

A New Regional Strategy and Model for Economic Development in South Vancouver Island



Special Thanks

This report was developed with the generous support of the following funders:



Special Thanks (continued)

This report would not be possible without the hard work and input of the Greater Victoria Development Agency board:

Carmen Charette

Vice President, External Relations
University of Victoria

Curtis Grad

President and CEO
Skwin'ang'eth Se'las Development Company

David Corey

CEO
Victoria Real Estate Board

Dan Gunn

Executive Director
VIATeC

Dan Dagg

President
Hot House Marketing

Nathan Lampard

Partner
Cox Taylor LLP

Geoff Dickson

President and CEO
Victoria Airport Authority

Julie Lawlor

Executive Director
Westshore Chamber of Commerce

Dave Ganong

Managing Director – Vancouver Island
Colliers International

Sang-Kiet Ly

Senior Partner
KPMG



Special Thanks (continued)

Craig Norris

Managing Director
EAGALUS Management Ltd.

Paul Nursey

President and CEO
Tourism Victoria

Tom Roemer

Vice President, Strategic Development
Camosun College

John Treleaven

Board Director
Saanich Peninsula Chamber of Commerce

Dan Tulip

Chief Financial Officer
Royal Roads University

Michael Weston

Founder and CEO
CUBE Global Storage

Greg Baynton

President and CEO
Vancouver Island
Construction Association

Kyman Chan

Partner
Hayes Stewart Little
and Company

Ian Robertson

CEO
Greater Victoria Harbour Authority

Bruce Williams

Manager,
Community and Client Relations
CTV-Vancouver Island (Bell Media)



Table of Contents

A Regional Path to Prosperity and Wellbeing

1. Purpose
2. Rationale

A Strategic Framework for Success

1. A New Organization for a Prosperous Future
2. Mission, Vision and Goal
3. Principles
4. Objectives
5. Performance Measures
6. Major Strategies

A New Model for Regional Collaboration

1. Funding
2. Governance
3. Organization

The Next Steps to a Collaborative Path Forward



A Regional Path to Prosperity and Wellbeing



Purpose

- To propose a new model for economic development in the Southern Vancouver Island region
- To request municipal and private sector funding for the new model



Rationale #1

We need a regional model

- The economy is global and more interdependent than ever
- Only global cities and metropolitan regions have the critical mass of population, capital and infrastructure to create self-sustaining, resilient economies & quality jobs
 - attract investors, new business and trade
 - support entrepreneurs and start-ups
- The economic flows and benefits are generated in a geographic space, irrespective of jurisdictional boundaries
 - People, live, work and play across the region (example on next slide)





When a business locates in the region, all municipalities benefit.

Data shown: 8 different companies based in the South Vancouver Island region, and the postal codes in which their employees live.



Rationale #2

Doing nothing is not an option

- In 5 years we dropped from 4th to 27th in GDP Growth compared to Canada's other large city-regions (CMAs)
- Successful models in Kitchener-Waterloo and Halifax regions are funded by municipalities equivalent of \$3-4 per capita
- Nanaimo and Vancouver, our nearest "competitors", invest over \$4 per capita
- In our region, municipalities currently invest less than \$1 per capita in regional economic development

Canada's 28 CMA's by 2014 GDP Growth		
1. Edmonton	5.6	
2. Saskatoon	5.3	
3. Calgary	4.5	
4. Regina	4.4	
5. Kitchener-Cambridge-Waterloo	3.1	
6. Vancouver	2.9	
7. Abbotsford-Mission	2.6	
8. Halifax	2.6	
9. Oshawa	2.5	
10. Toronto	2.4	
11. Winnipeg	2.3	
12. Sudbury	2.1	
13. Montreal	2.1	
14. Moncton	2.1	
15. Quebec City	1.8	
16. Thunder Bay	1.7	
17. Windsor	1.7	
18. Hamilton	1.3	
19. St. Catharines-Niagara	1.1	
20. Saguenay	1.1	
21. Kingston	1.0	
22. Sherbrooke	0.9	
23. Saint John	0.8	
24. Ottawa-Gatineau	0.5	
25. London	0.4	
26. St. John's	0.0	
27. Victoria	0.0	
28. Trois-Rivieres	-1.6	

