



Briefing Note

To: Council

From: Caleb Moss, Chair, EDSV Committee

Date: July 4th, 2013

File: 0360-20-Economic Development Service Vision

RE: Final Recommendations of the EDSV Select Committee per Mandate

SUMMARY OF ISSUE

Under authority of the *Community Charter*, in late 2012 Council established a Select Committee mandated by the end of June, 2013 to recommend through a report to Council:

- *A vision and accompanying priorities for both community economic development and traditional economic development for the Town of Golden and Rural Golden.*
- *A preferred option with alternatives for a governance and administrative framework best suited to undertake initiatives to meet the vision and priorities stated.*

This Briefing Note summarizes the mandate, process, and contemplations of the committee over the past 5 months and provides a recommendation to Council in moving forward.

BACKGROUND

In 2002, the Golden and Area Community Economic Development Society (later trade named Golden Area Initiatives or GAI) was established as joint service between the Town of Golden and the Columbia Shuswap Regional District to independently undertake community economic development services on behalf of both local governments for the Town of Golden and Area 'A' (Rural Golden).

GAI is a registered non-profit society, exhibiting a somewhat unique governance and membership structure with the Carver Model of governance in place virtually since inception. A continuum of funding by the two local governments has been annually provided through a "tripartite" agreement (enabled through a service creation bylaw in the regional district) which also stipulates generic deliverables, reporting, and auditing requirements of the society.

Since inception there have been a number of board rotations, as required by the society's constitution; the last staff manager was the third since inception. Despite numerous tactical and facilitated successes in both economic development and community economic development, a number of issues both real and perceived led to the formation of the select committee, including but not limited to the:

- Confidence in the effectiveness of the governance framework surrounding the society;
- Level of communication protocols and reporting by society;
- Society priorities in relation to established plans and local government initiatives;
- Relevancy and sufficiency of accomplishments;
- Relative scope of autonomy from the local governments;
- Disparity of strategic direction between the local governments; and,
- The society's connectivity to the community and its stakeholders.

Several meetings between society members (of which Council is one), the board of directors, and staff in the last two years did not meaningfully address the issues above to the satisfaction of Council. For a number of years, a combination of communicative failures and despondency between members and the board, inconsistent strategic and operational focuses of the society, and an executive staff disconnect with important human and organizational components within the community culminated in council issuing notice of cancellation of the service funding contract with the regional district.

Briefing Note

Final Recommendations of the EDSV Committee per Mandate

To this end, at its regular meeting held May 15th, 2012 it gave notice of termination of the “tripartite” agreement which will be effective December 31st, 2013, while also inviting dialogue with the regional district to explore other joint and alternative means to deliver economic development services to the area.

The notice allows for continuation of society funding in accordance with the agreement for the 2013 calendar year; funding to the society will be terminated as of January 1st, 2014 under the current agreement terms.

On November 6th, 2012 Council approved the Terms of Reference for a Select Committee entitled *Economic Development Service Vision*. The purpose of a select commit is to consider or inquire into any matter and to report its findings and recommendations to the council for determination. The Committee was struck in order to facilitate focused thought on the past, current, and future delivery of economic development services by the community. The EDSV Committee was charged with recommending to council a way forward, under the premise that the municipality intends to continue funding this function, provided a practical, affordable, and successful solution for delivery can be implemented.

The Committee members included:

Caleb Moss	Chair and Councillor; local business proprietor
Connie Barlow	Vice Chair and Councillor; Exec for GCRS
Jon Wilsgard	member and staff liaison (replaced David Allen, former CAO)
Randy Priest	Director and Chair, GAI; retired LP employee
Darren Dusevic	Director, GAI; local business proprietor
Chuck Gorton	Local business proprietor
Laura Archer	Former GAI EDO; current CBT employee
Ryan Watmough	Business consultant; Exec for GDCF

The Committee has met 6 times since February 1st in closed sessions. Many aspects of the mandate have been considered including the strengths and weaknesses of delivery models and personnel; financial implications; the roles of local and regional governments; and goals, objectives, and methodologies of Community Economic Development and Economic Development. The Committee heard from several guest speakers and locals, read relevant material, and researched appropriate sources. Members attended a provincially sponsored economic development summit and both coordinated and attended sessions of the recent SFU CED course organized by GCRS.

It is important to note that while organic and informal discussion led otherwise, it was not considered the formal role of the Committee, nor should it be Council's for that matter to debate the finer particulars of administrative delivery of this function, specific projects, or ancillary considerations such as assets, reporting, and financial management.

DISCUSSION

Recommendation Context #1

“A vision and accompanying priorities for both community economic development and traditional economic development for the Town of Golden and Rural Golden”.

