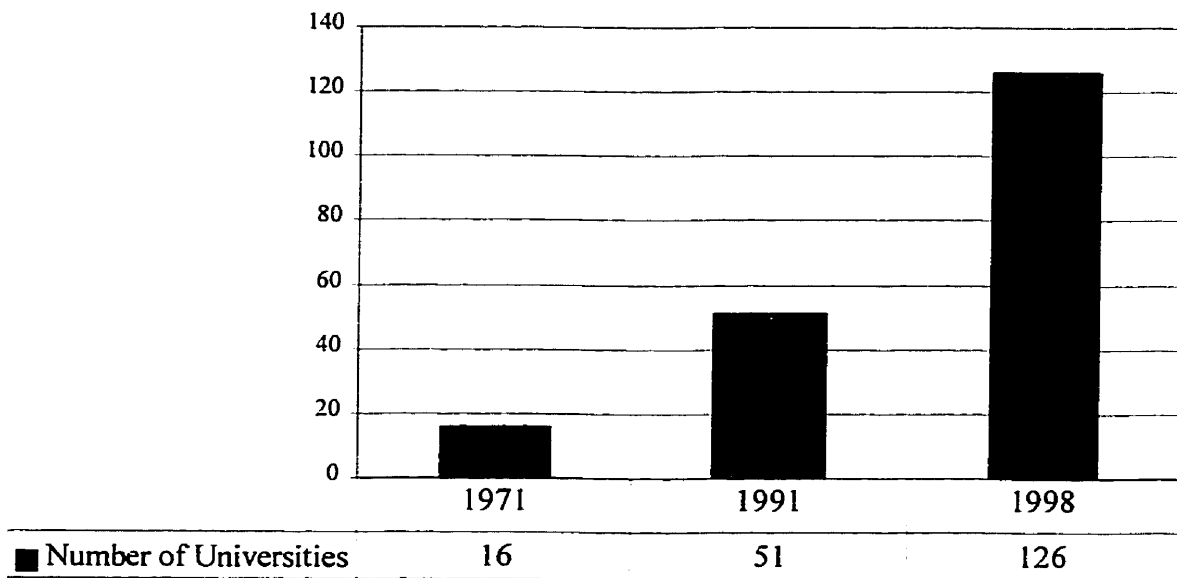
3.1.1 Entrepreneurship and Small Business

Entrepreneurship and entrepreneurialism are important trends affecting rural economic development. An entrepreneur may be described as one who organizes, manages, and assumes the risks of a business or enterprise (Merriam-Webster, 1998). Entrepreneurs and the characteristics that define them have existed for hundreds if not thousands of years. Perhaps never before though has there been as much emphasis on this segment of the economy. Entrepreneurship has been described as the “defining trend in business” today (Gjovig, November 1998).

In a recent survey 70% of high school aged children responded that their goal was to start

their own business upon graduation from high school or university. In the United States 46% of new business starts were undertaken by individuals between the ages of 25-34. These statistics indicate that since Generation X¹ the notions of entrepreneurship have been strongly engaged and that this avenue of economic sufficiency is being realized more often. An increased awareness and acceptance in the viability of entrepreneurial business efforts in “making a living” is evident in the recent adoption of these programs by U.S. and Canadian universities and colleges (See Graph 1). In 1998, 126 of 300 U.S. colleges were offering entrepreneurship programs for students (Gjovig, November, 1998).

GRAPH 1: NUMBER OF U.S. UNIVERSITIES OFFERING ENTREPRENEURSHIP COURSES



(Gjovig, November 1998)

The trends towards entrepreneurship are complimented by the growth in the number and dominance of smaller firms in the North American economy. Over 1.1 million companies are being created per year globally and 3-4% of U.S. adults are starting their own businesses per year (Gjovig, November, 1998). The strength of small business within the North American economy is alluded to in a recent report by the firm of Dun & Bradstreet which reported that “virtually all new jobs created between 1991-1995 were in small business” (Dun & Bradstreet,

1996). In 1998, small businesses with less than 20 employees accounted for 66% of net new jobs in the U.S. economy and employers with less than 100 employees accounted for 80% (David Birch, 1998). In Canada, businesses with less than 50 employees made up 97% of the total 908,316 businesses in operation and small and medium-sized businesses were responsible for 60% of Canada's economic output and two-thirds of all private sector jobs (McQueen, 1995:20-21).

Every community will lose about 10% of its jobs each year from acquisition, downsizing, death, retirements or other causes. About 55% of new jobs are from expansions of existing local companies and nearly 44% of new jobs are created by start-up companies. 1-2% come from re-locations.

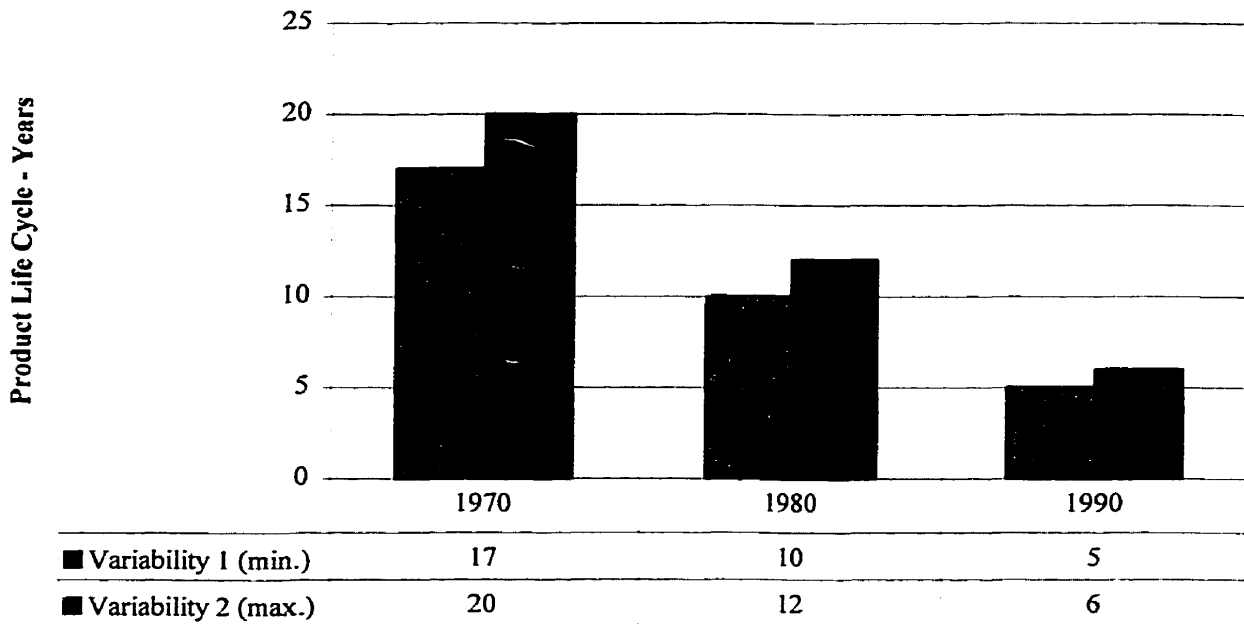
(Birch, 1998)

The present and future importance of the entrepreneur and of small business in the North American economy would suggest that economic development policy and implementation should be geared towards the needs of this sector.

Despite recent reports regarding the high number of bankruptcies, small businesses have been highly successful within North America. An 8-year study of small business which tracked their efforts from 1986 to 1994 reported that of the sample group 70% remained successful after the study period (Gjovig, November, 1998). There are many reasons for the success of small business but perhaps the most evident is the abilities of these businesses to adapt to a rapidly changing business environment which demands flexibility and innovation. Evidence of the growing need for innovation, improvement, and product development is apparent in the reduction in product life cycles (See Graph 2).

There is a growing requirement for new products that can be brought to market quickly. In 1991 the number of new products introduced to the U.S. market was 15,400. By 1997, the number of new products brought to market rose to 25,500. Further, the profitability of new

GRAPH 2: NORTH AMERICAN PRODUCT LIFE CYCLES 1970 - 1990



(Gjovig, November 1998)

products for business has grown by approximately 15% in the last twenty years (Gjovig, November, 1998).

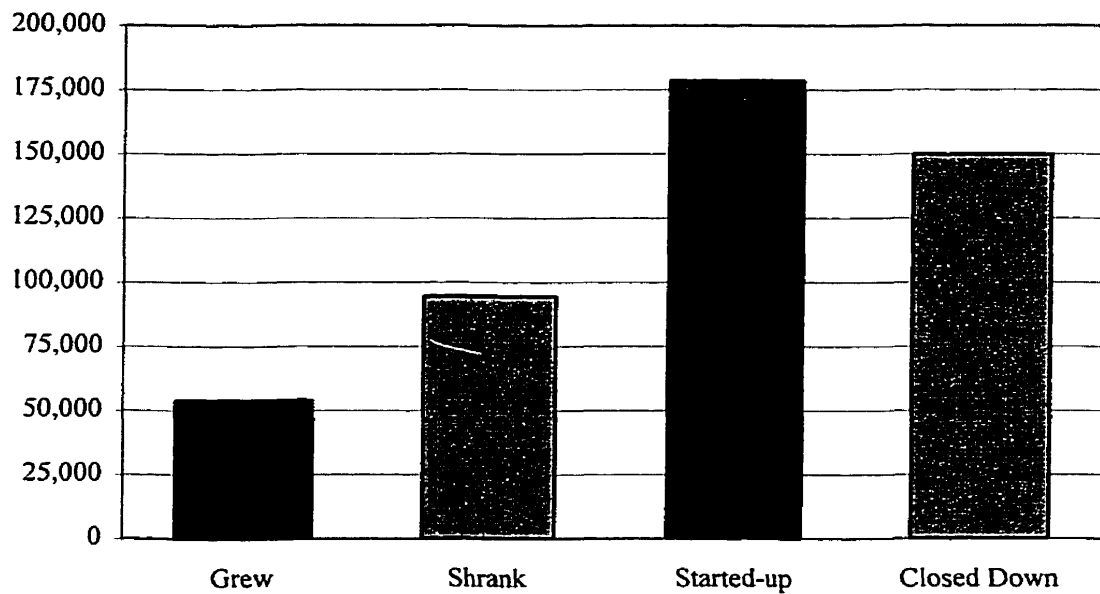
In a recent survey of small business the following challenges were identified as most pervasive:

- i) Finding qualified employees;*
- ii) Cost management*
- iii) Coping with government regulations and increasing taxes*
- iv) Evolving with the changing business environment*

(Adapted from Dun & Bradstreet, 1997)

Small business, though of increasing importance within the economy, remains volatile (See Graph 3). Further within rural Canadian communities a number of problematic issues are arising with the creation and promotion of small business development strategies by government and other economic development organizations. First, promotion of and funding

GRAPH 3: STATUS OF SMALL BUSINESSES IN WESTERN CANADA 1989 - 1995



(Statistics Canada, 1997)

for self-employment activities is too often not accompanied with adequate training in the fundamentals of owning and operating a small business (i.e. accounting, marketing, human resource management). The result is that many small business start-ups are failing because the owners have not developed the basic skill sets in the functional areas of their business. Secondly, many self-employment activities remain high risk in rural areas due to increasing competition, a low population base, and a rapidly changing business environment. Unfortunately, it is often the segment of the population who can least afford to take this risk, those who are unemployed or underemployed, that are being targeted for self-employment.² There are many examples where these strategies have been successful in assisting unemployed individuals to establish a business. However, there are also many instances where self-employment activities have failed, and individuals have found themselves without work and further in debt, possibly losing their home and other assets which were used as collateral on financing by the economic development organizations that

originally promoted the idea of self-employment.

Small business and other self-employment activities are of growing importance within the national and local economies. Economic development practitioners, however, should remain accountable in ensuring that promotion of these activities is tempered with provision of the necessary skill sets to establish and manage a small business as well as a realistic appraisal of an individual's suitability (ie. financial resources, family obligations, knowledge etc.). Individuals should be well informed of the benefits and the challenges when considering self-employment.

3.1.2 Business, Education, and Technology

Within the education field, business has been invited to play a much larger role than ever before. Market-driven training, school to work programs, and life-long learning programs are enhancing the knowledge and flexibility within the workforce utilized by business.³ These examples reflect a trend in which educational institutions and business are increasingly engaging in mutually beneficial partnerships encompassing research, program development, and workforce development. The benefits of these partnerships to business partners which were sampled in a U.S. study were:

- 59% higher productivity
- 21% higher annual revenues
- 23% more capital investments

(Coopers & Lybrand, 1995)

An example of the successful partnership between business and education has been the development of business incubators. Business incubators are facilities in which new businesses may proceed within a facility that typically offers start-up financing, reduced lease charges, and technical assistance. Often businesses located within a specific incubator

are placed in close proximity to similar or complimentary industries. In 1980 there existed 12 recognized incubator facilities in the U.S.. Today, they number 580. Of these 580, 209 are rural incubators (36%) and 60 are the product of a university-business partnership. A success rate of 87% for companies that have developed and matured with the assistance of the incubator model in the U.S. has been noted (Gjovig, November, 1998).

In the field of rural economic development there is an increasing awareness of the importance of technology in the growth and development of business and the economy:

...technology is the single most important determining factor of long-term economic growth. In addition to creating totally new market opportunities, technology is an essential ingredient in the long-term growth of productivity and quality - the drivers of sustained increases in high-paying jobs and profits.

(NIST, 1995)

The effect of technology and changing attitudes towards the traditional workplace are also affecting the makeup of both small and large businesses. Micro-business, home business, and home-based employees have become accepted and successful avenues of employment and have been facilitated through the use of telecommuting, fax machines, modems, laptop computers, and videoconferencing. Technology has allowed the home-based office to challenge the traditional workplace in terms of efficiency and quality of life. It has been suggested that the growing trend of telecommuting is due primarily to: (1) the rapid proliferation and acceptance of electronic communications; (2) personal desires to regain control over stress and time; (3) corporate desires to improve the productivity and economics of labor; and (4) community desires to reduce congestion and air pollution (Quay, 1993). Rural communities may benefit from this trend:

...as telecommuting becomes more established, telecommuters may decide to re-

consider where they want to live. In this future, telecommuters unsatisfied with living in urban areas — but still wanting to take advantage of urban employment opportunities — will begin relocating to rural areas.

(Quay, 1993)

Telecommuting is one of the more obvious impacts of information technology which will provide new opportunities and challenges for rural communities. Communities and local business must be willing to embrace these changes and work to maximize opportunities:

For rural America, modern information technologies are double-edged swords. The distance barriers are falling for both rural businesses and outside competitors.... Yet there is really little choice. Given the competitive realities, rural businesses must compete as best they can while learning how to seize new opportunities.

(Campbell, 1998)

3.1.3 Community Economic Development

Community Economic Development (CED) may be described as:

A strategy for dealing with the problems of poor people, powerless people, and underdeveloped communities. As an intervention strategy in an underdeveloped community, CED does not seek to make the existing conditions in the community more bearable. Instead, CED seeks to change the structure of the community and build permanent institutions within a community. As a result, the community begins to play a more active role vis-à-vis the institutions outside the community, and the residents of the community become more active in the control of the community's resources.

(Spafford, 1998: 5)

The concept and practice of CED has been in existence for some time.⁴ It is only more recently, however, that CED has been recognized as an important subset of economic development and seen widespread use as a tool to address rural community issues such as out-migration, plant closures, and persistent high unemployment (Budd, 1993: 32).

3.1.4 Strategic Management Planning

Strategic management planning has been emphasized as an important tool in the realization of economic development goals. This type of planning consists of the development of a strategic plan and an implementation regime. The strategic management process identifies the present circumstances of a community or organization, where it wishes to be at a specific point in the future, and the actions and necessary resources to achieve this point. The process consists of the following steps with regard to local communities and economic development:

- i. **Planning to Plan:** This step involves identifying those individuals who are committed to engaging in the planning process.
- ii. **Visioning:** This stage results in a description of the planners and other stakeholders “dream” of the community in the distant future. This stage often results in a “Mission” or “Vision” statement. Conflicting stakeholder futures should be reconciled at this stage before proceeding to subsequent phases of the process.
- iii. **S.W.O.T Analysis:** With respect to the vision the internal “strengths and weaknesses” of the community or organization are examined as well as the external “opportunities and threats”.
- iv. **Development of Long-term Goals:** Goals should be established to guide objectives within a long-term framework.
- v. **Development of Strategic and Tactical Objectives:** Strategic objectives are more specific than goals so that progress may be measured in a quantifiable manner. Tactical objectives are specific twelve (12) month objectives that should be monitored on a month-to-month basis.
- vi. **Establishing an Implementation Regime:** This critical component of the process consists of establishing who will undertake identified actions, how and when they will be undertaken, and the commitment of resources to these actions.
- vii. **Evaluation:** At the end of the planning year, results of the plan should be reviewed and modifications made to the next year if necessary. At the same time a further planning year should be added to the planning horizon.

(Adapted from Erdman Consulting, 1998)

As outlined above, the strategic planning process may appear to be a series of steps or stages that should be undertaken in a linear fashion by a community or organization. In practice the process tends to be much more flexible and non-linear in that participants often jump back and forth between the different planning stages, making adjustments to the plan as required. For instance, often new strengths and weaknesses become apparent as goals and specific tactical objectives are derived. Therefore adjustments are made to the S.W.O.T. analysis and possible new goals and objectives set. This versatility within the process may foster creativity and innovation allowing new ideas and solutions to emerge.

Strategic planning has been described by members of the planning profession as “old wine in new bottles” due to similarities with the rational planning model (Bryson, 1987: 66). Though it is believed that strategic planning originated within the private sector, many of the principles and theory of strategic planning may be found within planning literature over the past thirty years (Seasons, November 1989:20). Further, the process of strategic planning within the private sector has evolved considerably:

Strategic planning...has evolved from its origins as (a) a rather ad hoc, intuitive, and informal process, to (b) the whole-hearted acceptance of the mechanistic, formulaic, and inflexibility rationality that characterized the quantitative “revolution” of the 1960’s, and finally to (c) the current model which strives to balance intuitive, creative, and qualitative considerations with the rational, formal, and quantitative aspects of strategic planning.

(Seasons, 1989:20)

Given limited human and financial resources to undertake economic development, particularly at the local level, rural communities will increasingly be required to think and act strategically if community goals are to be realized. The degree to which communities engage in strategic management planning will largely be dependent on their familiarity with the process and the maturity of their economic development institutions.

3.2 ESTABLISHING A NEW PARADIGM FOR ECONOMIC DEVELOPMENT

"Fortune 500 on the Dole?" is the recent headline of a Time Magazine Special Report (Time, 1998). The three-part series focus was primarily on the tendency of the economic development field within North America, particularly in the U.S., to provide incentives and tax breaks that are being utilized by large corporations. The Special Report suggests these "...deals are usually trumpeted as "economic development" or "public-private partnerships." But a better name is corporate welfare. It's a game in which governments large and small subsidize corporations large and small, usually at the expense of another state or town and almost always at the expense of individual and other corporate taxpayers." (Time, 1998).

A growing debate has emerged at the political and academic levels as to the effectiveness of the present nature of economic development incentives and the justification for the level of financial and human resources that communities are committing to such endeavors.⁵ Time Magazine offers a number of examples of the size of these economic development subsidies and criticizes the role of the U.S. Federal government :

In 1989 Illinois gave \$240 million in economic incentives to Sears, Roebuck & Co. to keep its corporate headquarters and 5,400 workers in the state by moving from Chicago to suburban Hoffman Estates. That amounted to a subsidy of \$44,000 for each job.

In 1993 Alabama gave \$253 million in economic incentives to Mercedes-Benz to build an automobile-assembly plant near Tuscaloosa and employ 1,500 workers. Subsidy: \$169,000 for each job.

The Federal Government alone shells out \$125 billion a year in corporate welfare, this in the midst of one of the more robust economic periods in the nation's history. Indeed, thus far in the 1990s, corporate profits have totaled \$4.5 trillion—a sum equal to the cumulative paychecks of 50 million working Americans who earned less than \$25,000 a year, for those eight years.

(Time, 1998)

These incentives and subsidies and their argued misuse is occurring in Canada though to a somewhat lesser degree. In many areas the number and size of incentives and tax-breaks aimed at attracting large new business expansions or re-locations to a particular area has resulted in a situation in which communities and regions must “one up” the other in order to attract large corporations. The end result, some have argued, is a “zero-sum” or “negative-sum” game in which communities and people inevitably lose and large businesses enjoying short-term economic incentives run the risk of losing their competitive edge.

From the states' point of view each may appear better off competing for particular businesses, but the overall economy ends up with less of both private and public goods than if such competition was prohibited.

(Burstein and Rolnick, June 1996)

Others argue that economic development incentives targeted at large corporations have become a necessity due to globalization and increasing competition among communities and corporations.

States and localities must capitalize on the vulnerability of opponents by having a set of pro-active business investment tools.

(Toft, 1993)

Despite the arguments of Toft and a few other lone voices, there appears to be acceptance that there is a gap between present theory and practice in the field of economic development and that there are obvious deficiencies in current economic development policy and implementation that require consideration and if possible correction (Munnich, July 1995). Misuse and misdirection of public resources through economic development is, in some cases, creating an environment of “corporate welfare” at the expense of community residents.

Since the 1980's several organizations and individuals have spoken out in support of a new

approach to economic development. One of the most outspoken and active advocates of this new approach has been the Corporation for Enterprise Development and its chair Robert Friedman. Friedman, joined by fellow colleague Kathy Keely, as well as academics and practitioners such as Dan Pilcher, Carol Conway, and Bill Nothdurft have continued to promote a new paradigm in economic development that has been labeled economic development's "Third Wave".⁶

In order to understand the reasons for the emergence of a Third Wave in economic development it is necessary to briefly review the two previous stages within economic development in the United States.

The first wave began in the 1930's in the southern United States. This wave of economic development came about when less developed southern states, such as Mississippi, realized that they could attract branch manufacturers from northern states as a result of their lower labour costs and other costs of doing business (Munnich, July 1995).⁷ During this time, the southern states complimented these existing labour advantages with tax exemptions and other financial incentives to attract branch plants from industrialized northern states. This approach which became known as "smoke-stack chasing" was often referred to as a "buffalo hunt" in which economic developers went outside of state, roped a corporation, and dragged them back home (Pilcher, 1991: 34-37). This practice is typical of growth-based strategies (Growth approaches) which aim to affect short-term changes to the local economy through the recruitment of industry into a community or region. Though the subject of widespread criticism, this practice of industrial recruitment still continues today throughout much of North America (Munnich, July 1995).

By the mid-1970's many states had begun to recognize the limitations of "smoke-stack chasing" and were beginning to focus more heavily on programs which would encourage

local business retention and expansion (Munnich, July 1995). These programs were designed primarily on the recognition of market gaps and imperfections and efforts to provide support in these areas through such vehicles as low interest rate capital financing and technical assistance in export development and other areas (Pilcher, 1991: 34-37). This practice reflects part of the developmental approach to economic development due, in large degree, to its focus on the development and expansion of local business. Further, the provision of technical and financial assistance in areas such as marketing and the introduction of new production technology are essentially supply-side development approaches. In Canada and the U.S. this “second wave” of economic development was characterized by a segmentation of economic development programming focusing on specific business sectors and their needs. The result was an increasing number of individual programs offering information and services to a smaller and smaller niche of businesses.

TABLE 3: FIRST AND SECOND WAVES OF ECONOMIC DEVELOPMENT

	1st Wave: 1930's –1970's	2nd Wave: 1980's
Problem	Regional disparity	Structural changes
Universality of Problem	Firm specific	Episodic, firm specific
Goal	Attract plants	Create jobs
Targets of Policy	Relocation of plants or establishment of new branch plants for large corporations	New or expanding businesses (often small business)
Means	Regional marketing & subsidies	Industry / sector targeting with specific programs (i.e. start-up capital)
Mode of Intervention	“Smokestack Chasing”	Respond to requests that firms define
Regional Economic Focus	Large anchor firms	Sectoral Diversification
Measure of Success	Number and size of firms attracted	Number of jobs created

(Atkinson, 1998)

The notion of a Third Wave of economic development was conceived in the late 1980's as academics and practitioners began to question the effectiveness of economic development strategies and to identify serious short-comings with the existing model. This model and the implementing programs were recognized as deficient in the following:

- 1) 2nd wave programs have affected only a few businesses and have lacked sufficient scale to have a significant impact on economic development;
- 2) 2nd wave programs have been too bureaucratic and not flexible enough to respond in a timely and effective fashion to meet the needs of business in a rapidly changing marketplace;
- 3) 2nd wave programs have proven too costly relative to their impacts and have not leveraged public resources as effectively as possible;
- 4) 2nd wave programs lack mechanisms to ensure accountability

(Adapted from Pilcher, 1991: 34-37)

3.2.1 The Third Wave Economic Development Approach

As discussed the "Third Wave" espoused by Friedman and others offers a new approach to economic development efforts at a local, regional, and national level. This new approach does not imply that previous efforts be discarded, Friedman does not suggest we throw the proverbial baby out with the bath water:

We have been criticized for suggesting that the three waves of development replace one another. That is not what we meant and, in fact, if you understand the physics of waves, you know that 80 percent of the water in any wave is the same as the wave before it; only 20 percent of the water changes. We do not mean to reject recruitment as a strategy for a total economic development package. Where we object to it is when it becomes the focus of development. How you link it to other strategies makes all the difference. When we stress indigenous development or bottom-up development, it is not to take an isolationist view of the world. Indeed, we think you have to act locally, think globally...recruitment and indigenous development go together.

