



ORDERS OF THE DAY
SPECIAL COUNCIL MEETING
FOR MONDAY, MARCH 22, 2021 – 4:00 P.M.

ORDER

- 1st Meeting Called to Order
- 2nd Adoption of Minutes
- 3rd Disclosure of Pecuniary Interest and the General Nature Thereof
- 4th Presenting Petitions, Presentations and Delegations
**4:00 p.m. – Regional Economic Development Services Feasibility Study
Final Report – StrategyCorp Inc.**
- 5th Motion to Move Into “Committee Of The Whole Council”
- 6th Reports of Council, Outside Boards and Staff
- 7th Council Correspondence
 - 1) Items for Consideration
 - 2) Items for Information (Consent Agenda)
- 8th **OTHER BUSINESS**
 - 1) Statements/Inquiries by Members
 - 2) Notice of Motion
 - 3) Matters of Urgency
- 9th Closed Meeting Items
- 10th Recess
- 11th Motion to Rise and Report
- 12th Motion to Adopt Recommendations from the Committee Of The Whole
- 13th Consideration of By-laws
- 14th ADJOURNMENT

Video Conference Meeting – IN-PERSON PARTICIPATION RESTRICTED

NOTE FOR MEMBERS OF THE PUBLIC:

Please click the link below to watch the Council Meeting:

<https://www.facebook.com/ElginCountyAdmin/>

Accessible formats available upon request.



Elgin County

Regional Economic Development Services Feasibility Study
Final Report (DRAFT)

March 8, 2021



Table of Contents

- 1** Executive Summary *(pg. 3)*
- 2** Appendix A - Options Overview *(pg. 13)*
- 3** Appendix B – Jurisdictional Scan *(pg. 22)*

Executive Summary



| Project Scope & Overview



| Frame of Reference & Economic Development Best Practice



| Stakeholder Engagement Key Findings



| Current State Assessment



| Options Overview



| Matrix of Evaluation

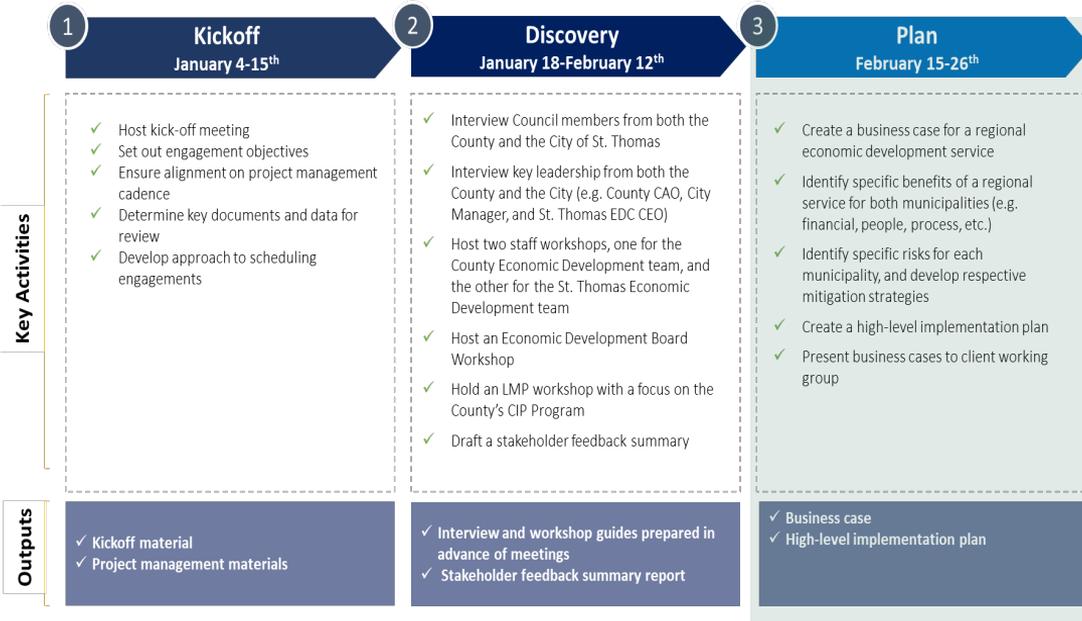


| Recommendation

Project Scope and Overview

Following Elgin County’s Service Delivery Review, and a recent vacancy of its economic development leadership position, the County engaged StrategyCorp to assess the feasibility and viability of creating a regional economic development service with the City of St. Thomas. The figures below set out the approach used to conduct this feasibility study.