Victoria's 2008 Rank

Victoria's 2012 Rank

Victoria's 2013 Rank

Rationale #3

There is a Proven ROI

- Halifax is an excellent case study in good regional economic development
- Since the creation of the Halifax partnership they have risen in GDP growth
 - 15th out of 28 in 2005
 - 10th out of 28 in 2008
 - 8th out of 28 in 2014
 - Projected to be first out of 28 in 2015
- Reduction in unemployment from 11% to 5.9%

Canada's 28 CMA's by 2014 GDP Growth		
1. Edmonton	5.6	Halifax's 2015 Rank (Projected)
2. Saskatoon	5.3	
3. Calgary	4.5	
4. Regina	4.4	
5. Kitchener-Cambridge-Waterloo	3.1	
6. Vancouver	2.9	Halifax's 2014 Rank
7. Abbotsford-Mission	2.6	
8. Halifax	2.6	Halifax's 2008 Rank
9. Oshawa	2.5	
10. Toronto	2.4	Halifax's 2005 Rank
11. Winnipeg	2.3	
12. Sudbury	2.1	
13. Montreal	2.1	
14. Moncton	2.1	Halifax's 2005 Rank
15. Quebec City	1.8	
16. Thunder Bay	1.7	
17. Windsor	1.7	
18. Hamilton	1.3	
19. St. Catharines-Niagara	1.1	
20. Saguenay	1.1	
21. Kingston	1.0	
22. Sherbrooke	0.9	
23. Saint John	0.8	
24. Ottawa-Gatineau	0.5	
25. London	0.4	
26. St. John's	0.0	
27. Victoria	0.0	
28. Trois-Rivieres	-1.6	



Rationale #4

We are losing “genuine well-being”

- Meanwhile, living costs are going up at a greater rate than household incomes, which makes it hard to attract young workers with families
- 1 in 5 children within our region live on or below the poverty line

Top 3 Economic Concerns of Citizens Within Our Region*

- Diversifying the economy
- Increasing job opportunities for new graduates
- Improving supports for entrepreneurs and small business

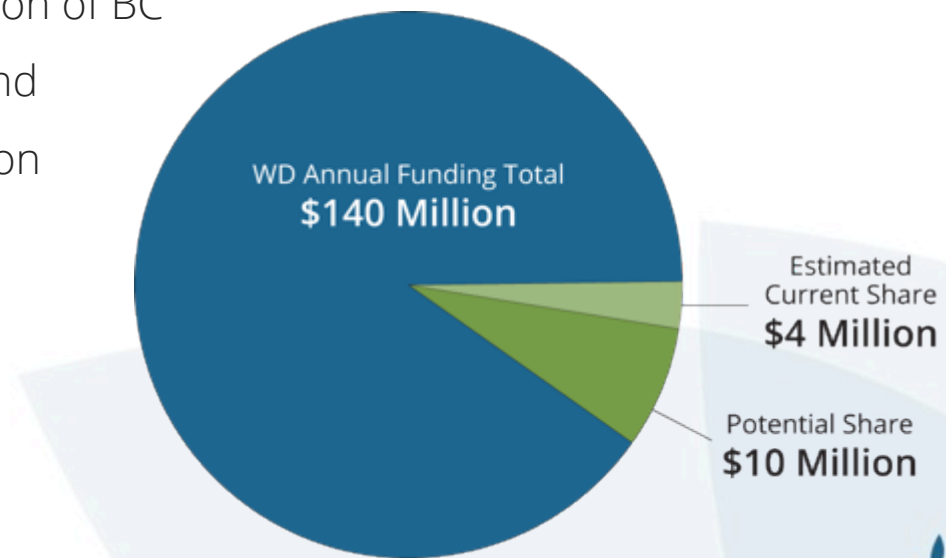
*Statistics from Vital Signs 2015



Rationale #5

We can do better at obtaining available funding

- Western Diversification (WD) forecasts \$140m/year in program funding available for economic development in Western Canada
- Other potential project funding and resources:
 - Investment Agriculture Foundation of BC
 - BC Knowledge Development Fund
 - Canada Foundation for Innovation
 - Sustainable Development Technology Canada
 - Invest Canada Community Initiatives (DFATD)