(Friedman, 1997:5)

The Third Wave approach argues that though elements of previous “waves” had validity and will to one degree or another, continue in the future, they also have serious deficiencies that are calling into question the legitimacy of current economic development practice. It is argued these deficiencies should be addressed given the resources that are being expended on economic development activities and the net contribution of these activities to the overall quality of life in North American communities.

To address past deficiencies, however, the Third Wave approach demands a restructuring of economic development policy and practice based upon a number of principles. These are increased scale, flexibility, leveraging of public resources, and accountability. To realize these principles the following is advocated:

- *Build Networks and Consortia:* Encourage partnership and collaboration between economic development organizations, government, and the private sector.
- *Establish Local Intermediaries:* Develop local intermediary organizations with sufficient flexibility and resources to offer incentives for linked programs and efforts.
- *Wholesale Services and Programs:* Provide funds and services on a “wholesale” basis to such intermediaries, allowing them to leverage those resources and become the service delivery agent for their natural constituencies, instead of having government itself directly provide - or “retail” its programs. This helps build local ownership and private sector leadership.
- *Require Leverage and Commitment:* Assure a more market-driven approach by building such principles as leverage and private sector commitment into public policies and decisions.
- *Make Policies and Programs Comprehensive:* Address economic development through comprehensive rather than narrowly-defined programs.
- *Generate Competition:* Provide ongoing funding through a competitive process and eliminate practices that reduce competition.
- *Fill Gaps and Change Behavior:* Design and provide public programs that fill actual gaps in needed activity and encourage changes in private sector behavior so that “gaps” do not reappear in the future.

- *Invest, Don't Grant*: Use public funds as investments rather than as grants or loans to firms. This compels both the public and private sectors to share risk and reward.

(Plosila, Autumn 1990: 11-15)

The building of networks and consortia or partnerships is critical if economic development on the scale proposed in the Third Wave approach is to be achieved. Increasingly economic developers are recognizing the importance of collaboration and communication among a wide range of organizations if economic development strategies are to be successful. An example of this is the National Rural Development Partnership (NRDP) in the U.S.. In 1990 the partnership was created to promote increased collaboration in rural development. The partners included federal agencies, state governments, local governments, tribal councils, and private sector organizations. The NRDP includes a national council which brings together senior program managers from major federal agencies to improve the delivery of federal resources for rural development and a state-level council to develop strategic responses to rural issues. This partnership has become an important mechanism in crossing organizational boundaries to address rural development (Hubert H. Humphrey Institute of Public Affairs, 1998).

Advocates of the Third Wave believe that the strength of regional and community economies come from the “bottom-up”, from the people who live and work within these areas (Friedman, 1997: 3) . Economic development should therefore attempt to build on this local capacity and economic development programs should be directed and controlled to the greatest extent possible by local intermediaries - community residents, businesses, and organizations. Programs and services, particularly those of senior government, should be flexible enough and “wholesaled” to the local level where the delivery mechanism and combination of services can be tailored to suit the beneficiaries.

Joint monetary and non-financial commitment is required between the private and public

sectors if public funds are to be utilized effectively and with the proper accountability within economic development. The most effective way to receive this commitment is participation of local actors in the decision-making process. In this way greater financial and human resources are leveraged. Public funds allocated to economic development initiatives should not be viewed as a grant. They are an investment - an application of resources today in order to achieve greater returns tomorrow. Economic development programs should stimulate greater levels of private funds for firms at the critical start-up point and expansion stages, but do so in a fashion as to encourage long-term change within private sector behavior and practice (Plosila, 1990).

Current economic development incentives and subsidies are placing industry competitiveness at risk. Third Wave proponents desire a substantial reduction in funding for industrial recruitment and business incentives. These funds should then be directed towards the provision of real services such as technology, training, and market development to firms that will directly improve their ability to compete in global markets (Atkinson, 1998:11). Such services should be comprehensive rather than narrowly-defined, avoiding, for example, the separation of business financing and entrepreneurial training and support.

3.3 ROLE OF THE PLANNER IN ECONOMIC DEVELOPMENT

Since the late 1970's there has been a distinctive change in the approach and methods of planning professionals. An important result of this shift is that a growing proportion of planning practice and, more lately, theory is being directed at facilitating and promoting development rather than its regulation (Fainstein, 1991:22). There have been a number of reasons for this shift in the planning profession, three of the most important causes being:

1. The economic restructuring of Canadian communities:

In response to de-industrialization and the expansion of the service sector, local governments

have actively sought to attract new industry and encourage the expansion of existing business within their jurisdiction rather than strictly regulating them.

2. Dominance of conservative governments:

Recent dramatic failures of Communist and other “left-wing” economic models to provide adequate efficiencies and standards of living have reinforced the notion of a universal capitalist free-market system and strengthened the trend towards increasingly conservative governments within North America and parts of Europe. The result has been the emphasis of market-based solutions and promotion of growth rather than redistribution.

3. Development of a more proactive approach:

The profession has learned valuable lessons from past practice. The rational-comprehensive approaches, utilized extensively between 1950 and 1970, may be considered failure. These approaches resulted in planners often facing severe criticism by the public for projects and studies which required extremely high human and capital resource commitment and resulted in little or no discernable benefits for the community. This failure has caused considerable debate within the field as to more appropriate models. A positive outcome of this learning process has been the development of a much more proactive stance towards planning within the profession (Eisinger, 1988).

The net effect of these forces has been the development of a new mode of planning activity that is oriented at working much more directly with and within the economic structure of our communities. This suggests that the connection between the economic structure and planning legitimization is now more straightforwardly claimed, and the tactics developed to stimulate economic growth clearly revealed (Fainstein, 1991: 23).

3.3.1 Transformation of the Profession

The roots of the Canadian city planning movement emerged in the late Nineteenth Century from health concerns relating to city slums and the provision of adequate housing within the nations growing urban centres. The Commission of Conservation, established in 1909, was the first Canadian institution to recognize the relationship between unsanitary housing and the need for city planning. The Commission, while concentrating primarily upon improving health conditions through intervention to the physical environment (ie. Housing conditions, street repair, water, sewer etc.), did note the importance of local business, economic viability and productivity in the long-term health of communities and the quality of life of residents (Dykeman, 1988:153).

Thomas Adams, often referred to as one of the founding fathers of city planning and an extremely influential figure in the early development of the profession within Canada, very early on made the link between planning, rural communities, and economic development. He commented in *Rural Planning and Development* (1917) that “the promotion of rural industries is a matter of great importance” and that “to plan the land for purposes of it’s proper use and development is of primary importance, because without that being done, the other measures – improved educational methods, co-operation, rural credit, creation of rural industries, etc. cannot be successfully applied; but it is not an alternative to these remedies.” (Adams, 1917: 236).

Adams, while offering this understanding of the link between planning and economic development, nonetheless, like many of his contemporaries in England and the United States was essentially a proponent of improving urban conditions through physical intervention. Ideally this was to be accomplished through concepts such as the “Garden City” and the “New Town” – ordered, aesthetically pleasing urban constructs. The high cost and difficulty in implementing these urban utopias however, led to only a very few concepts actually

being realized and resulted in the relatively new profession of city planning shifting endeavors to affect positive change in Canadian communities through promotion of efficiency, convenience, and science (Dykeman, 1988: 154).

The emphasis of the profession on science and the rational-comprehensive model of decision-making resulted in a practice, in the 1950's and 1960's, characterized by inner city renewal, neighborhood planning, growth management, comprehensive urban and community planning emphasizing land regulation and housing, as well as subdivision development. Further, the profession was also becoming specialized in such areas as transportation planning, recreational planning, as well as, subdivision and community design. During this time there was also the emergence of regional planning marked by such early organizations as the Lower Mainland Planning Board in British Columbia and the federal ARDA program which has been discussed earlier in this Practicum (Dykeman, 1988:154). Additionally, by the 1970's a strong movement had begun within the profession directed at environmental impact analysis and environmental planning.

Many of these variations within the field, which at one time or another were emerging as important trends in practice, continue today and continue to employ professional planners. However, these occupations neither define the future of the profession or offer the means for future growth in the field:

Many planners, of course, do remain in city planning departments and still specialize in customary activities like transportation or environmental planning, continuing to write regulations, draw zoning maps, and frame master plans. They, however, do not define the character of the occupation. Rather, a large number of central city and regional planners have assumed a new, more prominent role through involving themselves in economic development activity...Planners who seek to change the face of the city are usually located either in the mayors office, in public development corporations, or in private consulting firms.

(Fainstein, 1991: 24)

Increasingly within Canada and other countries planning practitioners are working in positions in which they are becoming directly involved in economic development. Within the Province of Manitoba, for instance, individuals educated within the field of planning are currently working for such organizations and departments as Community Futures Development Corporations, Regional Development Corporations, local Community Development Corporations, City of Winnipeg Business Improvement Zones (BIZ), Manitoba Department of Rural Development, Winnipeg Economic Development Corporation, and local neighborhood development corporations. Membership in the Economic Development Association of Manitoba (EDAM), a professional development organization, is composed of 30% of individuals with a formal planning background (EDAM, 1998).

The emergence of economic development as an important aspect of practice within the planning profession is indicative of substantive alterations in how Planners relate to and interact with communities. This includes a shifting approach in planning from one in which concern for the economy was only realized through the functional designation of land as industrial or commercial to a greater emphasis on the direct involvement with and within local economic systems and processes. This suggests a much more active role by planners in the economic health of communities (Hall, 1988). Further, it demands that planners understand local economies and interact with the people and organizations that support and contribute to these local economic systems.

In some respects we have seen the progress of the profession from one which was rooted in the theoretical constructs of architecture at the beginning of the century, embraced the social sciences and the scientific rational-comprehensive model in the middle of the century, and is now adopting more of a corporate model or process. Aspects of the planning profession are becoming more responsive to the demands of business, the government, and the general public. Past planning relied on comprehensiveness and attempted to minimize negative

externalities(Klosterman, 1985). Present and future demands on the profession require greater flexibility and responsiveness.

The effects of a shift in planning practice which is placing increasing emphasis upon competitiveness and market rationality is beginning to be felt within the educational institutions that are preparing students in the field:

Changing planning modes have effected schools of planning where students select courses in real estate practice, budget analysis, investment management, and, when available negotiation techniques and implementation strategies rather than urban design.

(Fairstein, 1991: 24)

Mentioned previously, it is worth restating that Planners work within a number of areas or sub-fields. Economic development is only one of these areas, though of increasing importance with regard to employment and influence. Currently many post-secondary planning schools are not offering an economic development stream or course content but are providing students with valuable skill sets in other sub-fields such as urban design, social and environmental planning. These universities, however, may not claim to offer a complete planning program.

3.3.2 Managing Contradictions

If planning professionals are to operate effectively within the sub-field of economic development they will be required to balance successfully a number of seemingly juxtaposed issues. Some of the most apparent contradictions that must be managed are:⁸

- Quantity of jobs vs. Quality of jobs
- Focused vs. Comprehensive (Systems Perspective)
- Local vs. Global
- Competitive vs. Cooperative

- Wealth vs. Equity
- Short-term vs. Long-term
- Public vs. Private

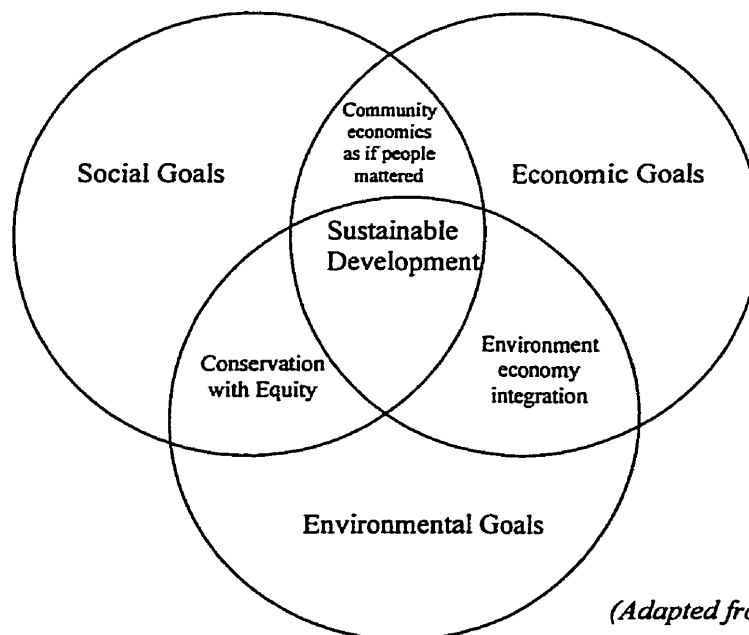
Quantity of jobs vs. Quality of jobs

Jobs continue to be the measurement of success for economic development at the program level, since it is the most understandable and accessible measure (Munnich, 1998: 2). Jobs alone are not satisfactory for most communities, as residents desire well-paying quality jobs. The planning professional, in designing and implementing job creation and retention strategies, must balance these two issues.

Focused vs. Comprehensive (Systems Perspective)

Local economic development programs are often focused upon efforts to recruit and retain business through marketing, financial and technical assistance, and other means. It is extremely important to recognize that these programs will ultimately fail if other “non-business” aspects of a community are deficient. Economic development activities cannot

FIGURE 4: A SYSTEMS PERSPECTIVE ON SUSTAINABLE DEVELOPMENT



(Adapted from Sadler, 1990)

take place in isolation if they are to be successful. While activities should focus upon the “economic” they must do so in a comprehensive way - cognizant of broader community issues and responsive to other components of the community (Cullingworth, 196-197, 1997). Acknowledgement and response to this greater system is critical if planners are to succeed in assisting communities ensure long-term health and sustainability (See Figure 4: A Systems Perspective on Sustainable Development).

Local vs. Global

Much of the work of practitioners within economic development is local in nature. Through provision of technical assistance and start-up capital to local businesses as well as other means, the planning professional works to improve community health and sustainability. At the same time understanding the local economic system within the broader global context is essential in order to ensure the long-term sustainability of this system.

Competitive vs. Cooperative

Economic development practiced at the local level is often highly competitive. Communities direct their energies and resources at attracting new business and maintaining and expanding present business. Competition of this sort is a fundamental characteristic of economic development and kept within reasonable limits provides incentives for community residents, businesses, and organizations to work together to create better business environments (See Section 4.2 of this chapter regarding the negative effects of economic development competition). While competition is an inherent characteristic of economic development, more and more planning professionals involved are seeing the benefits of working cooperatively with other organizations and communities. Given the globalization of markets and other forces it has become particularly advantageous for many economic developers to work together, particularly within an economic region.

Competition is often at it's fiercest between communities within the same geographic region. Within these regions, however, are often the best potential for mutually beneficial collaboration. An example is that of "Canada's Technology Triangle" a co-operative marketing and networking association among the cities of Cambridge, Guelph, Kitchener and Waterloo and their particular universities and colleges (Skelly, 1995:30). Cooperation on a regional level may allow communities and economic development practitioners to pool resources and knowledge, coordinate activities, and strengthen their influence upon senior government decision-making. A recent example of economic development partnership within an economic region is that of the development of the Mid-Continent Trade Corridor, an effort which includes the participation of Canadian, U.S., and Mexican communities.

Wealth vs. Equity

There has been considerable debate as to whether development efforts should focus on generating wealth or ensuring economic equity. Many program's, particularly federal initiatives such as Community Futures, have been developed in part to improve the productive capacity of distressed economic areas and/or individuals with the greatest need.⁹ It may argued, however, that through increasing overall community wealth all residents and businesses will gain, including those most in need.

Short-term vs. Long-term

Economic development programs should be focused efforts with specific goals, objectives, and actions planned within a long-term context. Much of economic development activity, however, will take place within the short-term in order to deal effectively with the immediate requirements of business (i.e. site location, financing, labour training). Further, planners involved in economic development require a high degree of flexibility – responding to a very dynamic marketplace and opportunities that may exist for a limited duration.

Public vs. Private

Planners involved in economic development activity often work on the boundary of the public and private sector, many working for publicly funded development corporations or other semi-public organizations. Economic development by its very nature is both a private and a public sector activity. The private sector creates jobs and income and the government through decisions on taxes, spending, investments, regulations, and incentives may influence business investment and location decisions.

If planning professionals are to be effective within the field of economic development they will need to balance these conflicting issues. A strong theoretical framework from which to work, an understanding of local and broader economic systems, and the analytical tools necessary to deal with the business sector effectively will be required. The ability to deal with such issues will challenge the flexibility of the profession and its supporting educational institutions. Adapting to the new realities of practice is critical if the profession is to continue to grow and remain an important agent in the development and health of Canadian communities.

ENDNOTES: CHAPTER THREE

1. "Generation X" has been defined as the generation following the "Baby Boomers". Individuals attributed to this generation were born between 1965 and 1980 and now range in age from 18-32.
2. The Self-Employment Assistance Program (S.E.A) previously managed by Human Resources Development Canada and now the responsibility of the individual provides support for small business start-up for Employment Insurance (E.I.) eligible clients.
3. The state of Pennsylvania recently introduced a life-long learning program.
4. An early example of CED is the creation of co-operatives or co-ops (the first was established in Stellarton, Nova Scotia in 1861, (Wismer, p.1)) that resulted from the lack of

production and distribution infrastructure for agricultural products.

5. In North Carolina a legal challenge was recently raised against the contribution by Forsythe County of \$4 million dollars to the construction of new offices by a major local employer. The court upheld the use of incentives but nonetheless this case reveals the growing debate over the use of incentives in the promotion of economic development.

6. The label “Third Wave” should not be confused with the use of the term “third wave” by futurist Alvin Toffler and which referred to the latest period of technological development in western civilization - the Information Age.

7. Mississippi’s Balance Agriculture with Industry program was one of the first state economic development programs which explicitly sought to improve economic performance by means of attracting branch plants of large corporations.

8. The issues listed have been adapted from information presented by the Hubert H. Humphrey Institute of Public Affairs in *Understanding Economic Development*, 1998.

9. Established in 1986, federal Community Futures program offers technical and financial assistance to business and communities with regard to business start-up and expansion and community economic development initiatives.

CHAPTER FOUR: ANALYSIS OF CORE STUDY

4.1 ANALYSIS OF TEULON INDUSTRIAL STUDY

This Chapter provides a synopsis of the objectives of the Teulon Industrial Study and the methods through which these objectives were met. A brief critique of the study based upon its relevance to the Practicum including the breakdown of rural economic systems, economic development theory, and the emerging roles within the city planning profession is offered.

4.2 OBJECTIVES, METHODOLOGY AND CONCLUSIONS OF THE STUDY

The objective of the core study of this Practicum was to assess the feasibility of an industrial park development in the rural Canadian community of Teulon, Manitoba. The project was initiated based upon the community's development priorities which emerged from local Community Roundtable sessions completed in March, 1997. The Teulon Community Development Strategy, developed through the Community Roundtable process, identifies the development of an industrial park as a priority of community residents and businesses. The project, sponsored by the Teulon Economic Development Committee, the Village of Teulon, and NEICOM Developments Community Futures Development Corporation, was undertaken on a full-time basis in May of 1997 and completed in September of that same year.

The methodology employed with regard to the study has been detailed earlier (see Chapter One, Sec. 1.4.2 - 1.4.4). This methodology was developed in consultation with the project sponsors. Ultimately, the research resulted in a series of conclusions. These are summarized as follows:

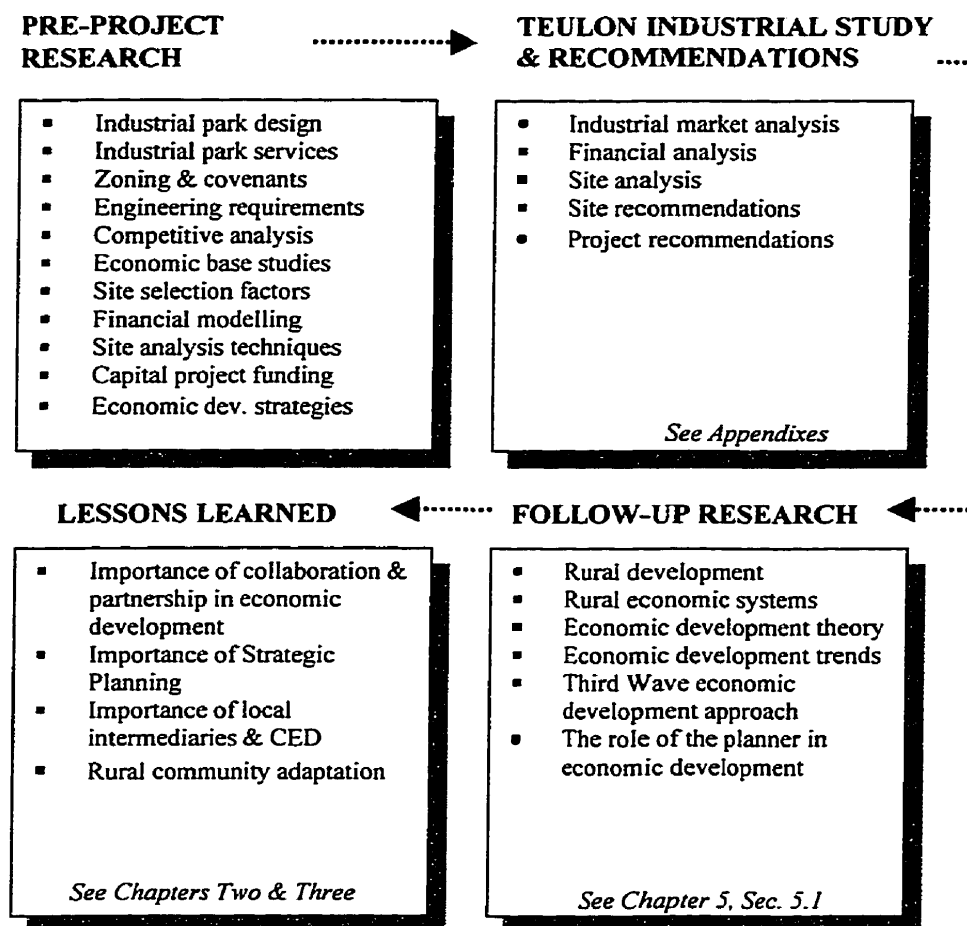
- Adequate demand and potential demand exists within Teulon and the surrounding area for the development of an industrial park.
- Development of such a park will most likely *not* generate a reasonable financial return for a private developer to engage in such a project.
- It is recommended that an industrial park be developed in the Southwest corner of Teulon by the Municipality. Commitment by the community to develop such a project should give consideration to whether financial assistance can be obtained by the Federal and/or Provincial governments for the infrastructure costs associated with the development and whether a sufficient number of lots can be pre-sold to industrial tenants.
- The sale of industrial land within the proposed industrial park will not directly generate a profit for the municipality as the developer. The industrial project will, however, potentially financially benefit the Municipality through considerably increased property investment values, job creation, spin-off business growth, as well as, other economic multipliers.
- It is recommended that the proposed industrial park in it's planning and development give proper consideration to design standards, development covenants, landscaping, and signage to establish an industrial setting that provides an agreeable business environment, conflicts minimally with adjacent land-uses, and is a source of pride to the community.
- It is recommended that the Municipality identify/create/employ an individual, committee, or agency to supervise and undertake those actions necessary to aid the development of an industrial park and ensure the success of this project.

4.3 REFLECTIONS ON THE STUDY

It is important to understand the relationship between the Teulon Industrial Study as a core study to the Practicum and the follow-up research that has been presented within the context of the entire Practicum (See Figure 5: Relationship of Core Study to Practicum). Reflection on the core study , based upon the research was discussed in Chapters Two and Three of this Practicum, allows for a brief critique concerning the manner in which the project developed, the reasons for it's development, and the strategies employed.

The Teulon Industrial Study may appear to be a physical land-use oriented planning exercise in such that it provides an assessment of an appropriate physical location for an indus-

FIGURE 5: RELATIONSHIP OF CORE STUDY TO PRACTICUM



trial park and estimates relevant infrastructure expenses. The manner the project developed differs from traditional physical approaches, however, in the extent it is linked to local economic development requirements. The stimulus for the study was from local individuals and organizations who are attempting, through the project, to retain and develop local industry and attract firms to the community with the aim of assisting in securing the long-term sustainability of the community. The role of the planner therefore was substantively different than would be the case in a typical physical planning exercise. The primary consideration for the planner was the economic impact of the development and the development had to be planned and justified with this in mind. The role of the planner in regard to this study highlights the changes within the profession that have been discussed within Chapter Three of this Practicum (see Sec. 3.3).

The Teulon Industrial Study was initiated by a concerted desire on behalf of the community to address local issues that were limiting community development and threatening the long-term health of the town. These reasons for undertaking the study were based on identified problems such as youth out-migration, a static population growth, a declining tax base, and a lack of business diversity. It is clear, based upon the research into the state of rural economic systems, economic development theory and emerging trends within this field, that the development of an industrial park is not a panacea to these problems. First, there is considerable evidence that suggests economic restructuring and changing attitudes are presenting greater opportunities for smaller businesses within the service and information sectors - sectors that currently (and potentially more so in the future) rely less on industrially serviced land than traditional industries such as manufacturing.. This change is emphasized by a marked decline in the importance of manufacturing businesses in rural Canadian communities (businesses which typically would locate within an industrial park) and an increase in the number of service and information-related businesses (Apedaile, Freshwater & Ehrensaft, 1993: 22).