The Committee was reluctant to debate specific methodologies, deliverables, and objectives for delivery; confident that such matters should be left to administrative professionals and politicians in the creation of higher level plans for the community and in annual work plan and reporting parameters. That said, the Committee found common ground in that the principles of Community Economic Development versus purely Economic Development should be followed, and around the following “imperatives”, from which could be translated vision and priorities for delivery, regardless of the mechanism:

Partnership Imperative

It was generally agreed that a financial partnership with the CSRD was pivotal to retaining a CED function within the area. The scope and nature of this partnership could change however pending the delivery mechanism and its focus.

The current model though financially adequate, places an unfair expectation to deliver strategic planning and tactical solutions to a jurisdiction in which the residents have rejected planning and the authority has no current mandate in implementing.

The independent 3rd party model has provided a highly successful “channel” for joint funding of initiatives, being an established service of the regional government.

While regional taxation funding could be reduced except for a reasonable stipend to recognize regional outlook and by fee-for-service needs otherwise, retention of an adequate level of EOF funding would be critical. Doing so would reduce rural taxpayer obligations, yet provide funding that inherently is based upon a regionally beneficial service ethos.

Leadership Imperative

The members agreed that leadership is and can be realized municipally but does not exist in a CED context in the rural area and is not likely to in the foreseeable future. Community champions exist and are forging, sometimes in a partnership arrangement, sometimes isolated. Partnering with such champions has never been fully realized, but may be a function of a lack of focus.

Place Imperative

The members agreed that a sense of place is inherent in Golden, but a focus upon it to guide economic development has not happened, and a greater focus on this is needed.

Innovation Imperative

The members agreed that fostering innovation is happening in isolation, with entrepreneurial support networks. The delivery mechanism must ensure it facilitates this through positivism, client focusing, and community spirit optimism – including far more engagement in small and large groups, continuously and meaningfully.

Sustainability Imperative

The members identified this as a definition issue. Addressing the other 5 imperatives can inherently satisfy this one. The term is vastly overused and therefore misinterpreted. Is this a factor of critical thinking or an end state? It was determined that this imperative has no bearing on a model of delivery but could be a part of the vision and priorities for delivery.

Capacity Imperative

The example of GAI “handing off” the tourism portfolio to the DMO was duplicated by the town with economic development. As a result, GAI was “handed off” CED responsibilities entirely and integration into the municipal framework was essentially abandoned on both sides. Re-integration would increase capacity of the municipality by undertaking portfolios and projects otherwise under strain or currently in stasis, through a CED lens. Regardless, under any future structural delivery framework, integration is critical.

Recommendation Context #2

“A preferred option with alternatives for a governance and administrative framework best suited to undertake initiatives to meet the vision and priorities stated”.

In 2010, the UBCM undertook a comprehensive survey of local governments in the province, culminating in a report entitled *Evaluating the Economic Development Role of BC Local Governments*. The report provided substantial information to members in informing their viewpoints on the subject, and was bolstered by reports of inter-community conversations with the CAO.

In its 2009 survey of 124 local governments on economic development delivery that informed the report, 73% of governments surveyed stated that resources were spent on economic development; Golden is not rare in its traditional expenditure on this function. That said, just 35% actually employed an EDO; of those that did however, 75% are full time. The majority of local governments (55%) devote less than one FTE to the function – meaning it is likely a “side of the desk” endeavour by current staff. Despite the definition and ability to deliver being varied, there is a trend for local governments to spend capacity and money to provide this service.

The scope of delivery is an important consideration, depending upon how prevalent a community feels the presence should be, and what products and programs are important enough to dedicate sufficient resources to. In the AKBLG area Golden, Kimberley, Cranbrook, Trail, and Revelstoke dedicate staff to this function and only Golden uses an independent society model. Several other communities in the region subscribe to the Invest Kootenay organization which is similar to Kootenay Rockies in providing a regional web based platform showcasing members’ attributes and business opportunities.

Products such as community profiles, business investment portfolios etc. and research are possible to contract out. Providing continuing and meaningful business and community relationships, practicing CED principles, strategic planning, and undertaking many “one-off” marketing, promotional, and presence-based projects require a dedicated local presence. They cannot be undertaken by municipal staff unless significant work load is alleviated in traditional activities. In the UBCM survey, those employing an EDO (in-house model) were most satisfied with effectiveness. Next down in satisfaction was having a department, followed by a voluntary committee using existing staff.

The Committee is unanimous in its position that any economic service delivery moving forward **MUST** include adequate and meaningful financial participation from the CSRD. Without meaningful

participation the town cannot deliver the service under any mechanism without a significant increase in its own contribution. Notwithstanding political positioning, the CSRD has a bylaw which identifies economic development as a service in Area A and that it can enter into contractual agreements (such as the current tripartite agreement) for delivery of the service.

Retaining the current delivery model (independent society) would require at least the same amount of annual funding from the CSRD, in order to maintain the service level. This also assumes maintenance of the level of EOF funds allocated. The Committee has assumed that Council would not entertain any option that would incur more annual costs than it does now.