Approach Overview



Stakeholder Engagement



To assess the feasibility and willingness to develop a regional economic development function; we spoke to:

- ✓ 9 County Councillors
- ✓ 9 City Councillors
- ✓ 8 Representatives from County LMPs, and;
- ✓ EDC and County Leadership, and staff
- ✓ St. Thomas Leadership

Frame of Reference – How to Assess Economic Development Best Practice

The guiding principles noted below are used as a frame of reference for understanding and assessing the impacts of regional economic development options for the County, and the City. Engagement with stakeholders has highlighted some of the crucial elements required for a regional economic development function to be successful. In practice, these principles have been distilled into four key requirements for effective and representative service delivery.

Key Principles



Economic Inclusivity

There is a diverse range of businesses across Elgin County. The needs of each, from agri-business to manufacturing to local entrepreneurs, will all be considered.



County and City Equity

A joint economic development model must be beneficial to both the County and its lower-tier municipalities, in addition to St. Thomas.



Collective Buy-in

The recommended approach to joint economic development should be able to achieve buy-in from the County as a whole – including LMPs.

In Practice...

Applying the guiding principles in practice should include (but is not limited to) consideration of the following key follow-through areas:



Community Understanding

Acquire a good understanding of the local community's market and assets



Dedicated Staff

Enablement of targeted programming and staff: capabilities around relevant research of the local market and assets, implementation of an economic development strategic plan, building local capacity, and tracking performance.



Working with the Community

Respect local capacity by recognizing existing organizations in the community: Any municipality involved, or looking to invest, in local economic development must work to complement such existing organizations and fulfill the necessary gaps that cannot be satisfied already



Partnership

Partnering with neighboring municipalities (in this case between the County, and the City), and participating in regional consortia to increase and improve service level reach, and establish consistency in outcome achievement

High-Level Findings – Key Themes Emerging from Stakeholder Engagement

Key findings emerging through our engagements across both the County and the City emphasize a strong willingness to improve economic development programs and services through a shared service model. With this in mind, many participants also identified important prerequisites to achieving a *sustainable and effective* regional economic development function.



Opportune Timing

The level of interest and rapport between the County and City have not been this strong in a long time. If there is a time to try a joint approach, it is now.



Local Business Involvement

The governance of a joint economic development service should include the voices of local business and not just politicians.



Equitable Economic Service Across Region

A joint economic development function needs to interact with and benefit the diverse industries across the County and St. Thomas.



Business Retention and Attraction

Economic development should engage in both the retention and servicing of existing businesses, in addition to attracting new business and industries.



Clear Objectives and Performance Indicators

To be successful, establishing clear, agreed upon objectives that can be measured and regularly reported on will be essential to the success of economic development.



Region-wide Opportunities

There are a number of opportunities that can be better met by the combined resources of a joint economic development effort, such as the airport and previous Ford lands.

Current State Overview – Economic Development Service Profile

Below presents a high-level overview of the economic development functions provided by the County of Elgin and St. Thomas’ Economic Development Corporation (EDC).

	Current State (Elgin County)	Current State (St. Thomas/EDC)
Service Population	~50,000	~39,000
Annual Costs 2017-20 (avg)	\$1,099,504*	\$620,101**
Structure & Services Provided:	<p>Economic Development sits under the County’s Administrative Services department. Key services provided include:</p> <ul style="list-style-type: none"> • Tourism • Elgincentives (Community Improvement Program – CIP) which promotes and stimulates private sector investment in land and buildings • Initiatives such as the Elgin County Conference Series • Small business outreach (Delivered through the EDC’s SBEC) • Partnership with the Elgin Business Resource Centre to support the local business community 	<p>Corporation that is comprised of 4 intertwined business units:</p> <ul style="list-style-type: none"> • St. Thomas EDC • Elgin/St. Thomas Small Business Enterprise Centre (SBEC) • Railway City Tourism • Horton Farmers’ Market <p>Services provided include:</p> <ul style="list-style-type: none"> • Tourism • Small business outreach and support (expansion, relocation, operations retention, community B2B networking, etc). • Investment attraction & City promotion • Workforce guidance and leadership
Governance	Overseen by Elgin County CAO	<p>Overseen by a volunteer Board of Directors who represent the community:</p> <ul style="list-style-type: none"> • Robert Furneaux, President – from Gorman-Rupp • Dan Kelly 1st Vice President – from Dowler-Karn Ltd • Craig Geerlinks 2nd VP – from Geerlinks Home Hardware • Ray Bosveld, Treasurer – Chamber of Commerce • Dani Bartlett – Labour Representative • Laura Woermke – St. Thomas Public Art Centre • Three St. Thomas Representatives (Mayor and Councillors)