The community of Teulon is an example of the deterioration of the traditional Canadian rural economic system and the internal and external forces that are responsible for this breakdown (see Chapter Two, Sec. 2.5). The Teulon Industrial Study is representative of efforts by the community to adapt to these changes through the use of development strategies which are based within a number of different and sometimes divergent theories of economic development. The dominate strategy employed within the context of the study was essentially a supply-side strategy. The general assumption being that if a supply of serviced industrial land could be made available suitable industry would develop or locate within the community. Efforts at understanding the economic system at work within the community and its relationship to the Interlake region, as well as broader systems was limited. The result is possible ignorance of the effect of industrial development on the local

economic system and failure to identify the local and regional development opportunities in identified sectors. This is exemplified by the lack of communication with producer groups within the region with regard to the study. If the provision of an industrial park is to act as an economic development tool an understanding of business opportunities such as secondary agricultural related industry and their requirements should be fully understood. Further, the study and its recommendations for action must work within a larger community development framework that is more inclusive and longer-term in nature. An industrial development strategy will not be effective unless there is broader participation in its realization and in addressing other existing community issues which will effect its success. The challenge will be linking this effort with those of other groups in the community and with those outside of the community such as regional development corporations, senior levels of government, and other communities.

CHAPTER FIVE: PRACTICUM CONCLUSION

5.1 LESSONS LEARNED

From the synthesis of the core study with the subsequent research (the structure and nature of rural economic systems, economic development theory, and emerging trends within the field) a number of important lessons may be identified. These lessons are applicable to future economic development work within the community of Teulon and more extensively with regard to the field of economic development in rural Canadian communities.

The Importance of Collaboration and Partnership in Economic Development.

The Teulon Industrial Study was initiated by a concerted desire on behalf of the community of Teulon to address local issues that were limiting community development and threatening the long-term health of the town. Initiation and completion of the study required the participation of a number of individuals and organizations, these being both public and private.

For the recommendations contained within the study to receive action the future cooperation and partnerships established prior to and during the study will need to be maintained and possibly expanded to include others within the community, as well as other specific federal, provincial, and possibly neighbouring municipal bodies. Mobilization of community and external resources will be necessary if an industrial park is to be constructed within the community, and future economic development initiatives are to be successful.¹

The building of networks and consortia has been identified within the Third Wave approach as a key component in effective economic development practice. Evidence has been presented in this Practicum that past cooperation between the various levels of government in Canada in the development and implementation of rural development policy and program implementation has been limited. This is especially true with regard to local municipalities

who have been accommodated a very minor role by senior levels of government. This situation between governments is unsatisfactory given the severity of the problems within rural Canada and shrinking budgets to undertake economic development.

Increasingly the public and private sectors are establishing mutually beneficial relationships to improve local economic structures through economic development initiatives such as business incubators, technology centres, and the development of business attraction and retention strategies. Economic development is more effective at national, regional, and local levels when the private sector is an active partner. This increases the likelihood that public funds may complement leveraged private resources; programs developed with the input of the private sector may be more responsive to business requirements; businesses are more likely to “buy in” to projects they have assisted to develop; and commitment and cooperation in implementation is enhanced. Partnership should not however allow private sector interests (i.e. access to capital, lower production costs, increased revenues) to compromise the objectives of the public sector (i.e. social development, environmental protection, increase in quality employment opportunities). In this respect, economic development initiatives that promote public guiding of policy and programming (i.e. Alternative Approaches) may be preferable.

The promotion and creation of partnerships within the field of economic development is necessary if the scale required to address larger rural economic issues is to be achieved. The Third Wave approach argues the majority of economic development efforts are too fragmented to have a significant and lasting impact. Economic development policy and programming will need to provide more holistic packages of services - grouping technology, capital, management and training programs - rather than separating them into discrete programs. Further, economic and social objectives will need to be better integrated if they are to be truly effective in addressing the root causes responsible for the decline of rural

communities.

The Importance of Strategic Planning

The priority for investigation of an industrial park within the Town of Teulon emerged from a decision-making process which utilized aspects of strategic management planning. Working through the strategic management process, which included the prioritization of tasks and the development of an implementation regime, the community was able to take the initial steps necessary to address local economic development issues.

Strategic planning is an important tool being utilized by many rural communities. The strengths of the strategic planning process are in its provision of a context for decision-making and the focus on key actions which will lead to attainable policies, programs and projects. Participants may begin the process at a very elementary level. This allows these groups to immediately engage in planning for economic development and to begin thinking and acting strategically. As an organization or group matures and increases in capacity it may increase the level of complexity and commitment to the strategic planning process. Practicing planners may play an important role within rural communities in educating organizations of the benefits of strategic planning and in facilitation of this process.

The Importance of Local Intermediaries & Community Economic Development

The Teulon Industrial Study highlighted the importance of local institutions and volunteers engaging in Community Economic Development (CED) activities within Teulon. The importance of local priority setting and the mobilization of local resources which have been discussed are important aspects or principles of CED. Further, CED emphasizes the importance of an integrated approach to economic development, one which recognizes the interrelationships between the social, economic, and environmental aspects of a community. This interrelationship was recognized in undertaking the Teulon Industrial Study and it

became clearly apparent that if the construction of an industrial park (and the intent of that construction - attraction and development of industrial and commercial businesses) was to be successful the social and environmental aspects of the community had to be protected and if possible enhanced.

Further, the Study's recommendations called for the creation or designation of a local agency or committee to coordinate future action on the development of an industrial park within the community. One recommended vehicle was the creation of a Community Development Corporation (CDC) which would allow for the greater integration of the goals and resources of the community with the future requirements of the development of an industrial park.

Proponents of the Third Wave approach suggest that economic development tends to be most effective when delivered by local organizations who have the flexibility to adjust programming to the specific needs of their community. Though it has been argued within this Practicum that there are a number of common internal and external forces affecting the health of rural communities, the particular effects of these forces in individual communities may neither be uniform nor open to common solutioning. "Homegrown" solutions, implemented by local individuals and organizations, may therefore prove the most effective means to address many of the problematic issues within Canadian rural communities

Rural Communities must actively adapt to change.

The Town of Teulon, like many rural communities, is undergoing tremendous adjustments. Changes in the nature of business, labor pool characteristics, and alterations to the towns demographic, a result in part due to inherent economic system limitations and external forces, have necessitated that the community take aggressive steps to change local structures to accommodate new business opportunities.

Through the study, particularly the base study undertaken, the community decline attributable to factors such as the altered relationship between farm and service centre became apparent. In order to remain viable and ensure the long-term health and sustainability of Teulon, the community must be willing to, and in fact aggressively, adapt to these changing circumstances. This will require commitment to economic development including establishing local and external partnerships, to the incorporation of strategic planning to manage and direct resources effectively, and to the development of local institutions which support and foster CED.

5.2 PROPOSAL FOR FURTHER RESEARCH

The core study of this Practicum, the Teulon Industrial Study, represents the compilation of a considerable amount of data on the community of Teulon and the current market for industrial land in close proximity to the city. Local aspects of the study may be used for future planning in Teulon and in the development of other economic development initiatives. On a province-wide basis there is a critical need for economic development research regarding the state of rural industry, the requirements of these industries, and the current strategies of rural communities with regard to fostering the non-basic business sectors of their economies.

Inquiries made evident that there is alarming little research into the effectiveness of different economic development practices and strategies. Further, historical evidence suggests that, in Canada, local municipalities have largely been left “out in the cold” with regard to rural economic development initiatives conducted by senior levels of government and that most Canadian provinces have been extremely passive in their economic development efforts. Inquiries into the benefit of a greater role for local municipalities in economic development and the financial and human resources they require to be effective would be timely given the emphasis on the downloading of services by senior government.

The argument is presented in this Practicum that circumstances are demanding a more corporate-like approach by the planning profession and that the motivation for planning has shifted with greater emphasis placed on economic growth. This transformation from regulating to promoting development has and will have profound effects upon the profession. Further investigation into the demands this will place on the educational requirements of planners and the question of how the profession will balance a greater orientation to the needs of private capital with that of the desire for long-term planning, comprehensiveness, and equity is necessary.

5.3 PRACTICUM SUMMARY

The fundamental function of rural systems is to generate additional value to natural resources through the combination of labour, land, and equipment. Evidence has been presented that our rural systems are failing due to a number of causes including: inherent system limitations due to the manner of their development; and fragmentation because of economic and technological changes originating internally and externally; a fragmented and weak federal government policy regarding rural development; and the failure of government initiatives to adequately address rural issues and local community priorities. Failure of rural systems is marked by the decline of small rural communities whose long-term survival and sustainability will require government re-investment in rural development and aggressive local economic development initiatives.

Rural development is a process designed to create sustainable economic and social progress for the whole community with the fullest reliance upon the community's initiative and active participation and that of the appropriate levels of government. Economic development as a component of rural development is generally defined by economists as the process of creating wealth in a nation, state, or local economy. Economic Development includes the subset of community economic development (C.E.D.), a concept that has gained considerable

attention within Planning academia and practice.

Theoretical frameworks for economic development may be characterized with regard to their relation to the Supply and Demand theories, Growth and Developmental approaches, and Corporate-Centre and Alternate approaches. A number of trends including the boom of entrepreneurialism, an increasing number of small businesses, the growing importance of technology within business as well as public-private educational partnerships are affecting the practice of economic development and subsequently its theoretical underpinnings. These trends and the marked deficiencies in past approaches have led to a call for a new set of principles which are encompassed in what has been labeled the “Third Wave”. The Third Wave Approach demands a significant restructuring of economic development policy and practice based upon the notions of increased scale, flexibility, leveraging of public resources, and local accountability.

Economic development is becoming an increasingly important component of the planning profession due in part to post-industrialism, the dominance of conservative governments, and the adoption of more proactive approaches by the profession. Planners are much more closely linked with local economic systems and businesses than ever before and therefore demands for a more responsive corporate orientation on behalf of the profession has emerged. This fact is marked by the rejection of comprehensive-rational models by planning practitioners and academics in favor of other approaches such as strategic management planning which stress flexibility and short-term activities within a long-term context. In order to remain effective within the field of economic development, planners will need to balance a number of contradictions such as the competitive nature of economic development with the need to act cooperatively with other communities and organizations, as well as the notions of wealth generation versus equity. Dealing effectively with these issues will require a strong theoretical framework from which to work, an understanding of local and broader

economic systems, and the analytical tools necessary to deal with the business sector effectively.

The Teulon Industrial Study in many ways appears to be a traditional planning exercise - providing an assessment of an appropriate physical location for an industrial park and estimates of infrastructure expenses. It contrasts from traditional physical approaches, however, in the extent it is linked to local economic development requirements. The stimulus for the study was from local individuals and organizations who are attempting, through the project, to retain and develop local industry and attract firms to the community with the aim of assisting in securing the long-term sustainability of the community. The role of the planner therefore was substantively different than would be the case in a typical physical planning exercise. The primary consideration for the planner was the economic impact of the development and the development had to be planned and justified with this in mind. The Teulon Industrial Study required an understanding of the threats and opportunities facing rural Canadian communities. It provided an opportunity to explore the changes that are occurring within economic development theory and practice and to hypothesize on the shifting role of the planner as he or she relates to the physical environment and local economic systems.

ENDNOTES: CHAPTER FIVE

1. See *Teulon Industrial Study Section 4: Recommended Industrial Development Strategy* as well as *Appendix H: Industrial Development Checklist* of the study to better comprehend the future development steps necessary for the community to undertake.

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APPENDIXES

A1. INTRODUCTION TO THE TEULON INDUSTRIAL STUDY

The objective of this project was to assess the feasibility of an industrial park development in the rural Canadian community of Teulon, Manitoba. The project was initiated based upon the community's development priorities which emerged from local Community Roundtable sessions completed in March, 1997. The Teulon Community Development Strategy, developed through the Community Roundtable process, identifies the development of an industrial park as a priority of community residents and businesses. The project, sponsored by the Teulon Economic Development Committee, the Village of Teulon, and NEICOM Developments Community Futures Development Corporation, was undertaken on a full-time basis in May of 1997 and completed in September of that same year.

In order to accomplish the project's objective the author developed a terms of reference and methodology for the study which was approved by the project sponsors. Outlined within the terms of reference were the undertaking of an in-depth market analysis, creation of financial and cost impact models, site analysis of the two potential industrial locations, a site recommendation and the development of a preliminary industrial park design. Additional information provided by the author included: potential means for land acquisition, financing, provision of infrastructure services, introduction of development controls, landscaping and signage, industrial park marketing, tenant incentives, and an appropriate organizational vehicle for development of the industrial park. During the course of the project the author was tasked with the supervision of Wardrop Engineering Inc. who were contracted to survey and provide road and sewer infrastructure estimates for the industrial site identified to the East of Teulon's central business district.

During the project, weekly meetings were scheduled to provide updates to the sponsors and receive their feedback regarding progress. Monthly meetings were held to formally present

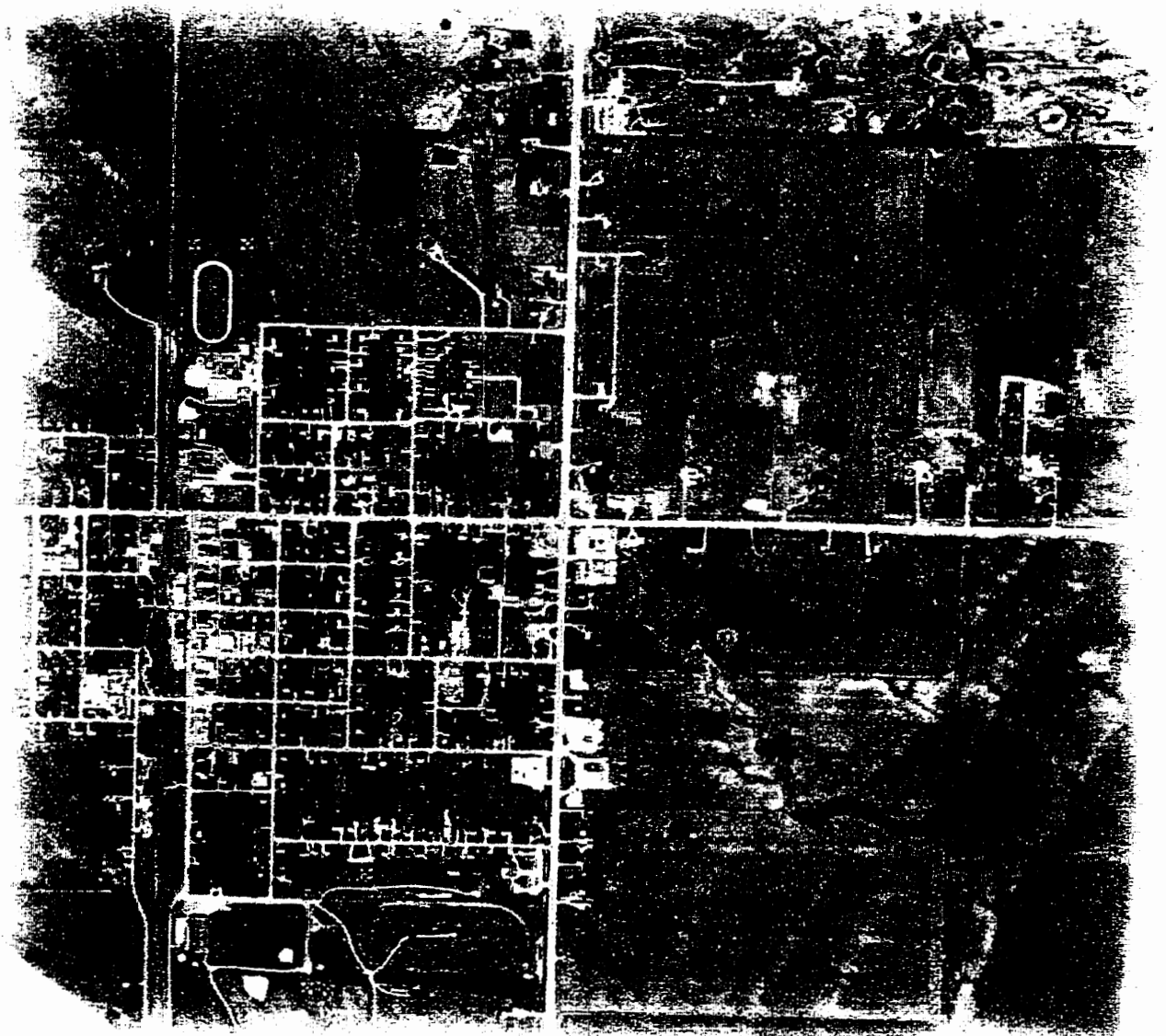
progress reports. Meetings with Wardrop Engineering Inc. were conducted on an as needed basis. Upon project completion a special meeting was organized with the Mayor and Council of the Town of Teulon at which time the study was presented for comment and development options discussed.

Throughout the course of the project, numerous communities and individuals were contacted and local residents, organizations, businesses, and developers had input into the study. The final study, as presented to the sponsors, was intended to provide clear direction on the costs and benefits of the development of an industrial park within the community. It should be received however as a framework, not a blueprint, for future development if the project sponsors and the community decide to move forward. Situations may arise that will necessitate changes to the direction this study has recommended and in such circumstances the sponsors should not be afraid to deviate from these recommendations. It is the hope of the author, though, that the study provides a solid framework from which the community may make informed decisions and take action to improve their community.

A2. TEULON INDUSTRIAL STUDY

Teulon Industrial Study

*Undertaken by Lincoln Webb
For the Teulon Economic Development
Committee & The Village of Teulon
August, 1997*



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EXECUTIVE SUMMARY

The objective of this study was to critically evaluate the potential for successful industrial development in Teulon, Manitoba and the most appropriate location for an industrial park. In order to accomplish this the following activities were undertaken:

1. Industrial market analysis of Winnipeg, surrounding urban centers, and the Village of Teulon
2. Critical evaluation of two potential industrial park locations in Teulon
3. Preparation of site and development recommendations

The study conclusions and recommendations summarized are:

- Adequate demand and potential demand exists within Teulon and the surrounding area for the development of an industrial park.
- Development of such a park will most likely *not* generate a reasonable financial return for a private developer to engage in such a project.
- It is recommended that an industrial park be developed in the Southwest corner of Teulon by the Municipality. Commitment by the Village to develop such a project should give consideration to whether financial assistance can be obtained by the Federal and/ or Provincial governments for the infrastructure costs associated with the development and whether a sufficient number of lots can be pre-sold to industrial tenants.
- The sale of industrial land within the proposed industrial park will not directly generate a profit for the municipality as the developer. The industrial project will, however, potentially financially benefit the Municipality through considerably increased property investment values, job creation, spin-off business growth, as well as, other economic multipliers.
- It is recommended that the proposed industrial park in its planning and development give proper consideration to design standards, development covenants, landscaping, and signage to establish an industrial setting that provides an agreeable business environment, conflicts minimally with adjacent land-uses, and is a source of pride to the community.
- It is recommended that the Municipality identify/create an individual, committee, or agency to supervise and undertake those actions necessary to aid the development of an industrial park and ensure the success of this project.

SECTION 1

WHY INDUSTRIAL DEVELOPMENT?

One of the objectives that surfaced in the *Teulon Community Development Strategy* (March, 1997) was the need to develop an industrial park within Teulon. It was believed that the lack of such a park was discouraging business investment and growth within the community and encouraging the location of industrial facilities in inappropriate locations. Further, the strategy identified the lack of jobs for young individuals and families and the need to keep this segment of the population in Teulon and attempt to attract more such people to the community. The strategy also identified many reasons why an industrial park in Teulon could be successful. These included, but were not limited to, the proximity of Teulon to Winnipeg and the Winnipeg International Airport, the improved municipal sewage system, as well as, the excellent quality of life enjoyed by residents.

Today's modern industrial park is the evolutionary product of almost 80 years of development experience in North America and abroad. During these eight decades, private real estate developers, transportation companies, and public agencies have successfully demonstrated that a well-located, properly serviced tract of land, carefully designed for the use of many individual industries can:

- Benefit the public interest through efficient land management
- Insure compatible operation of productive activities essential to an urban society
- Provide a marketable product needed by small, medium, and even large firms
- Assist the community by attracting new employment opportunities
- Expand the fiscal capacity of local government by adding new investment to the property base
- Contribute to community appearance
- Respect the natural environment

Through the creation of a properly planned industrial park, a municipality engages in a long-term strategy to benefit the community. The strategy incorporates the belief that an industrial park and the tenants it attracts have the potential to become an important component of a successful well-rounded community. This type of community ensures an adequate and diverse supply of employment for its residents, opportunities for cultural and recreational activities, and an environment in which businesses may operate successfully.

SECTION 2

MARKET ANALYSIS

A market analysis incorporates the study of the community of Teulon and how it relates to industrial development and an assessment of other neighbouring communities providing industrial land. The analysis is conducted in two components:

- I. Analysis of Competition**
- II. Teulon Base Study**

The purpose of the base study is to assess and highlight the position of Teulon relative to the industrial market and the needs and requirements of potential industrial tenants. The base study information will also be used to identify potential local industrial users and businesses that may be interested in locating in the industrial park. An analysis of the competition provides other important information with regard to current market trends that will ultimately effect the development and structure of the Teulon Industrial Park.

I. Analysis of Competition

The proposed industrial development in Teulon will compete with a number of industrial areas including those located in the City of Winnipeg. The major competition for such a development, however, will come from other industrial land in the Interlake area such as the Selkirk Industrial Park and the St. Andrews Airport Industrial Park which similar to Teulon are in close proximity to Manitoba's largest market in Winnipeg.

What follows is an in depth description of the industrial market in Winnipeg. Conditions and trends in this city will have significant effect on the ability of outlying industrial areas to attract and retain business. Further the nature and character of other significant industrial areas within close proximity to Winnipeg and Teulon will be discussed and profiled.

1. Winnipeg

The proximity of Teulon to Winnipeg means that with regard to some industrial development it will compete directly. Winnipeg due to its large population, infrastructure capabilities and concentration of business and industry is attractive to new industries or ones that are relocating. Further the large stock of existing industrial land and vacant buildings within the city make Winnipeg a very affordable for a centre of its size. Specific locations that Teulon will compete directly with for tenants would be the Inkster and St. James industrial parks. This is mainly due to the proximity of each and the proposed Teulon industrial development to the Winnipeg international Airport. Three characteristics can be used to show the trend within the Winnipeg industrial market and more specifically the Inkster and St. James industrial parks; these being:

- Vacancy
- Absorption and Capitalization Rates
- Rental Rates

Vacancy

Industrial space *vacancy* in the city for the summer of 1996 was 3.1 million sq., ft. or a rate of 4.4%. Similar figures for Inkster and St. James parks were:

Table 1: Vacancy Rates

District	Sale	Lease	Total	1995	1996
Inkster	30,384 SF	279,198 SF	309,582 SF	7.6%	3.7%
St. James	188,339 SF	964,304 SF	1,152,643 SF	10.8%	6.4%
Total	690,564 SF	2,386,022 SF	3,076,586 SF	6.3%	4.1%

Rental Rates

Overall net *rental rates* for the period from June 1 of 1995 to May 31 of 1996 was \$3.40 with a total of 905,453 sq. ft. for lease.

Table 2: Winnipeg Rental Rates

District	1992	1993	1994	1995	1996
Inkster	\$3.55/SF 284,409 SF	\$2.90/SF 386,319 SF	\$2.80/SF 271,025 SF	\$2.60/SF 282,695 SF	\$3.10/SF 387,634 SF
St. James	\$3.95/SF 380,500 SF	\$3.95/SF 428,640 SF	\$3.50/SF 512,751 SF	\$3.60/SF 512,751 SF	\$3.45/SF 318,498 SF
Total	\$3.65/SF 1,199,543 SF	\$3.40/SF 1,447,462 SF	\$3.25/SF 1,134,410 SF	\$3.15/SF 1,007,461 SF	\$3.40/SF 905,439 SF

Absorption & Capitalization Rate

Absorption of industrial space for 1996 in the city was approximately 1.6 million sq. ft. or 37 acres, marking a three-year trend in the positive absorption of industrial space in the city. Present average

Chart 1: Winnipeg Vacancy Rate for Industrial Space

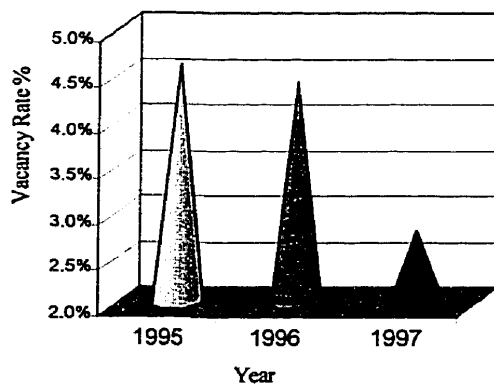
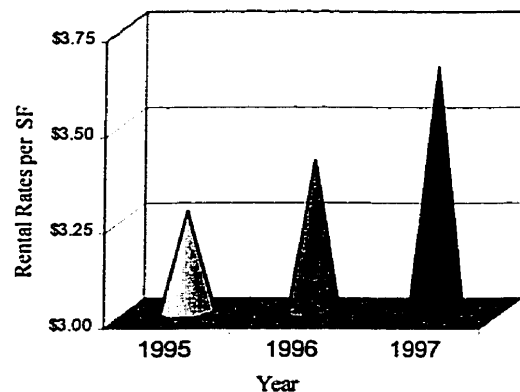


Chart 2: Winnipeg Average Rental Rates for Industrial Space



industrial *land sales* for the city are \$66,738 per acre with the main factors being location and frontage. Sales for Inkster park (asking \$110,000) and St. James (\$100,000) have tended to be higher in part due to their proximity to the airport and the connection with route 90 a primarily transportation route in the city. The capitalization rate (expected rate of return) for industrial building ownership within the city is approximately 10.75%.

