Minutes – Executive Policy Committee – December 5, 2012

REPORTS

Minute No. 57 Economic Development Winnipeg Inc. – Funding Request for Economic Development Strategy

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommends to Council:

1. That a one-time grant to Economic Development Winnipeg Inc. be approved in an amount equal to 1/3 of the cost of a comprehensive Economic Development Strategy for Winnipeg to a maximum of $40,000.00.

2. That the Economic Development Investment Reserve (EDIR) be the source of funding for the grant identified in Recommendation 1 above.

3. That for the purpose of recommendation 1, Council waive the operating parameters for the EDIR to fund projects directly and receive the equivalent of incremental tax revenues from projects in which it has invested.

4. That the Chief Administrative Officer be delegated the authority to negotiate and approve a contribution agreement for the one-time grant.

5. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

Moved by Councillor Havixbeck,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

ADMINISTRATIVE REPORT

Title: Economic Development Winnipeg Inc. – Funding Request for Economic Development Strategy

Issue: To request funding participation by the City of Winnipeg in support of a comprehensive Economic Development Strategy for Winnipeg by Economic Development Winnipeg Inc. through the consulting services of Millier Dickinson Blais.

Critical Path: **Executive Policy Committee – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
G. Holmes	B. Thorgrimson	M. Ruta, CFO	D. Joshi, COO

RECOMMENDATIONS

1. That Council approve a one-time grant to Economic Development Winnipeg Inc. in an amount equal to 1/3 of the cost of a comprehensive Economic Development Strategy for Winnipeg to a maximum of $40,000.
2. That the Economic Development Investment Reserve (EDIR) be the source of funding for the grant identified in Recommendation 1 above.
3. That, for the purpose of recommendation 1, Council waive the operating parameters for the EDIR to fund projects directly and receive the equivalent of incremental tax revenues from projects in which it has invested.
4. That Council delegate to the Chief Administrative Officer the authority to negotiate and approve a contribution agreement for the one-time grant.
5. That the Proper Officers do all things necessary to effect the intent of the foregoing.

REASON FOR THE REPORT

1. Council approval is required for grants from the City of Winnipeg.
2. Council approval is required for disbursements from the Economic Development Investment Reserve.

IMPLICATIONS OF THE RECOMMENDATIONS

- The approval of funding will reflect collaborative participation by the City of Winnipeg and Province of Manitoba with Economic Development Winnipeg Inc. (“EDW”) and key community stakeholders in a comprehensive economic development strategy for Winnipeg that builds on the economic development policy foundation contained in Our**Winnipeg**.

- The City of Winnipeg Public Service would play an active/lead role in the implementation of strategic actions identified in the Economic Development Strategy in collaboration with its agency and community partners and under the direction of Council.

HISTORY / DISCUSSION

History

- The Our**Winnipeg** development plan adopted by Council on July 20, 2011 was the result of extensive public and stakeholder engagement and incorporates a vision to be a competitive and sustainable city. As such, the plan builds on previous economic development vision documents and a comprehensive Employment Lands Strategy, providing a strong policy platform in support of Winnipeg's sustainable economic growth, prosperity and competitiveness.
- As a first step in the strategy development process, EDW conducted a preliminary review of the Our**Winnipeg** policy document and identified specific policy areas that could be pursued as priorities from an economic development perspective.
- In December 2011, EDW approached the City of Winnipeg to propose the engagement of an Economic Development Consulting firm to develop a comprehensive Economic Development Strategy and Action document.
- In January 2012, EDW released their latest research papers identifying nine strategic business sectors that would provide the basis for Winnipeg's economic focus going forward.
- Also in January 2012, EDW formally engaged Millier Dickinson Blais to produce a comprehensive Economic Development Strategy for Winnipeg with support in principle from the City of Winnipeg, Province of Manitoba and the Winnipeg business community.

