

**Report to the Planning & Protective Services Committee
Meeting of Wednesday, February 22, 2006**

SUBJECT

Regional Economic Development Strategy – Options for Moving Forward

PURPOSE

1. To consider options for moving forward with the regional economic development strategy initiative in light of municipal comments received;
2. To consider the Greater Victoria Enterprise Partnership Society (GVEPS) proposal to establish a regional economic development agency; and,
3. To recommend a course of action for the Board's consideration.

BACKGROUND

The Economic Development Opportunities Blueprint (the Blueprint) was prepared under a partnership agreement between the CRD, the Greater Victoria Enterprise Partnership Society (GVEPS) and others (including Western Diversification Canada) in response to Regional Growth Strategy (RGS) initiative 5.1. The RGS calls for the CRD to participate with a broad cross-section of business and community interests, member municipalities, the Province and the federal government in establishing a regional economic development partnership, charged with the responsibility of preparing, maintaining and coordinating the implementation of a regional economic development strategy.

The final Blueprint was presented to the Board in November 2004 and subsequently referred to member councils for review and comment in February 2005. Attachment A provides a chronology of events and decisions related to the regional economic development strategy project. Attachment B provides a brief summary of the content of the Blueprint.

In general, the councils that responded to the Board's referral expressed some interest in continuing the partnership but provided few comments on the substance of the draft Blueprint. No council supported an expanded economic development role for the CRD.

Attachment C summarizes the written comments received by the CRD and reviewed by Regional Planning Committee in July and October 2005.

In a December 2, 2005 letter to the Chair, the GVEPS reported back on the findings of their council presentations and proposed the establishment of a Regional Economic Development Agency with CRD financial participation in the work necessary to establish the proposed authority (Attachment D). Representatives of the GVEPS will be available at the meeting to speak to this proposal.

ALTERNATIVES

1. That the board assume leadership of the regional economic development strategy initiative directing staff to undertake preparation of a revised strategy including full stakeholder consultation on proposed strategic options, with the aim of renewing the partnership with a broader base of institutional, agency and community participants and a stronger CRD role, including potentially, the establishment of regional economic development as a regional district service.
2. That the Board participate in and provide a one-time funding contribution to the GVEPS in undertaking work leading to the creation of an industry-led Regional Economic Development Authority that would use the existing Blueprint document as resource material, and which would have as a key role the development, implementation, and ongoing renewal of a regional economic development strategy.
3. That the Board decline to participate further in the development of the Blueprint or a regional economic development agency, and direct staff to prepare, as part of the RGS interim update, a regional economic sustainability policy focused on local government's roles and responsibilities for economic sustainability including providing high quality public infrastructure, enhancing amenities and public services, providing information and analysis, engaging and seeking funding from senior government, and delivering a fair and effective development and business regulatory framework.
4. That the Board: 1) provide a one-time funding contribution to the GVEPS to undertake work leading to the creation of an industry-led Regional Economic Development Authority; and, 2) direct staff to prepare a regional economic sustainability policy as part of the RGS interim update.

FINANCIAL IMPLICATIONS

Alternative 1: No funds are currently included within the proposed 2006 RGS budget to undertake this alternative, nor has an assessment been made of the potential cost of this option.

Alternative 2: Would require adding funding to the 2006 CRD budget. The GVEPS has identified \$30,000 as a CRD contribution in their proposal outlined in Attachment D.

Alternative 3: Could be undertaken within the budget currently earmarked for the update of the RGS.

Alternative 4: Would require adding \$30,000 to the 2006 CRD budget.

GROWTH MANAGEMENT IMPLICATIONS

The RGS identifies a number of economic issues that should be addressed as part of its implementation program. These include finding ways to:

1. Maintain and enhance the Metropolitan Core as the economic heart of the region to ensure that the City of Victoria achieves a minimum share of 20% of the region's employment growth to 2026.
2. Enhance job creation in the urban Western Communities to achieve a minimum job/population ratio of 0.35 by 2026.
3. Expand and diversify the economy of formerly resource dependent communities.
4. Ensure the long-term affordable supply of strategic economic resources such as water, aggregate, and energy.
5. Increase economic activity in forestry and agriculture including high-value and specialized agriculture and value-added forestry.
6. Address the shortage of designated space-extensive industrial/business lands in the region in locations consistent with overall goals regarding community completeness, transportation balance, and a network of major centres within an urban containment boundary.
7. Including high-value, clean industry and business in the Metropolitan Core and Major Centres.
8. Attract, develop and maintain a highly skilled workforce; and,
9. Reduce poverty in the Capital region.