A Strategic Framework for Success



A New Organization for a Prosperous Future

- The mandate is to diversify and strengthen the economy of our region
- The scope is all businesses, employees and municipalities south of the Malahat on Vancouver Island
- The initial timeframe is five years from 2016-17 to 2020-21
- Legal name – South Vancouver Island Economic Development Association
- Trade name – TBD by the participating funding partners



Mission, Vision and Goals

(Aligned with municipal strategies and OCPs)

- **Mission** – Facilitate and promote development of a strong, diversified economy in Southern Vancouver Island
- **Vision** – A collaborative region that is a vibrant place to live and work
- **Goal** - The creation of household-sustaining jobs in targeted sectors of our regional economy



Principles

The new regional model will be designed in accordance with the following principles:

1. Collaborative
2. Industry-led (Board of Directors)
3. Not for profit
4. Effective (inclusive, sustainable, affordable)
5. Equitable (funding model)
6. Aligned (with municipal EcDev initiatives/OCPs)
7. Accountable (to its funding partners)



Objectives

- Launch a new public-private partnership model for economic development in the region:
 - Funding
 - Governance
 - Organization
- Implement economic development approaches that lead to increases in:
 - the number of new jobs in targeted sectors
 - median household income
 - project funding from other levels of government
- Sustain and leverage federal funding eg Western Economic Diversification and other sources of investment for major economic development projects, with a **proposed target of \$9m over 5 years**



Success Measures (Identified and Agreed Upon)

1. Number of new jobs in targeted sectors
2. Median household income
3. Amount of project funding raised



Current Projects

Current WD funding being invested in:

1. International marketing
2. Export development support for our SMEs
3. Inbound and outbound trade facilitation
4. Air route expansion
5. International education and foreign students
6. GIS mapping of the region to generate data



Evolving to a Regional Strategy:

1. Create new not for profit Society to spearhead implementation
2. Undertake business retention and attraction (in alignment to targeted sectors below)
 - Market the region
 - Assess and strengthen incentives and attraction factors
 - Identify and mitigate business loss factors
 - Research and analysis
3. Complete the work in progress for the WD agreement (and align to targeted sectors):
 - International marketing
 - Export development and trade facilitation



Evolving to a Regional Strategy (Cont'd):

4. Work with other partners in economic development in the region, such as:

- First Nations
- Municipal economic development staff and agents
- Tourism Victoria
- Victoria Advanced Technology Council (VIATeC)
- Greater Victoria Harbour Authority
- Chambers of Commerce
- Other industry Associations and community leaders
- Post-Secondary Institutions

5. Develop differentiated strategies for job creation in targeted sectors:

- Value-Added Agriculture and Aquaculture
- Ocean Sciences and Marinespace
- Aviation and Aerospace
- Manufacturing and Construction
- Life Sciences and Health
- Post-Secondary Education

6. Seek funding for innovation and initiatives in commercialization, entrepreneurship, social enterprises and clean technology