Evaluation

The industrial market, while showing signs of life, has in the past number of years been significantly depressed in Winnipeg. A large volume of buildings for lease and low rentals rates have made industrial construction very unattractive except in built-to-suit circumstances. This is a situation that favours new tenants who can often dictate the terms of their leases and demand additional concessions from developers.

The effect of these conditions along with the amenities larger urban centres can provide for businesses could be seen to reduce the attractiveness of industrial development and construction within Teulon. But a number of factors should be considered. The first is that undeveloped industrial land close to the Winnipeg International Airport is in strong demand but in short supply. Both the St. James and Inkster industrial parks are full; meaning that new tenants wishing to construct a new facility must take into account the purchase and demolition of older previously constructed buildings. Further, industries requiring large tracts of land for current business or future expansion will find it difficult due to the lack of large pieces of industrial property and industrial land prices which remain relatively high within the city as compared to those in smaller Manitoban urban centres.

2. Industrial Areas Outside of Winnipeg

Evaluation of industrial areas within the smaller urban or rural settings in close proximity to Winnipeg suggests there is demand for industrial space in these areas. Interestingly enough some areas have languished with few tenants and little development for many years while other areas have filled up quickly. In the last few years, however, almost all areas have seen growth. This is most probably a result of a strengthening national economy and a much-improved economic environment within the Province of Manitoba.

Infrastructure

The actual level of infrastructure provision and its effect on the price per acre and rate of absorption in industrial areas within the Interlake and other areas has varied. For instance the recently developed St. Andrews Industrial Park (1994) provides little in the way of infrastructure except gravel roads, nonetheless the lots it offered sold extremely quickly. The industrial area in Beausejour however experienced extremely low absorption rates until the town provided water and sewer services.

It is apparent though that the level of infrastructure has had significant effect upon the type of industries locating to industrial areas. Partially or completely unserved industrial areas have tended to attract tenants such as autowreckers, machinery leasing companies, and other industrial tenants who do not

rely heavily upon sewer and water services and are attracted to cheap unserviced industrial land. Though fully serviced parks may host the same types of tenants they will, unlike unserviced parks, have the potential to accommodate larger tenants and attract a more diverse pool of industries.

Lot Prices

Based upon those industrial areas surveyed industrial land prices varied from as low as \$1 to as high as \$19,500. The average for serviced industrial land within the Interlake is between \$6000 - \$8000. In most cases the sale price was negotiable and often municipalities provided some form of incentive for industrial tenants to locate in their community. Morris, for instance, provides a discount of \$1500 to a maximum of \$6000 for each new permanent job created by the tenant. The majority of municipalities were selling industrial lots at cost, some at significant cost. The Town of Beausejour for instance sells serviced lots as low as \$1700 an acre in order to attract industrial tenants and in Carman, the municipality offers industrial land to suitable tenants for \$1. Such a strategy is obviously aimed at incurring short-term debts in exchange for the long-term economic development of the community. Though incentives can be important in “closing the deal” with potential tenants their value should be critically evaluated with regard to their costs and actual benefits. If they do come into use they must be applied in a fair and consistent manner.

Project Phasing

In some cases the phasing of an industrial park is appropriate. Phasing may allow a municipality to “test the waters” of industrial development before making a large financial and organizational commitment. One purpose of this study is to attempt to read the industrial market to judge how many lots may sell within a predetermined project life span. The phasing of development ordered should be conceived in



St. Andrews Industrial Park, developed in 1994, has succeeded in achieving close to 100% occupancy of the project and expansion considerations for the park are underway.

the most efficient manner possible and to a size that the market can accommodate. Phasing provides flexibility for the municipality in the future to change lot sizes or land uses. Morris and Beausejour are examples of phasing where second and third phases have been developed after there has proven to be demand for more industrial land.

Partnerships

Industrial park development requires significant capital especially in initial infrastructure provision and during the beginning of new phases. Roads, sewers and water provision are all very expensive and these costs must be recouped. Given the current price of industrial land and the fact that this price will most likely remain constant for a number of years, it is likely *impossible* for a private developer to provide fully serviced land for industrial tenants without the financial support of government. This is because serviced industrial park development at current market levels cannot generate a reasonable profit and almost guarantees a significant financial loss for the private developer. Due to this municipalities and other government levels have tended to form partnerships with the private developer or have become the developer themselves. The reason for government involvement is clear when industrial development has the potential to provide important long term economic and social benefits to a community (See **Section 1: Why Industrial Development?**).



Industrial Development in Beausejour utilized partnerships between the Town of Beausejour, the local development corporation, the Province, and the Federal government.

In most of the studied industrial areas the municipality had become the developer of the project. Obviously the cost to the municipalities varied considerably due to a number of factors the most important being the level of infrastructure they wished to provide. With the municipality as developer, projects tend to have access to greater resources. In many cases municipalities have taken advantage of Provincial government programs. A common one utilized is the Rural Economic Development Initiative (REDI) which assists communities to improve sewer, water, and energy services, transportation access, waste disposal facilities, telecommunications and other elements specifically designed to service new or expanding businesses. Other programs exist such as those that allow a cost sharing of one-third each between the Federal, Provincial, and local municipality, though it appears they may be becoming less assessible to municipalities. A further advantage a municipality has as a developer is that it can often secure a more amenable mortgage rate than that a private developer could.

As developer, however, the municipality can run into many pitfalls. Activities after the initial infrastructure placement are as critical if not more so than this initial development. The municipality must have the resources and commitment to market and promote the industrial park actively. A marketing strategy that is not working must be changed quickly until it does work and a knowledgeable individual must be

present to deal with brokers and potential tenants. In many of the communities studied this has been part of the job requirement of an Economic Development Officer and/ or a Community Development Corporation.

Marketing Strategies

The marketing strategy utilized to sell industrial land is generally tailored to suit the character of the industrial site and the community it is situated in. The strategy is directed at those industries it is believed the project is best suited to and those industries that are best suited to the community. For many years there existed a “smokestack chasing” mentality with regard to economic development. It was believed that by building an industrial area and providing incentives big businesses would locate to a community and provide jobs. The experience of other communities tends to indicate this approach has not been entirely successful. The study of industrial areas around Winnipeg revealed that the most important tenant of industrial land has often been small local businesses. New or expanding businesses with local ownership are aware of the nature of a community; it’s limitations and its assets. Industrial strategies should not ignore the potential of outside tenants or drawing tenants from centres such as Winnipeg, but existing local businesses and potential local businesses may actually be the greatest source for industrial tenants.

In many cases, the municipalities in the study have utilized Community Development Corporations and Community Futures organizations to help in their marketing of industrial parks. Triple S located in Selkirk and overseeing the Selkirk, St. Andrews, and St. Clements area are heavily involved in the promotion and marketing of the St. Andrews and Selkirk industrial parks. The Eastman Community Development Corporation to the east of Winnipeg provides marketing and sales support for the Beausejour Industrial Park. It is the mandate of these organizations to provide expertise and resources in economic development and they are in most instances more than willing to enter into partnership with municipalities in the promotion, marketing, and sale of industrial land.

II. Teulon Base Study

Purpose

The purpose of this study is to provide the framework for analysis of the feasibility of industrial development within Teulon. Through this study along with the information obtained from the market study of industrial development in the Interlake and surrounding regions a decision can be made about the viability of industrial development in Teulon and the type and size of industrial tenants Teulon should focus it's marketing efforts on.

Location Factors

Potential industrial tenants will consider a number of factors before locating to Teulon. Though the importance may alter depending on the size and type of industry considering Teulon the most critical factors can be seen to be:

1. Site Selection Factors
2. Quality-of-Life Factors

1. Site Selection Factors

The site selection factors an industrial business will consider most important are:

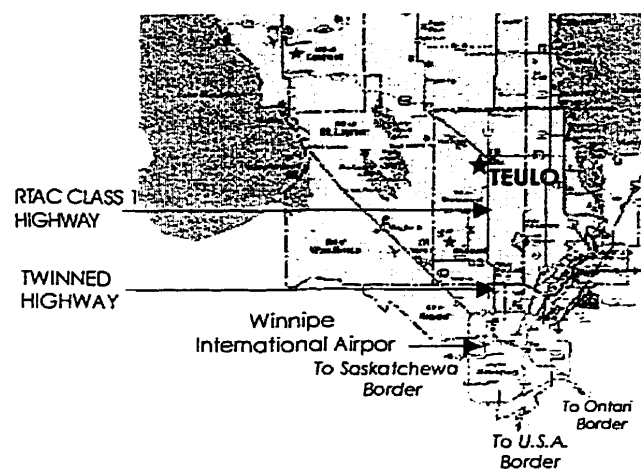
- Labor costs & Availability (skilled & unskilled)
- Transportation Services
- Occupancy or construction costs
- Infrastructure availability and costs
- Availability of Land
- Provincial and local incentives

Labor Costs & Availability

Teulon has 1055 permanent residents. The average age of this population is 37 years, with 53% / 47% ratio for females and males respectively. The labor pool within the Village though small appears to have a good mix of skilled and unskilled labor. Unfortunately for potential industrial tenants the trend appears to be of a growing retirement community within Teulon and a decrease in the number of young individuals. This is not to suggest that the influx of seniors to Teulon is unhealthy (it is definitely not) or should not be promoted, but such growth without similar growth in a younger labor pool makes it very difficult for businesses to find qualified workers that fit their requirements. This trend will make doing business in Teulon difficult and the situation will potentially drive up labor costs to unmanageable levels.

The situation in Teulon, however, is benefited from healthy demographic trends in outside surrounding areas. Based upon a very reasonable commuting distance of 30 minutes Teulon's potential labor pool is

Map 1: Teulon Location & Transportation Links



Many industrial businesses will find Teulon's central location within the Interlake and excellent transportation links to Winnipeg & the Winnipeg Airport attractive when considering the ideal site for their facilities.

substantially larger. Further, based upon an also acceptable commute of one-hour labor availability and diversity increases at least tenfold. The RM of Rockwood and the Town of Stonewall collectively account for a labor pool of approximately 5000. Further, the City of Winnipeg, well within commuting distance, provides a large and culturally diverse labor pool. The following table indicates the potential labor pool in Teulon and within commuting distances:

Table 3: Labour Pool Profile

	Teulon	%	1/2 Hr. Commute	%	1 Hr. Commute	%
Total Population	1,055		63,315		759,725	
Total Population 15+	840		47,960		594,060	
In Labour Force	485	58.00%	34,155	71.00%	407,580	69.00%
Employed	460	55.00%	31,735	66.00%	373,590	63.00%
Unemployed	30	4.00%	2,445	5.00%	34,210	6.00%
Not in Labour Force	355	42.00%	13,845	29.00%	186,500	31.00%
Unemployment Rate		6.20%		7.20%		8.40%
Participation Rate		57.70%		71.20%		69%

Table 4: Employment / Occupation Breakdown

	Teulon	%	1/2 Hr. Commute	%	1 Hr. Commute	%
Primary Industries	25	5%	3165	9%	14235	4%
Manufacturing Industries	75	15%	3855	11%	51060	13%
Construction Industries	3	6%	2400	7%	21560	5%
Transportation, Storage	4	8%	2320	7%	24095	6%
Comm. & Utility Industries	15	3%	1465	4%	15995	4%
Trade Industries	105	21%	5560	16%	68075	17%
Finance and Insurance	25	5%	965	3%	17405	4%
Business Service	25	5%	765	2%	17185	4%
Government Service	45	9%	2865	8%	35845	9%
Educational Service	2	4%	2070	6%	29545	7%
Health and Social Service	1	2%	3660	11%	43240	11%
Accom. & Food Service	10	2%	1930	6%	25695	6%
Other Service Industries	65	13%	1745	5%	25780	6%

**Information contained in Tables 1 & 2 have been adapted from 1991 Canada Census Data*

Transportation

Due to its central location and proximity to Winnipeg (25 min.), Teulon can be viewed to provide solid transportation links for industry (See Map 1). Air, rail, and highway are all critical to many industrial ventures. PTH# 7 is a provincial Class A1 highway between Teulon and Winnipeg and provides direct access to the Winnipeg International Airport and the CN Intermodal Facility. Current upgrading of Brookside Boulevard will eliminate the previous bottleneck that existed in truck transportation between Winnipeg and urban centers to the North. Transportation limitations are negligible but include time of travel to Winnipeg and winter weather that can hinder transportation during extreme conditions. The recent announcement of C.P.R. of its intent to re-designate the rail line from Winnipeg to Arborg for short-line operation or possibly abandonment may have an impact upon the attractiveness of the industrial park to businesses.

Occupancy and Construction Costs

Construction costs within Teulon are comparable with that of Winnipeg in regards to labor and materials. While no large-scale construction firms operate within the village there exists a number of extremely qualified and specialized contractors. The proximity of Winnipeg would suggest that costs associated with industrial construction in Teulon might be slightly higher but not so to significantly affect the location decision of an industrial tenant.

Taxes to commercial enterprise within the Village are reasonable and competitive with most communities in Manitoba and substantially lower than the City of Winnipeg. Rates accordingly are:

Table 5: Commercial Taxes (mils)

	Teulon	Winnipeg
Municipal	20.588	32.966
School	33.588	37.969 (other)
Debt Charge	5.495	N/A
Total	59.912	70.935
Current Portioned Assessment	65%	65%

Infrastructure Availability & Cost

The municipality of Teulon provides sewer services through a gravity fed lagoon system. The modern system built in 1994 is of a 20-year design with a total capacity of 392,000 cubic meters. Hydro, telephone (fiber optics), and television cable are also available. The following commercial rates apply for all utilities:

Table 6: Infrastructure Charges

Description	Monthly Commercial Charge	Yearly Commercial Charge
Sewer (municipal) (plus \$20.50 service)	N/A	\$36.00 per unit*
Solid Waste Removal	N/A	\$145 (3x weekly service)
Hydro-electric	\$16.23	\$194.76 (11,000 plus c\KW.h @ \$0.0352)
Telephone	\$33.35	\$400.20
Cable	\$30.70	\$368.40

**Sewer units based upon typical usage of one residential home; electrical rates based upon medium density; all other figures based upon commercial rates for June, 1997*

The Village of Teulon does not provide water to residences or businesses, all being dependent on individual wells. Groundwater is readily available throughout the South Interlake District and conditions are favorable for very high capacity wells. Water in the district tends to be of high quality.

Economic Development Programs & Incentives

A number of economic development and incentive programs exist for industries locating to rural-based urban centres such as Teulon. These include, but may not be limited to, the following:

Federal:

- 1. Western Economic Diversification (W.D.)**
 - Western Diversification Program (WDP)
 - Quality Assurance Assistance Program (QAAP)
- 2. Industry Canada**
 - Program for Export Market Development (PEMD)
 - Strategic Technologies Program

Provincial:

- 1. Technology/ Innovation Development Program**
 - Technology Commercialization Program (TCP)
 - Manufacturing Adaptation Program (MAP)
 - Environmental Industries Development Initiative (EIDI)
- 2. Business Investment Programs**
 - Manitoba Industrial Opportunities Program (MIOP)
 - Manitoba Industrial Recruitment Initiative (MIRI)
 - Rural Development Bonds
 - Rural Economic Development Initiative
 - Cooperative Loans and Loan Guarantees
 - The Cooperative Promotion Board
- 3. Venture Capital Programs**
 - Vision Capital Fund
 - The Canadian Maple Leaf Fund Ltd.
 - Crocus Fund
 - C.W. Manitoba Fund Ltd.
- 4. Trade Promotion Programs**
 - Trade Assistance Program
- 5. Feasibility Studies**
 - Feasibility Studies Program (FSP)
 - Health Industry Development Initiative (HIDI)
 - Marketing Plan Program & Consulting Assistance
 - Group Trade Fairs & Trade Missions
 - Export Education & Information
- 6. Small Business Start-Up**
 - Business Start Program

Regional:

- 1. NEICOM Developments**

2. Quality-of-Life Factors

Teulon by all accounts has an excellent quality of life as most residents and businesses would attest. Above average services, well maintained roads, well managed recreational space all contribute in part to a community that is pleasant to reside in. It is worthwhile however to briefly examine these elements and focus upon what some industrial tenants may be searching for in a community.

Often it may be difficult to assess exactly what components contribute to a high quality of life. One individual's sense of quality of life may be radically different from another's. There is however a number of key factors that industrial firms look for when they are considering locating their business within a community:

1. Low crime rate
2. Ratings of Public Schools, Colleges and Universities in the area
3. Health Facilities
4. Housing Cost & Availability
5. Recreational & Cultural Opportunities
6. Climate

Crime Rate

It would appear from the Village of Teulon Policing Report (1 Jan 1996 - 31 December 1996) that while crime is not non-existent within the village it appears to be par for a settlement of this size and well below those rates found in larger urban centres. Not to downplay the criminal acts that have taken place, because any crime is unfortunate, but the majority of acts appeared to be non-violent and/ or under \$5000 with regard to damages to property or personal possessions. It would therefore appear that present levels of crime within Teulon would not hinder industrial location in Teulon.

Education

The Village of Teulon provides education facilities for students from Kindergarten to Grade 12, as well as, daycare facilities. The elementary currently has 320 students enrolled with capacity for many more and presently has a student teacher ratio of 19.4. The adjacent Teulon Collegiate, which provides grade 7 to grade 12, as well as, adult education classes, has a present student/ teacher ratio of 15.6 students per teacher.

Education facilities within Teulon are good to excellent and would be attractive to any industrial firm looking to locate within Teulon. Low students to teacher ratios suggest an educational environment where students can receive the needed attention and time from their teachers. Teulon is located very close to Red River Community College in Winnipeg which is the number one provider of technical training in Manitoba. Further, residents and employers have access to the University of Manitoba and the University of Winnipeg, which are also located in Winnipeg.

Health Facilities

Similar to education, the health facilities within Teulon can be considered excellent in Teulon and a major attraction for firms concerned about health care for their employees. Within the Village is the Teulon Memorial Health Centre, which provides modern facilities with four doctors, a dentist, a laboratory and radiology service.

Housing Cost & Availability

Industries wishing to locate in Teulon will be concerned with the availability and cost of housing for potential employees. Most industries will be interested in an urban housing environment, which provides diversity in housing type, age, and pricing.

The majority of housing in Teulon is single detached homes situated within lots ranging from approximately .15 to 8 acres in size, the vast majority of these lots being half an acre or smaller. The average single detached house price is roughly \$68,000. Housing types in the Village also include apartments and mobile home lots. The lack of developable mobile home lots, as well as, statistics which indicate 33% of renters are paying greater than 30% of their earned income on rent may suggest that Teulon is in need of more housing directed at lower income families.

The age of buildings vary considerably and provide a strong mix of older and newer homes for families with different housing needs and aspirations. Though statistics indicate healthy figures in terms of new

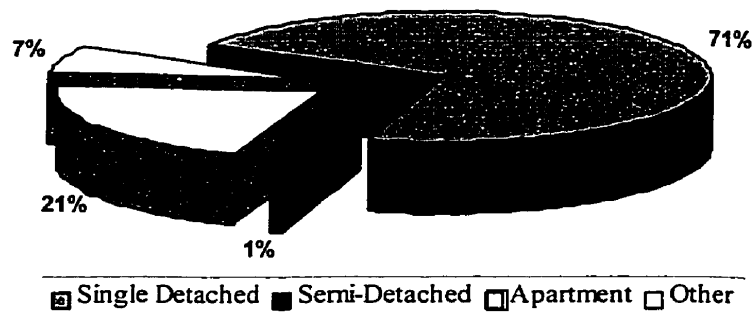
housing starts since 1986, trends indicate the majority of these may be directed towards senior housing. Therefore, even though new housing starts are typical of many similar urban centres in Manitoba, in Teulon there may be a lack of new housing directed at younger families and individuals. This situation would be of concern to new industry locating in Teulon. It may be addressed however by the on-going discussions of new residential development in the South West section of the Village. Such development may also open up the housing market in Teulon to families with lower incomes making mature housing, apartments, and / or mobile home lots slightly more affordable. Given this the timing of such residential development and the development of industrial land may be critical.

Recreational & Cultural Opportunities

Part of a healthy and well-rounded community is the provision and support of recreational and cultural activities. Teulon provides many facilities for residents to enjoy such activities. In many cases the Village and RM of Rockwood have formed partnerships to offer these facilities. The Green Acres Park, Curling Club, and Arena are examples of the success of such partnership. The unoccupied Fire Eagle building may also provide the opportunity for the Village to provide a first class recreational facility for the community.

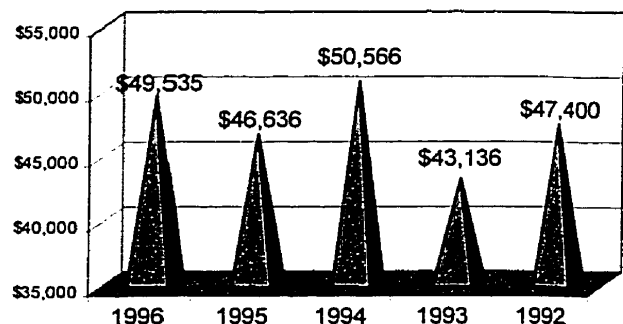
Teulon can also be characterized as having developed a strong cultural and local organizational base. Clubs and organizations relating to sports,

Chart 3: Teulon by Housing Type



Adapted from Statistics Canada: Census 1991

Chart 4: Teulon Recreation Budget 1992 - '96



education, culture, religion, and social issues are plentiful in Teulon and mark a well-developed community. Teulon should be proud of the recreational and cultural elements it can boast of. It should, however, continue to look for ways to support and foster such activities, as they are such an important part of community living.

Climate

Teulon experiences a typical northern interior climate that is marked by four distinct seasons. The average Celsius temperatures are -20.2 in January, 1.4 in April, 18.6 in July and 5.6 in October. There are an average 119 frost-free days and annual average of 393.1 millimetres of rain and 156.5 millimetres of snowfall.

It is difficult to judge the effect of climate upon an industry's decision to locate in Teulon. Obviously the winters can become cold, but the summers are typically warm and sunny. The majority of Canadian companies will not be deterred by the climate in Teulon. However firms looking for milder, less extreme climates would need to be sold other aspects of the community.

SECTION 3

PROPOSED INDUSTRIAL SITES

Within this study two potential sites for industrial park development were investigated. These sites were:

1. Proposed Site #1: Plan No. 2324 #10 - 16 located in South-West Corner of Teulon
2. Proposed Site #2: Plan No. 19, 260 #12 located in the South-East portion of Teulon

The reasons for the investigation of two different sites was tied to concerns over the appropriateness of industrial development at site #1 in the South-West corner of Teulon given new residential development to the east and proposed residential development to the north. Further, industrial development at Site #2 appeared to offer adequate land for future industrial park expansion, the opportunity for an extremely visible and high profile development, and the possibility of direct access to Provincial Trunk Highway #7.

Given that both sites were subject to preliminary studies by Wardrop Engineering a fairly good comparison can be made between the two in terms of infrastructure servicing efficiency and cost. These findings have been included within a financial feasibility analysis of the two sites and what the expected costs of development would be. Further, a number of scenarios have been investigated on how development may take place on each of these sites.

Proposed Site #1: Southwest Teulon

This site is within an area that is zoned for industrial use but incorporates a number of parcels of land with a number of different landowners. This site is located in the Southwest portion of Teulon (See Map: Proposed Site #1).

