Legislation Text

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Regional Economic Development Entity Funding
Presented by: Lynette Tremblay, Manager, Government Relations

RECOMMENDATION(S)

1. That the City of St. Albert subscribe for a share in the Part 9 Company to be incorporated for regional economic development in the Edmonton metropolitan region (the “Company”);

2. That the City of St. Albert agree to a three year funding commitment to the Company with such annual payment not to exceed $50,000 in 2017, $100,000 in 2018, and $150,000 in 2019, with the 2017 funding to be allocated from the Stabilization Reserve and funding for 2018 and 2019 to be built into the operational budgets for those years.

3. That, until new appointments are made by Council after the 2017 General Municipal Election, _____ be appointed to serve as the elected representative of the City and _____ be apponted to serve as alternate to attend any meeting of the shareholders, as required by the Articles of Association of the Company.

PURPOSE OF REPORT

The deadline for municipalities to sign on as a shareholder to the Edmonton Metropolitan Region Economic Development entity (EMRED) is May 24, 2017. This report provides an overview of the mandate, purpose and functions of EMRED in order for council to debate the decision of whether the City of St. Albert will become a shareholder.

COUNCIL DIRECTION

N/A

BACKGROUND AND DISCUSSION

At the March 2016 Capital Region Board (CRB) Meeting, the Board approved the following motion:

> That the Capital Region Board incubate a formal regional economic development model, which would be independent of the CRB, for further development and that Administration seek Provincial support for the next steps, and Administration to report on progress in June.

The Capital Region Board CEO assembled an interim board to develop draft Articles of Association for a regional economic development entity. The Interim Board reported to the Capital Region Board at regular intervals throughout the process. At the April 13, 2017 meeting, the Interim Board

presented the draft Memorandum of Association, Articles of Association, and a budget and timeline to launch the proposed entity.

Information sessions were held on April 24, 2017 in person (attended by City of St. Albert Administration) and April 26 and 27, 2017 by webinar. A memo was circulated to members of Council on April 27, 2017 outlining the information received in the information sessions. Initial feedback was due by municipalities to the Interim Board by May 2, 2017 and the final version of the articles were distributed to municipalities by the Board on May 10, 2017.

Municipalities who intend on becoming shareholders in the EMRED must do so by council motion on or before May 24, 2017. To-date, 3 municipalities have passed motions agreeing to subscribe as shareholders, 10 municipalities have not yet voted on the motions.

Municipality	**Scheduled Vote**	**Result**
City of Leduc	April 8	Approved
Strathcona County	April 9	Approved
Parkland County	May 9	Approved
Beaumont	May 23	
Spruce Grove	May 23	
Stony Plain	May 23	
Edmonton	May 23	
Devon	May 23	
Sturgeon County	May 23	
Leduc County	May 23 (tentative)	
Morinville	May 23	
Fort Saskatchewan	May 23	

Proposed Edmonton Metropolitan Regional Economic Development Entity

Mandate

The framework for the EMRED is a partnership approach, place-based model that facilitates cooperation and collaboration; promotes innovation, enhances shared economic outcomes from regional investments, and requires high levels of municipal cooperation.

The purpose is to drive the achievement of long term economic prosperity of the Metro Edmonton region through municipal cooperation, integration, partnerships, fair and adequate funding. High level goals include catalyzing economic diversification, positioning the region as a key global economic competitor, increasing employment and livability, and doubling the population to 2.2 million over 30 years.

Principles

- Inclusive
- Respect for local autonomy
- One share, one vote
- Speak with one voice

Outcomes

Metrics, Key Performance Indicators and specific desired outcomes for the EMRED will be developed by the shareholders and the board and reported on annually by the board. However, the Interim Board outlined the following high level outcomes for the EMRED:

- Regional branding
- Regional database
- Regional strategy
    - Attract business
    - Attract talent
    - Shared value proposition

Articles of Association

The final version of the Articles of Association are included as an attachment to this report. However, the key points at a high level are included below:

- One share, one vote - each shareholder has equal influence and votes.
- Initial three-year commitment.
- Three year rolling budget adjusted annually (this aligns with the timeline by which municipalities are required to budget under the amended *Municipal Government Act).*
- Shareholders agree in principal to pursue a model of shared cost for shared benefit.
- 95% complete, early adopters to finalize upon completion.

Budget

- 3 year rolling budget
- Commit to 3 years of funding, but adjusted and paid annually
- Same cost sharing formula as CRB (base amount + additional based on population and assessment). Costs to members depend on how many members there are (more members = lower individual contribution)
- Year One (start-up): $1 million budget ($500,000 from members, $500,000 from Province)
- Year Two: $3 million budget ($1 million from members, $2 million from Provincial, Federal and other partners)
- Year Three: $5 million budget ($2 million from members, $3 million from Provincial, Federal and other partners)

Municipality's Role & Responsibilities (for those who sign on)

- Council motions approving joining the entity and the three-year financial commitment, followed by signing the Memorandum of Association
- Provide 2017 financial contribution once it is determined how many members have signed on and the contributions are calculated based on those numbers
- Municipalities participate as a shareholder and are responsible for hiring a Board of Directors to develop and run the day-to-day operations of the entity
- A skills matrix will be developed by the shareholders to select the right mix and type of board members
- Shareholders enter a 3-year commitment. Notice must be given to exit the entity.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

Economic Development stakeholders across the region were consulted by the Capital Region Board and EMRED Interim Board in the development of the Memorandum of Association and Articles of Association. The City of St. Albert Economic Development Department attended the April 24, 2017 information session and provided input into this report.