A New Model for Regional Collaboration



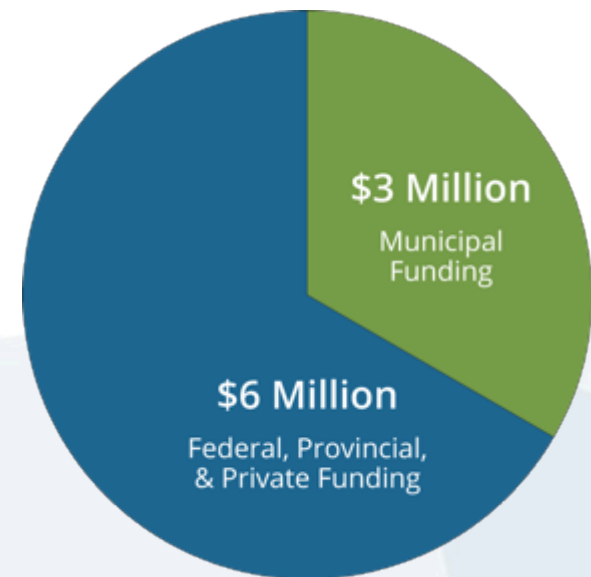
Sources of Funding/Resources

- Core Operations (a mix of funding & contributions in kind)
 - Municipalities
 - Business Community and Associations
 - Post Secondary Institutions
- Projects
 - Federal and Provincial Governments (with matching funds from the above sources)



Funding Target 2015-2020

- TOTAL 5 Year Target from all funders -\$9m
- TOTAL 5 YEAR MUNICIPAL FUNDING = \$3m
 - \$100,000 for start-up (2015-16)
 - \$300,000 in Year One (2016-17)
 - \$650,000/year for Years Two to Five, contingent on funding from other parties



Private Sector Funding Target

(Includes Post-Secondary Institutions)

- \$100,000 (2015-16)
- \$200,000 for Year One (2016-17)
- \$200,000/year for Years Two to Five, contingent on funding from other parties



Private Funding Status

- \$100,000 in Private Sector Startup Funds have been pledged
- \$200,000 in Private Sector Year One Funding will be secured by January 31st



Proposed Municipal Funding Formula

- A fair equitable model that's affordable and weighted towards those with the greatest potential to benefit
- A 50/50 blend using \$1.00 per capita plus 0.07 percent of total tax collected is recommended as the most equitable approach given the diverse range of populations and tax bases in the region



Proposed Municipal Allocation

Funding Formula - 50/50 blend of per capita (*2011 census*) and a % of total tax collected

Municipality	Start-up (next 5-6 months)	Year 1 (2016-17)	Years 2 - 5 (to 2020-21)
Central Saanich	\$3,770	\$11,310	\$25,484
Colwood	\$4,633	\$13,899	\$31,318
Esquimalt	\$5,122	\$15,365	\$34,621
Highlands	\$460	\$1,381	\$3,111
Langford	\$6,755	\$20,266	\$45,662
Metchosin	\$1,271	\$3,812	\$8,590
North Saanich	\$2,567	\$7,701	\$17,351
Oak Bay	\$6,558	\$19,675	\$44,331
Saanich	\$27,289	\$81,868	\$184,462
Sidney	\$3,953	\$11,860	\$26,722
Sooke	\$2,429	\$7,288	\$16,422
Victoria	\$32,386	\$97,159	\$218,916
View Royal	\$2,805	\$8,416	\$18,963
Total	\$100,000	\$300,000	\$675,953