The town currently allocates about \$85,000 per year to the function. Under a reasonable salary and requisite benefits package, this would barely cover the costs of an employee of the town. But this does not include the current \$100,000 in EOF allocated by mutual agreement to the function or the \$67,000 the town allocates to Kicking Horse Culture and film commission related work which is matched by the regional district, though this funding is ancillary to the economic development function.

Note that in the UBCM survey, 80% of respondents in the AKBLG area reported a regional focus with financial partnerships to bolster this approach.

Synopsis

Whatever the reasons, the vast majority of governments delivering economic development services do so through in-house means; many employ a part time or full time EDO, the rest assign duties to existing staff and/or support for a voluntary committee. Exclusive regional district and corporate delivery are reserved to large populations. Societies continue to be employed successfully though they tend to not have the longevity that in-house delivery does. In-house EDO structures have been in place for decades in some instances and tend to have the highest satisfaction level in communities. Volunteer organizations tend to have limited outputs. Societies can be highly successful, but tend to ebb and flow in longevity.

Overall, a regional focus is nearly universal apart from the large metropolitan areas due to the greater dependence adjacent jurisdictions have upon each other in smaller populations, and less resources available singularly. In any model, a continuous role of public engagement by means of an advisory committee or equivalent is common and practical, though not without its issues to be managed.

The political stance of Area 'A' of the regional district on this matter was conveyed as follows:

THAT as recommended by the Electoral Area 'A' Local Advisory Committee at its January 10, 2013 meeting, the Electoral Area 'A' Local Advisory Committee work in conjunction with the Town of Golden and the Columbia Shuswap Regional District to assist in the development and identification of economic development priorities for the Town of Golden and surrounding areas.

IMPLICATIONS

Strategic

(Guiding Documents Relevancy -Strategic Plan, OCP)

The current OCP has many sections of goals and objectives germane to this topic, with the most relevant being s.2 *Community Economic Development*. Support of CED principles through financial and strategic partnerships (albeit through the support of GAI) is within the top 3 objectives. A number of objectives in this section have or are being actively addressed by the municipality.

Financial**(Corporate Budget Impact)**

The municipality currently expends roughly \$85,000 sourced through taxation, per year on this function. This amount has varied for the last decade, particularly during the repayment of the BCVC debt.

Under the options for service continuation, this amount is not sufficient on its own. It barely covers the cost of a single employee, considers no operational or administrative budget, nor includes regional district contributions.

Ancillary costs at this time include \$60,000 per annum to Kicking Horse Culture and \$7,000 to film commission style activity. Both amounts are matched by the regional district.

Administrative**(Policy/Procedure Relevancy, Workload Impact and Consequences)**

Covered below.

OPTIONS**1. Return to In-house Delivery****Delivery Considerations**

Based upon the history of CED delivery in Golden, the discussions of the EDSV Committee, and research of literature and practices in other communities, moving delivery of this function into a full time municipal employee is the Committee's recommendation.

The benefits in doing so include:

- It assures direct integration into municipal strategic and operational planning and projects.
- Many administrative costs can be absorbed into existing operations.
- The position can assume a larger portfolio, including other municipal projects and initiatives.
- The optics and reality of bringing a CED focus back into the municipality.
- Assuring integration and influence with other departments and direct communication.
- Cost reductions incurred in reducing the position to an officer from a manager, reducing administrative costs in having an independent society.

The challenges in doing so include:

- An increase in administration, oversight, and logistics in adding staff to Town Hall, particularly in the first 6-8 months of transition in negotiations and business transactions.
- Application of bureaucratic and regulatory framework to position.
- Loss of independent status from government.
- Loss of external funding access and some partnership capabilities.
- Ensuring a regional oriented function with service outside the municipal boundary.
- Possible difficulty in securing regional funding.
- Governance structure (if implemented) creates further administration needs.

Governance Considerations

The simplest form of governance in this option is the typical CAO/department head/employee relationship, with policy direction provided by council. Garnering regional district funding could be as simple as a shared service agreement or an amendment to the existing tripartite agreement. In turn, the regional district would likely be deserving of a policy role. This could take the form of presence on an advisory committee, a standing committee, or separate commission. These governance bodies could include public and council participation. Their formation and to what degree would be the judgment of Council and the position of the Area Director. Aside from any political horse trading for control or presence, consideration of some sort of official governance or public advisory body would have value to the effective delivery of overall service.

GAI Fall out Considerations

Under this option, the future of GAI must be determined which will require legal input. Although it is sited on provincial land, the society owns the BC Visitor Centre. The society constitution is clear that upon dissolution all assets will be divided equally between the town and the regional district. The situation presents interesting options including whether the society should be dissolved or re-fashioned under a new mandate and responsibility in order to retain building ownership; serve other functions; if joint funding from the governments is better channeled to the society or not; and if building ownership falls to the governments how it will be handled.