Site Characteristics:

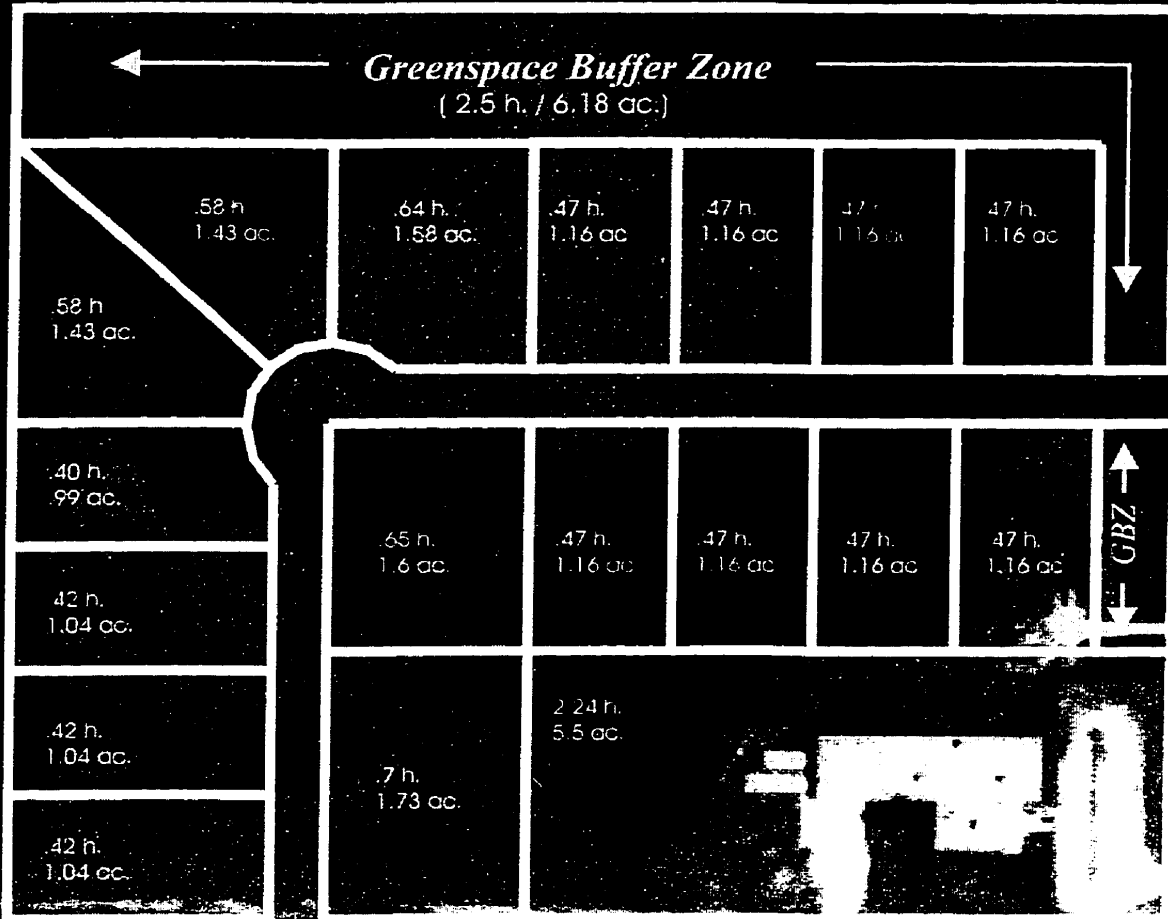
Legal Description:	Plan No. 2324 #10-16	
Zoning:	MG - Industrial General	
Ownership:	Macko, John	Plan No. 2324 #10 - 13
	Hacault, Vivian	Plan No. 2324 #14
	C.A.R.E Corp.	Plan No. 2324 #15 - 16
Size:	33.77 acres	
Saleable Acres:	21.17 acres	
Assessed Value of Land:	\$62,300	

Advantages

The location of industrial development within this site has a number of benefits. The site is flat, free of any real physical barriers to construction. It is well contained to the North and West by tree lines, which could be added to, to create natural buffer zones between industrial use, and other land uses. The area,

Proposed Industrial Site #1: Conceptual Plan

Legal Description: Plan No. 2324#10-13
Zoning: MG - Industrial General
Present Ownership: Macko, John
 Hacault, Vivian
 C.A.R.E Corp.
Size: 13.67 h. / 33.77 ac.
Saleable Land: 8.57 h. / 21.17 ac.
Assess. Land Value: \$62,300.00



(For study purposes only)

already zoned industrial, would also benefit from the presence of CARE Corporation, an industrial tenant that is already situated in the area.

The proposed site also has good access to PTH# 7 through PR# 415 and into the commercial area of Teulon via First St. SW and Beach Road. The potential also exists to run a spur from the proposed industrial park to the C.P.R. rail line, which runs North-South.

Disadvantages

With the construction of Meadowlark a 55+ seniors residential development and recent proposals for residential development directly to the North of the proposed industrial site the negative implications of an industrial park should be explored. The activities of industrial tenants are not always compatible with nearby residential or commercial areas. The noise, smell, trucking, and hours of operation of certain industries may conflict with these other land uses. These potential problems should be addressed by the Municipality of Teulon or a private developer through appropriate utilization of landscaping, development standards, and tenant placement.

Another disadvantage is the lack of adjacent land appropriate for expansion. Though it is almost 35 acres, this site has little room for expansion beyond this size within the Village limits. The land immediately to the North is zoned residential and current indications are that the Village would like to maintain this. Though the present size of the site as proposed should be adequate for many years, a long-term plan should be developed for future expansion perhaps to land immediately to the south in the R.M. of Rockwood.

The final disadvantage of this site as it relates to industrial park development is its lack of exposure. The site, located in the most Southwest corner of the Village is not visible to high volume of traffic that passing along PTH# 7. Exposure is important when trying to sell industrial lots and many industrial tenants prefer locations in which they can show off their buildings and advertise their name and business. A strong marketing strategy by the developer can eliminate or reduce many of these negative effects however. Further, the positioning of the site has benefits to the Village. Often, uses may occur in an industrial park that the community does not want highly visible. This is one of the functions that an industrial park would serve - providing a place for important industrial business that the community does not want on a busy thoroughfare or main street.

Nature of Development

Scenario 1

In this scenario the whole project would be developed at once. All land would be purchased before development began. The services provided would include asphalt roads, sewer lines, hydro, and telephone. Developing a project all at once means that the up-front costs for the project will be very high. If mortgaging of the initial finances is required this will have considerable impact upon revenues at the end of the projects life span.

Proposed Site #1 Estimated 'Hard' Construction Costs:

Roads:	\$185,000
Sewer:	\$109,000
Utilities:	\$33,000
Contingency (10%):	\$35,000
Engineering (12%):	\$30,000

Total: **\$392,000**

Utilizing an industrial financial feasibility model and using information from the market analysis to make some key market assumptions (i.e. annually expected absorption, price per acre, etc.) an 8-year plan has been developed. The feasibility plan also has taken into account the various expenditures necessary in this type of development including but not limited to landscaping, marketing, and legal costs. The plan reveals the following financial information for Scenario 1:

Net Profits Free & Clear:	\$(226,000)
Net Financing with Financing Implications:	\$(332,000)

(See Appendix D for more details)

Under certain conditions a grant from the Province or even the Federal government may be obtained for a project such as this. In this scenario as well as the Scenario #3 the effect of a REDI Grant has been factored in to the financial analysis. By securing an anchor tenant for the development prior to development, a REDI Grant, which would cover up 50% of the infrastructure costs, could be applied for. This grant could cover just one specific infrastructure type (i.e. roads) or many. It is assumed in this study that the grant would cover roads and sewer. The implications of a REDI Grant in this scenario are:

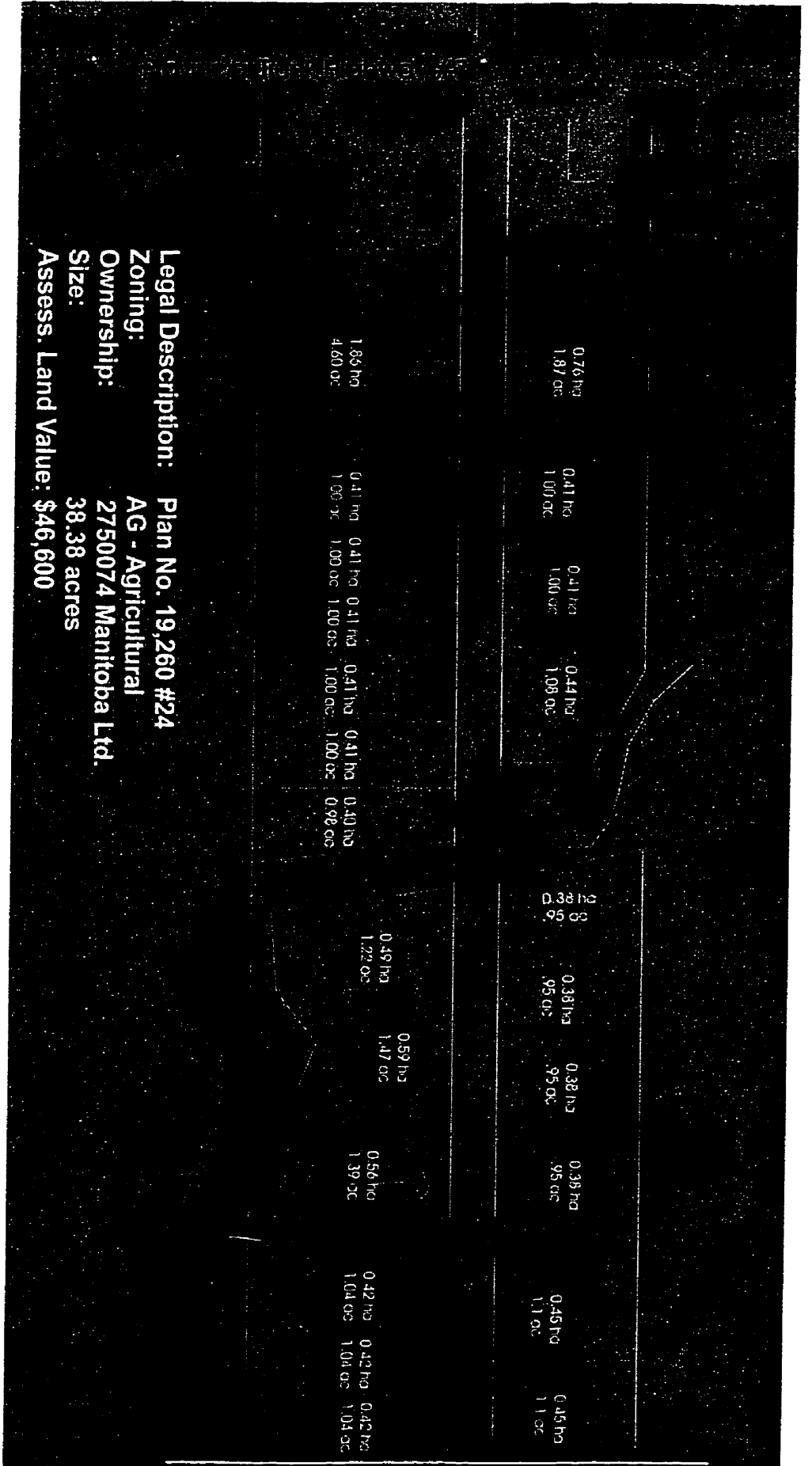
Net Profits Free & Clear:	\$(126,000)
Net Financing with Financing Implications:	\$(204,000)

Proposed Site #2: Southeast Teulon

This rectangular track of land, which is currently being utilized for agricultural production, is located in the southeast portion of Teulon.

Site Characteristics:

Legal Description:	Plan No. 19,260 #24
Zoning:	AG - Agricultural
Ownership:	2750074 Manitoba Ltd.
Size:	38.38 acres
Assessed Value of Land:	\$46,400



Proposed Industrial Site 2: SouthEast Teulon

Advantages

This site has a number of advantages. As mentioned previously it provides a high profile location for business, being situated right off PTH# 7. Further, it is surrounded by mainly undeveloped land to the south and north leaving room for future development, also meaning there are few incompatible uses in close proximity that would be disturbed by industrial activities.

Development of this site as proposed would provide initial sewer extensions to this previously unserved area of Teulon and would open up the potential for future residential development of adjacent land to the north.

Disadvantages

The most obvious disadvantage of this site became apparent after Wardrop Engineering submitted a draft of its study for approval. The front portion of the site facing onto PTH# 7 experiences a significant drop in elevation after the first few hundred feet. This drop is significant enough to rule out the possibility of a gravity fed sewer system that would link into the sewer line running along PTH#7. This situation therefore demands that the sewer infrastructure include pumping stations and/ or sewer linkage at the back of the property to Teulon's trunk line some distance to the south. In any event infrastructure costs for this development will be costly and require considerable expense before the first lot may even be sold.

Another potential problem for development of this site is that though use along PTH# 7 is primarily residential there are some residences located along its east side within Teulon. Given this there may be some conflict between the proposed industrial site and the uses that take place upon it and adjacent residents. This situation could be mitigated somewhat by provisions in the development such as buffer zones and strategic placement of certain industrial tenants but still the potential would exist for some dissatisfaction within the community.

The final disadvantage of this site is the length and narrowness of it. By stretching development along such a long parcel of land the net effect is to make land along this parcel undesirable for anything except more industrial development. That would be unfortunate as Teulon may find itself in the future with need for more residential land and this potential land bank to the east will be limited by the industrial development it lies adjacent to.

Nature of Development

Scenario 1

The shape and location of the site would suggest that development of the parcel begin from PTH# 7 and then East towards the Village boundary. Development would likely occur in phases. Phase 1 would incorporate the area from PTH# 7 to the creek that stretches across the property at approximately the midway point. The total area incorporated in Phase 1 would be approximately 18.7 acres. In this first phase an asphalt road would be constructed to the creek boundary. Sewer to service the lots would also be provided to this point and would then have to be pumped back to PTH#7 by use of a pumping station.

The second phase of the development would require servicing of the land on the other side of the creek

of approximately 19.2 acres. Sewer lines laid to the back of the property and sewage pumped back to PTH# 7 with a pumping station or with gravity feed connected to the Village trunk line to the Southeast utilizing gravity.

Proposed Site #2 Estimated 'Hard' Construction Costs (Scenario 1):

	<u><i>Phase 1</i></u>	<u><i>Phase 2</i></u>
Roads	\$164,000	\$168,000
Sewer:	\$94,000	\$145,000
Utilities:	\$12,000	\$14,000
Contingency (10%):	\$26,000	\$32,000
Engineering (12%):	\$31,000	\$38,000
Total:	\$327,000	\$397,000

Financial implications for each phase can be seen in Table2A and the overall financial implications for the project are:

Net Profits Free & Clear:	\$(564,000)
Net Financing with Financing Implications:	\$(756,000)

(See Appendix D for more details)

The implications of a REDI Grant on this scenario would be:

Net Profits Free & Clear:	\$(464,000)
Net Financing with Financing Implications:	\$(628,000)

Scenario 2

Given the elevation of the land and the restraints it puts on sewer provision, the most efficient means to develop the land for industrial use would be from the 'back' of the parcel of land towards the front adjoining PTH#7. Phase 1 would essentially consist of the construction of a gravel road from PTH# 7 to the back of the property and the servicing of lots from the back of the parcel to the boundary of the creek. The sewer connection would be gravity fed and linked to the trunk line running to the lagoon in the south.

This development as outlined would require considerable initial financing to construct the gravel road and provide linkage to the sewer trunk line to the south. Savings will be made, however, in the provision of sewer infrastructure from gravity feed to the south.

Proposed Site #2 Estimated 'Hard' Construction Costs (Scenario 2):

	<i>First 5 Lots</i>	<i>Phase 2</i>
Roads:	\$271,000	_____
Sewer:	\$80,000	\$8,000 per acre lot
Utilities:	N/A	N/A
Contingency (10%):	\$50,000	\$800 per lot
Engineering (12%):	\$42,000	\$960 per lot
Total:	\$443,000+	N/A

Financial implications for each phase can be seen in Table2B and the overall financial implications for the project are:

Net Profits Free & Clear:	\$(511,000)
Net Financing with Financing Implications:	\$(670,000)

(See Appendix D for more details)

The implications of a REDI Grant on this scenario would be:

Net Profits Free & Clear:	\$(411,000)
Net Financing with Financing Implications:	\$(536,000)

SECTION 4

SITE RECOMMENDATIONS

Based upon site location analysis Proposed Industrial Site #1 would appear to be the most feasible option for development by the Village of Teulon. The key factors in selection of this site were:

- Proximity to existing Village infrastructure
- Excellent transportation access, including road on South and East of the site and proximity to C.P.R. line
- General compact nature of the site
- Existing industrial zoning status

Restrictions on this site that must be addressed in its development are:

- Multiple current land owners at present
- Existing residential structure on the site
- Proximity to existing and proposed residential development
- Lack of land adjacent to Site #1 for future industrial park expansion within Teulon

Recommended Development

The Village should develop Site 1. Development should begin when at least 10% of saleable land has been committed to by tenants and financial assistance has been obtained for the development through partnership with government at the Provincial and/ or Federal level (i.e. Infrastructure Grant, REDI Grant, etc.). As much land on the site as possible should be obtained prior to development or public indications of such development are made. Further, lot #10 Plan No. 2324 should be acquired to establish a buffer zone between residential and industrial development. Land acquisition may occur in a number of ways that are outlined in below in subsection *Land Acquisition*. Prior to development the Village should explore all possible funding sources for the project.

The Village should consider the potential of a second phase of development directly to the South in the R.M. of Rockwood. The development of Phase 1 and its marketing success should serve as a benchmark for the development of Phase 2. Only when Phase 1 is fully occupied or expected to be such in the near future should development of Phase 2 be begun. Before the new phase is developed a cost/ benefit analysis should be completed on the existing industrial businesses in the park. Through this a number of pertinent questions should be answered:

- 1. *What social and economic impact is industrial development having on the community?***
- 2. *Have any problems developed in previous phases that could be better addressed in the next phase?***
- 3. *Can Village infrastructure support further industrial development?***

Based upon the answers to these questions the Village should be able to make a decision to continue

with the next phase of development, make alterations to their development strategy, or cease all further industrial development. It is recommended that the Village also consider such questions each time that a new tenant is considered for the park.

Land Acquisition

There are a number of ways the Village can obtain the land necessary for industrial development of this site. Unfortunately the site, as outlined in the previous section, has a number of owners which may complicate negotiations. The Village may obtain the land through a number of means, a few potentially being:

- 1. Buy the land outright from present owners**
- 2. Negotiate a land exchange between municipally owned land and those needed for development**
- 3. Negotiate a land for services arrangement with present owners**
- 4. Enter into a partnership with present owners in which they share in revenue garnered from future industrial lot sales**

It should be noted that the Village is not limited to these options and should entertain any creative solutions to attaining the required land for this development.

Financing

As indicated in the previous section, the beginning of each phase requires significant financial expenditures. The Village should investigate any potential resources for financial assistance and negotiate with the local lending institution to achieve the best financial scenario. In the financial model conducted, the study assumed a mortgage at prime rate over a ten-year period (Toronto-Dominion Bank of Canada, July, 1997). No bank charges or associated costs have been considered in this model.

It should be noted that the Village should resist borrowing large sums until absolutely necessary in the project development, as the carrying costs associated with these debts will have significant impact on the final project costs.

Infrastructure

Development of the proposed industrial park should provide the following services:

- **Asphalt Road**
- **Sewer**
- **Hydro Electric and Telephone Utilities**

These services should be provided in accordance with engineering specifications laid out by an engineering firm. Wardrop Engineering's Engineering Study for Conceptual Sector Plan (11/29/96) provides a good basis for the basic layout of the site and projected costs.

Development Controls

Zoning

One of the advantages of this site is that it is already zoned for industrial use so there is no need to alter the MG - Industrial General Zone designation. This zoning provides for industries engaging in light manufacturing, processing, distribution, transportation, and warehouse uses that create no nuisances. Contained or outside storage is permissible and certain heavy industrial uses may be listed as “conditional”. The provisions and regulation for this zoning can be found in *Appendix B: MG Zoning and Proposed Development Covenants*.

Covenants

It is strongly recommended that the Village utilize development controls other than simply zoning. Protective covenants are used to achieve two ends:

- 1. To ensure that firms locating within the industrial park improve their property with pre-established standards.**
- 2. To achieve overall compatibility and continuity of architectural design, lot layout, and landscaping.**

Covenants may enhance local zoning in situations where zoning fails to dictate to acceptable levels the building lot coverage, building setbacks, parking and loading space, size, and location. Further covenants may be used to control building height, style, and construction material, as well as, to establish uniform sign standards within the park. Development controls should be reasonable in the cost and effort required by potential tenants to conform to them but firm enough to ensure that the park will develop in a manner that is beneficial to businesses within the park and the Village as a whole. Conceptual development standards for Teulon’s proposed industrial park have been included in the Appendix of this study (*Appendix B: MG Zoning and Proposed Development Covenants*). The Village may wish to alter, waive, or supply additions to components of these standards.

Speculation

In order to curb speculation and that lots within the park are developed in a quick and timely fashion the Village should require agreement by purchasers to construct a building of no less than 1500 SF within 24 months of the signing of the development agreement.

Landscaping

Landscaping is an important consideration of any industrial park. Proper landscaping of the Teulon Industrial Park will:

- 1. Mitigate environmental hazards**
- 2. Provide a buffer zone between residential and industrial use**
- 3. Enhance the marketability of the project**

Most of the landscaping will be conducted during the initial stage of development. During this period

the Village should begin tree planting in those areas designated in *Appendix C: Landscaping Plan for Proposed Industrial Site #1*. The intent of this planting is to create buffer zones to the North, West, and East of the site. Further, the planting of trees and other vegetation at road intersections and other specified locations will begin the process of creating an industrial park setting that is pleasing to the eye and pleasant to work and do business in. The Village can take advantage of recent federal programs that provide seedlings free to municipalities. Orders for seedlings should be submitted one full year in advance of planned planting to Agriculture Canada - Prairie Farm Rehabilitation Administration (PFRA Shelterbelt Centre, Indian Head, Saskatchewan, S0G 2K0, 1-306-695-2284). The most expensive aspect of the planting will be the care that is required to maintain the trees during their first year or two of growth. Again savings can be achieved by hiring a student under a government grant to provide this care. The overall landscaping plan for the park is of 2 years duration at a projected cost of \$2500 annually.

Permanent On-Site Signage

Signage is a key component of creating an industrial park atmosphere on the site and enhancing the marketability of the project. It is worthwhile making an investment in permanent signs that represent the direction and character of the industrial park and the Village of Teulon. This study recommends two permanent signs on site (*Appendix C: Landscaping Plan for Proposed Industrial Site #1*). Estimated costs for these signs would be approximately:

Primary Sign	\$ 2000
Secondary Sign	\$ 500

Marketing

Marketing of the industrial park should begin as soon as the option to acquire the required land for development is obtained. Initial marketing need not be highly polished but should take advantage of local communication channels and be directed at obtaining seed tenants for the development. Attraction of high quality businesses at the outset of the project is extremely valuable in the future success of the project. The financial model that has been utilized in this study has made the assumption that 3.22 acres of land will be pre-sold prior to actual development of the project.

The marketing plan or strategy should be coordinated with the conclusions drawn in the detailed market analysis conducted in *Section 2: Market Analysis* and with the goals and objectives of the community of Teulon. Two marketing documents should be produced:

- 1. Technical Services Package**
- 2. Sales Brochure**

1. Technical Services Package

This package is generally provided to brokers and consists of statistical data and descriptive material of interest to prospective tenants. The TSP includes information relating to:

- Population growth and change
- Statutory taxes, beneficial real estate taxes & sales taxes
- Highway access, trucking zones and charges
- Description of available utilities and services (i.e. typical water and sewer dimensions, capacity, static pressure, design flow, electrical capacity, fire protection services, as well as, any secondary services)
- Availability of rail and air service
- Summary of protective covenants

2. Sales Brochure

The sales brochure is the more “glossy” of the two documents and should include aspects such as:

- A logo
 - Identification of the ownership group and the “theme” or concept of the development
 - Identification of any seed tenants
 - Overall development plan
 - Identifies parcel configuration
 - Internal road networks
 - Tenants already committed to sites
 - Ensure proper scaling
 - Include location map showing relationship of site to community
-
- Can include stapled brochure of several pages summarizing some of the information in the TSP
 - Synopsis of community characteristics

It should be noted that a great deal of the information required to complete the Technical Services Package and the Sales Brochure can be garnered from information contained in this study, the *Teulon Profile 1997*, as well as, the 1996 Canada Census.

The development of a marketing strategy and its implementation is crucial to the success of the project. A committee, agency, or individual should be identified to take on this responsibility. Potential sources to fulfill this role are but not limited to:

- 1. An Economic Development Officer**
- 2. The Teulon Economic Development Committee**
- 3. NEICOM Developments**
- 4. A Community Development Corporation**
- 5. Local individual or business with the necessary marketing skills and background**

Small Business Incentives & Support

Many small businesses that may wish to locate to the park may not have the necessary resources to purchase land and construct a building. The Village of Teulon may wish to consider three strategies to address this:

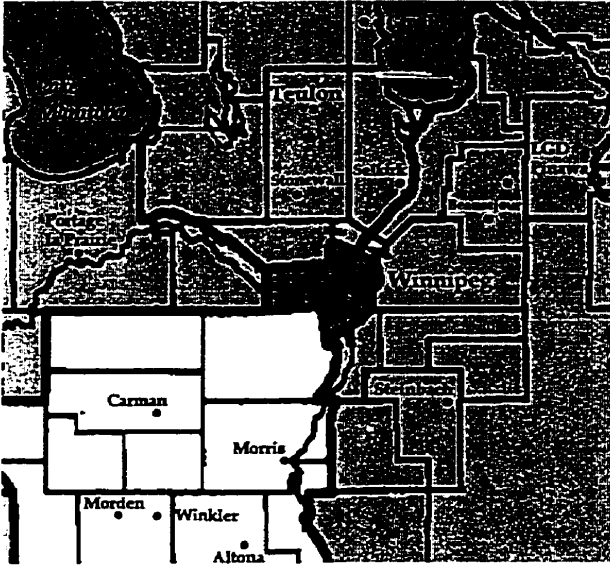
- 1. Provide a 5-year interest-free grace period for payment on land purchases under the condition that a building no less than 1500 SF is constructed no more than one year after an agreement has been reached. Under no condition, however, should ownership be transferred until said building has been constructed.**
- 2. Provide a \$1500 rebate on the price of lots with each *new* full-time job (or equivalent) created to a maximum of \$6000. Rebate should be provided after one full year of employment.**
- 3. Promote the construction of an “incubator” facility by private interests in the community or semi-private (i.e. Community Development Corporation) to facilitate small business development and growth in the community.**

APPENDIXES

APPENDIX A: INDUSTRIAL PARK PROFILES

Profile:

Altona, Town of



Population: 1190
Location: Quadrant 4 (South)
Year Opened: 1978-'79
Gross Acreage: 80 acres
Zoning: Industrial - Heavy Zone
Industrial - Light Zone

Physical Attributes: N/A
Current Occupancy: 25 acres (31 %)

Absorption Rate: 1.39 acres per year
Dev. Cost per SF: \$.07
Dev. Cost per Acre: \$3000 per acre
Sale Price per Acre: \$5000 to \$7000
Transp. Availability: CPR Rail
15 min. from Hwy #75
10 min. from local airport

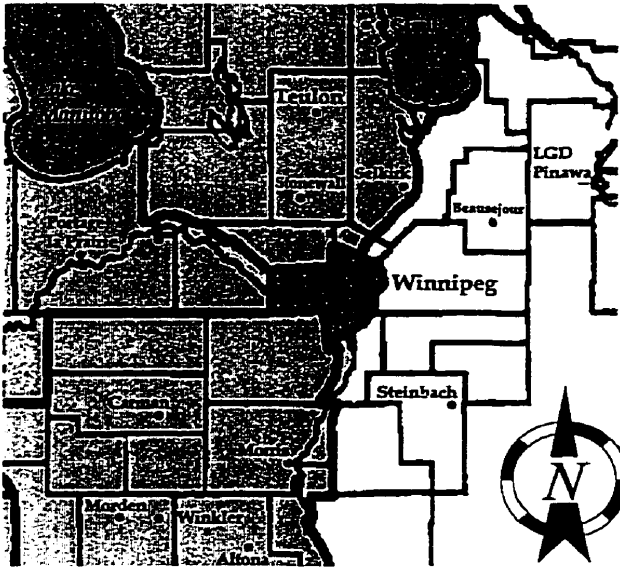
Available Utilities: Water
Sewer
Hydro-electric
Natural gas

Industrial Tenants: Implement dealer
Autobody & repair
Plastics mfg.
Other light mfg.