Discussion

- Funding participation of $40,000 has been requested from the City of Winnipeg by EDW to offset a portion of the cost of a consultant-led economic development strategy for Winnipeg.
- The City of Winnipeg currently provides funding to EDW from the Destination Marketing Reserve Fund in the form of an annual operating grant equal to the greater of $2 million or 30% of annual accommodation tax. However, a grant contribution for the Economic Development Strategy falls outside of the funding criteria for this reserve.
- The purpose of the Economic Development Investment Reserve (EDIR) is generally to fund municipal property tax-based incentives for specific economic development projects. The Fund is then replenished on a revolving basis with incremental municipal property taxes subsequently generated from such projects. Though the Economic Development Strategy does not represent a typical and specific economic development project, the strategy due to its comprehensive nature, sets the stage for Winnipeg's attraction of such projects that will contribute in the long-term to the city's growth and prosperity. Furthermore, Council has approved an outright grant from the EDIR on at least one occasion in the recent past (see DMIS for May 19, 2010 Council Disposition re: Redevelopment of the Avenue Building).
- The terms of reference for the Economic Development Strategy build upon the Our**Winnipeg** vision and policy framework, as well as related and recently completed research. This approach promotes alignment with the policy platform that advances the economic marketability of Winnipeg and provides focus for the role of EDW as the City of Winnipeg's arms-length economic development agency moving forward.
- The Economic Development Strategy advances a unique 'Value Proposition' for Winnipeg, focusing on the convergence of strategic business sectors as previously researched. In addition to strategic actions in support of these sectors, this Value Proposition will incorporate a social and cultural component that acknowledges the importance of competing successfully for the next talented, creative and mobile workforce.
- The Economic Development Strategy is intended to:

- act as a platform document from which to manage, prioritize, implement and monitor activities that are critical to the economic, social and environmental well-being of the city,
- identify roles and responsibilities, and coordinate component parts of other policy documents requiring action,
- provide a framework that is flexible while still providing focus and structure to developing tactics and actions, and;
- provide the City with an opportunity to present focused and detailed actions that the City and its partners will advance to positively impact economic growth in the community.

FINANCIAL IMPACT

Financial Impact Statement

Date: November 28, 2012

Project Name:

Economic Development Winnipeg Inc. – Funding Request for Economic Development Strategy

First Year of Program **2012**

	2012	2013	2014	2015	2016
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 40,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 40,000	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	40,000	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs in 2012 represent the proposed grant to Economic Development Winnipeg Inc. It is recommended that the grant, if approved, be funded from the Economic Development Investment Reserve Fund.

"Original signed by"
Mike McGinn, CA
Manager of Finance - PPD

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department
Corporate Finance Department
Economic Development Winnipeg Inc.

SUBMITTED BY

Department: Planning, Property and Development
Division: Economic Development
Prepared by: Gary Holmes
Date: November 28, 2012
File No. O:\Reports Directive\Office of the Director\Downtown Manager\2012 Reports GH\2012 10 15 RIS Report - Funding for Winnipeg EDW Strategy.DOC

Attachments:

Attachment A: Terms of Reference for Consultant engagement by EDW
Attachment B: Excerpt from the June 21, 2000 Council Decision Establishing the Economic Development Investment Reserve Fund
Attachment C: Economic Development Winnipeg Inc. Request for Funding

Winnipeg Economic Development Strategy
Terms of Reference

Background
One of the key objectives for cities is to ensure that its citizens enjoy the highest quality of life possible. This is accomplished through a series of responsibilities which the city manages including safety, sustainability, public transportation, infrastructure and a myriad of other socio-economic which fall under their jurisdiction. Much of the capacity which enables the city to meet those responsibilities comes from the ability to stimulate growth in the economy which increasing the availability to generate wealth.

Economic development in its broadest sense is about creating growth opportunities within the community through a series of strategies, tactics and actions with the purpose of creating capacity in the market that will stimulate increased economic investment

Rationale
Given the recent completion of the Our Winnipeg Municipal Development Plan the opportunity exists to consider developing a Winnipeg Economic Development Strategy. The strategy would be built upon the existing Our Winnipeg Framework thereby ensuring the strategy will be developed in-0lne as an extension of the municipal development plan.

