

CITY OF FORT SASKATCHEWAN

Edmonton Metropolitan Region Economic Development Entity

Motion:

- 1) That the City of Fort Saskatchewan subscribe for a share in the Part 9 Company to be incorporated for Regional Economic Development in the Edmonton Metropolitan Region, and agree to a 3-year funding commitment to the Company with such annual payout not to exceed \$50,000 for 2017 to be funded from the Financial Stabilization Reserve, \$100,000 in 2018 and \$150,000 in 2019 to be funded from the ongoing operating budget.
- 2) As required by the Articles of Association of the Company, appoints ____ [name 1] ____ to serve as the elected representative of the City of Fort Saskatchewan and in the event that ____ [name 1] ____ is unable to attend any meeting of the shareholders appoints ____ [name 2] ____ to serve as the alternate elected representative.

Purpose:

To ensure the City of Fort Saskatchewan is part of the Regional Economic Development Entity that is being created to promote the Edmonton Metropolitan Region.

Background:

In September 2014 the Capital Region Board (CRB) facilitated a round-table discussion with Economic Development professionals from capital region municipalities to gather their feedback on regional economic development and what, if any, role the CRB should play. From this consultation a report was generated which called for the creation of an Economic Development Entity, which would promote investment for the entire metro region. Following this, the Metro-Mayors Alliance developed a report which called for a regional economic development initiative to promote investment attraction. It also recommended the creation of a stand-alone Entity to promote the region. It was proposed that the new Entity would take a lead role in promoting investment opportunities. Proposed activities included the creation and implementation of a regional marketing strategy, as well as the creation of a regional brand, and development of a regional database that included sub-regional information.

Through continued discussion with stakeholders and municipalities, a final proposal has been developed that is being presented to municipalities for approval.

Current Situation:

May 24, 2017 is the deadline for municipalities to sign on as shareholders of the proposed Entity. As outlined in the attached presentation, the proposal calls for the creation of a Part 9 Company that will engage in the promotion of the Edmonton Metropolitan Region, specifically for investment attraction. Using a pay-to-play model, municipalities that wish to participate must provide annual financial contributions to support ongoing operations.

The proposed structure of the Entity is as follows:



Municipalities that do decide to participate will become shareholders of the newly created Entity. Shareholders will operate on the principle of one share – one vote, regardless of the amount of financial contribution. At this time, only municipalities within the capital region are eligible to be shareholders. The role of the shareholders will be to appoint the Board of Directors, accept the budget and audited financial statements.

The Board of Directors will be comprised of between 6 and 12 positions (as determined by the Shareholders) and selected by the Shareholders with one representative from each of the following sub-regions, at this time we do not know which sub-region Fort Saskatchewan would be part of:

- Parkland;
- Leduc;
- Strathcona;
- Sturgeon; or
- Edmonton.

The remainder of the Board will be comprised of business and professional leaders based on a skill-set matrix to be determined by the interim board and approved by the Shareholders.

The Board of Directors will be responsible for overseeing the development and implementation of the strategic plan, hire a CEO, and seek Federal and Provincial funding commitments.

Reporting to the Board of Directors, the CEO and staff will be responsible for the day to day operations of the Entity.

The proposed Entity will be guided by the following principles:

- inclusive;
- respect for local autonomy;
- consensus based; and
- speak with one voice.

Anticipated Outcomes/Benefits:

The anticipated outcomes of the Entity are as follows:

- 1) A database that provides regional and sub-regional information relevant to investment attraction. This type of resource is currently lacking in the region and is a powerful tool to attract investment and increase awareness of opportunities. It will house important statistics, and information specific to business development such as demographics, labour, infrastructure, assets, and resources.
- 2) A regional brand that can be used to promote the entire capital region to potential investors. Having a brand that is reflective of, and supported by, the entire region will be a useful asset in attracting investment and promoting opportunities in the metro region, particularly when used to augment and enhance existing attraction efforts.
- 3) A regional strategy will serve as a guideline promoting the opportunities that exist within the Edmonton region as a whole. The strategy will identify target sectors, messaging, resources, stakeholders/partnerships, and existing business clusters to help increase the scope and reach of the regional promotional message.
- 4) Regional advocacy to all levels of government to remove barriers to development within the region. A regional approach to advocacy is an effective tool as it demonstrates a shared value within the message.

In preparation for the establishment of this Entity, the interim board has received \$300,000 in funding from the Province to conduct a comprehensive environmental scan, which will inform them of who the individuals and organizations engaged in regional economic development and investment attraction are, and what efforts they are undertaking to that effect. The intent going forward then is that this Entity will not duplicate or interfere with local municipal economic development departments, or organizations such as the Alberta's Industrial Heartland Association (AIHA), rather it will seek to compliment them.

