

CAPITAL REGIONAL DISTRICT
Regional Planning Services Department

Staff Report to the Regional Planning Committee
Meeting of Wednesday, February 16, 2005

SUBJECT:

Review of the Economic Development Opportunities Blueprint, October 2004 Update

BACKGROUND:

- Jan. 9/02 The Board approves execution of a partnership agreement with the Greater Victoria Enterprise Partnership Society (GVEPS), and a funding contribution of \$35,000 to the preparation of a Regional Economic Development Strategy, subject to receipt of final confirmation of project funding approval from Western Economic Diversification Canada.
- Jan. 16/02 The Regional Economic Development Strategy partnership agreement between the CRD and GVEPS is signed.
- Aug. 8/02 An announcement is received from GVEPS and Western Diversification Canada (WD) of revised federal funding commitments of \$50,000. Private sector contributions are primarily for "in kind" staff resources, valued at \$45,000.
- Aug. 14/02 The Board approves the transfer of \$35,000 from the Regional Growth Strategy (RGS) 1.330 budget to the GVEPS.
- Apr. 1/03 Grant Thornton LLP facilitates a workshop, attended by local and provincial government representatives, First Nations and business leaders, to present the draft economic development strategies, and to gather feedback regarding priorities.
- June 5/03 The Economic Opportunities Blueprint document, revised to reflect the feedback received from workshop participants, prepared by Grant Thornton LLP, is approved by the GVEPS.
- Sept.10/03 Representatives of the GVEPS present the Economic Opportunities Blueprint to the Regional Board, indicating that they would be working in the coming months to revise the report to reflect opportunities related to the 2010 Olympics, the Neptune Project, and other recent initiatives.
- Nov. 24/04 Following presentation by GVEPS representatives, the Board referred the October 2004 Update of the Economic Development Opportunities Blueprint to the Committee for review and comment. Points were raised by the Board regarding the Blueprint on November 24, 2004 are included in Attachment A.
- Jan. 19/05 The Committee receives for information, a GVEPS funding request for \$35,000 towards development of Blueprint implementation plan, to be reconsidered in context of review of Economic Opportunities Blueprint.

DISCUSSION:

The RGS and Economic Development

The RGS establishes eight key strategies for managing growth through the collective actions of municipalities and the CRD. Initiative 5.1, "Strengthen the Regional Economy", calls for the development of a partnership (including the CRD) to oversee preparation, maintenance and implementation of a regional economic development strategy, and for the CRD to participate in the preparation of a regional economic development strategy consistent with the RGS.

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.

Blueprint Overview

Attachment B includes the Blueprint summary report. The full 159 page technical report is available on the website of the Greater Victoria Chamber of Commerce at <http://www.victoriachamber.ca/PDF/FINAL-Blueprint-Tech-Report-July-03.pdf> .

Briefly, the Blueprint aims to:

- Identify and analyze the region's advantages and constraints in terms of fostering economic development;

- Determine key industry and business sectors that present new or expanded investment potential; and,
- Identify strategies to achieve a prosperous and sustainable economy.

The Blueprint's vision is of a prosperous sustainable economy based on innovation, business diversity, the region's unique attributes and cooperation among key partners that includes:

- Profitable and stable businesses committed to the region;
- Enterprises sensitive to the natural environment, existing community and regional quality of life;
- Lasting meaningful and diverse employment opportunities;
- A positive planning and regulatory environment that supports business development;
- Community pride and confidence in our economic potential; and,
- A skilled and flexible labour force.

Strategic Aims

The Blueprint suggests that achieving the region's economic development potential requires a two-pronged approach that includes:

1. Overcoming problems that are negatively affecting the local business climate; and,
2. Enhancing existing or developing new, business enterprises that are compatible with the region's commitment to sustainability.

Challenges to Overcome

Business climate challenges identified include:

Lack of inter-jurisdictional cooperation

Perceived Problem: Local government structure is commonly perceived by the business sector as burdensome, parochial, lacking harmony and inflexible.

Impact: Investors & developers face different local tax structures, bylaws and approval processes, costly utilities and services.

Decline of the metropolitan core

Perceived Problem: Vacant stores, visible homelessness, drug paraphernalia, excessive panhandling. These problems have negative economic implications that include loss of community pride, loss of retail customers, reduced appeal of the downtown for offices, unwillingness of business owners to invest in upgrades, loss of capital to other regions, degradation of the City's image among visitors, and loss of tax revenue.

