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## **REPORT TO ELECTORAL AREAS COMMITTEE MEETING OF WEDNESDAY, SEPTEMBER 09, 2020**

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**SUBJECT**     **Salt Spring Island Shared Services Model – Rural Dividend Grant**

### **ISSUE SUMMARY**

Capital Regional District (CRD) Board authorization is required to fulfil the terms of a Rural Dividend grant providing funding for the development of a shared business services model on Salt Spring Island.

### **BACKGROUND**

The CRD was the recipient of \$90,750 through the Rural Economic Dividend Grant, plus an \$18,000 contribution from the Salt Spring Island Community Economic Development Commission (SSI CEDC) for the creation of a member funded co-operative where local businesses, First Nations, and individuals could purchase membership shares and raise capital to benefit Salt Spring Island; offer direct and indirect services to small business owners, service providers, or agencies to create economies of scale through shared purchasing power with the following offerings: branding and marketing of island made products; off-island product distribution and export hub; supply chain; business training and skill development; IT and e-commerce tools; and shared labour pool. On July 11, 2018, the application for funding and receipt was approved by the Board.

After consultation with the Southern Gulf Islands Community Economic Sustainability Commission (CESC), community stakeholders, as well as consultants and CRD's in-house counsel, the project's focus shifted to creation of a society. However, following review of the proposal and consideration of the other entities already operating on SSI, SSI Electoral Area Director Holman was not in support of setting up another entity to undertake economic activities without CRD involvement. After bringing the matter forward to the SSI CEDC there was support by the Director and the SSI CEDC to award the work to Rural Island Economic Partnership (RIEP) and the SSI CEDC passed the following motion at their June 25, 2020 meeting:

*That the Salt Spring Island Community Economic Development Commission recommends that the Capital Regional District contract with the Rural Islands Economic Partnership as the not for profit entity to receive the Rural Dividend Grant and deliver a regional Shared Business Services pilot program.*

The project was initiated in March 2020 in three phases in accordance with the grant application and sought two approvals from Rural Dividend to amend the terms of the grant due to new learning acquired while operationalizing the project and developing the business plan. These scope change amendments require no updates to the budget.

March 2019 – 2021	Amendment 1	Amendment 2
<p><b>1. Build the Infrastructure</b></p> <ul style="list-style-type: none"> <li>- Develop a financial model and business plan</li> <li>- Hire a project manager</li> <li>- Input and buy in from local businesses to confirm operational details of core services</li> <li>- Create a marketing and communications plan</li> </ul> <p><b>2. Incorporate</b></p> <ul style="list-style-type: none"> <li>- Develop Memorandum of Association and Rules</li> <li>- Name interim directors</li> <li>- Legal review of incorporation documents</li> <li>- Submit documentation to corporate registry</li> </ul> <p><b>3. Operate and Grow</b></p> <ul style="list-style-type: none"> <li>- Delivery of services and continue membership drive initiatives</li> <li>- Apply for grants and other funding sources</li> <li>- Quarterly board meetings and reports</li> </ul>	<p><b>1. A six month grant extension until November 30, 2021;</b></p> <p><b>2. Change the deliverable</b> to establish a co-op model <b>to a society model structure</b> to will allow the entity to generate diversified revenue streams and be less reliant on a membership revenue model of a co-op; and</p> <p><b>3. Expand the branding</b> proposal from a 'Made in Salt Spring Island' brand to align with the branding work already done by the Vancouver Islands Economic Alliance's <b>'Islands Good' brand.</b></p>	<p>Change in project scope to <b>partner with RIEP to complete Shared Business Services Model</b> instead of incorporating another not-for-profit. RIEP has successfully delivered programs that are in alignment with the deliverables outlined in the project scope amendment of March 2020 such as the Rural Island Economic Forum, and Island Come Back (see links <a href="https://ruralislandspartnership.ca">https://ruralislandspartnership.ca</a>; and <a href="https://islandcomeback.ca">https://islandcomeback.ca</a>). The RIEP takes a regional approach across the rural island.</p> <p>By contracting with the RIEP, the need to spend time developing the capacity for a new society will be eliminated. This is particularly important now, to be able to move swiftly, in a Covid-19 environment, to support small business recovery and resilience by delivering regional economies of scale for marketing and sales of locally produced products, business skills recovery training, and access to financial assistance.</p>

## **ALTERNATIVES**

### *Alternative 1*

That the Electoral Area Committee recommend the Capital Regional District Board approve the Rural Dividend amendments and authorize staff to direct award a contract in the amount of \$95,000 to the Rural Islands Economic Partnership Society to perform such other tasks as to fulfill the terms of the Rural Economic Dividend Program grant.