Financial Implications:

The Entity will be funded through a combination of annual shareholder contributions, and anticipated Provincial/Federal funding. A proposed 3-year budget has been provided to illustrate the projected annual operations and funding requirements.

Operating Year	Total Budget	Shareholder Contribution	Other Levels of Government
Year 1	\$1,000,000	\$500,000	\$500,000
Year 2	\$3,000,000	\$1,000,000	\$2,000,000
Year 3	\$5,000,000	\$2,000,000	\$3,000,000

Shareholder contributions will be determined based on population and assessment, which will result in municipalities such as Edmonton, Strathcona, and St. Albert paying larger shares than Fort Saskatchewan and other communities.

To provide ongoing certainty in regard to funding, municipalities that commit to becoming a shareholder must provide two years' notice should they choose to withdraw from the Entity; meaning their financial contribution is guaranteed for the two-year notification period.

As noted in the budget, it is anticipated that other levels of government (Provincial/Federal) will provide ongoing operational funding to reduce the cost to Shareholders. At this time, there has been no firm commitment from either the Provincial or Federal governments as what they will provide in terms of ongoing operating funding. Discussions between the interim board and Provincial/Federal departments and agencies are ongoing.

At this time, the final number of shareholders who will be participating in this Entity, as well as the Provincial and Federal contributions are unknown. As a result, the annual contribution required by Fort Saskatchewan can only be estimated. If the required amount exceeds the proposed motion this item would come back to Council for discussion and a decision. As noted by the interim board and CRB, these funds should not have a negative impact on existing municipal department budgets.

If approved by Council, Fort Saskatchewan's contribution for the 3-year timeframe would not exceed \$300,000 which is broken down annually as follows:

- **2017** – not to exceed \$50,000, funded from the Financial Stabilization Reserve;
- **2018** – not to exceed \$100,000, funded through ongoing operations; and
- **2019** – not to exceed \$150,000, funded through ongoing operations.

Project Risk Factors:

The Economic Development Department has identified the following risk factors/concerns with the proposed Entity:

- 1) **Funding and Budget** – There has been no firm commitment from the Provincial or Federal government to provide ongoing operational funding to help offset costs. As noted by the interim board during the recent open house discussions, there is no contingency plan in place should funding from other levels of government not be received.
- 2) **Governance** – The overall operations of the Entity, including the development and implementation of the strategic plan, overall budget, business plan and management of the CEO are the responsibility of an appointed Board of Directors and not the municipalities, which are the shareholders. Under the proposed articles, elected officials from the shareholder municipalities are not eligible to sit as Board members. This creates a disconnect between the Entity that is funded by public dollars, and municipal shareholders that are accountable for those dollars.
- 3) **Timelines** – The proposed timelines for creating the Entity are aggressive and does not permit a thorough review by municipalities, or allow for sufficient public consultation given that public funds will be used to fund operations. The timelines also do not permit municipalities to conduct an adequate legal review of the draft articles of association that have been proposed (attached).

Regional Comparators:

Parkland County, City of Leduc, and Strathcona County recently approved motions to become shareholders of the Entity.

Summary:

While there remains some concerns with the proposed Entity, there is a general agreement that there needs to be increased regional collaboration to attract investment to the region. Regional organizations, when developed and implemented properly, can be a useful tool in attracting investment and leveraging resources to extend the reach and scope of promotional efforts beyond what individual municipalities can achieve on their own; AIHA is a good example of this. To ensure this regional Entity's creation and operation is thoughtful and effective, as well as meeting the needs of the region, it is important for Fort Saskatchewan to be at the table to provide input and guidance.

In addition, the proposed resources, such as a regional brand, database, and strategy are also significant and important tools that are currently lacking in the region and would support improved investment attraction activities.

The resources that Fort Saskatchewan will be putting into supporting the regional Entity will be combined with the resources and funds of our regional partners and other levels of government to expand the scope and reach of what we could achieve on our own.

As such, Administration is recommending that Fort Saskatchewan participate as a shareholder in the proposed Part 9 Company for the outlined 3-year commitment. We would suggest that this decision be reviewed annually to ensure accountability and that the City is receiving sufficient return on our investment going forward.

Attachments:

1. Appendix A – Proposed Articles of Association
2. Appendix B – Interim Board Presentation to Information Session
3. Appendix C – Question & Answer Transcripts from Information Sessions

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Submitted to:	City Council	Date: May 23, 2017