Labour force shortages and poor linkages between training programs and labour force requirements

Perceived Problem: Current labour force issues include increasing shortages of skilled trades-people and senior managers with skills in the high tech industry, an aging

workforce, retiring baby boomers, lack of appropriate skills among students graduating from post-secondary institutions, people looking for work without basic job readiness skills, and the limited scope of government wage subsidy and job placement programs.

Negative attitudes towards economic development and change.

Perceived Problem: Anti-business attitudes on the part of local government, large numbers of well-organized NIMBY organizations, a culture of complacency, negative public perceptions of business development, fear of changes, and a “keep the gate closed” perspective.

Four recommended steps to improve the business climate are to:

1. Encourage inter-jurisdictional cooperation;
2. Revitalise the metropolitan core;
3. Address labour force issues (e.g.: skills shortages); and,
4. Foster improvement in resident attitudes towards economic development

Opportunities to Seize

The Blueprint identifies the following sectors as key opportunities to enhance regional economic prosperity:

1. Expand advanced-technology and knowledge-based businesses
2. Expand the tourism sector
3. Sustain and expand the region’s marine science and marine industry (e.g. ship building and repair) sector
4. Expand the sport, arts and culture sector
5. Expand and diversify the agricultural sector
6. Develop and expand education products and research
7. Leverage off the 2010 Olympics.

A key implementation recommendation is to create a regional economic development agency to foster ongoing economic development in the region with a sustainable funding model. The GVEPS requested that the CRD consider contributing \$35,000 in 2005 towards the \$110,000 cost of preparing an implementation plan for the Blueprint, including the establishment of the proposed regional economic development agency.

General Comments on the Blueprint

The Blueprint represents a starting point for improving the economic health of the region. The recommendations address improvements to the business climate and the identification of sectors that offer economic development opportunities for the region. The Blueprint technical report also presents a useful analysis of the region’s economy, including a situational analysis, and an assessment of the region’s strengths, weaknesses, opportunities and threats (SWOT analysis), which is useful for member municipalities when preparing or updating local economic strategies and official community plans.

Many of the Blueprint recommendations are consistent with the RGS. However, the Blueprint does not attempt to address comprehensively local government and public sector responsibilities associated with economic development, nor does it address the sustainability or locational implications of economic development.

The RGS identifies a number of economic issues that the Blueprint doesn't 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.

The Blueprint provides the Board and member councils the opportunity to consider the implications of its findings and recommendations for local government service delivery and priority setting. Local government has many options to address the Blueprint: the findings can be used for information; they can be incorporated into municipal economic strategies; they can be used to justify capital spending and development decisions; and, they could serve as a basis for a collective effort to focus investment and support activities to developing a specific business sector, similar to what Moncton did with call centres and communications technology.

Local Government Responsibilities for Economic Sustainability

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.

The Board has been clear throughout the RGS and the Blueprint process that it does not intend that the regional district assume direct responsibility for regional economic development and concerns such as business attraction and retention, branding and marketing, or workforce

training. The Board has taken the view that these activities are best addressed through private sector organizations or at the municipal level. However, insofar as the regional district intends to support economic sustainability, in partnership with business and member municipalities, it would be appropriate to develop a response to the Blueprint, in line with the roles for local government in economic sustainability summarized above, that would express how the CRD and member municipalities could further the Blueprint vision.

Next Steps

To date, no consultation has been undertaken with member municipalities on the Blueprint by either the CRD or the GVEPS. Apart from the comments and recommendations that the Committee would recommend that the Board make to the GVEPS on the substance of the Blueprint report, a key next step in the process would be for the GVEPS to reconvene the municipal and other stakeholder representatives that took part in the April 2003 workshop, to review, discuss and seek buy-in to the Blueprint report that followed from that workshop. Further, the Committee could also direct staff to prepare a report that would present a regional district and local government action agenda to advance the Blueprint in the areas summarized above.

RECOMMENDATION:

1. That the Committee receive this report for information and identify for the board's consideration comments and recommendations on the substance of the Economic Development Opportunities Blueprint, October 2004 Update and on the process to review and implement the Blueprint;
2. That the Committee direct staff to prepare a draft local government agenda for action in response to the Blueprint, for review and consideration by the Board and member municipalities; and,
3. That the Committee direct staff to submit a formal request to the Union of BC Municipalities to include \$35,000 in funding for the Blueprint implementation plan as part of its formal request to access \$25 million in provincial funds earmarked for tourism related activities.

RGS CONSISTENCY:

The Economic Development Opportunities Blueprint has been prepared under a partnership agreement between the CRD, the Greater Victoria Enterprise Partnership Society and others in response to RGS initiative 5.1.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION:

N/A

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EXECUTIVE DIRECTOR'S COMMENTS:

W.M. Jordan, Executive Director
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