*Elgin County Economic Development Spend: 2017-\$1,318,218; 2018-\$1,266,453; 2019-\$961,297; 2020-\$852,138

**St. Thomas EDC Budget: 2017-\$592,262; 2018-\$614,931; 2019-\$629,640; 2020-\$652,195

Current State Overview – Key Opportunities and Challenges

StrategyCorp’s engagement with staff, business leadership, and Council helped identify the key opportunities and challenges across both Elgin County and the City of St. Thomas. Notably, there are opportunities and challenges that are both mutual, and unique to each municipality; and together presuppose a need for a coordinated and sustainable Economic Development function

Elgin County



Program Efficacy – Evaluation criteria for economic development services do not exist, making it difficult to measure the economic development impacts of the County’s programs and services



Service Levels – The size and diverse makeup of the County and its municipalities makes providing consistent services a challenge with current staffing levels



Economic Priorities – There is a broad range of economic priorities across the County’s Local Municipal Partners



Community trust – Trust in the economic development function across the County can be strengthened through better grassroots effort and outreach to small businesses

St. Thomas



Complementary Resources – Economic development does not recognize political boundaries; there is an opportunity to put forward a more attractive offering to businesses through a joint offering, particularly with respect to access to developable land



Local competition – Local competition is counterintuitive, and challenges the opportunities that can emerge from economic spillover and positive externalities between the County and the City (*talent/skills, residential development, etc.*)



Community Trust – The Small Business Enterprise Centre already has a relationship with the County; there is an opportunity to increase reach to more rural parts of the County



Economic Priorities – Some priority areas, such as in the arts and culture, and agricultural/food business require additional support. These business areas operate without municipal boundary and lend themselves to a county-wide strategy and support

Current State Overview – Synthesizing our Findings

Keeping in mind the opportunities and challenges in the current state across both the County and the City as they compare to the guiding principles, and overarching key interview themes, it is important to note a few key takeaways.

Current state analysis yields the key takeaways noted below...

- 1 Elgin County's economic development function requires more clarity in direction and strategy. It has been cited that lack of impact assessments and clear direction and strategy has resulted in minimal transparency and visibility into the real benefits of the County's programs and services
- 2 Economic development between the County and the City is currently artificially constrained by political boundaries; resulting in opportunity costs related to positive economic spillovers (*residential, foreign direct investment, land development, and talent and skills, etc.*)
- 3 St. Thomas has a ready-made EDC, which allows the County to quickly improve economic development services by leveraging the existing suite of skills/talent, and program infrastructure
- 4 Together, St. Thomas (EDC) & Elgin County would have a budget that rivals that of Windsor-Essex, highlighting a clear opportunity to cultivate more comprehensive, accessible, and differentiated economic development services

An Effective Regional Economic Development Function looks like:

1. A suite of services and expertise that responds to diverse needs of County LMPs and community businesses across rural and urban settings
2. Improved strategic clarity on the direction of economic development
3. Expansion of services and opportunities for sector specialization among teams
4. Coordinated and streamlined investment attraction and retention efforts

Options Overview – Use Cases of Different Models for Regional Services

Establishing a regional economic development service between the County and the City can take on several forms. We’ve identified two key options; with the addition of a Status Quo assessment to level-set the context, and provide additional insight into the opportunity at hand. Below we detail the options, alongside their typical use cases.