The Blueprint addresses some of these issues, particularly those that pertain to employment in the Metropolitan Core, workforce development, and industrial and commercial space requirements. However, the Blueprint does not attempt to address comprehensively local government and public sector responsibilities associated with economic development, nor does it address location-related implications of economic development.

The RGS identifies a number of economic issues that the Blueprint does not address including:

- The desired locations for employment uses;
- The concept of jobs-housing balance;
- The need to address resource-dependent communities; and,
- The need to reduce poverty in the region.

As well, while the Blueprint addresses some critical initiatives for the Metropolitan Core, it does not address the other major centres or employment areas in the region in any detail.

Alternative 1 would require the CRD to assume a leadership role – both in developing the strategy and broadening and maintaining the partnership - regarding regional economic development, which would enable the regional district to fully address all economic aspects of the RGS in the regional economic development strategy.

Alternatives 2, 3 and 4 would require the CRD and member municipalities to re-focus RGS economic objectives on the public sector role in pursuing regional economic sustainability and

the specific economic development objectives identified in the RGS, while continuing to act to a greater or lesser degree, as a partner with the private sector in regional economic development and in particular, in advocating on behalf of RGS economic objectives with business, government and the community.

SUMMARY/CONCLUSIONS

The Blueprint:

While the Blueprint represents a starting point for improving the economic health of the region, it is clear from responses received during the municipal review, that much work would need to be done to renew the Blueprint if it is to gain broad municipal, stakeholder and community support. In general, the Blueprint in its present form can serve only as:

- a starting point for the development of a regional economic development strategy that is more balanced and positive in outlook;
- input to be used by the CRD in forming a regional economic sustainability policy for the RGS; and/or,
- resource material for a private-sector led regional economic development agency to use in forming its own strategy.

Continuing with the Partnership:

While most member councils that responded to the Board's referral expressed some interest in continuing to be a partner with the GVEPS, it is unclear from responses received on what basis that partnership would rest. Only the District of Saanich indicated some interest in the establishment of a non-profit, private sector driven and funded regional economic development agency. Concerns were expressed by some councillors at the GVEPS presentations that a new regional agency would duplicate and potentially conflict with the role of the existing Greater Victoria Economic Development Commission (Business Victoria).

The Role of Local Government and the CRD:

Economic sustainability requires an on-going and collaborative working relationship between local government and business. However, the roles and responsibilities of local government and business are not the same: local government serves a much broader constituency, must consider the public interest in its decision-making, and be concerned with the social and environmental implications of economic development. While local government is not in the business of business, it plays a key role in support of economic sustainability by:

- Providing basic infrastructure (sewer, water, roads, etc.);
- Providing high quality and cost effective public services and amenities (police, fire protection, parks, recreational facilities, arts and cultural facilities, public realm enhancements, public transit);
- Providing information and analysis related to economic conditions and trends;
- Leading by example through land development activities, investment and procurement;
- Engaging the public to facilitate cooperation between public and private interests;

- Engaging senior levels of government to provide support for key projects and initiatives;
- Seeking funding and raising capital to improve economic sustainability;
- Considering the bigger picture, especially in relation to overall quality of life; and,
- Setting the rules to ensure a balance between business accommodation and community preservation objectives, providing a stable investment climate.

No member council that responded suggested that the CRD should take on a larger leadership role in regional economic development. In general throughout the RGS and Blueprint process, the Board has made clear that the regional district should not assume direct responsibility for regional economic development and concerns such as business attraction and retention, branding and marketing, or workforce training, considering these activities best addressed by private sector or community organizations, municipalities or senior government.

However, insofar as the regional district has an interest in regional economic sustainability, in partnership with business and member municipalities, it would be appropriate to develop in response to the Blueprint, and in line with the roles for local government summarized above, a regional economic sustainability policy for inclusion in the RGS interim update.

RECOMMENDATION

That the Committee recommend to the Board that it:

1. Thank the Greater Victoria Enterprise Partnership Society for their work on the Economic Opportunities Blueprint and further notify the partnership that the Capital Regional District will not participate in work to develop a regional economic development agency; and,
2. Direct Regional Planning staff to prepare a policy, as part of the Regional Growth Strategy interim update, focused on local government's roles and responsibilities for regional economic sustainability, including the provision of high quality public infrastructure, enhancing amenities and public services, providing information and analysis, engaging and seeking funding from senior government, and delivering a fair and effective development and business regulatory framework.

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COMMENTS