### *Alternative 2*

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

## **IMPLICATIONS**

### **SOCIAL**

The RIEP has been establishing their ability to undertake this contract and take a regional approach across the rural island in coordinating and developing the following:

- Develop entrepreneurial opportunities to help local businesses grow and thrive through economic challenges by accessing ways to diversify offerings and expand markets for their products; strengthen growth opportunities for the agricultural sector, women entrepreneurs; youth entrepreneurs and exploring opportunities with and for indigenous entrepreneurs.
- Protecting and sustaining rural island culture by facilitating ways to implement effective and sustainable year-round tourism destination management practices; by promoting local arts and artisans as well as locally grown and made products; by deepening relations with first nations in recognition of their historical stewardship of their traditional lands and respect for their cultural knowledge and wisdom and by being pro-active stewards of rural islands cultural and natural resources.
- Optimizing local and inter-island transportation by leveraging relationships with BC ferries and local transportation entities to focus on the special needs of rural islands and the importance to BC for ensuring sustainable, reliable service to rural islands.
- Mobilizing local capital for rural island economic revitalization by learning about the experiences of rural communities across BC and Canada who have successfully mobilized local capital via community investment coops to keep wealth local and enrich their communities by investing in local ventures. By becoming knowledgeable about the variety of rural funding resources especially designed to support rural economic prosperity and the ways to access these resources.
- Green workforce attraction, retention and training by exploring ways rural islands can become locations for low carbon footprint, clean tech, businesses that will attract an age diverse population, provide ongoing employment opportunities, and help entrepreneurs understand business development applications so that they can move through the complexities of government in a positive way.
- Realizing innovative affordable housing solutions
- Protecting and expanding rural health services
- Insuring access to sustainable broadband networks

The RIEP is a registered society with the following board members; and in accordance with section 7.1 [Remuneration of Directors] of the RIEP bylaw do not permit the Society to pay a Director remuneration for being a director, but the Society may, subject to the *Act*, pay remuneration to a Director for services provided by the Director to the Society in another capacity (see Appendix A, B and C).

- Chair – Francine Carlin, Salt Spring
- Vice Chair – Pat English, Mt. Waddington
- Director – Mike Hoebel, Galiano
- Director- Keena-Hicken Gaberria, Namgis Nation
- Director- Jeff Monroe – Kwatal Nation

## FINANCIAL

CRD must use the grant funding and complete the terms of the grant by November 30, 2021. Local businesses, in line with the terms of the grant, may also benefit from the shared service model due to reduce expenses, sharing of marketing and transportation costs, and other savings and benefits as a result of sharing business services amongst a group.

### **Budget**

#### **Revenue**

Grant	\$90,750
CEDC Contribution	\$18,000
Total	\$108,750

#### **Costs**

Develop business model and identify services to be offered	(\$12,666)
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#### **Balance**

**\$96,085**

## **CONCLUSION**

CRD Board approval is required accept these amendments and direct award a contract in the amount of \$95,000 to fulfill the terms of the grant.

## **RECOMMENDATION**

That the Electoral Area Committee recommend the Capital Regional District Board approve the Rural Dividend amendments and authorize staff to direct award a contract in the amount of \$95,000 to the Rural Islands Economic Partnership Society to perform such other tasks as to fulfill the terms of the Rural Economic Dividend Program grant.

Submitted by:	Karla Campbell, Senior Manager, Salt Spring Island Electoral Area
Concurrence:	Steven Carey, J.D., B.Sc, Manager, Legal Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

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## **ATTACHMENT(S)**

- Appendix A: Rural Island Economic Partnership Certificate of Incorporation
- Appendix B: Rural Island Economic Partnership Constitution
- Appendix C: Rural Island Economic Partnership Bylaws