Option	Use Cases (High-level)*
<p>Option 1: <i>Maintain Status Quo</i></p> 	<p>Staying the course of current state practice is an option for assessment, but requires consideration of the key tradeoffs that emerge from maintaining the status quo:</p> <ul style="list-style-type: none"> ✓ Maintaining status quo might run the risk of not meeting the County’s economic development goals; with special emphasis on LMP and diverse sector needs
<p>Option 2: <i>Memorandum of Agreement</i></p> 	<p>Across municipalities, this option is typically used for protection, emergency, transportation, and environmental services:</p> <ul style="list-style-type: none"> ✓ Expansion of operations and services (wider provision of services to new demographic areas) ✓ To strengthen servicing for rural communities, and close rural-urban divides ✓ Leveraged to reduce redundancy across two municipalities, and to increase efficiency and clarity in services ✓ Leveraged to decrease costs while maintaining or expanding service levels
<p>Option 3: <i>EDC Membership</i></p> 	<p>Across municipalities, this option is typically used for the management of public utilities, transportation systems, community and social services, and economic development:</p> <ul style="list-style-type: none"> ✓ Leveraged when municipalities want to have a service function that delegates different responsibilities to subdivisions or different parts of the same service function (e.g., creating specializations) ✓ Leveraged to provide new services and enhancing responsiveness to resident expectations and demands ✓ Leveraged for regional integration, and enhancing flexibility

Evaluation Matrix

Evaluation Measure



Low



Average



Strong



High

Criteria	Option 1: Maintain Status Quo	Option 2: Memorandum of Agreement	Option 3: EDC Membership	Rationale
Ease & Speed of Implementation	<ul style="list-style-type: none"> No implementation required, however several changes are required regardless 	<ul style="list-style-type: none"> Will require effort to implement, but can be done quickly and efficiently 	<ul style="list-style-type: none"> Updating governance, suite of services, and funding model will be complicated 	<ul style="list-style-type: none"> Option 2 presents the least complicated option for creating a joint economic development service
Degree of Staff/People Impact	<ul style="list-style-type: none"> Staff remains the same, but with limited scale 	<ul style="list-style-type: none"> Opportunity to move County resources to EDC 	<ul style="list-style-type: none"> Opportunity to move County resources to EDC 	<ul style="list-style-type: none"> Option 2 and 3 provide opportunity to move county resources to EDC
Risk Minimization	<ul style="list-style-type: none"> Large risk of opportunity cost of maintaining status quo 	<ul style="list-style-type: none"> Should the County not be satisfied with the arrangement, it can end the agreement 	<ul style="list-style-type: none"> Were the County to not be satisfied with the service, it would be difficult to change 	<ul style="list-style-type: none"> Option 2 offers the County flexibility to re-evaluate joint-effort should it not be satisfied, while providing a proof of concept
Service Reach and Community Representation	<ul style="list-style-type: none"> Certain municipalities and business feel they don't get enough support 	<ul style="list-style-type: none"> Municipalities will have the same service Board representation to be expanded 	<ul style="list-style-type: none"> Board would have automatic balanced representation, but governance change likely to take more time to complete 	<ul style="list-style-type: none"> Option 2 and 3 can provide sufficient reach and representation; Option 3 would take longer to implement
Value for Money	<ul style="list-style-type: none"> Significant work would need to be done to strengthen internal approach to deliver better value for money 	<ul style="list-style-type: none"> Agreement with a purpose-built EDC; Potential efficiency savings for County of 10-20% on current County costs can be expected 	<ul style="list-style-type: none"> Participation in purpose-built EDC; More fundamental change to funding model likely required 	<ul style="list-style-type: none"> Option 2 provides efficiency gains the County
Evaluation Summary	  			<p>Option 2 provides the greatest benefit with the shortest timeframe to implementation</p>

Recommendation – Option 2: Memorandum of Agreement

Of the various options assessed, utilizing a Memorandum of Agreement would allow the County to most effectively achieve its objectives through an enhanced economic development service provided by the EDC. An additional benefit is that the County could reasonably expect to save 10-20% on their current spend through economies of scale gained by contracting with a purpose-built economic development corporation.

Rationale

Based on this study, leveraging a Memorandum of Agreement for economic development services would be the County's most efficient and effective option. At a high-level, using this approach, the County would see:

1. An expansion of economic development suite of services that better addresses the diverse economic development needs of LMPs and businesses
2. Minimized impact to staff in comparison to other shared services options
3. Opportunity for re-evaluation, encouraging LMP satisfaction, and trust
4. Ability to set and track performance measures in MOA to enhance transparency and investment decision-making
5. Ability to realize operating savings through shared services of 10% to 20%
6. Easier, simpler, and more direct implementation; and faster realization of benefits