Examples

The District of Chetwynd with similar populations to Golden and the electoral area has employed a full time EDO and an assistant for nearly a decade. A standing committee of council governs policy. It's chaired by the mayor, vice-chaired by the electoral director, and has a community at large rep as well as one appointed by the chamber of commerce. The area director provides funding, but only about 10% of the total budget. The model has been in place for over 10 years. The function receives 10% of its annual funding from the Northern Development Initiatives Trust.

The City of Kimberley (just under twice Golden's population) has employed a full time EDO for over 20 years, and now includes one part time clerical assistant. There are no governance structures in place other than council and the CAO although the EDO does employ several ad hoc advisory committees. The regional district contributes no funding.

The City of Revelstoke (twice the size of Golden) has employed a full time EDO for many years with administrative assistance shared with CFDC and the Chamber of Commerce. The EDO provides support to a 13 member "commission" (actually an advisory body) created and mandated by the CSRD who makes commission appointments by recommendation from the city and the area director. The CSRD contributes approximately 35% of the EDO's annual budget, yet represents just 10% of the area population. Council also maintains a standing economic development committee which includes the area director as a member. The City of Revelstoke also employs a full time social planner who works closely with the EDO.

2. Maintain Independent Society Delivery

There have been successes in this mechanism and it is employed by other jurisdictions.

The benefits in doing so include:

- Cost effectiveness. For the price of less than one staffer at Town Hall, it begets three.
- Ability to access a variety of funding unavailable to local government.
- Ability to greater assure privacy and confidentiality (FOI less applies).
- Independence assures mitigation of political interference.

- Co-location ability with other organizations.
- Continued ownership and management of the visitor centre.
- Continued joint funding for cultural services and film commission remains intact (assumedly).

The challenges in doing so include:

- Maintaining communications with funders and government.
- Integration with the government authority in influencing and implementing policies and projects.
- Strategic and operational disconnect leading to a loss of support.
- Less direct access to authority.
- Staff time dedicated to administration of an organization.
- Confusion of role by the public.
- Providing strategic influence to a jurisdiction uninterested and unable to endorse objectives.

Governance Considerations

There are ways to assure success in this model from having staff that understand the political and public relationships that are critical to maintain to building a practical governance structure around it. If this delivery system was adopted, the governance structure of GAI should be changed, offer less autonomy, and a more direct and accountable tripartite agreement be drafted to mitigate the challenges listed above.

Examples

The Comox Valley Economic Development Society was instrumental in reviving the regional airport to garner Westjet's arrival and change the economic status of much of the area. The society maintains an active role in local governments and enjoys the participation of two municipalities and regional district. An important difference is the scope of population of the area and therefore the resources available.

3. Other Options

Volunteer Committee

This delivery model is not uncommon, particularly amongst communities with limited budgets. Committees tend to be advisory only, and success is associated with the level of dynamism and variety of those represented, as well as the committees' role being strategic, not operational. Existing staff and elected officials are seconded with working roles. The UBCM survey found just slightly more communities using this model than the non-profit society model.

Adopting this model would be the least cost for delivery of services, but also require a significant re-allocation of work load for existing staff, including the likely reduction and elimination of some existing services in order to accommodate any meaningful application toward these new services.

With a financial commitment already being made for this service, the most valuable component of this model to Golden is the engagement of an outside citizen's advisory committee which can be accomplished by either of the other models. The UBCM survey also reported that overall satisfaction with service delivery was lowest under this model.

Corporation/Regional District Delivery

These models are typically reserved for much larger municipalities with multiple jurisdictions in a population area.

Recommendation of the Select Committee

THAT Council RE-AFFIRM its intent to terminate the current Economic Development Service (“Tripartite”) Agreement with the Columbia Shuswap Regional District and current service expectations from the Golden and Area Community Economic Development Society effective December 31st, 2013;

AND THAT Council DETERMINE to deliver a regionally oriented, municipally controlled and administered, community economic development service function;

AND FURTHER THAT pending the retention of a meaningful financial partnership with the regional district for the service, Council and staff begin the necessary legal and administrative processes and negotiations with the regional district, the Province, and the Golden and Area Community Economic Development Society to restructure and enable the service function, including closure or amendment of society activity, divestiture and re-assignment of society assets, liabilities, and obligations as appropriate or required, and service integration into the municipal administrative framework.

On behalf of the members, I submit our regards to council in enabling this committee and a process that garnered intellectual discussion and thought over an important community service. Per the Terms of Reference, the committee’s term ended June 30th, 2013 and is now officially dissolved.

Respectfully Submitted,

Caleb Moss, Chair
Economic Development Service Vision Committee