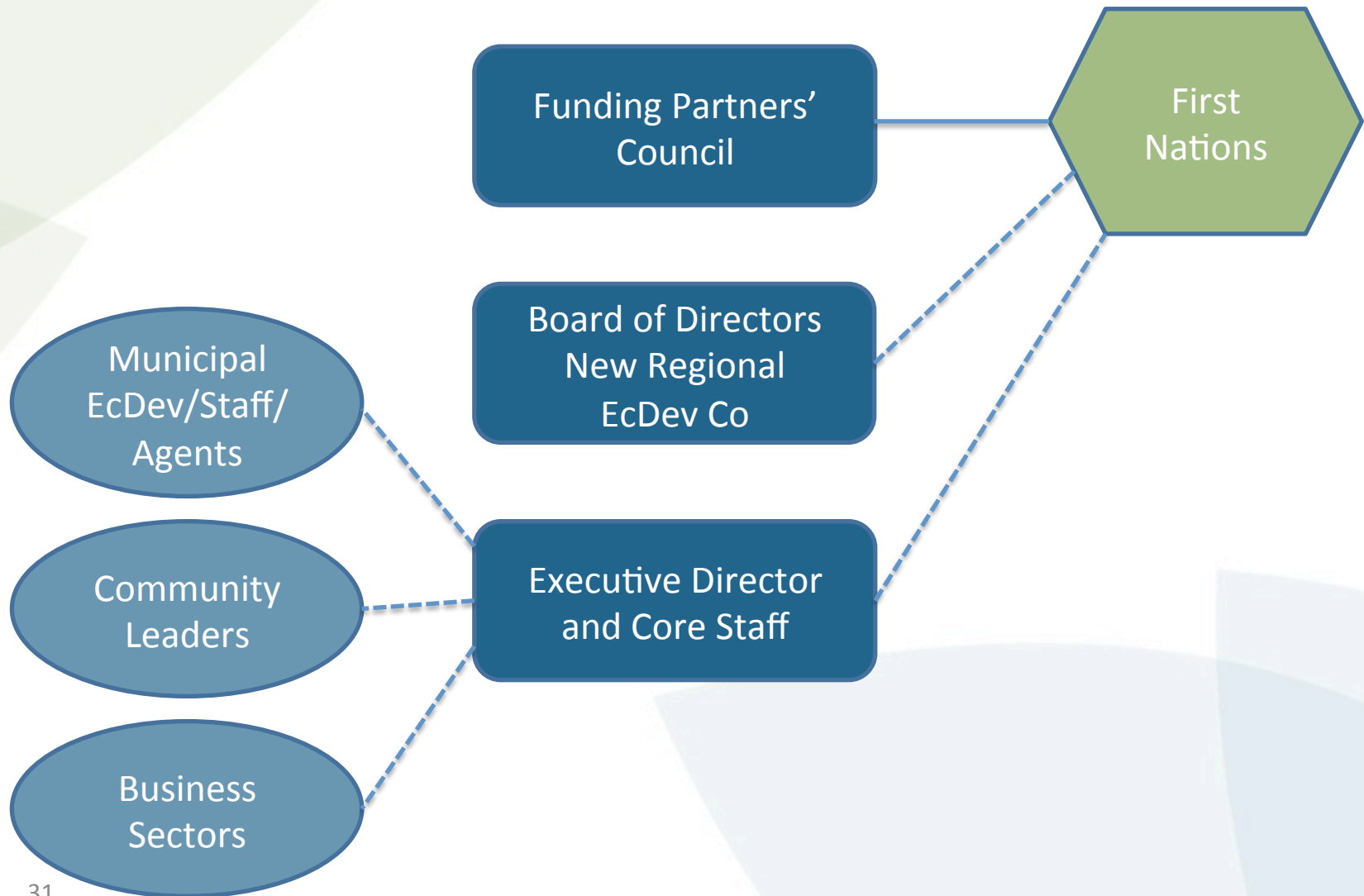


Governance Model

1. Accountability and Planning
2. Roles and Authorities
3. Descriptions:
 1. Funding Partners' Council
 2. Board of Directors
 3. Advisory/Planning Committees



Governance - Accountability and Planning Model



Governance – Roles and Authorities

Funding Partners' Council (meet annually - quarterly in Start-up/Year 1):

- Approve creation of a new society (with funding partners as “members”) and the trade name
- Approval and renewal of 5 Year Contribution Agreement
- Appointment of Board of Directors (staggered 2 & 3 year terms, with provisions for renewal)
 - Approval of selection criteria
- Acceptance of 5 Year Strategic Plan, Business Plan, Communications Plan
- Advice to the Board of Directors and Executive Director