Appendix A: Options Overview



| Option 1 – Maintaining Status Quo



| Option 2 – Memorandum of Agreement



| Option 3 – EDC Membership



Option 1: Maintain Status Quo – Independent Functions

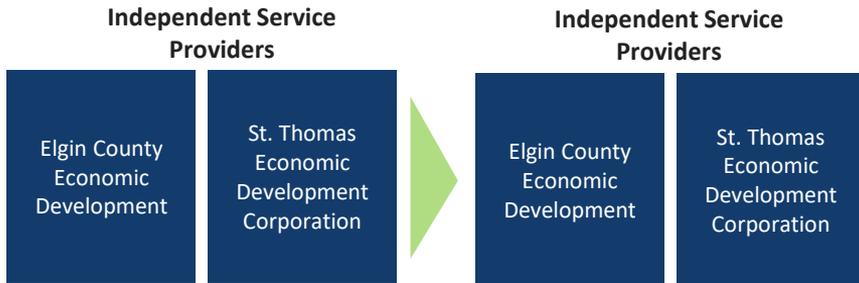
Maintaining the Status Quo

Option one is for the County & City to maintain status quo - the independent provision of economic development services. This option serves to level-set and provide context for what would be required if status quo was upheld with the intention of improving economic development services.

What it is

Maintaining the status quo would mean Elgin County and the City of St. Thomas would maintain separate economic development functions. To maintain the status quo, and achieve the economic development goals and objectives, there are several performance enablers that would require consideration, ranging from, but not limited to:

1. Clarity in strategic direction
2. Improved representation and LMP visibility
3. Costs of service expansion



Key Considerations

There are several axes of performance improvement that would be required by the County in order to maintain status quo, and better meet their economic development objectives



Staff and People

Significant investment in resources with sectoral and industry specialization will be required to encourage rural-urban representation and improve integration between County & LMPs



Monitoring & Evaluation

Improved impact assessments and KPIs for accountability to support and ensure equitable grassroots and outreach measures for small business across the County



Re-evaluating Suite of Services

Expansion of services to establish more robust and specialized programs to meet the evolving and diverse needs of different business communities in the County



Option 2: Memorandum of Agreement

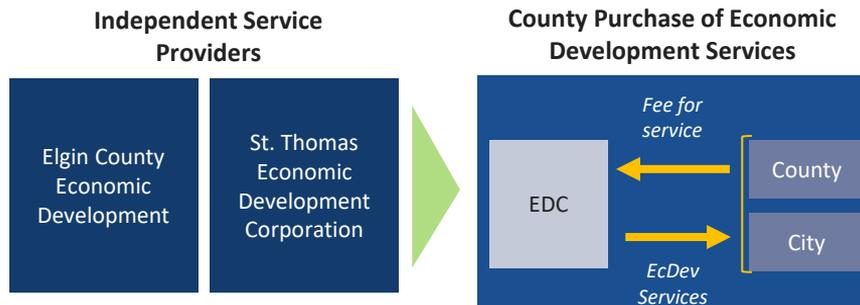
Memorandum of Agreement (MOA) for Economic Development Services

Option two is an MOA, where Elgin County purchases economic development services from the City's Economic Development Corporation. This would require the clear delineation of services requested, and a significant consideration of impacts on County staff.

What it is

A purchase of service agreement allows one party to outsource service provision of a key function to an outside organization. In this case, the County would be outsourcing economic development to the City of St. Thomas' Economic Development Corporation (EDC).

This would mean a relationship between the County and the EDC that mirrors that of the City and the EDC. Currently, the City provides the EDC with a budget of ~\$643k (2021) to deliver its economic development services.



Key Considerations

In order to successfully deliver Regional services through an MOA, there are several axes of consideration and analysis:



Staff Integration

An MOA would allow for better management of legislative employment considerations



Degree of Governance Change

Under an MOA, governance changes to accommodate County representation can be easily made by EDC through by-law



Risk Minimization

MOA offers opportunity for re-evaluation of joint services at contract expiry. This may better help establish trust among LMPs before making a long-term and more permanent commitment (membership)



Re-evaluating Suite of Services

EDC provides a more comprehensive suite of services that would be extended to County and these services could evolve as needs change



Implementation Timeline and Complexity

An MOA would require less complexity in implementation by minimizing staff impact and reducing need to restructure existing EDC

Understanding the Implications of a Memorandum of Agreement (MOA)

