

**REPORT TO ELECTORAL AREAS COMMITTEE
MEETING OF WEDNESDAY, SEPTEMBER 11, 2024**

SUBJECT **Bylaws No. 4590, 4591, 4594, and 4595 – Electoral Area Economic Development Services**

ISSUE SUMMARY

To broaden the scope of electoral area economic development services.

BACKGROUND

Electoral area economic development falls under the same service authority, operated by Bylaw No. 1824, “Economic Development Commission Establishing Bylaw No. 1, 1990”. Salt Spring Island and the Southern Gulf Islands Electoral Areas operate economic development commissions responsible for coordination of economic development and feasibility work, but with uncertain authority regarding other activities which could be considered “promotion” of economic development. The Juan de Fuca Electoral Area has the right to have such a commission but does not operate one currently.

With the Salt Spring Island Local Community Commission (“SSI LCC”) taking over SSI economic development, and the interest by the Southern Gulf Islands Community Economic Sustainability Commission in a potential broadband project, any uncertainty relating to the scope of the economic development services should be resolved and the services’ authority and funds formally separated.

The SSI LCC and the SGI CESC have both reviewed the proposed change to the service authority, with the SSI LCC endorsing it by resolution and the SGI CESC receiving the report for information without objection. This report is brought forward to alert the Electoral Area Directors of the change and the advance the service changes forward to the CRD Board for approval.

ALTERNATIVES

Alternative 1

The Electoral Areas Committee recommends to the Capital Regional District Board that:

1. Bylaw No. 4590, “Economic Development Commission Establishing Bylaw No. 1, 1990, Amending Bylaw No. 1, 2024”, be read a first, second, and third time;
2. Bylaw No. 4591, “Economic Development Commission Establishing Bylaw No. 1, 1990, Amending Bylaw No. 2, 2024”, be read a first, second, and third time;
3. Bylaw No. 4594, “Economic Development Service Establishing Bylaw (Southern Gulf Islands) No. 1, 2024”, be read a first, second, and third time;
4. Bylaw No. 4595, “Economic Development Service Establishing Bylaw (Juan de Fuca) No. 1, 2024”, be read a first, second, and third time;
5. That participating approval for Bylaws No. 4590, 4591, 4594, and 4595, be provided to the respective Electoral Area Directors for consent on behalf of electors;
6. That Bylaws No. 4590, 4591, 4594, and 4595 be forwarded to the Inspector of Municipalities for approval.

Alternative 2

That this report be referred back to staff for additional information.

IMPLICATIONS

Service Delivery Implications

The current service authority can be interpreted as only funding the limited operation of economic development commissions, or alternatively, funding the broader “promotion of economic development”. This uncertainty has led to certain projects being unable to be funded unless they can be somehow tied to a commission’s work program. Moving to an explicit “promotion” power will allow a broader range of activities, subject always to restrictions on assistance to business. It will empower the commissions to identify opportunities for community partnerships and contracted services that will benefit the communities they serve.

The proposed change will allow each commission to determine what it considers to be the “promotion of economic development”, in line with the establishing bylaw, guidance provided by CRD, and statutory restrictions. CRD electoral area staff will advise on what is “promotion” and what would otherwise be the realm of another CRD service or be better characterized as “direct” economic development or “assistance” to business, with the final decision on funding resting with the applicable commission.

Promotion of Economic Development

The power described by the *Local Government Act* is the “promotion” of economic development. Commissions will be required to exercise judgement in determining what is “promotion” and what is not. A definition is included in the draft bylaws describing what is not “promotion” – those activities that are non-seasonal and more than three years. For example, those activities which are seasonal (such as coordinating a fair, summer tourism promotion, or certain types of seasonal beautification efforts to public spaces) would be permitted to run longer than three years, but activities which are non-seasonal and more than three years – those projects which are “direct” economic development – could only be run on a pilot or trial basis. Longer-term delivery would require service creation or a grant-in-aid to a third party.