Purchase Incentives: N/A
Ownership: Public & Private

Profile:

Beausejour, Town of



Population: 1145
Location: Quadrant 2 (East)
Year Opened: 1989
Gross Acreage: 98
Zoning: M1 - Heavy Industrial
Physical Attributes: N/A
Current Occupancy: 32.34 (33%)

Absorption Rate: 4.67 acres per year
Dev. Cost per SF: N/A
Dev. Cost per Acre: N/A
Sale Price per Acre: N/A
Transp. Availability: Access to Hwy #44 & #12
1/2 Hour from Wpg.
International Airport

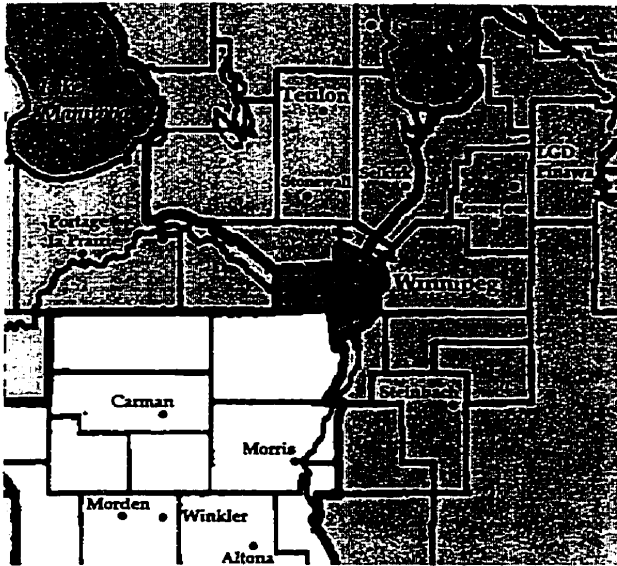
Available Utilities: Water
Sewer
Natural Gas
Hydro

Industrial Tenants: Gas Supplier
Autobody & repair
Telephone Co.

Purchase Incentives: Yes
Ownership: Town of Beausejour
& R.M. of Brokenhead

Profile:

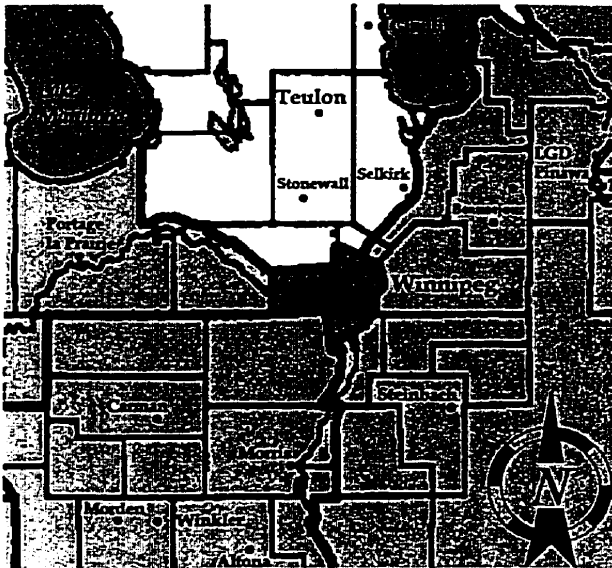
Carman, Town of



Population:	2705
Location:	Quandrant 4 (West)
Year Opened:	1990
Gross Acreage:	20
Zoning:	Light Industrial Heavy Industrial
Physical Attributes:	N/A
Current Occupancy:	5 acres (25%)
Absorption Rate:	.83 acres per year
Dev. Cost per SF:	\$.18 per SF
Dev. Cost per Acre:	\$8000
Sale Price per Acre:	\$1.00 to qualified buyers
Transp. Availability:	Hwy. #3 Hwy. # 13 C.N. Rail Local Airport
Available Utilities:	Hydro-electric Natural Gas Telephone Sewer & Water
Industrial Tenants:	Manufacturing Office use
Purchase Incentives:	Land free to qualified buyers
Ownership:	Town of Carman

Profile:

Gimili, R.M. of



Population: 2737
Location: Quadrant 1 (North)
Year Opened: 1972
Gross Acreage: 128
Zoning: M1
Physical Attributes: N/A
Current Occupancy: 86.84 acres (68%)
Absorption Rate: 3.62 acres per year
Dev. Cost per SF: N/A
Dev. Cost per Acre: N/A
Sale Price per Acre: \$6900 - \$8200 (negotiable)
Transp. Availability: Gimili Airport
CP Rail 3 miles East
PR# 231
1 Hour from Winnipeg

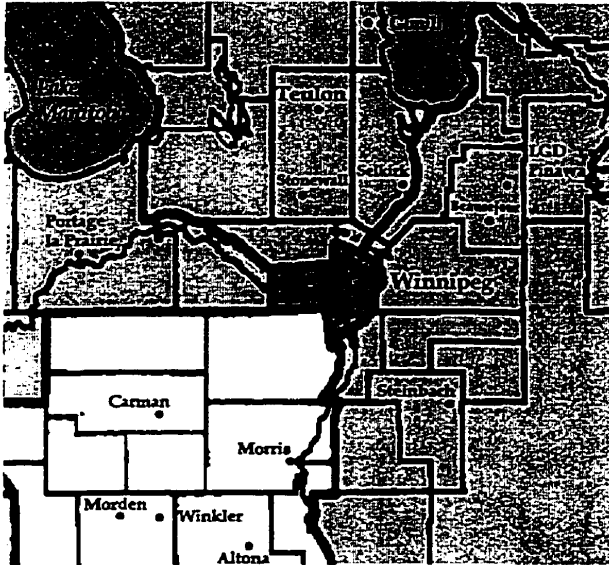
Available Utilities: Partially serviced with -
Hydro-electric
Natural Gas
Telephone
Sewer & Water

Industrial Tenants: Storage
Manufacturing
Sales & Service
Training Facilities
Entertainment Facilities

Purchase Incentives: No
Ownership: R.M. of Gimili

Profile:

Morris, Town of



Population: 1616

Location: Quadrant 3 (South)

Year Opened: 1995

Gross Acreage: Phase 1 - 9.017 acres
Phase 2 - 3.893 acres

Zoning: M1 - Light Industrial District

Physical Attributes: Flat, Clay Base

Current Occupancy: Phase 1 - 2.155 acres (23.9%)

Absorption Rate: Phase 1 - 1.08 acres per year

Dev. Cost per SF: \$1.12

Dev. Cost per Acre: \$48,674.5

Sale Price per Acre: \$6000

Transp. Availability: #75 Highway
(Double Lane-to Wpg & I29 to USA)
1/2 Hour from Trans Canada Highway
C.N. Rail spurthrough industrial park
C.P.R. adjacent to industrial park

Available Utilities: Water, sewer, Natural Gas,
Hydro-electric power

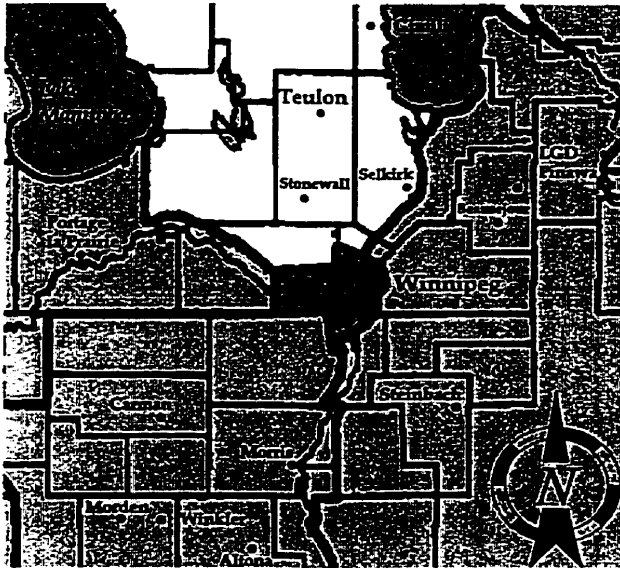
Industrial Tenants: Manitoba Lotteries Warehouse
Truck Stop
Paterson Grain Terminal

Purchase Incentives: Yes

Ownership: Phase 1: Town of Morris
Phase 2: Privately owned

Profile:

St. Andrews, R.M. of



Population:	9461
Location:	Quadrant 1 (North)
Year Opened:	1994
Gross Acreage:	42.8
Zoning:	M1
Physical Attributes:	N/A
Current Occupancy:	100%
Absorption Rate:	14.3 acres per year
Dev. Cost per SF:	\$0.24
Dev. Cost per Acre:	\$10,257.48
Sale Price per Acre:	\$6,000
Transp. Availability:	St. Andrews Airport Close proximity to Wpg. International Airport Bounded on either side by PTH# 8 to the East and PR# 230 to the West
Available Utilities:	Hydro-electricity
Industrial Tenants:	Predominantly small local businesses
Purchase Incentives:	No
Ownership:	RM of St. Andrews

Profile:

Secondary Studies

1. Morden, Town of

Population: 5273
Location: Quadrant 3 (South)
Year Opened: 1976
Gross Acreage: 217 acres
Current Occupancy: 30% (65 acres)
Sale Price per Acre: \$10,000 - \$13,000
Transp. Availability: PTH# 3
CP Rail
Morden Airport

Available Utilities: Hydro-electric
Natural Gas
Water & Sewer

2. Pinawa, L.G.D.

Population: 1806
Location: Quadrant 2 (East)
Year Opened: 1963
Gross Acreage: 48 acres
Current Occupancy: 30% (14.24 acres)
Sale Price per Acre: N/A
Transp. Availability: PR# 211
Available Utilities: Hydro-electric

3. Portage la Prairie, City of (McMillan Industrial Park)

Population: 20385
Location: Quadrant 4 (West)
Year Opened: N/A
Gross Acreage: N/A
Current Occupancy: N/A
Sale Price per Acre: \$7500 per acre
\$1500 reduction per full
time job created
Transp. Availability: CN/ CP Rail access
Hwy. #1 Trans-Canada

Available Utilities: Water & Sewer
Hydro-Electric
Natural Gas

4. Selkirk, City of

Population: 9815
Location: Quadrant 1 (North)
Year Opened: 1985
Gross Acreage: 170 (80 ac. fully serviced)
Current Occupancy: 90 acres (53%)
Sale Price per Acre: \$6,000 (negotiable)
Transp. Availability: CP Rail adjacent
30 minutes from Wpg.

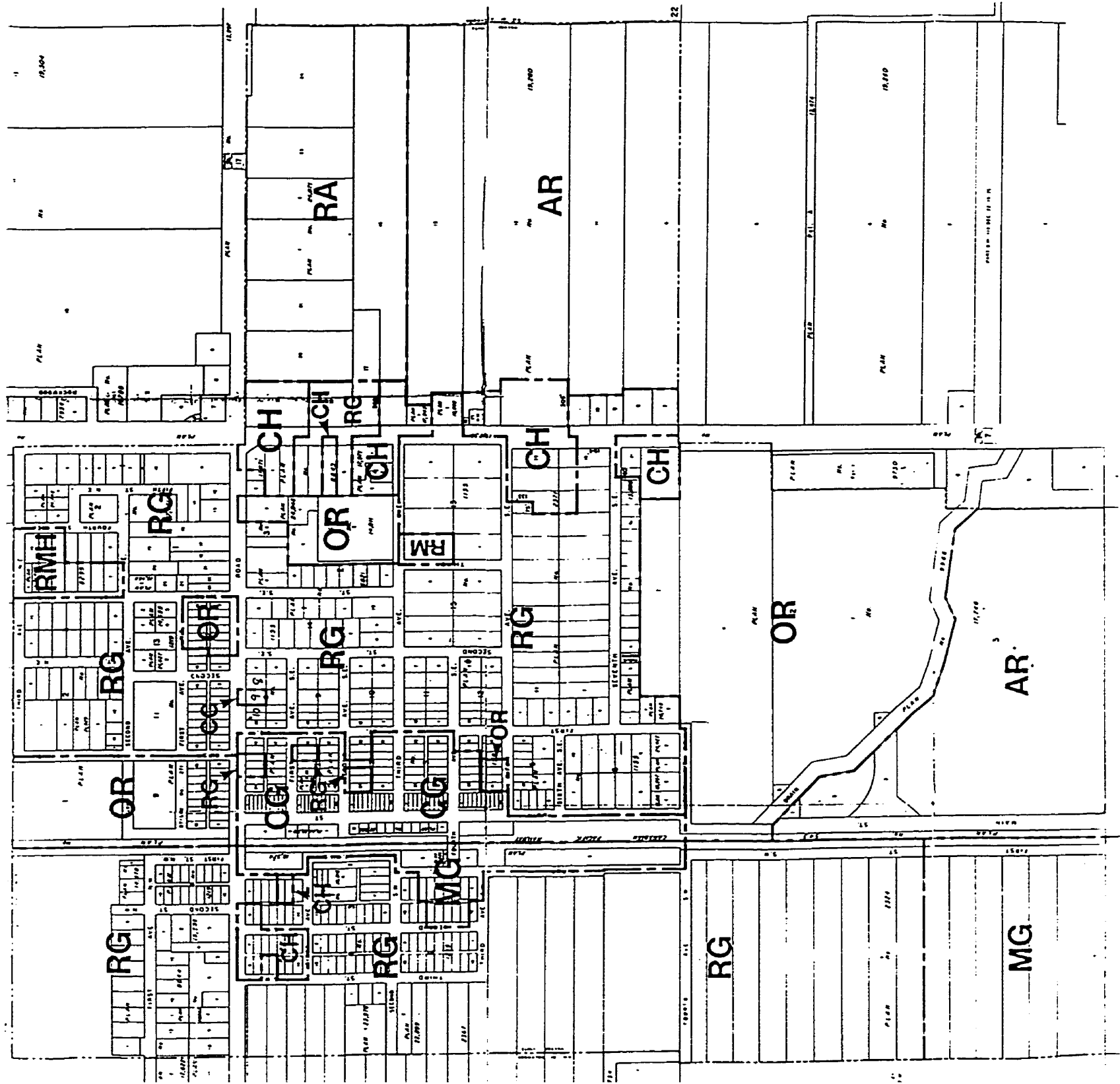
Available Utilities: Hydro-electric
Water & Sewer
Natural Gas

5. Winkler, Town of

Population: 6397
Location: Quadrant 3 (South)
Year Opened: 1980
Gross Acreage: N/A
Current Occupancy: N/A
Sale Price per Acre: \$1 - \$15,000
Transp. Availability: PTH# 14 & #3
CP Rail
Winkler Airport

Available Utilities: Hydro-electric
Natural Gas
Water & Sewer

APPENDIX B: MG ZONING & PROPOSED DEVELOPMENT COVENANTS



PLAN 11,500

PLAN 11,500

PLAN 11,500

PLAN 11,500

PLAN 11,500

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PART IX - INDUSTRIAL ZONES

INTENT AND PURPOSE

1. The Industrial Zones established in this By-law are intended to provide sufficient land for industrial and related uses in suitable locations in The Area in keeping with the provisions of the Development Plan.

ZONES

2. In order to carry out the intent and purpose of section 1 above, there is hereby established the following zone:

- (1) "MG" Industrial General Zone

This zone provides for light manufacturing, processing, distribution, transportation, and warehouse uses that create no nuisances. Contained or screened outside storage is permissible. Certain heavy industrial uses may be listed as "conditional".

GENERAL PROVISIONS

3. The provisions apply to all Industrial Zones are contained within this PART. Also applying to these zones are the provisions of PART I - "DEFINITIONS", PART II - "ADMINISTRATION", PART III - "ZONES", PART IV - "GENERAL PROVISIONS" and APPENDIX "A".

USE REGULATIONS

4. (1) TABLE IX - 1, "INDUSTRIAL USE TABLE", lists all uses that are:

- (a) "P", Permitted;
 - (b) "C", Conditional; and
 - (c) "-", Use Not Permitted

in the Industrial Zones. All listed uses are subject to the provisions contained herein.

TABLE IX - I

INDUSTRIAL USE TABLE

LEGEND: P - Permitted C - Conditional - - Use Not Permitted	ZONES
USES:	"MG"
ACCESSORY BUILDINGS, STRUCTURES AND USES 1. Accessory uses, buildings and structures (See Section 4(4) of this PART)	P
AGRICULTURAL PRODUCTS 1. Animal feed a) Manufacturing and processing 2. Farm buildings and structures a) Assembly and storage b) Manufacture c) Sales and distribution centres 3. Farm implements a) Manufacturing b) Sales and distribution centres with minor assembly c) Service and repair centres 4. Fertilizers except anhydrous ammonia a) Manufacturing b) Sales, distribution and storage (liquids) c) Sales, distribution and storage (solids) 5. Garden supplies a) Manufacturing b) Sales, distribution and storage 6. Grain a) Milling or processing, including flour mills b) Sales and storage, including elevators and terminals 7. Greenhouses and nurseries 8. Hatcheries, poultry 9. Livestock <u>processing</u> and products a) Abattoirs b) Meat processing and packaging of meat products (wholesale) c) Milk processing and packaging of milk products d) Poultry, packing and slaughtering e) Stock yards, for the holding, sales and shipping of animals 10. Seed supplies a) Cleaning and drying plant (including grain) b) Distribution and sales c) Packaging and storage	 C P P P P P P C C P C P C C P C C C C C C C P P

TABLE IX - I (Cont'd)

INDUSTRIAL USE TABLE

LEGEND: P - Permitted C - Conditional - - Use Not Permitted	ZONES
USES:	"MG"
7. Contractors' establishments a) Contractors' establishments, including decorating, drywalling, electrical, eavestroughing, general, heating, insulating, painting and wallpapering, plumbing, roofing, stuccoing, ventilating, window related establishments and similar uses, including sales and storage of building material and contractors' equipment b) Sales and storage yards for building material and contractors' equipment 8. Interior decorating establishments including sale of draperies, floor covering materials, paint wallpaper and related interior decorating products within a fully enclosed building 9. Lumber and wood a) Bulk processing, distillation, pulp or fiber reduction b) Products manufacture and wood working c) Sales and storage 10. Prefabricated buildings and structures, including metal or steel buildings, farm buildings and storage facilities, prefab homes, mobile homes and similar structures a) Assembly and storage b) Manufacturing and distribution of structural parts c) Sales and distribution centres 11. Welding and machine shops	P P P C P P C P P P
EATING AND DRINKING PLACES 1. Cafes and coffee shops 2. Drive-in establishments including eating and drinking places, restaurants, ice cream parlors, and similar uses but excluding drive-in theatres	P P
GOVERNMENT 1. Administration buildings and offices 2. Maintenance or public works yards and garages 3. Public utilities and public works 4. Reservoirs, water towers and water treatment plants	P P P P

TABLE IX - I (Cont'd.)

INDUSTRIAL USE TABLE

<p>LEGEND: P - Permitted C - Conditional -- Use Not Permitted</p>	<p>ZONES</p>
<p>USES:</p>	<p>"MG"</p>
<p>JUNK YARDS 1. Junk yards and recycling yards, including the baling, collecting, sorting, storing and smelting operations of scrap automobile bodies and parts, iron, junk, metal, paper or rags and similar items</p>	<p>C</p>
<p>MANUFACTURING/INDUSTRIAL 1. General manufacturing 2. Chemical manufacturing 3. Bakeries 4. Laundry plant, dry-cleaning plants</p>	<p>P C P P</p>
<p>PARKING AND LOADING 1. Parking and loading (See Section 7 of this PART)</p>	<p>P</p>
<p>PLANNED UNIT DEVELOPMENT</p>	<p>C</p>
<p>RETAIL OUTLETS AND SERVICES 1. Retail outlets and services which are incidental to a permitted or conditional use</p>	<p>C</p>
<p>SIGNS (See Section 6 of this PART) 1. Advertising signs</p>	<p>C</p>
<p>TRANSPORTATION 1. Rail passenger terminals 2. Rail freight terminals and yards 3. Taxi or courier services 4. Trucking terminals, freight stations, including cartage and express facilities</p>	<p>P P P P</p>

TABLE IX - I (Cont'd.)

INDUSTRIAL USE TABLE

<p>LEGEND: P - Permitted C - Conditional -- Use Not Permitted</p>	<p>ZONES</p>
<p>USES:</p>	<p>"MC"</p>
<p>WAREHOUSE/WHOLESALE FACILITIES</p> <ol style="list-style-type: none"> 1. Fuel sales, including coal and coke, sales, distribution and storage offices 2. Moving or storage offices 3. Warehouse and storage for non-explosive, non-flammable or non-toxic goods 4. Wholesale establishments, including sales, show-rooms and related storage 	<p>C P P P</p>

4. (2) Exceptions

No land shall be used or occupied and no building or structure shall be erected, altered, relocated, used or occupied hereinafter for any use in any Industrial Zone in which such land, building or structure is located other than a use listed on TABLE IX - I, "INDUSTRIAL USE TABLE", with the exceptions of uses lawfully established prior to the effective date of this By-law.

(3) Conditional Use

Any use listed as a "CONDITIONAL USE" in TABLE IX - I shall comply with the provisions as set forth in Section 9 of PART II - "ADMINISTRATION".

(4) Accessory Uses, Buildings and Structures

In the Industrial Zones, accessory uses, buildings and structures shall include but not be limited to the following:

- (a) a garage, shed or building for storage incidental to a permitted use or conditional use;
- (b) incinerators subject to the authority having jurisdiction, and which shall be incidental to the permitted use or conditional use;
- (c) storage of goods used in or produced by manufacturing activities on the same zoning site with such activities unless such storage is excluded by the zone regulations;
- (d) the production, processing, cleaning, servicing, altering, testing, repair or storage of merchandise normally incidental to an industrial or manufacturing activity if conducted by the same ownership as the principal use;
- (e) a dwelling unit or sleeping accommodation for a watchman, operator or caretaker and his family, if in Council's opinion, it is demonstrated that his presence on the same zoning site as the principal use is essential and necessary;
- (f) accessory off-street parking and loading spaces as regulated in Section 7 of this PART;
- (g) signs as permitted and regulated in Section 6 of this PART; and
- (h) offices, business or professional, which are incidental and accessory to a permitted or conditional use.

BULK REQUIREMENTS

5. (1) The Industrial bulk requirements shall be as set forth in TABLE IX - II, INDUSTRIAL BULK TABLE.

**TABLE IX - II
INDUSTRIAL BULK TABLE**

PERMITTED OR CONDITIONAL USES	ZONES	REQUIREMENTS								
		MINIMUM								MAX. (c) Height (ft.)
		Site Area (ft. ²)	Site width (ft.)	(b) Front Yard (ft.)	(b) Side Yard (ft.)		(b) Rear Yard (ft.)	Dwelling Unit Area (ft. ²)	Distance from Main Bldg. (ft.)	
Int.	Cor.									
Permitted Uses	MG	6,000	50	(a) 15	(f) 5	15	5	N/A	N/A	45
Conditional Uses	MG	7,500	75	(a) 20	(f) 15	15	5	N/A	N/A	60
Planned Unit Development	MG	TO BE DETERMINED BY COUNCIL								
Necessary Uses, Buildings and Structures	MG	(g)	(g)	(d)	5	(f) 15	5	400	10	(e)

The following explanations and exceptions form part of Table IX-II.

The minimum front yard requirements for a zoning site, where there are existing buildings on the adjacent sites on both sides of a site, or on one side for a corner site, shall not vary more than ten (10) percent from the average existing front yards for the said adjacent buildings, provided that said distance is less than the minimum bulk requirements. The minimum front yard requirement noted above may be used to determine the front yard requirement for a building that was destroyed and is being rebuilt, or where an existing building is to have an addition made to it, or where a new building is to be constructed in an infilling situation.