Governance – Roles and Authorities

- **Board of Directors** (meet quarterly)
 - Fiduciary responsibility for strategy, financial probity and operational oversight
 - Approval of 5 Year Strategic Plan, Business Plan, Communications Plan
 - Approval of Annual Operating Plan and Budget
 - Advice to Executive Director
 - Volunteer-based
- **Advisory/Planning Committees** (meet quarterly; consulted annually as part of business planning)
 - Committees
 - First Nations (to be discussed with First Nations)
 - Business Sectors (with a committee for each sector eg Aerospace, Oceans & Marine)
 - Community Leaders (eg other NFP agencies)
 - Municipal representatives eg EDOs or Chamber of Commerce agents
 - Involvement in planning process and advice to the Board of Directors and Executive Director
 - Volunteer-based
- **Executive Director**
 - Operations



Governance – Funding Partners' Council

- Participating Core Funders:
 - Municipalities
 - Businesses
 - Industry Associations
 - Post-Secondary Institutions
- One representative per municipality (at agreed upon formula-based funding levels)
- One representative from each private funder (with a minimum contribution of \$20,000/year)
- Target 20-30 funders/members
- Decisions by majority vote
- Chair will be elected by the members (two-year term)



Governance – Board of Directors

- A policy Board with 9 Directors:
 - 5 Directors at Large from the business community, selected using competency-based criteria
 - An accountant/Treasurer
 - A lawyer/Secretary
 - An academic/researcher
 - A marketing or fundraising professional
- Chair and Vice-Chair elected from within by the full Board



Governance - Proposed Selection Criteria for Board of Directors

1. Strategic thinking skills
2. Business acumen
3. Communication skills
4. Relationship-building skills
5. Acceptable to business community
6. Acceptable to broader community
7. Collectively representative of the diversity of our community



Business Advisory Sub-Committees

- Work with established industry associations such as:
 - Technology
 - Tourism
 - Film and New Media
- Additionally, create new committees where needed, in order to develop sector-specific strategies, such as:
 - Value-Added Agriculture and Aquaculture
 - Ocean Sciences and Marinespace
 - Aviation and Aerospace
 - Manufacturing and Construction
 - Life Sciences and Health
 - Post-Secondary Education



Organizational Model

1. Current Model
2. Functions
3. Proposed Model
4. Operational Budget



Current Organizational Model

- 1.5 core FTEs
- Funding:
 - \$90,000 from the Victoria Chamber*
 - \$80,000 from 2 municipalities (Victoria & Saanich)
 - \$10,000 UVIC
 - Other small amounts

*Administrative and office support “in kind”



