



BOARD REPORT

TO: Chair and Directors

File No: 0580 01

SUBJECT: Formation of New Shuswap Economic Development Society

DESCRIPTION: Report from Charles A. Hamilton, Chief Administrative Officer, dated January 6, 2020.
For action. There are outstanding discussion topics or "decision points" that the service participants need to agree on before staff can take all of the necessary steps to establish an arms-length society.

RECOMMENDATION #1: THAT: the Board receive this report on the proposed establishment of a new sub-regional economic development model for the Shuswap region.

RECOMMENDATION #2: THAT: a facilitated workshop, or series of workshops, be organized with the participants in the current Shuswap Economic Development (SED), with the aim of working through and agreeing on the topic areas identified in this report that require further discussion.

SHORT SUMMARY:

This report has been prepared in response to the Board's direction to move forward with the creation of an arms-length, non-profit organization that will serve as a new service delivery model for Shuswap Economic Development.

VOTING:

Unweighted
Corporate



LGA Part 14
(Unweighted)



Weighted
Corporate



Stakeholder
(Weighted)



BACKGROUND:

This is the third report in a series of reports considered by the Board relative to the creation of a new service delivery model for the Shuswap Economic Development (SED) program. The Board considered the first two reports at its In Camera meetings on June 20, 2019 and August 15, 2019 respectively.

The following background information is submitted for the Board's consideration:

1. At the In Camera meeting on June 20, 2019, the Board rejected a staff recommendation to continue to deliver the Shuswap Economic Development (SED) program through the use of "in-house" resources.
2. At the In Camera Meeting on August 15, 2019, the Board resolved to support in principle moving forward with the establishment of an arms-length, non-profit society for the delivery of SED programming, with an anticipated start date of January 1, 2021. At the same meeting, the Board further instructed staff:
 - To proceed with the necessary steps to create a non-profit, society model as the mechanism for service delivery; and,
 - To explore opportunities to minimize any adverse cost impacts to the Shuswap Tourism (ST) budget that may result from the transition to a new service delivery model for SED.

3. The resolution with respect to "adverse cost impacts" was made in reaction to an observation that was contained in June 20, 2019 staff report. It stated:

that staffing for Shuswap Economic Development is shared and overlaps with staffing for the Shuswap Tourism service. There are various efficiencies gained by having these overlapping services share staff resources. By removing SED from the current in-house delivery model, there is no longer an opportunity to share certain staffing and overhead costs...

The report went on to state:

The Board's decision not to reaffirm the in-house service delivery model for SED will have a substantial financial spillover effect for the Shuswap Tourism service, of which the City of Salmon Arm is by far the largest contributor. To this end, staff is reluctant to move too quickly on recruiting a new Shuswap Tourism Manager, if the effects of the cost shifting results in a strong opposition from either the City of Salmon Arm and/or the District of Sicamous.

4. Prior to the August 15, 2019 In Camera meeting, an informal workshop was held on August 13, 2019 with all of the funding participants in the ST function. The purpose of the discussion was to gain some level of assurance that the cost shifting impacts of pursuing a new service model for SED would not jeopardize the financial viability of the Shuswap Tourism program. Underscoring this viability is the statement by one of the Salmon Arm directors who made mention that the City of Salmon Arm has only renewed the agreement with the Visitor Information Centre for one year while the City has a holistic review of the tourism delivery within Salmon Arm. There was general agreement among the funding partners that the timing for transitioning to an arms-length model would take effect on January 1, 2021, thereby allowing the entire 2020 budget year to consider budgetary impacts and to address other transitional issues.
5. Delaying the launch of the new service delivery model until January 1, 2021 removes the urgency of having to absorb potentially large budget impacts to the Shuswap Tourism and Economic Development budgets for the 2020 fiscal year. The participants (i.e., funding partners) will, however, need to be mindful that there will be budgetary impacts to both budgets in 2021 and care should be taken to ensure that the financial implications of any decisions are fully understood.
6. Recognizing that there will be budget impacts for both the SED and ST budgets in 2021 is important, but there are other outstanding discussion topics or "decision points" that the service participants need to agree on before staff can take all of the necessary steps to establish an arms-length society. The decision points requiring further discussion are summarized in the table in the Key Issues/Concepts section of this report.

POLICY:

The Shuswap Economic Development (SED) service was originally established through Economic Development Extended Service Bylaw No. 5268 in 1999. The boundaries of the service area were Electoral Areas C, D, E, and F. In 2001, Bylaw No. 5324 amended Bylaw 5268 to allow for the inclusion of the District of Sicamous in the participating area.

Most recently, the Board adopted Bylaw No. 5775 in August 2018, which provided for the withdrawal of the District of Sicamous as a participating area in the service. The bylaw came into effect on December 31, 2018.

The CSRD Board adopted the *Shuswap Economic Development Strategy* at its regular meeting on August 16, 2018. The Strategy identifies a series of strategies, projects, and activities to guide the SED program during the period 2018-2020. It is anticipated that not all projects within the strategy will be completed by the end of 2020 due to staffing capacity during this transition.