For group buildings located on one site or buildings within a planned unit development, the yards on the boundary of the site shall not be less than those required in the zone in which the site is located, nor shall the distance between buildings within the site be less than the sum of two of these required yards.

The vertical distance measured from grade to the highest point of the roof surface if a flat roof; to the deck of a mansard roof; and to the mean height level between eaves and ridge for gable, hip or gambrel roof.

Accessory buildings and structures shall be located to the side or the rear of the principal building or structure.

The maximum height of accessory buildings or structures shall not exceed the height of the principal building or structure.

Where adjacent to a residential zone, a side yard of twenty (20) feet shall be provided.

Requirement not applicable.

5. (2) Special Yards along Zone Boundaries

Notwithstanding any other requirements provided elsewhere in this By-law, where a site within an Industrial Zone abuts a Residential Zone, the following regulations shall comply:

- (a) The minimum side yard requirement for the abutting site in the Industrial Zone shall be twenty (20) feet; and
- (b) No open storage or outdoor display shall be permitted in an abutting yard in the Industrial Zone, except where a solid fence of minimum six (6) feet high is provided and maintained along the site line abutting the Residential Zone boundary.

ACCESS REQUIREMENTS

5. (3) Access to the property for vehicles shall be only by way of entrances and exits provided in accordance with the following:

- (a) minimum width of an entrance or exit 15 ft.
- (b) minimum width of a combined entrance and exit 25 ft.
- (c) maximum width of an entrance or exit 25 ft.
- (d) maximum width of a combined entrance and exit 35 ft.
- (e) minimum distance between any part of an entrance, exit or combined entrance and exit, and the intersection of street site lines or the intersection of a street site line and side site line on a public lane 15 ft.
- (f) the owner of the property shall provide and maintain a barrier at least one (1) foot high on or near all street site lines so as to prevent vehicles from entering or leaving the property other than by way of the entrances and exits permitted by this By-law.

SIGNS

6. Signs shall be permitted and regulated in the Industrial Zone as follows:

- (a) One lighted or unlighted business or identification sign not exceeding a total sign surface area of one hundred (100) square feet, for any building or use permitted in the Industrial Zone;
- (b) Any identification or business sign permitted above may be attached to the face or roof of a building or structure or it may be a free-standing sign. However, there shall be no overhanging encroachment onto the adjoining sidewalk or street; and

- (c) Advertising signs may be permitted as a conditional use subject to the provisions of Section 9 of PART II and Section 14(2) of PART IV.

PARKING AND LOADING

- (1) Off-street parking spaces shall be provided on the same site as the main building or use, but not within the required front yard, in accordance with the following TABLE and subject to Section 25 of PART IV:

TABLE IX - III

PARKING REQUIREMENTS

USE	MINIMUM PARKING SPACES REQUIRED
Industrial or manufacturing	one (1) space for each five (5) employees
Wholesale	one (1) space for each four hundred (400) sq. ft. of floor area used for wholesale purposes
Warehouse or Outside Storage	one (1) space for each thousand (1,000) sq. ft. of floor or storage area

7. (3) Off-street loading spaces each thirty (30) feet long, twelve (12) feet wide and fourteen (14) feet vertical clearance, having access to a lane or street, shall be provided on the same site as the main building or use, but not in the required front yard in accordance with the following Table:

TABLE IX-IV

LOADING SPACE REQUIREMENTS

Floor Area of Building or Area of open air storage (sq. ft.)	Minimum Loading Spaces Required
Up to and including 5000 sq. ft.	one (1) loading space
5001 to 15,000	two (2) loading spaces
15,001 to 40,000	three (3) loading spaces
over 40,000 sq. ft.	three (3) loading spaces plus one (1) space for each additional 25,000 sq. ft. or portion thereof.

installed on any site or improvement except those necessary to identify the business, directional and informational signs, and signs offering the premises for sale or lease. No sign shall be placed on, at, or near the site without the prior written approval of the Vendor.

No building or improvement, or alteration or addition of any kind, including fencing, landscaping and parking areas (other than interior alterations which shall be constructed upon any portion of the property until and unless plans and specifications for such construction or landscaping have been approved in writing by the Vendor and also all other authorities having jurisdiction municipally, provincially, federally or otherwise. Consent shall be at the reasonable direction of the Vendor and it alone shall determine what is suitable for the Park. Said property shall only be used as a _____ and access to the property shall only be off _____.

The Vendor and any successor in title to the dominant tenement shall be entitled to file and maintain a caveat against the servient tenement to protect its rights hereunder.

The covenants and conditions in this agreement contained and all rights created hereunder are expressly declared to run with the title to the said servient tenement for the benefit of the dominant tenement and all covenants on the part of the Vendor and Purchaser are entered into on behalf of themselves, their successors and assigns and successors in title, and all rights created hereunder shall inure to the benefit of successors and assigns and successors in title of the parties, subject nevertheless to the provisions of paragraph 17.

The Vendor at its sole and absolute discretion shall be entitled to waive any of the provisions of this agreement in whole or in part and in like manner shall be entitled to waive any and all provisions of any similar agreement.

If the Purchaser shall fail to carry out its obligations, the Vendor and its successors in title are hereby authorized to go on the said lands to carry out the work that the Purchaser is required to do, and all costs and expenses involved in doing so shall be paid by the Purchaser and its successors in title, and shall form a charge against the said land, and the Vendor and its successors in title shall be entitled to file a caveat respecting its lien rights in the said lands. The Purchaser acknowledges that if it fails to carry out its obligations damages and the right of self remedy is not adequate, and accordingly, the Purchaser agrees that the Vendor shall be entitled to apply for and receive an injunction, mandatory and prohibitive as circumstances may warrant, interlocutory and final, to enforce the provisions of this agreement.

The Purchaser acknowledges that the sole responsibility of ensuring that the provisions of this agreement are fully and completely complied with shall be on it, and therefore the provisions of this agreement authorizing the Purchaser to carry on a particular business or restricting it to a particular business shall not relieve the Purchaser of such obligation.

Any transaction given by the Vendor of the servient tenement shall not cause a merger.

This agreement shall continue during the lifetime of Queen Elizabeth II and all Her living heirs,

The recitals are hereby incorporated and made an integral part hereof.

In consideration of the Vendor transferring the land described in Schedule 1 to the Purchaser (which lands are called the "servient tenement"), to the intent and so as to bind the servient tenement and each and every part thereof into whosoever's hand the same may come and benefit and protect the land referred to in Schedule 2 and all other land in the Park now owned by Vendor and not being transferred to the Purchaser (hereinafter called the "dominant tenement") and each and every part thereof covenants with the Vendor that the Purchaser and those deriving title under it will comply with the provisions of this agreement.

Any site development will be subject to the provisions of the applicable MG industrial zoning as set out in the Village of Teulon Zoning By-Law No. 15/90, as amended from time to time and any Zoning or Development Agreement. It is the intention of this agreement that any by-laws or similar laws shall be construed so that they may become compatible but if anything contained in this agreement shall be deemed amended to comply therewith.

No noxious or offensive trade or activity is permitted on the servient tenement nor shall anything be done which may be or become a nuisance to owners or occupants of any lands in the Park by reason of unsightliness or the excessive omission of odours, dust, fumes, smoke or noise.

All property, structures, buildings and improvements shall be carefully maintained in a safe, clean and wholesome manner and in a first class condition and repair at all times. All refuse or rubbish must be removed promptly and not allowed to accumulate.

The following set-back requirements shall be met:

Front Yard
Side Yard
Corner Side Yard
Rear Yard

Height

All sites and adjacent boulevards shall be landscaped according to plans submitted by the owners of the lands and approved by the vendor. Any area used for parking or driveways shall be properly graded for drainage

All trash recepticals and storage areas, service yards, parking areas, loading docks and ramps, electrical cage enclosures, incinerators and similar equipment for the disposal of materials, and storage tanks, shall be located at the back portion of the properties. If this preferred location is not possible due to building size, shape, or requirements all elements list above shall be screened from view from access streets, and adjacent properties by means of a fence, berm wall or dense, opaque landscaping material unless otherwise consented to by the Vendor.

No permanent signs, billboards or advertising devices of any kind shall be placed or otherwise

plus twenty-one (21) years.

References to the Vendor shall include any assignor of the Vendor including any subsequent developer.

This agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties have duly executed this agreement the day and year first above written.

SIGNED, SEALED & DELIVERED)
IN THE PRESENCE OF:)

_____ INDUSTRIAL
DEVELOPMENT LTD.

Witness)

Per: _____

Witness)

Per: _____

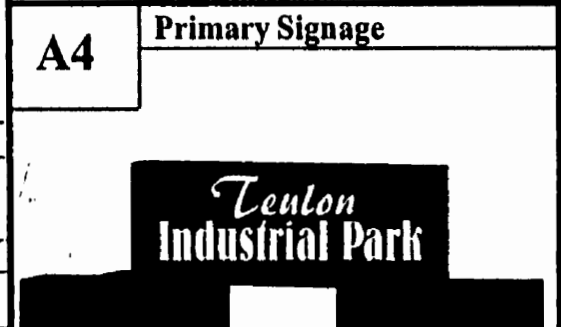
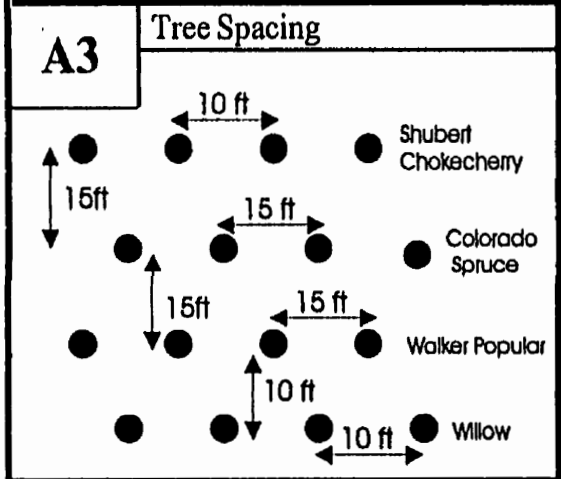
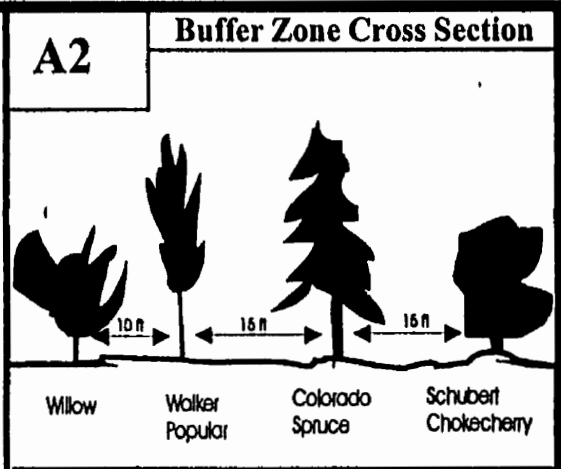
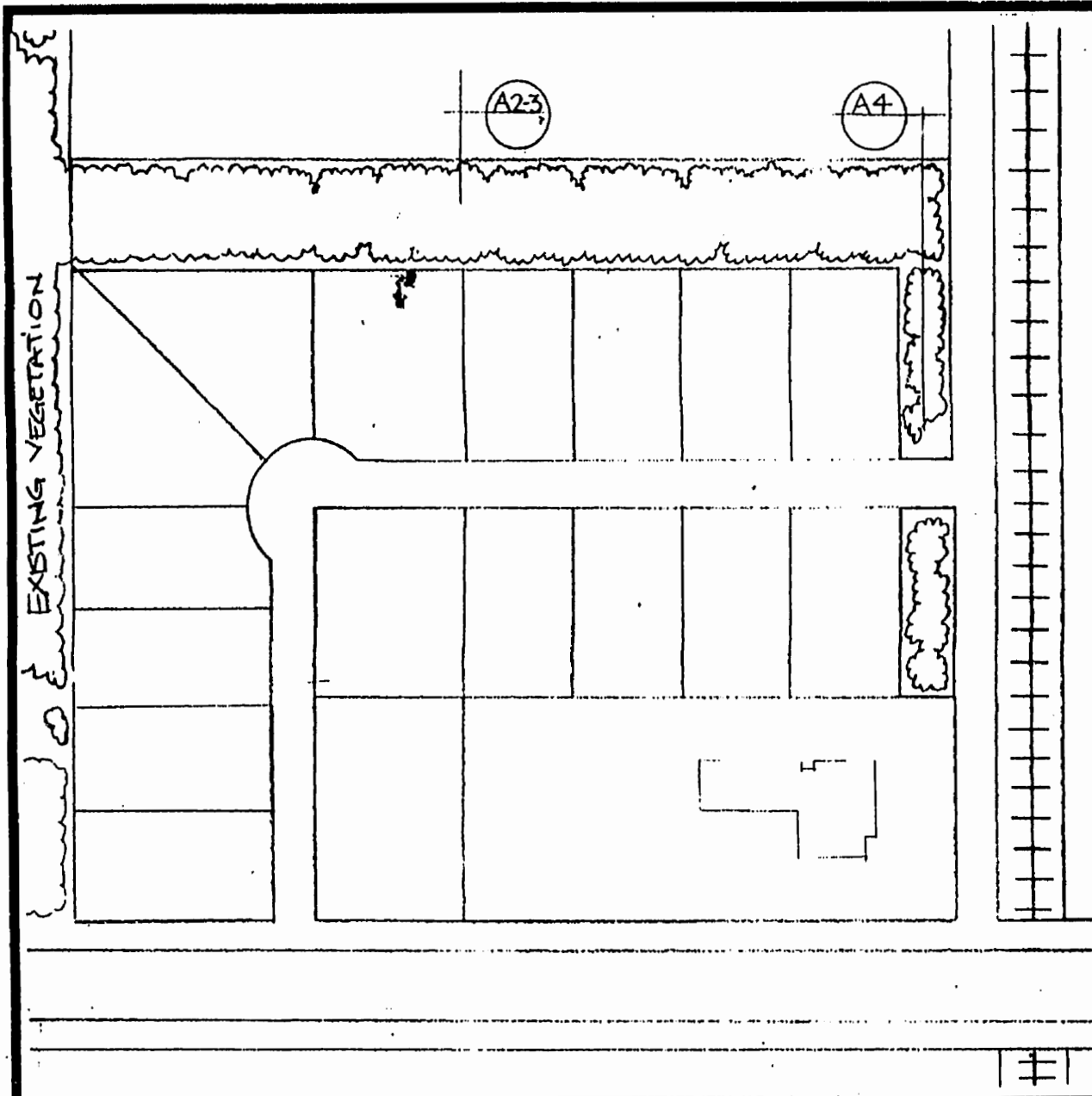
Witness)

Per: _____

Witness)

Per: _____

**APPENDIX C: LANDSCAPING PLAN FOR
PROPOSED INDUSTRIAL SITE #1**



**Conceptual Landscape Plan for
Proposed Industrial Site #1**

**Drawn By: Lincoln Webb
16/08/97**

A1

For Study Purposes Only

**APPENDIX D: FINANCIAL MODELS FOR PROPOSED
INDUSTRIAL SITES 1 & 2**

LAND FEASIBILITY ANALYSIS MODEL: SITE 1

GIVEN DATA

Gross Acres: 33.77
 Net Saleable Acres: 21.17
 Purchase Price: \$62,300.00
 Marketing Projections: Conservative: 100% sales

FINANCING ASSUMPTIONS:

Ph1 Mortgage: \$378,000.00
 Interest: 4.75%
 Years: 10
 Equity: 94,500
 Ph 2 Mortgage: 0
 Interest: 4.75%
 Years: 10
 Equity: 0

YEARS	1	2	3	4	5	6	7	8	9	10	11	12	13	TOTAL	LINE
Marketing															
Acres Sold	3.02	3.02	3.02	3.02	3.02	3.02	3.02	3.02	3.02					\$ 24.19	1
Price per SF	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184					\$ 1.47	2
Gross Revenue	\$ 24,194.29	\$ 24,194.29	\$ 24,194.29	\$ 24,194.29	\$ 24,194.29	\$ 24,194.29	\$ 24,194.29	\$ 24,194.29	\$ 24,194.29					\$ 193,554.29	3
Less Sales Expenses (say 7%)	\$ 1,693.60	\$ 1,693.60	\$ 1,693.60	\$ 1,693.60	\$ 1,693.60	\$ 1,693.60	\$ 1,693.60	\$ 1,693.60	\$ 1,693.60					\$ 13,548.80	4
Net Proceeds from Sales	\$ 22,500.69	\$ 22,500.69	\$ 22,500.69	\$ 22,500.69	\$ 22,500.69	\$ 22,500.69	\$ 22,500.69	\$ 22,500.69	\$ 22,500.69					\$ 180,005.49	5
Expenses															
Land Development															
Roadways & Drainage	\$ 184,500.00													\$ 184,500.00	6
Wastewater Sewer	\$ 108,458.00													\$ 108,458.00	7
Landscaping	\$ 2,500	\$ 2,500												\$ 5,000.00	8
Utilities	\$ 33,000.00													\$ 33,000.00	9
Survey														\$ -	10
Engineering (12%)	\$ 35,154.96													\$ 35,154.96	11
Contingency (10%)	\$ 29,295.80													\$ 29,295.80	12
Real Estate Taxes														\$ -	13
Direct Overhead														\$ -	14
Promotion & Signs	\$ 5,000.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00					\$ 8,500.00	15
Other	\$ 2,200.00													\$ 2,200.00	16
REDI														\$ -	17
Total Expenses	\$ 400,108.76	\$ 3,000.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00					\$ 406,108.76	18
Net Cash from Sales (F&C)	\$ (377,608.07)	\$ 19,500.69	\$ 22,000.69	\$ 22,000.69	\$ 22,000.69	\$ 22,000.69	\$ 22,000.69	\$ 22,000.69	\$ 22,000.69					\$ (226,103.27)	19
Financing	\$ 378,000.00													\$ 378,000.00	20
Debt Service 1	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)			\$ (483,601.83)	21
Debt Service 2														\$ -	22
Total to Lender	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	(\$48,360.18)	\$ -	\$ -	\$ (483,601.83)	23
Net Cash after Financing	\$ (47,968.26)	\$ (26,859.50)	\$ (26,359.50)	\$ (26,359.50)	\$ (26,359.50)	\$ (26,359.50)	\$ (26,359.50)	\$ (26,359.50)	\$ (26,359.50)	(\$48,360.18)	(\$48,360.18)	\$ -	\$ -	\$ (331,705.10)	24

Assumptions:

Interest Rate set at Prime 4.75%
 Price per Acre set at: \$ 8,000.00
 Project Life 7

LAND FEASIBILITY ANALYSIS MODEL: SITE 2, Scenario 1(Pumping Station to Gravity Feed)

GIVEN DATA

Gross Acres: 38.38
 Net Saleable Acres: 23.13
 Purchase Price: \$48,400.00
 Marketing Projections: Conservative: 100 % sales

FINANCING ASSUMPTIONS:

PH 1 Mortgage: \$332,000.00
 Interest: 4.75%
 Years: 10
 Equity: \$83,000.00
 PH 2 Mortgage: \$375,000.00
 Interest: 4.75%
 Years: 10
 Equity: \$93,750.00

	1	2	3	4	5	6	7	8	9	10	11	12	13	TOTAL	LINE
Marketing															
Acres Sold	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	23.13	1
Price per SF	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 1.47	2
Gross Revenue	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 185,040.00	3
Less Sales Expenses (say 7%)	\$ 1,624.00	\$ 1,624.00	\$ 1,624.00	\$ 1,624.00	\$ 1,624.00	\$ 1,624.00	\$ 1,624.00	\$ 1,624.00	\$ 1,624.00	\$ 1,624.00	\$ 1,624.00	\$ 1,624.00	\$ 1,624.00	\$ 12,952.80	4
Net Proceeds from Sales	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 172,087.20	5
Expenses															
Land Development															
Roadways & Drainage	\$ 184,000.00													\$ 184,000.00	6
Wastewater Sewer	\$ 93,800.00													\$ 93,800.00	7
Landscaping	\$ 2,500													\$ 2,500	8
Utilities	\$ 11,303.00													\$ 11,303.00	9
Survey	\$ 10,000.00													\$ 10,000.00	10
Engineering (12%)	\$ 30,936.00													\$ 37,464.00	11
Contingency (10%)	\$ 25,780.00													\$ 31,220.00	12
Real Estate Taxes (say \$72.40 ac.)														\$ 57,000.00	13
Direct Overhead														\$ -	14
Promotion & Signs (2% gpi)	\$ 15,000.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 18,500.00	15
Other														\$ -	16
Management Fees														\$ -	17
Total Expenses	\$ 353,318.00	\$ 500.00	\$ 500.00	\$ 387,215.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 753,534.00	18
Net Cash from Sales (F&C)	\$ (331,743.00)	\$ 21,076.00	\$ 21,076.00	\$ (375,639.00)	\$ 21,076.00	\$ 21,076.00	\$ 21,076.00	\$ 21,076.00	\$ 21,076.00	\$ 21,076.00	\$ 21,076.00	\$ 21,076.00	\$ 21,076.00	\$ 20,555.20	19
Financing	\$ 332,000.00			\$ 375,000.00										\$ 707,000.00	20
Interest 1	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (424,750.81)	21
Interest 2	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (419,763.72)	22
Total to Lender	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (42,475.08)	\$ (804,514.53)	23
Net Cash after Financing	\$ (42,218.08)	\$ (21,399.08)	\$ (21,399.08)	\$ (91,080.45)	\$ (89,375.45)	\$ (89,375.45)	\$ (89,375.45)	\$ (89,375.45)	\$ (89,375.45)	\$ (89,375.45)	\$ (89,375.45)	\$ (89,375.45)	\$ (89,375.45)	\$ (776,981.33)	24

Assumptions:
 Interest Rate set at Prime
 Price per Acre set at: \$ 8,000.00

LAND FEASIBILITY ANALYSIS MODEL: Site 2, Scenario 2 (Entire Road, Gravity from back)

GIVEN DATA

Gross Acres: 38.38
 Net Saleable Acres: 23.13
 Purchase Price: \$48,400.00
 Marketing Projections: Conservative: 100 % sales

FINANCING ASSUMPTIONS:

Ph1 Mortgage: \$538,000
 Interest: 4.75%
 Years: 10
 Equity: \$134,500
 Ph 2 Mortgage: \$30,000.00
 Interest: 4.75%
 Years: 10
 Equity: \$7,500.00

YEARS	1	2	3	4	5	6	7	8	9	10	11	12	13	TOTAL	LINE
Marketing															
Acres Sold		2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.83					\$ 23.13	1
Price per SF	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184	\$ 0.184					\$ 1.47	2
Gross Revenue	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00	\$ 22,840.00					\$ 185,040.00	3
Less Sales Expenses (say)	\$ 1,824.00	\$ 1,824.00	\$ 1,824.00	\$ 1,824.00	\$ 1,824.00	\$ 1,824.00	\$ 1,824.00	\$ 1,824.00	\$ 1,584.80					\$ 12,952.80	4
Net Proceeds from Sales	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,576.00	\$ 21,055.20					\$ 172,087.20	5
Expenses															
Land Development															
Roadways & Drainage	\$ 332,000.00			\$ -										\$ 332,000.00	6
Wastewater Sewer	\$ 80,300.00		\$ 23,250.00	\$ 23,250.00	\$ 23,250.00	\$ 23,250.00	\$ 23,250.00	\$ 23,250.00	\$ 23,250.00	\$ 23,250.00				\$ 268,300.00	7
Landscaping	\$ 2,500.00	\$ 2,500.00												\$ 5,000.00	8
Utilities	\$ 24,834.00													\$ 24,834.00	9
Survey														\$ -	10
Engineering (12%)	\$ 49,476.00													\$ 49,476.00	11
Contingency (10%)	\$ 41,230.00													\$ 41,230.00	12
Real Estate Taxes (say \$72.40 ac.)														\$ -	13
Direct Overhead														\$ -	14
Promotion & Signs (2% gp)	\$ 5,000.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00					\$ 8,500.00	15
Other	\$ 2,200.00													\$ 2,200.00	16
Management Fees														\$ -	17
Total Expenses	\$ 537,340.00	\$ 3,000.00	\$ 23,750.00	\$ 23,750.00	\$ 23,750.00	\$ 23,750.00	\$ 23,750.00	\$ 23,750.00	\$ 23,750.00					\$ 682,840.00	18
Net Cash from Sales (F&C)	\$ (515,764.00)	\$ 18,576.00	\$ (2,174.00)	\$ (2,174.00)	\$ (2,174.00)	\$ (2,174.00)	\$ (2,174.00)	\$ (2,174.00)	\$ (2,694.80)					\$ (510,752.80)	19
Financing	\$538,000.00			\$ 30,000.00										\$ 568,000.00	20
Interest 1	(\$68,830.10)	(\$68,830.10)	(\$68,830.10)	(\$68,830.10)	(\$68,830.10)	(\$68,830.10)	(\$68,830.10)	(\$68,830.10)	(\$68,830.10)	(\$68,830.10)	(\$68,830.10)			\$ (688,301.01)	21
Interest 2				(\$3,838.11)	(\$3,838.11)	(\$3,838.11)	(\$3,838.11)	(\$3,838.11)	(\$3,838.11)	(\$3,838.11)	(\$3,838.11)	(\$3,838.11)	(\$3,838.11)	\$ (38,381.10)	22
Total to Lender	(\$68,830.10)	(\$68,830.10)	(\$68,830.10)	(\$72,668.21)	(\$72,668.21)	(\$72,668.21)	(\$72,668.21)	(\$72,668.21)	(\$72,668.21)	(\$72,668.21)	(\$72,668.21)	(\$3,838.11)	(\$3,838.11)	\$ (726,682.11)	23
Net Cash after Financing	\$ (48,594.10)	\$ (50,254.10)	\$ (71,004.10)	\$ (44,842.21)	\$ (74,842.21)	\$ (74,842.21)	\$ (74,842.21)	\$ (74,842.21)	\$ (75,363.01)	\$ (72,668.21)	\$ (72,668.21)	\$ (3,838.11)	\$ (3,838.11)	\$ (669,434.91)	24

Assumptions:

Interest Rate set at Prime 4.75%
 Price per Acre set at: \$ 8,000.00
 Project Life 8

APPENDIX E: WARDROP ENGINEERING

4.0 CONCLUSIONS AND RECOMMENDATIONS

DRAFT

Our study conclusions and recommendations are as follows:

- The Teulon Economic Development Committee (TEDC) is reviewing the feasibility of developing an industrial park on Lot 12, Plan 19,260 in the Village of Teulon. The parcel of land comprises approximately 16.2 hectares (40 acres).
- Gravity wastewater sewer (WWS) service cannot be extended from the existing 200 mm WWS on the east side of PTH No. 7 to any portion of the proposed development.
- WWS servicing alternatives reviewed for the study area included:
 - pumping the wastewater from the east end of the study area to the existing 200 mm WWS on PTH No. 7; and,
 - connecting, by gravity flow, to the existing Village trunk sewer to the south of the study area.