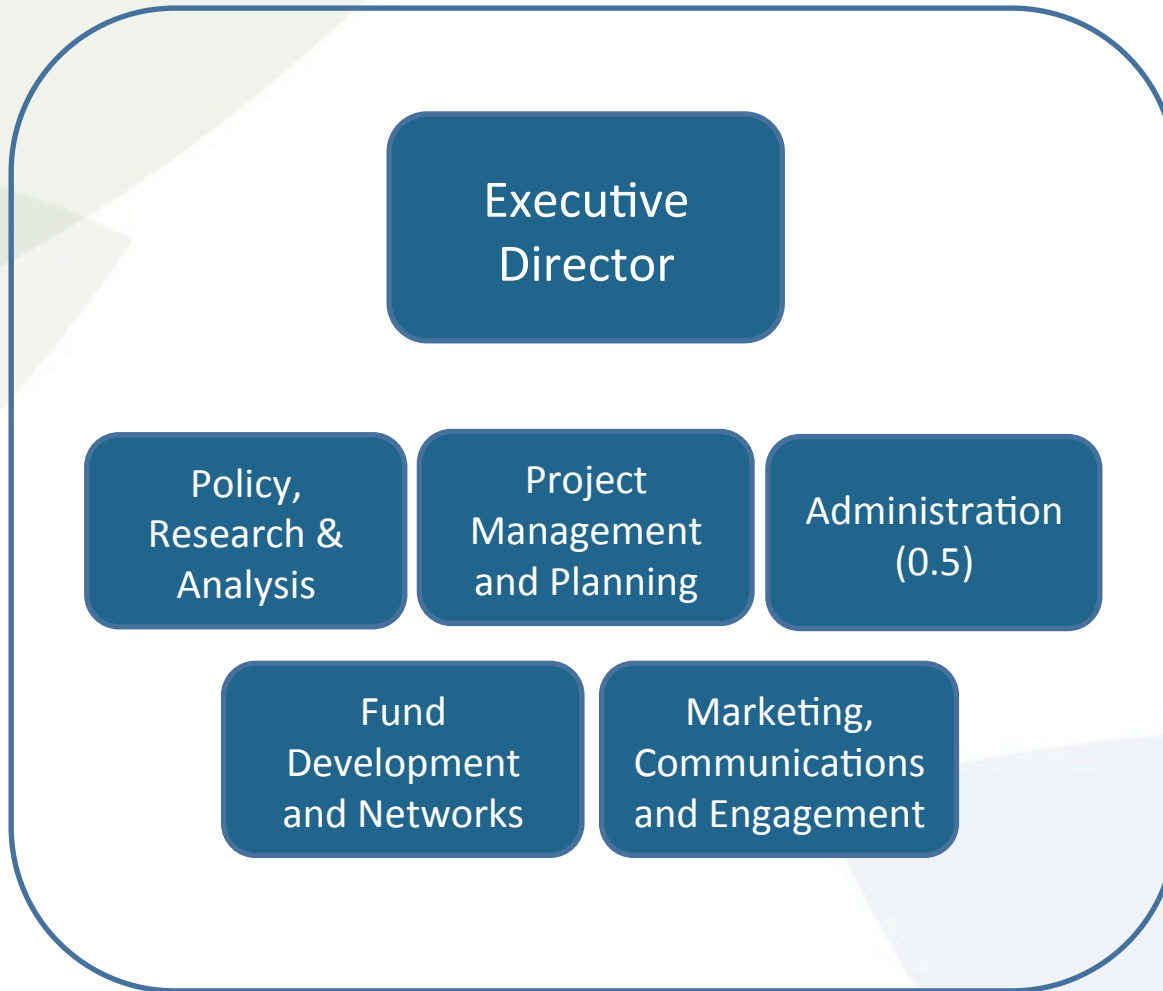
Functions:

1. Thought Leadership & Strategy Development/ Implementation
2. Research, Analysis & Reporting
3. Marketing and Business Development
4. Communications and Public Engagement
5. Collaboration and Network Development
6. Project Management



Proposed Organization Model

Core Staff - 5.5 FTEs



Planning Committees



Organization – Annual Operational Budget

(NB: does not include project budget)

TOTAL = \$700,000/year (*initial estimate*)

- Core Staff 5.5 FTE salaries and benefits = \$540,000
- Ad Hoc Supplementary Resources = \$60,000 (eg. research, co-op students)
- Operations = \$100,000 e.g.
 - Director's insurance
 - office space/rent
 - telecommunications/computers
 - accounting
 - consulting



A photograph of two mountain bikers riding on a wooden boardwalk trail through a dense forest. The biker in the foreground is wearing a red shirt and yellow shorts, while the one behind is in a green shirt and dark shorts. The trail is made of wooden planks and winds through tall trees with green foliage. The text 'The Next Steps to a Collaborative Path Forward' is overlaid on the left side of the image in a white serif font.

The Next Steps to a Collaborative Path Forward



Next Steps - Fall 2015

1. Respective Councils are presented with motions to approve
2. Participating municipalities and private partners (Funding Partners' Council) provide startup funds
3. GVDA Executive Committee (plus 1-2 additional) offer to serve as Interim Board of Directors of new organization
4. Interim Board of Directors will register a new Society and create Constitution and Bylaws based on this Report
5. Interim Board of Directors will initiate collaborative planning process to create 5 Year Strategy
6. Funding Partners' Council meet to approve Constitution and Bylaws



Next Steps - Winter 2016

1. Participating municipalities include provision in their 2016/17 budgets to provide Year One funding to the new Society
2. Funding Partners' Council accepts 5 Year Strategy, approves Contribution Agreement and selects a Board of Directors
3. Board of Directors select an Executive Director
4. Organization launches on 1 April 2016





Thank You!