The benefits and tradeoffs of an MOA for regional economic development services are more balanced and present a more feasible opportunity for shared service. Overall, an MOA offers benefits similar to a membership approach, but notably allows for quicker implementation and benefits realization

A Memorandum of Agreement between the County and the City's EDC would yield many of same outcomes and benefits as a Membership approach. However, our analysis demonstrates that this option offers:



1. Shorter implementation (and benefit realization) timelines
2. Better short-to-medium term risk mitigation
3. An expansion of services at a rate that is less than the County's current economic development operating expenditures

Key Benefits



Service Expansion: An MOA allows the County to expand its services, without significantly increasing operational expenditure



Community Outcomes: An MOA allows the County and the City to deliver services consistently across rural and urban communities, increasing clarity on the services available; and improving service reach through strengthened trust among business communities



Political Impact: Service efficiencies improve service impact, and reduce the downstream effects of taxes on residents



Productivity Gains: Streamlining and centralizing services through a single entity reduces duplicative effort, and improves service accessibility



Regional Effort and Coordination: An MOA would allow the County and the City to establish a single point of contact for investors, and businesses requiring resources



Shorter Implementation Timeline: An MOA would provide opportunity for staff loaning or secondment, and would leverage the existing suite of services provided by the EDC; requiring less complex assessment and change

Potential Risks



Loss of control: Through an MOA, the County's direct involvement in day-to-day economic development shifts from direct delivery to one of contract oversight and relationship management



Limited Visibility: Without clear contract oversight set within County and an expansion to the EDC Board of Directors



Option 3: EDC Membership

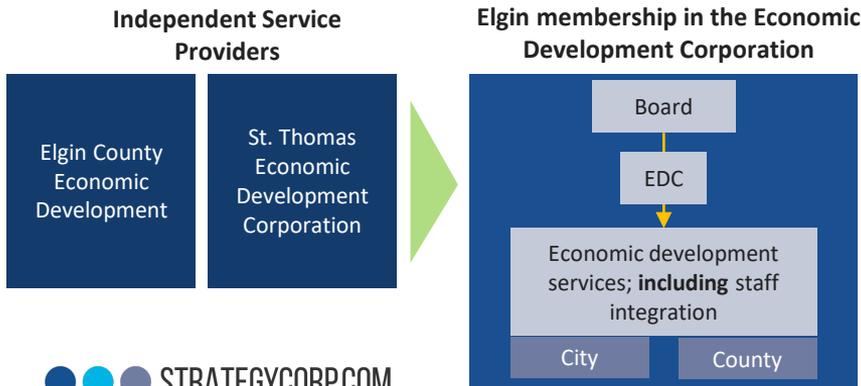
EDC Membership and Functional Integration

Option three is for Elgin County to become a member of the City's Economic Development Corporation. This would entail a restructuring of the EDC and would require consideration of several key factors (noted below).

What it is

Typically, functional integration of services between two parties would mean either the creation of a new entity, or the revamping of an old entity that is mutually owned or governed by participating organizations to deliver services on their behalf.

In the case of the County and the City, it would be the latter option, with the County becoming a member in the City's Economic Development Corporation.



Key Considerations

The key considerations for an EDC Membership are similar to those of Option 2. Noted below are key areas of distinction.



Stakeholder Comfort

Moving to a membership model is more permanent and may be a model evolved to over time as the concept proves its value



Degree of Governance Change

Under a membership model, the corporation would have to be restructured to accommodate new member along with an update to by-laws and other governance documents



Re-evaluating Suite of Services

Services provided through an integrated economic development function would need to reflect the diverse sector priorities of participants, and service-recipients. The EDC currently provides a wide scope of services.



Implementation Timeline and Complexity

An EDC membership would require a more complex implementation landscape by requiring considerations and costs around staff impact and funding model re-evaluation

Understanding the Implications of County Membership in the EDC

There are several key benefits and tradeoffs for consideration when assessing the feasibility of an EDC membership for the County. Overall, there are significant benefits, but the implications and tradeoffs compared to other options do not rank membership as the most favorable path forward.

County Membership in the EDC would yield many benefits to both the County, and the City...