The alternatives require temporary pumping facilities to service Phase 1 of the development. To eliminate this requirement, the gravity alternative was revised to service the east end of the development first. However development in this manner requires installation of the complete roadway and drainage system and is not recommended.

- The gravity flow WWS alternative is recommended at an estimated cost of \$93,800 for Phase 1 and \$144,400 for Phase 2, including a 10 % contingency and 14 % engineering. The gravity flow alternative has a slightly higher capital cost than the pumped alternative, but has reduced operations and maintenance costs and provides trunk service for future development in the area. This also provides the opportunity for cost sharing a portion of the sewer works with other developments.

- Manitoba Hydro charges the developer based on the type of service, ie. overhead or underground cable. Overhead costs for Phase 1 and Phase 2 were estimated at \$8,303.20 and \$10,303.20, respectively. Underground cable costs were estimated at \$97,057.56 and \$92,608.50 for Phases 1 and 2. Street lighting costs were estimated at \$6,000 for overhead service and \$30,000 for underground service.
- The recommended project arrangement includes the gravity wastewater service and asphalt surface roadway. The Phase 1 and 2 costs for the development, are as follows:

Services	Phase 1 (9 lots)	Phase 2 (14 lots)
Wastewater Sewer	\$93,800.00	\$144,200.00
Asphalt Roadway and Drainage	\$164,000.00	\$168,000.00
Hydro (Overhead Cable)	\$8,303.20	\$10,330.85
Street Lighting	\$3,000.00	\$3,000.00
Total Cost	\$268,303.20	\$325,530.85
Approximate cost per Lot	\$29,800.00	\$23,250.00

- Wastewater flow estimates for the industrial park development were based on typical rates for wastewater generation and infiltration used in other jurisdictions. The average and peak wastewater flows from the development were calculated at 5.56 and 10.91 Litres per second, respectively. The estimated flows exceed the capacity of the existing conveyance, pumping and treatment facilities which were implemented based on a twenty year design period. Since development in the area would likely occur over a number of years, actual wastewater flows should be monitored to indicate when WWS system upgrading is required.
- It is recommended that any industry locating in the development enter into an Industrial agreement with the Village of Teulon and share in the cost of any required WWS system upgrading.
- A 24.4 metre (80 foot) right of way is recommended for the development. The recommended roadway was designed to handle semi-trailer type traffic and features a 10 metre wide driving surface with 0.9 metre wide shoulders. Ditch drainage is recommended for the development with a discharge to the existing intermittent drain running through the development. Minimum ditch slopes of 3.5:1 are recommended for ease of maintenance.
- Asphalt and granular surface alternatives were conceptually designed for the development at an estimated cost of \$410 and \$350 per lineal metre, respectively. The cost estimates include roadway and ditch excavation, subgrade and base preparation, surface course, a 10 % contingency allowance and 14% for engineering. The asphalt surface is recommended despite the higher cost since it meets current Village standards, requires less maintenance and will not create a dust nuisance.
- Telephone service would be installed at no cost to the developer. It is anticipated that natural gas service would also be installed at no cost, however, since gas service is not currently available in the Village, this could not be verified.

APPENDIX F: FRAMEWORK FOR ANALYSIS

Teulon Industrial Development

Market Analysis

- 2 Types of Demand: 1) Derived Demand
2) Replacement Demand

Derived demand is the primary consideration in the analysis

Analysis consists of two components:

1. Analysis of Competition
2. Economic Base Study

1. Analysis of Competition

This analysis will determine those districts that are competitive with the site being developed. The following information is critical in analysis of those areas deemed competitive:

- year opened for occupancy
- gross acreage at time of opening
- zoning
- any unusual physical conditions
- occupancy level at the date of the survey (acres sold & percent occupied)
- estimated annual average acreage absorption (number of acres sold divided by number of years open for sales)
- development costs per acre (actual or estimated)
- opening price per sq. foot
- current price per sq. foot
- availability of major highway, rail service, airport
- available utilities

The *price data* (determined from above) can be used to test the reasonableness of the initial price structure proposed for the project as well as the potential for incremental increases during the development period. The *total demand for industrial land* (total of all acreage sold) should be calculated on an annual basis for all districts and parks surveyed. *Percentage of absorption* can be determined by project size, annual absorption patterns, and impact of new projects on overall absorption patterns. Remaining *unsold inventory* in competitive projects should be examined to determine if they will be competitive with the project under consideration.

2. Economic Base Study

This will detail the weaknesses and strengths of Teulon. The primary source for this will be 1996 census data, as well as, previous work completed concerning Teulon and the region.

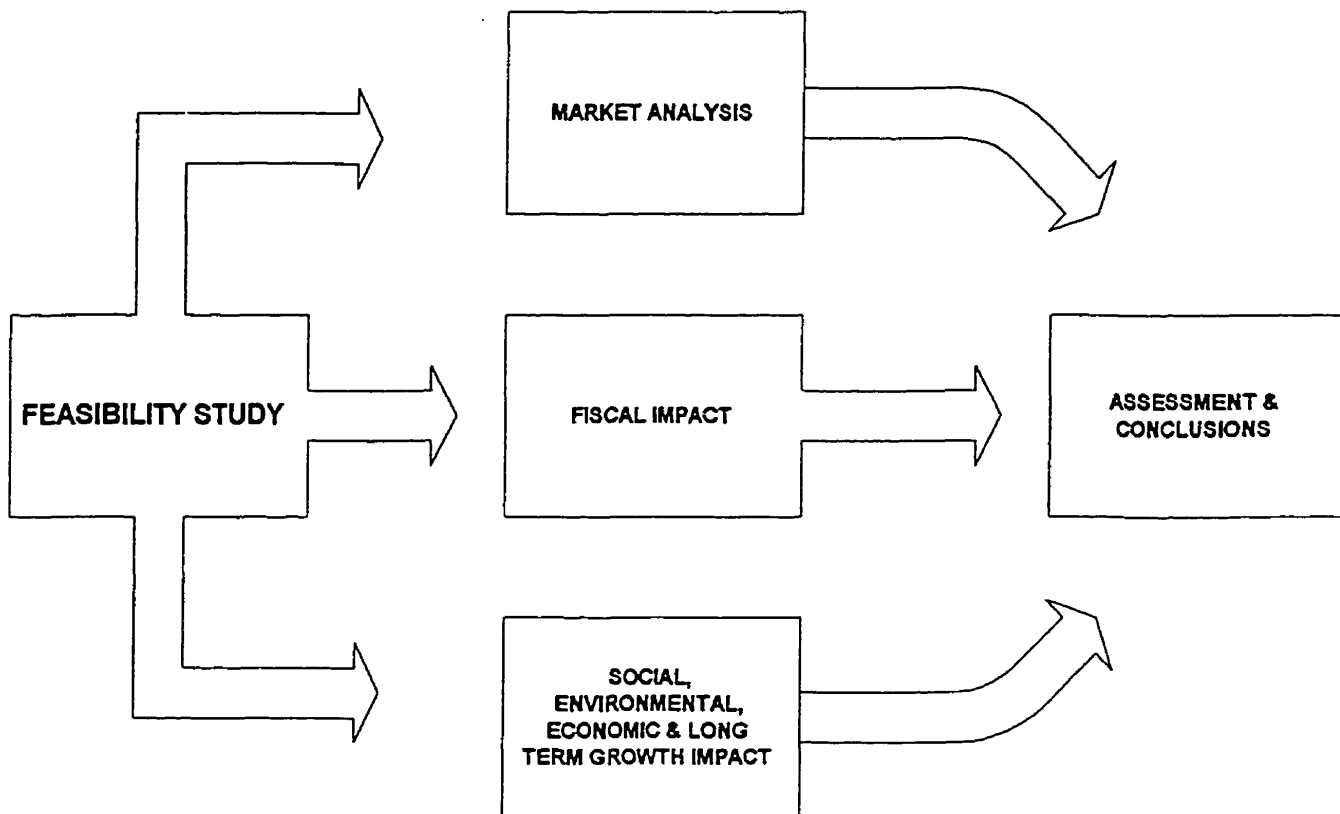
Feasibility Study

The aim of this study is to determine the feasibility of industrial development in Teulon. It will consist of:

- examination of cost/revenue implications of industrial development
- examine the social, environmental, and economic impact of industrial development

Evaluation of fiscal impact should consider:

- Assessed value of the industrial investment (land, plant, equipment, inventory)
- Demands on public services, particularly water and sewerage
- Proportion of employees establishing residence in the area
- Average earnings per employee
- Average income & level of services in the community
- Size of industrial project
- Spatial distribution of industrial development



APPENDIX G: RELEVANT MEDIA

Ident gged laks

ather, reported in the June 27 edition. They say they were told by a son at the division before they purchased that their son would attend West St. Paul. They learned the shock when they received the tax bill and saw their names were going to the division instead.

oulter, acting superin-

ON

the Seven Oaks division the Heather situation an audit of enrolment and up four other families children were attending in Seven Oaks but initially residents of Letters went out to all four.

the problem has been referred to a special committee and that, in the non-resident fees will be for the families in the school term.

next year, it isn't an said.

committee will start in August to seek a solution to the problem. The minister said a number of options will be explored, negotiating an agreement with Interlake.

unfortunate situation trying to resolve it."

division has corrected its problem," he added, "that parents are not getting information when they come to the Seven Oaks offices."

Molinski, like the one before her, said her hope was that the family would be able to fight the division to waive the non-resident fee for her daughter.

A permanent waiver for the fee would come as a relief for the family, Shelly said there would be an impact on the division which includes two children, both pre-school-

ould have been nice to have all go to the same school, she said.



Gimli MLA Ed Helwer, Zelych, and Selkirk-Red River MP Ron Fewchuk work the shovel.

Industrial park sites swallowed up in St. A

Official sod-turning comes with 80 per cent of lots sold

BY KEVIN KING

Eager to clear up backyard businesses while expanding their tax base at the same time, the rural municipality of St. Andrews is now equally eager to get things up and running at their industrial park after the official sod-turning last week.

The municipality purchased the 53-acre parcel at the corner of Highways 8 and 330, opposite the St. Andrews Airport, about one year ago.

With 16 of 20 lots sold (plus one being sold to the province for future road development), Zelych said they're expecting each and every purchaser to be ready for business within a year.

"They have one year to put their buildings up and get things going. If they don't they forfeit the lot" and their down payment, Zelych said.

He said the reason for the push is to avoid having specula-

tors grabbing up lots.

"We don't want people buying and then as soon as we fill the lots, the prices start changing. Nobody'll get the title to their lots until the building is up and gets going."

Zelych said their main thrust in establishing the park, which is being funded by three levels of government through the Canada-Manitoba Infrastructure Works Program for a total tag of \$193,000, is to bring businesses together to one location.

"We're basically keen on taking the people who are operating in private yards, or their homes, to come out of their back yards and locate in the industrial park."

He added a large portion of businesses who've been lured to the location are from within the municipality, although some have come from Winnipeg and other locales within the Interlake.

Double drowning at Fort Alexander

A Fort Alexander man died while trying to rescue his foster son in a tragic double drowning on the Winnipeg River on Canada Day.

Kyle Burton Courchene, 20, jumped into the water to save eight-year-old Curtis Flatfoot after the boy fell into the river while fishing on a cliff on the reserve.

According to a spokesman for the Powerview RCMP, two people on shore witnessed the accident and ran for help, as neither of the witnesses could swim. A nearby resident heard the alarm and managed to pull Flatfoot from the water, but was unable to revive him with CPR.

Courchene's body was recovered from the river about 90 minutes later.

Powerview teacher wins NDP nomination

BY JOHN GLEESON

The Lac du Bonnet New Democrats held a spectacularly tight three-way nomination race on June 27, going to a fourth ballot after the first and second ballots resulted in ties between two candidates.

Pinawa resident Martha Owen showed a slight edge after the first ballot, with 44 votes compared to 42 each for veteran NDP organizer Len Kolton and Powerview High School teacher Marguerite Ogilvie. The second ballot put Ogilvie into the lead with 44 votes, leaving Owen and Kolton tied with 42 each.

Kolton was dropped after receiving 39 votes in the third ballot, compared to 45 for Owen and 44 for Ogilvie.

But it was Ogilvie who won the nomination after defeating Owen in the fourth ballot by an undisclosed margin, which she described as considerable.

"I gained most of Len's supporters and some of Martha's," she said. "But it just showed there were three very strong candidates."

Ogilvie, 50, has lived in Lac du Bonnet since 1969. As well

Bob Andjelic (right, with son, Rob) says his company is renting out space even before the previous lease expires.

Not enough industrial space in city

Sorry . . . no vacancies

By Martin Cash
Business Reporter

It's true that the demand for industrial real estate is a precursor to economic growth, then things could be looking up for Winnipeg.

The demand for industrial and warehouse space has pushed vacancy rates to about 2.8 per cent, before the building boom of the mid-1980s. It was generally accepted that the vacancy rate in the industrial market in Winnipeg was out five per cent.

Now with about 75 million square feet of new space under way, vacancy rate means prospective tenants are having a hard time finding suitable space.

That means there are opportunities for new developments. And for the first time in close to seven years industrial/warehouse space is being built on speculation — meaning construction is underway.

One building is leased up, Sun-X Properties Ltd. is spending about \$1 million building a 65,000-sq-ft multi-use house/office building at Dublin and Midland Street.

Bob Andjelic, president of Sun-X Properties, said about a dozen potential tenants show interest. If they all serious we'll need four or five more buildings.

The last time a development in Winnipeg like this took place was in the Sun-X property in 1990. Andjelic's company now owns and manages more than one million sq feet of office and warehouse

Rental rates up, vacancy rates down

Average rental rates/square foot	Industrial building vacancy rates
1992 \$3.53	June 1995 4.6 per cent
1993 \$3.28	Dec. 1995 2.9 per cent
1994 \$3.15	Dec. 1996 3.2 per cent
1995 \$3.27	April 1997 2.8 per cent
1996 \$3.40	
1997 \$3.65	

Source: Ken Kroch, Stevenson and Company, Ltd.

space with acquisitions in the works that would put the total up to 100 million sq feet — that's 10 times more space than the company had in 1987. The company now has more than 100 different tenants and because of its large portfolio is able to move tenants around within its own inventory as their needs change.

In addition to the Midland Street building, Sun-X is also building a 24,000-sq-ft park in the St. Boniface industrial park for metal products distributors, VICWEST.

"Room to grow"

VICWEST's manager of logistics, Jack Bradley, said there were only about four buildings in all of Winnipeg that met his specifications.

"We needed a heavy-duty floor, with grade-level loading docks and land to store inventory outside. This is an expansion piece for our business," Kevin McGarry, president of Colliers Trott McGarry, said. "With

such a low vacancy rate there is not enough choice. There is lots of activity in the industrial sector. This is particularly important to the Winnipeg market because there is a large stock of industrial space. With such a low vacancy rate now, it means there has been a lot of space eaten up. It is a very good indicator for future developments."

Ken Kroch, a real estate broker specializing in the industrial and commercial markets with Stevenson and Company Ltd., tracks space inventories. While his research indicates that there has been a consistent level of new leases in the industrial market over the past three years, he said, "The demand is definitely more intense now. And because there is less space, lease rates are better because there is less space available."

Kroch said there has been at least one million square feet of new industrial leases signed for each of the past three years, and if Winnipeg doesn't hit that level this year it will

only be because of lack of inventory. For Andjelic and his son Rob, who handles leasing, the market is excellent.

"Five years ago when a lease was up, the space might sit empty for six months or a year," the elder Andjelic said. "Now Rob's got the space rented out even before the previous lease is up. Our vacancy rates are around one per cent."

Sun-X, along with Morguard Investments, are the largest industrial and warehouse space owners in the city. Sun-X stayed in business through the early '90s when many of the country's largest real estate developers were collapsing from the burden of debt.

One of the reasons for Andjelic's staying power and enduring success has been his insistence on the flexibility of use of a building.

"At one time I had a stack of 60 buildings that were for sale on my desk, but there were a dozen at most that I felt were versatile enough," he said.

"St. James is the area of the city most in demand," he said. "But most of the building have ceiling height of only 12 feet to 16 feet and most of the building needs today call for much greater ceiling height."

While some institutional investors such as Great-West Life have diversified their industrial real estate holdings in Winnipeg, Sun-X has been buying them up. Now there are more tenants than there is space and Andjelic is excited.

"People are always talking down about Winnipeg," he said. "We think this is a great market."

Over the next two years, housing the hopes of those eager to find a job, the Conference Board of Canada reported yesterday.

As a result, the province's labour force is expected to expand by 1.9 per cent this year — the strongest labour growth in the country.

The report is yet another indication of the continued strong growth in all sectors of the Manitoba economy, said Manitoba Finance Minister Eric Smeaton, adding more than 70 per cent of those new jobs are full-time and all are within the private sector.

Among the best

Private sector investment, foreign exports and retail sales in Manitoba have been among the best in Canada, he said.

"We are faring very well in Manitoba,"

Meanwhile, Manitoba is expected to see economic growth of three per cent this year, in line with the rest of the country, while dropping to two per cent in 1998.

However, consumer spending is expected to increase by only 1.8 per cent this year, the conference board predicts, after a shopping spree last year brought 3.7 per cent growth.

Even the provincial government is expected to buy less this year, with spending on roads and services to fall 2.7 per cent and 1.7 per cent in 1998.

This year's flooding in the Red River Valley has also brought uncertainty to the province's agricultural outlook, the board reported.

Agricultural decline

The board's current projection is an overall decline of 3.9 per cent in real agricultural output this year.

Many farmers won't be able to begin seeding until late spring and that, combined with an expected 20 per cent drop in wheat and barley prices, could make for a tough year.

Hog producers, on the other hand, are expecting another good year after prices peaked at \$2 a kilogram in 1996, the board reported.

Although prices are expected to fall back, averaging \$1.60 a kilogram this year, falling feed prices and continued strong international demand for pork should offset that.

The board, in its report, noted the Manitoba government posted its second consecutive surplus over the past fiscal year, thanks in part to steady growth in the economy.

It marks the first time in 25 years that surplus balances were achieved back to back.

Continued
Please see BOARD8

Determine the asset mix that's best for you

Do YOU investing according to plan? Or do you respond to hot tips and analyst warnings?

Right, I had the opportunity to a group of investors and them of the investment plans. Many were surprised at the



Dollars and Sense
David Christianson

tematic approach is radically it from the approach of many investors. Here's how it goes:

First step is to talk about you, right, you — not the market, direction of interest rates, not senspan, not inflation.

First step is to determine your risk profile. This is based on

including both spouses' investments and money inside and outside RRSPs. Take a holistic approach to investment planning.

Now, what do we mean by asset mix? Every investment portfolio can be measured by its exposure to three asset classes:

- Cash or short-term investments
- Fixed Income
- Equities or stocks

Each class can be subdivided further and additional diversification can be achieved. However, job 1 is to determine your current mix based on

Quantifying these factors by the use of a professionally designed questionnaire will assist you in determining the asset mix that's appropriate for you. This is the most important simple decision in investment planning.

Each class can be subdivided further and additional diversification can be achieved. However, job 1 is to determine your current mix based on

Each class can be subdivided further and additional diversification can be achieved. However, job 1 is to determine your current mix based on

Remember that interest income is fully taxable each year. On the other hand, dividends and capital gains are taxable at lower rates and only taxable when actually received or realized. This means that if you buy a stock and hold it for a number of years, it can appreciate substantially in value without incurring any tax liability for the capital gain until you ultimately sell it.

Therefore, the best strategy is to earn the interest inside the sheltered accounts, while taking advantage of the capital gains and dividend tax

through financial institutions, discount brokers or full service brokers.

Another alternative is to use professional management, either by using mutual funds or an investment consulting firm. Using these latter methods delegates some of the responsibility to professional advisers. For many people who are busy with their own lives, having someone to look after this area can make a lot of sense.

Finally, we get to the selection of individual investments. This is where most people start, but I suggest you have

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No vacancy signs going up in offices and industrial parks

By Rob Ferguson
Canadian Press

TORONTO — FINDING factory and office space is getting tougher as vacancy rates fall in the surging Canadian economy, Royal LePage says in a new survey.

The availability of industrial space in nine major cities fell a full percentage point to 6.3 per cent in the first six months of the year.

"That's the single biggest drop in three years," John O'Bryan, senior vice-president for the real estate company, said Monday.

In Winnipeg, the rate for industrial space fell to 3.4 per cent from 4.7 per cent of the 52,068,813 square feet available, according to the survey.

The tighter market is the result of increases in manufacturing and warehousing as stronger consumer spending has led to increased production.

"Companies are carrying much more stock and distributing more things to more stores," O'Bryan said.

For office space, the vacancy rate fell just over a percentage point to 11.9 per cent, mainly because of expansions at banks,

mutual fund companies and brokerage houses.

In Winnipeg, the rate fell to 10.7 per cent from 11.1 for the 7,470,691 square feet of office space on inventory in the city. The total occupied space was 6,669,770 square feet, the survey said.

The numbers suggest larger companies looking for room to grow might find it harder to come by than a few years ago, although small companies should be able to find small blocks of space fairly easily, O'Bryan said.

"There's a lot of space overall but it's not necessarily where you want to lease it or in blocks that you can deal with."

The vacancy rates are the lowest in seven years and perhaps longer in booming centres like Vancouver and Calgary, said Sherry Cooper, chief economist for investment dealer Nesbitt Burns.

"That foreshadows a much faster pace of non-residential construction in the future."

It's not surprising industrial and office space is being occupied at faster rates, Cooper added.

In cities like Toronto, office buildings left vacant in the lingering recession of the early 1990s are being converted into condos.

Business building boom on horizon

Facts about business vacancy rates in a new survey from Royal LePage:

■ **Industrial:** Fell to 6.3 per cent in June, down from 7.3 per cent at the end of last year.

■ **Commercial:** Fell to 11.9 per cent from 13.2 per cent.

■ **Where measured?:** Vancouver, Edmonton, Calgary, Regina, Winnipeg, Toronto, Ottawa, Montreal, Halifax.

■ **Quote:** "That foreshadows a much faster pace of non-residential construction in the future." — Sherry Cooper, chief economist, Nesbitt Burns.

"And we've seen very little commercial building for years," she said.

The pace of non-residential building fell off slightly in May after four consecutive monthly increases, Statistics Canada reported yesterday.

Building permits were down 28.6 per cent in May to \$885 million from April levels that were the highest in almost seven years. However, the May figure was higher than January's or any month last year.

"It's still on an up trend," said

Cooper.

Non-residential building permits were actually up in two provinces — 32.8 per cent in B.C. and 40.2 per cent in Manitoba.

The value of building permits issued for housing rose for the second consecutive month in May, although non-residential construction levels were off, Statistics Canada reported.

Municipalities issued permits for \$1.6 billion in housing, up 1.4 per cent from April. This followed declines in both long- and short-term mortgage rates.

APPENDIX H: INDUSTRIAL DEVELOPMENT CHECKLIST

	Industrial Development Checklist	Cost
✓	Industrial Market Analysis	
✓	Industrial Site Study	
✓	Industrial Site Selection	
	Securing of Project Funding	
	Identification of 'seed' tenants	
	Approval by Village Council	
	Application for Subdivision	\$200
	Consideration of South Interlake Planning District's comments	
	Submit plan of easements with Manitoba Hydro & MTS	
	Secure permits from Provincial Department of Highways	
	Receive 'Conditional Approval' form SIPD	
	Hire Surveyor to draw up legal subdivision plans, survey block outline, stake lots, and submit easements for utilities, and consult Land Titles	\$7500
	Contact Manitoba Hydro regarding above-ground servicing	\$33,000
	Register building restrictions as caveat	\$350
	Provide lot fees to SIPD	\$100 per lot
	Receive subdivision approval and registration	
	Contract engineer to tender road, drainage, and sewer construction	\$10,000