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REPORT TO GOVERNANCE AND FINANCE COMMITTEE MEETING OF WEDNESDAY, JULY 29, 2020

SUBJECT Regional Role in Economic Development

ISSUE SUMMARY

To receive an overview of the Capital Regional District's (CRD) current contribution to the region's economic development and its role in the region's future prosperity and resilience.

BACKGROUND

At its May 13, 2020 meeting, the CRD Board directed staff to review the CRD's role in regional economic development. Discussion focused on economic recovery from the COVID 19 pandemic and the roles of the CRD, municipalities and the South Island Prosperity Partnership (SIPP) in the region's economic development. The ongoing challenge presented by the global pandemic has increased the focus on structural changes and new opportunities and limitations to grow our economy, existing needs that must be addressed through a strong economy, including supporting families who are struggling, economic recovery and the need to continue protecting the environment and addressing climate change.

Modern economic development relies on partnership contributions from all levels of government and non-government organizations. These partnerships recognize that economic development occurs on a spectrum, where each partner uses the tools and authorities for which they have responsibility to achieve common goals. The spectrum includes both direct and indirect investments that build economic and social capacity to improve household prosperity and overall quality of life. Common goals for a community are typically defined through strategy or policy documents, developed in collaboration with partners.

On the spectrum of economic development tools, local governments typically rely on the following:

1. **Advocacy & Knowledge:** data analysis (e.g., demographics, projections) and partnership coordination.
2. **Policy & Regulation:** Land use and infrastructure planning, economic development strategy.
3. **Funding:** Purchasing and financing power, dissemination of grant funding, land banking.
4. **Community Investment:** Capital projects, service delivery that sustains quality of life.

In accordance with provincial legislation, local governments are limited in their ability to provide direct economic contributions to the private sector. Senior levels of government contribute primarily through fiscal policy and the creation of sector-specific legal and operating frameworks, as well as the injection of capital or grant funding. Non-government organizations such as business associations, partnerships and chambers of commerce provide coordination and business strategy development, contribute knowledge and expertise on attractive business investment climates, provide marketing and advertising, support business incubators / accelerators and provide data analysis on economic indicators.

Across British Columbia, the economic development tools deployed by local governments depend on their bylaws, strategic direction and mandates. For example, in some communities a business organization leads coordination and strategy development, and in others this is the responsibility of the local government or an economic development corporation. The degree and type of involvement is highly dependent on factors such as demographics, economic conditions, financial and human resources, existing local government service mandates and civic culture.

ALTERNATIVES

Alternative 1

The Governance and Finance Committee recommends to the Capital Regional District Board: That the Regional Role in Economic Development report be received for information.

Alternative 2

That the Regional Role in Economic Development report be referred back to staff for more information based on Governance and Finance Committee direction.

IMPLICATIONS

Service Delivery Implications

The CRD's mandate is developed through the Board's Strategic Plan and the organization's Corporate Plan and formalized, where provincial authority requires, through service establishment bylaws with participating municipalities and electoral areas. Through its existing mandate, the CRD supports economic development as follows:

- Administers two electoral area economic development commissions;
- Undertakes data analysis and research projects and coordinates sector-specific opportunities, as requested;
- Sound planning and strategic investment in major projects such as wastewater treatment, water servicing, affordable housing and hospital district supports a stable and sustainable development environment;
- Provides services that contribute to the health, safety and quality of life for regional residents, such as indoor and outdoor recreation activities, a thriving arts scene, safe drinking water supply and natural environment protection; and,
- Responsible financial management and stable fiscal environment provides businesses with the confidence to invest.

Appendix A provides more detail on the contributions of CRD services to the regional economy.

Community/Stakeholder Implications

The economic development stakeholder landscape has evolved over time with various groups and sectors responding to arising needs. No one entity is responsible for defining an economic development strategy across the whole region. The Chambers of Commerce each provide a range of services in their specific geographies, while SIPP has earned the support of municipalities and businesses alike. The Downtown Victoria Business Association (DVBA) focuses on downtown Victoria, while groups hosted by Tourism Victoria and Victoria Innovation, Advanced Technology and Entrepreneurship Council (VIATEC) attend to those sectors respectively.

Formal CRD membership to economic development stakeholder organizations are limited. Most recently, discussions with SIPP concerning CRD membership did not advance given SIPP's membership bylaw and financial contribution structure. Opportunities for partnerships should continue to be explored, given the CRD's significant role in strategic infrastructure investment and quality of life contributions.

Intergovernmental Implications

The CRD supports staff-level intergovernmental coordination on topics such as planning, transportation, community health, climate action and recreation through working groups and committees. Recently, many of these working groups and committees have provided a forum to discuss economic recovery implications. The CRD plays a convener role, working through established channels to identify, coordinate and report out on opportunities of interest.

Partnerships with the provincial and federal government are critical to fund long term infrastructure investments which stimulate the economy, support growth and create a long term stable platform for other forms of investment. The CRD works closely with senior levels of government to align funding opportunities that will achieve shared strategic objectives such as affordable housing, sustainable infrastructure development and climate action.

The CRD is preparing an indigenous economic development model feasibility study. The study will identify the economic opportunities and interests of First Nations within the CRD spectrum of services. The long-term objective is to establish a process that will enable enhanced partnership opportunities with First Nations to support achievement of their desired economic development outcomes. An example of such is the partnership with T'Sou-ke First Nation to operate and maintain the Sooke Potholes Campground.

Regional Growth Strategy Implications

Since its adoption in 2003, the RGS has been a tool representing the region's collective vision for its future. RGS Section 5 sets out policies to help realize the region's economic potential. The policies focus on building on the region's quality of life advantage, preserving employment lands, prioritizing attraction of businesses that support climate action and protecting the working land base. These policies could help inform an economic development framework.

Alignment with Board & Corporate Priorities

Economic development is one of 15 community needs in the 2019-2022 Corporate Plan. Regional economic development is a Board priority and providing data and recommendations on the CRD's role in economic development is a key corporate initiative.

CONCLUSION

The CRD's current role in economic development is based on its service mandates. The CRD contributes directly to the region's economy through infrastructure planning and development, and indirectly through significant community investment in quality of life. Through this work, the CRD ensures a reliable and sustainable investment climate that supports business attraction and retention. As a committed contributor to the economic health of the region, the CRD has a strong interest in supporting a regional economic development strategy and partnering with senior levels of government and stakeholders on economic development initiatives.

RECOMMENDATION

The Governance and Finance Committee recommends to the Capital Regional District Board:
That the Regional Role in Economic Development report be received for information

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ATTACHMENT(S)

Appendix A: CRD Contributions to the Regional Economy