...However, there are significant implications to account for relating to:

1. Risk minimization through proof of concept period;
2. Stakeholder comfort with degree of change; and,
3. Implementation timelines and & time for benefits realization

Key Benefits



Service Consistency: Creating a single source of truth and point of access for service-recipients, and thus increasing clarity accessibility for community members



Resource sharing: Leveraging each municipality's strengths and resources available to support regional development as a whole (e.g., developable land, and staff/talent expertise)



Regional Effort and Coordination: Stronger investment attraction through streamlined follow-up and engagement processes, as well as clarity on collective, regional opportunities benefits for investors

Potential Risks



Longer Implementation Timelines: Restructuring of EDC would be time consuming and create unnecessary cost relative to the benefits to be achieved



Risk Mitigation: Opportunities to re-evaluate a joint economic development function in the future are reduced given the long-term commitment associated with membership, challenging the ability to account for LMP, and community needs on a continuous basis

Appendix B: Jurisdictional Scan



Windsor-Essex – A Corporate Model Between a County and City

The Windsor-Essex Economic Development Corporation (WEEDC) demonstrates the importance of clarity in strategy and objectives; and governance to a successful joint venture among multiple municipalities. The success of WEEDC can be attributed to its broad service reach, alongside its ability to effectively represent local community needs. This provides Elgin County and St. Thomas with a model to consider in assessing an integrated, membership-based economic development model.



Overview

Essex County municipalities outsource their economic development functions to the WEEDC and provide funding to the corporation on a per capita basis. Employees are not county or city employees.

In the past there has been controversy in the relationship due to the City being unsure of the value it was deriving from the corporation. At the time, WEEDC's largest problems were:

- **Objective Setting:** There were no mutually agreed upon expectations and measures, which created a disconnect in the relationship.
- **Reporting Mechanisms:** The WEEDC's governance model did not establish set reporting mechanisms that involved all relevant parties.

Assessment

Benefits:

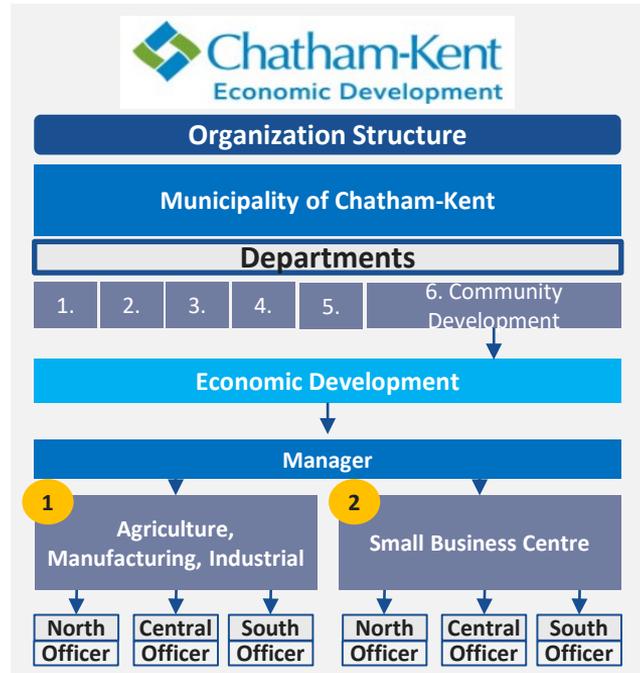
- Strong representations from local business and industry
- Apolitical in its management and Board composition
- Ambassador for the entire region

Drawbacks:

- One side may feel like decisions are not being made in their best interest
- Regional governance is difficult to manage without local voices directly involved

Chatham-Kent: An In-house Model That Works for a Single Municipality

Chatham-Kent's in-house model offers several good practices around a holistic servicing, addressing the needs and requirements of economic development across different industries and small businesses. Chatham-Kent was selected as a comparator for analysis and exploration because of their implementation of a holistic industry and small business focused approach, ensuring cohesion, and representation in their economic development services



Overview

Chatham-Kent's economic development service began after amalgamation in 1998 and is delivered through the municipality. Some key characteristics are:

- **Separate from Tourism:** The municipality's Tourism department handles tourism promotion and resident attraction.
- **Regional Focus:** Each region in the County has two Economic Development Officers, one to handle larger industries such as agriculture and manufacturing, and the other to handle small businesses.

Assessment

Benefits:

- Regional approach is inclusive of the entire County
- Two distinct areas for industry and small business ensures nothing is left behind
- Cohesive County-wide voice and direction set by the municipality

Drawbacks:

- No independence as it is a municipal department
- Lack of local business voices guiding the direction



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