The city of Winnipeg has not had a dedicated Economic Development Strategy and given the Mayor's re-election last year and the impending provincial election taking a focused approach to economic development is timely. Additionally we see that this economic development strategy can be a significant support document to Our Winnipeg in terms of distilling out actions that could be advanced through a well structured strategy outlining tactics, partnerships, timelines and accountability measures.

Baseline Document

The document that will act as the foundation from which to build the economic development strategy is the City of Winnipeg's new municipal development plan dubbed, Our Winnipeg http://www.winnipeg.ca/interhom/CityHall/OurWinnipeg/

The document, a requirement under the provincial city of Winnipeg Act, is designed to position Winnipeg for sustainable growth and sets a vision for the next 25 years. The plan provides direction within three areas of focus which are deemed essential to Winnipeg's future.

- Complete communities
- Sustainable Transportation
- Sustainable Water and Waste

Additional supporting documentation includes a series of ten industry sector profiles completed in 2011 and an economic development Marketing Blue Print which will be completed by mid- Nov. 2011.

Scope

The strategy needs to bring into focus actions and the needed commitments and resources required to positively impact issues critical to Winnipeg's future economic growth and well-being. The scope would include recommendations and actions in areas such as:

- Identify Industry Sector Priorities (based on EDW Sector Profiles completed this past summer)
- Identify innovative approaches to better facilitate investment into priority industry sectors
- Establish evaluation metrics to track accomplishments
- Infrastructure priority investments
- Develop methodology for implementing actions

Roles and Responsibilities

EDW Inc. will be the project manager and guide the project with the consulting firm. In addition it is intended that with input from the Mayor's office a stakeholder committee will be struck and contribute to the process.

Attachment B: Excerpt from June 21, 2000 decision establishing the Economic Development Investment Reserve Fund

General Purpose of Fund

The Economic Development Investment Reserve will fund City economic development incentive and investment projects.

Initial Funding And Sources

A total of $2 million from Sinking Fund surplus funds.

Ongoing Funding

- The Reserve Fund will generate and retain interest.
- It will receive the equivalent of incremental tax revenues from funded projects until the City's investment in the projects has been repaid.
- Other funding sources as approved by Council.

Fund Manager – Director of Planning, Property and Development

Role of Chief Financial Officer

- Oversight role with monitoring through the Corporate Controller's Office.
- The Corporate Finance Director will approve all funding moving to the Reserve Fund.
- Ongoing policy role on the part of the EPC Secretariat.

Operating Parameters

- This Reserve will fund projects directly.
- It will operate as a revolving enterprise fund, and receive the equivalent of incremental tax revenues from projects in which it has invested. Internal procedures will be developed that will track and transfer these incremental revenues.
- The Reserve Fund Manager will negotiate contribution agreements with "proponents" based on instructions from City Council in order to define limits, terms and other parameters of funding, as well as project criteria, project timing and consequences of performance or non-performance.

Attachment C: Economic Development Winnipeg Inc. Request for Funding



Winnipeg Economic Development Strateg

January 5th, 2012

Gary Holmes
Manager of Economic Development
Planning, Property and Development Department
City of Winnipeg

Dear Gary,

I am following up on the meeting you and I recently had regarding the City of Winnipeg Economic Development Strategy that EDW Inc. has commissioned. The objective is to develop an economic development strategy built upon the foundation of the Our Winnipeg working documents which are designed to guide our community's future development. The city has not formally had an economic development strategy and given the recent approval of the Our Winnipeg documents by both council and the province we see this as an excellent platform from which to build and economic development strategy for the city and region.

As you are aware we have had the opportunity to meet with the CAO, COO and Director of Planning, Property and Development to review the proposal and have received their support to proceed. We also, requested that the city consider contributing funds towards the development of the strategy which will cost approximately $100,000. Subsequently we are formally requesting $40,000 funding support from the city to go towards the completion of the strategy. We have also requested funding support from the province through Local Government which they are presently considering.

If you have any further questions or require any additional information please do not hesitate to contact me directly.

Regards,

Greg Dandewich
Senior Vice President
Economic Development Winnipeg Inc.