Examples of what has been considered “promotion” to date include:

- Pilot programs for industry or worker coordination under three years;
- Seasonal funding to tourism societies to increase service levels;
- Contracts for service for research or coordination (housing feasibility, rental coordination, encouragement of business);
- Workshops and advisory services, promotional programs, marketing strategies, consideration of economic diversification and resiliency; and
- Improvement of public spaces, or private spaces where there is a secured public right to utilize the space.

Examples of what would not be considered “promotion” to date include:

- graffiti removal from private property;
- improving, beautifying, or maintaining private property;
- security cameras or surveillance equipment;

- where ongoing funding is requested to support a business undertaking (e.g. contribution of funds to make business viable); and
- funding of Citizens' On Patrol-style initiatives, mental health outreach, or social work.

Ultimately the decision on what is “promotion” is up to the commission exercising the power. If a commission were to engage outside this authority such a decision may be challenged in BC Supreme Court. All such projects are subject to the restriction on assistance to business as set out in the *Local Government Act*.

Financial Implications

Currently, funds are primarily used to pay for the operation of economic development commissions, conduct feasibility work, and undertake pilot projects. It is not anticipated there will be additional financial implications from the separation of the services, as each service currently holds funds from their electoral area for their own benefit. Separation will prevent future issues should a service undertake a telecommunication project and generate revenue (e.g. revenues raised in one electoral area should be to the benefit of that electoral area). Modernizing the establishing bylaws will also permit services to raise funds not only by requisition, but also by way of gift, grant, or enterprise.

Promotion of economic development is a regional district service which does not require a maximum requisition in its establishing bylaw, per s. 339(2) of the *Local Government Act*. This annual amount is set by the CRD Board's budget, with a recommendation provided by the Electoral Area directors and the economic development commissions. The ultimate authority over budget and requisition is left to the CRD Board by bylaw.

Legal Implications

As “promotion of economic development” services are exempt from a need for a maximum requisition, and the service can be created without borrowing, only Electoral Area Director consent to creation of the service or amendment to the existing service is required, rather than more expensive processes such a referendum or alternative approval process. Annual budget amounts are set by bylaw of the regional board, and act as a control to the absence of a maximum requisition.

CONCLUSION

Bylaws have been prepared to move from a model of economic development focused on funding economic development commissions to the actual coordination and promotion of economic development. Endorsing this model will modernize the delivery of economic development services in the electoral areas and broaden the available projects within the scope of the services.

RECOMMENDATION

The Electoral Areas Committee recommends to the Capital Regional District Board that:

1. Bylaw No. 4590, “Economic Development Commission Establishing Bylaw No. 1, 1990, Amending Bylaw No. 1, 2024”, be read a first, second, and third time;
2. Bylaw No. 4591, “Economic Development Commission Establishing Bylaw No. 1, 1990,

Amending Bylaw No. 2, 2024”, be read a first, second, and third time;

3. Bylaw No. 4594, “Economic Development Service Establishing Bylaw (Southern Gulf Islands) No. 1, 2024”, be read a first, second, and third time;
4. Bylaw No. 4595, “Economic Development Service Establishing Bylaw (Juan de Fuca) No. 1, 2024”, be read a first, second, and third time;
5. That participating approval for Bylaws No. 4590, 4591, 4594, and 4595, be provided to the respective Electoral Area Directors for consent on behalf of electors;
6. That Bylaws No. 4590, 4591, 4594, and 4595 be forwarded to the Inspector of Municipalities for approval.

Submitted by:	Steven N. Carey, B.Sc, J.D., Senior Manager, Legal Services & Risk Management
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Bylaw No. 4590, “Economic Development Commission Establishing Bylaw No. 1, 1990, Amending Bylaw No. 1, 2024”

Appendix B: Bylaw No. 4591, “Economic Development Commission Establishing Bylaw No. 1, 1990, Amending Bylaw No. 2, 2024”

Appendix C: Bylaw No. 4594, “Economic Development Service Establishing Bylaw (Southern Gulf Islands) No. 1, 2024”

Appendix D: Bylaw No. 4595, “Economic Development Service Establishing Bylaw (Juan de Fuca) No. 1, 2024”

Appendix E: Redlined Bylaw No. 1824, “Economic Development Commission Establishing Bylaw No. 1, 1990”