The Provincial Government granted $300,000 to this initiative for the purpose of ensuring that existing regional and local economic development relationships are understood and respected before any work is done by the EMRED. This will provide an inventory and scan of existing work and relationships. However, it will be at the discretion of the shareholders and board of the EMRED how/if those relationships are leveraged, augmented and coordinated and that proper communications channels and mechanisms are put in place.

IMPLICATIONS OF RECOMMENDATION(S)

- The Articles of Association are designed in such a way that initial shareholders (who subscribe by May 24, 2017) will set the majority of the structure, policy and focus of the entity.

- Early adoption in EMRED serves as a catalyst for Council's vision of economic growth and quality of life by providing increased opportunities to position and drive development. However, it could take the first 1-3 years for this entity to be fully functional. Start up costs are mostly dedicated to personnel and establishing the entity.

- Gregg Wassmansdorf, a global business location strategist, facility site locator for numerous multi-national corporations, and long standing member of the International Site Selector Guild strongly recommended that the CRB and member municipalities establish a regional window approach to economic development.

- Does not infringe on the autonomy of individual municipalities and provides a medium for equitable distribution of political influence on the development of the regional economy given the 'one share, one vote' model.

- Could lead to accelerated provincial-federal government approval of major infrastructure projects for economic development purposes (i.e. Ray Gibbon Drive).

From a financial perspective, the EMRED harnesses the power and influence of economies of scale to advance economic development in the Edmonton metropolitan region; which the City of St. Albert would benefit from, as a member. The Provincial and Federal governments have indicated they would be willing to match funds for a regional economic development initiative, leveraging and multiplying the effect of the collective municipal financial contributions.

It will be critical to ensure the right board members are selected as they will be responsible for developing the strategic plan and overseeing the operations of the entity.

If successful in attracting enough initial shareholders, this entity will become the voice of the region (especially internationally) on business attraction, making it difficult for any municipalities who are not members to compete with it.

Financial:

- The first year of funding is payable in 2017 though budgets have already been completed for 2017. However, estimates will be given for 2018 and 2019 so that municipalities can properly forecast for those years.

- The exact amount a municipality must contribute will not be known until it is known how many 'founding' members have signed on. Estimates were given based on 13 members and based on 7 members to give municipalities 'ballpark' figures.

- The proposed budgets for the initial three years are as follows:
    - 2017: $1 million budget, $500,000 membership contribution
    - 2018: $3 million budget, $1 million membership contribution
    - 2019: $5 million budget, $2 million membership contribution

- Based on the above, the projected 3 year financial commitments are up to and **will not exceed the following**:
  - 2017: $50,000 membership contribution
  - 2018: $100,000 membership contribution
  - 2019: $150,000 membership contribution
- St. Albert's first year commitment (2017) could be ~$31,000. The total 3 year commitment could be between $187,000 and $300,000 depending on number of members who join.

Legal / Risk:

With the turnaround for approval being compressed, Legal Services has not had the opportunity to fully consider the rights, obligations and liabilities of the City of St. Albert as a prospective member bound by the (draft) Articles of Association. Further, certain future considerations are currently unknown, for example, the regional arrangement's effect on local economic development initiatives outside the context of the Company, and how Shareholder member disputes are to be managed. As a point of interest, the Articles indicate that a member must provide two (2) years' notice prior to withdrawal of its membership. Annual funding contributions remain payable during that notice period.

Program or Service:

There is uncertainty around how this entity will operate in the existing environment and around existing resources and efforts, including local economic development departments. It will be up to the founding members and board to determine this. If not addressed properly, it could lead to duplication and/or conflict.

Organizational:

St. Albert City Council will need to appoint two members of council to serve as a representative (shareholder) and alternate.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1: Maintain the status quo and not subscribe as a shareholder to the EMRED.

This could result in a loss of business attraction and expansion opportunities, profile and leadership locally, regionally and globally. It could also affect other collaborative/regional initiatives the City is currently engaged in.

Alternative 2: Attempt to subscribe as a shareholder at a later date.

Adoption of additional shareholders past the May 24, 2017 deadline will be at the discretion of the existing shareholders (who subscribed by May 24). Additionally, adoption at a later date would mean adopting into an 'as is' entity - not having any influence over the structure, policy and goals of the entity as this is determined by the initial shareholders.

STRATEGIC CONNECTIONS

The regional partnership model proposed by the EMRED aligns with the economic vision of Alberta's provincial government and the recommendations made by the Metro Mayors' Alliance Report. Other studies and reports by of the Institute of Public Administration of Canada (IPAC), the AUMA, and the Organization for Economic Cooperation and Development- OECD's Forum on partnerships and local development support
and advocate this approach.

City of St. Albert Strategic Plan (Policy C-CG-02) - Pillars of Sustainability

ECONOMIC - We prosper and excel through a strong and diverse economy that is supported by forward-thinking commerce, outstanding local businesses and a dynamic downtown core.

BUILT ENVIRONMENT - We build our community towards the future to sustain balanced development, with a reverent eye to the past, honouring our unique settlement history and distinct identity.

Governance Strategy

Council is committed to ensuring that the City of St. Albert is a responsive, accountable government that delivers value to the community.

4. Develop strong working relationships with regional, provincial and federal partners.

Strategies include:
4.1.Develop strong working relationships with Sturgeon County and other neighbouring municipalities, public and private interests in the Capital Region.

4.2.Research government organizations that are recognized for their leadership in municipal government and identify best practices to enhance municipal operations.

4.3.Pursue joint service delivery models with regional partners.

Council’s Advocacy Priorities

Collaborate with other governments on regional initiatives beneficial to our community:

Play a leadership role in the establishment of a regional economic development entity.

Report Date: May 23, 2017
Author(s): Lynette Tremblay, Manager, Government Relations
Committee/Department: Government Relations

General Manager: Michelle Bonnici, Acting GM of Corporate Services
City Manager: Kevin Scoble