From its inception, the SED program was delivered by in-house personnel, supplemented by extra consultants. The in-house staff were also responsible for implementing the work-plans for Shuswap Tourism and the Shuswap Film Commission. At the In Camera Meeting on August 15, 2019, the Board resolved to support in principle moving forward with the establishment of an arms-length, non-profit society for the delivery of SED programming, with an anticipated start date of January 1, 2021.

FINANCIAL:

As noted earlier in this report, there will be budgetary impacts to both the ST and SED in 2021. It is anticipated that these budget impacts will be addressed as part of the 2021 budget deliberation process. It will be necessary to make provisions for some transitional funding for a new SED society as part of the 2020 budget process.

KEY ISSUES/CONCEPTS:

The decision points requiring further discussion are summarized in the table below¹.

Topic	Agreed or Assumed Agreed On	Direction/Decision Required
Name	Shuswap Economic Development Society	Confirm a name reservation, with two alternate names in order of preference.
Purpose and Structure	There is no clear agreement among the service participants on the purpose and structure of a sub-regional economic development initiative for the Shuswap region.	The fundamental objectives that a sub-regional economic development society hopes to achieve. To aid the service participants, a copy of the Sunshine Coast Economic Development Charter is attached to this report for reference purposes. See "Sunshine_Coast_EcDev_Charter.pdf" attached. The Charter includes the following broad headings: Economic Vision, Roles and Responsibilities, Organization Structure, Governance, and Funding.
Organizational Structure	Arms-length, non-profit society	This is the direction that the Board has provided staff, but it is unclear whether the service participants may wish to explore other alternatives. There has

¹ The table identifying topics requiring further discussion was derived from a report prepared by Vann Struth Consulting Group Inc. (August 2014) entitled: *Report on Sunshine Coast Regional Economic Development Workshops*. The report summarizes a series of three workshops attended by elected officials on the lower Sunshine Coast in 2014 with the purpose of establishing a regional economic partnership.

		been some discussion about a co-location opportunity with the South Shuswap Chamber of Commerce and the creation of an Innovation type centre.
Service Participants	Electoral areas C, D, and F	The Electoral Area E Director does not support the migration to a new delivery model and has notified the Board of her intention to withdraw from the service, effective December 31, 2020. The current bylaw does not provide for a withdrawal process, but the Area Director has proposed a withdrawal process similar to the process that was followed for the District of Sicamous. Two-thirds of the service participants will need to consent to the withdrawal of Electoral area E.
Governance	Board composition requires further discussion.	What is the procedure for appointing Board members? Will Board member be at large community members or based on geographical or other criteria? Will elected officials sit on the Board or will they serve as "Liaisons?" What are the qualifications for Directors? What are the maximum number of Directors and terms of appointments? Will there be First Nation's representation on the Board? A copy of the Board Member Competency Matrix used by Initiatives Prince George is attached to this report for reference purposes. See "Board_Member_Competency_Matrix.pdf" attached.
Funding	Funding formula based on converted assessment.	Exact funding formula needs to be confirmed.
Appointment of Interim Directors	The <i>Societies Act</i> requires at least 3 directors and section 44 of the <i>Act</i> sets out the minimum criteria for individuals.	The CSRD Board needs to designate three individuals to serve as the first Directors. Who will these individuals be?

SUMMARY:

With the benefit of hindsight, it is clear that the broad implications of the Board's earlier decision to migrate to a new service delivery model for SED were not fully considered at the time the decision was made. For example, the financial impacts to the Shuswap Tourism budget had not been calculated. Secondly, it was not known at the time that the Board's decision would trigger a service withdrawal notification from the Electoral Area E Director.

Aside from budgetary considerations and who will participate under the new delivery model, there are a number of other topics for discussion that need to be agreed on before the necessary steps can be taken to set up a non-profit society. Setting up the society is a relatively straightforward exercise. What

is not as straightforward is actually creating the organization that will provide the framework for collaboration among the service participants.

In the end, it will be up to the service participants to make the final decision on how to proceed. To assist the service participants in this regard, staff is recommending that a facilitated workshop or a series of workshops be organized to assist the service participants in working through the topics identified in this report that require further discussion.

IMPLEMENTATION:

If the Board approves the staff recommendations, staff will organize a facilitated workshop(s) at the earliest possible time.

BOARD'S OPTIONS:

1. *Endorse the Recommendations.*
2. *Deny the Recommendations.*
3. *Defer.*
4. *Any other action deemed appropriate by the Board.*

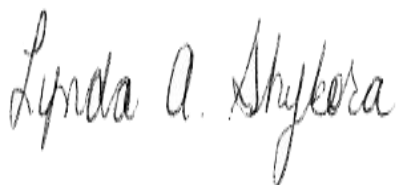
Report Approval Details

Document Title:	2020-01-16_Board_CA_058001_Shuswap_Economic_Development_Society.docx
Attachments:	- Sunshine_Coast_EcDev_Charter.pdf - Board_Member_Compency_Matrix.pdf
Final Approval Date:	Jan 7, 2020

This report and all of its attachments were approved and signed as outlined below:



Jodi Pierce



Lynda Shykora

No Signature - Task assigned to Charles Hamilton was completed by assistant Lynda Shykora

Charles Hamilton