

**Columbia Shuswap Regional District
City of Salmon Arm / SAEDS
Workshop on Economic Development in the Shuswap
August 25, 2009**

REPORT ON WORKSHOP

Introduction

On August 25, 2009, elected representatives from Columbia Shuswap Regional District (CSRD) Electoral Areas C, E and F, the District of Sicamous, and the City of Salmon Arm met in a facilitated workshop to discuss economic development for the Shuswap sub-region.¹ The representatives were joined by the CAO's of the CSRD, the City of Salmon Arm and the District of Sicamous, as well as by the CSRD's Economic Development Officer, and the (interim) Executive Director of the Salmon Arm Economic Development Society. The workshop was facilitated by Allan Neilson-Welch, a local government consultant based in the Okanagan.

As suggested, economic development was the focus of the workshop. The specific purpose of the day was to explore the possibility of expanding and restructuring the existing *Shuswap Economic Development* function to include the City of Salmon Arm.

In the description of the *Workshop's* purpose, the key term was "to explore". Some discussions on an expanded *Shuswap Economic Development* service had occurred prior to the workshop; but no conclusions had been reached, and no decisions had been made. The workshop was set up to give the parties an opportunity for further exchange, and to determine if support for the notion of an expanded *Shuswap Economic Development* was sufficient to pursue the matter further.

The workshop was divided into five parts:

- Setting the Stage
- Current Situation

- Exploring a New Approach
- Conclusions
- Next Steps

This report summarizes the key points made, and the conclusions reached, at the workshop.

Setting the Stage

➤ Economic Development

The facilitator started the discussion by asking participants for their thoughts on two questions:

- What is economic development?
- Why do local governments get involved?

Economic development, it was suggested, is all about the pursuit of economic growth. It is a set of activities that, taken together, aim to increase the amount of economic activity in the community, and the size of the community's economy.

The types and breadth of activities undertaken will vary by jurisdiction based on needs, available resources and philosophy. In some places, activities will focus on the provision of the information and advice to existing and prospective businesses. In other places, activities might include the direct investment of public dollars or the provision of incentive programs designed to "prime the pump". Some places will shift the focus from businesses to the broader community, and refer to "community economic development." The achievement of economic growth in these areas is viewed as a natural result of efforts aimed at improving the community's underlying quality of life, social fabric, natural environment and other characteristics.

Other comments were put forward by participants.

¹ The EA Director from Area D was unable to attend.

Economic development:

- is about creating jobs
- is strategic in nature, and considers the well-being of the community
- involves making the best use of resources to grow the economy
- involves bringing in industry to create an economic base from which others can make and/or realize other opportunities
- is about maximizing the community's return on its investments (investments in economic development activities, but also in community development)

In response to the question of why local governments get involved, participants suggested a number of reasons:

- political philosophy
- perceived or proven benefits to the community
- the expectation on the part of the community, existing businesses, prospective businesses, investors and others that local government will be involved
- in response to the priorities of senior governments (priorities that are often backed by grants for local governments)
- to improve the local government's knowledge of the local economy and community (knowledge that can be used to improve the economy and community in different ways)
- to promote long-term, strategic thinking
- to address the specific economic needs of the local community (needs which may not get addressed at other levels, by others, or through other initiatives)

➤ Regional District Services

The purpose of the workshop, as noted, was to explore the possibility of expanding the existing *Shuswap Economic Development* service of the CSRD. As part of the stage-setting exercise, the facilitator spent some time reviewing some important elements of regional districts and regional district services.

The facilitator noted, first, that regional districts exist as service vehicles to provide services on behalf of their members. Services are provided to local unincorporated jurisdictions, to sub-regional groupings of jurisdictions, and to entire regions.

Electoral areas and municipalities *choose* to participate (or not participate) in services that are provided by their regional district. There are some regional district services in which jurisdictions must participate; but these services are few in number. For the clear majority of services, including economic development, participation by a jurisdiction is voluntary.

Why might jurisdictions choose to participate in regional district services, such as economic development? The group suggested some reasons:

- common vision
- economies of scale
- opportunity to share knowledge and learn from one another
- part of a natural economic region
- history of good cooperation
- opportunity to share resources, including staff expertise
- costs and benefits transcend borders
- more effective service provision
- ability to reduce or eliminate duplication

The facilitator noted one reason a jurisdiction might choose to NOT participate in a regional district service is that the jurisdiction is unwilling to surrender exclusive decision-making authority over the area of service. In a regional district service, no one participant can expect to have the final say. The success of a regional district service is dependent on the willingness of every participant to share control.

The facilitator completed the discussion on regional district by identifying the three components that are key to every service:

- *Service Definition* — service scope, service level, service area, service lifespan
- *Service Governance* — bodies involved, sharing of control, service delivery
- *Service Cost* — cost recovery, cost allocation, cost containment

These components provide a framework for proceeding with discussions aimed at building a new, expanded *Shuswap Economic Development* service. A successful and sustainable regional district service will define and bring together these components in a way that is acceptable to all participants.

Current Situation

The group reviewed the current approach to economic development in the Shuswap. It was noted, first, that the area known as the Shuswap sub-region includes Electoral Areas C, D, E and F, the District of Sicamous, and the City of Salmon Arm. The existing *Shuswap Economic Development* service consists of all of these jurisdictions, with the exception of the City of Salmon Arm. Salmon Arm provides its own economic development service through the Salmon Arm Economic Development Society (SAEDS).

➤ Shuswap Economic Development

The following economic development activities comprise the scope of the existing service:

- promote Shuswap to prospective businesses and investors
- support existing businesses
- attract new businesses
- advocate on behalf of sub-region
- set joint strategic economic priorities

Tourism marketing for the whole sub-region (including Salmon Arm) is also handled under *Shuswap Economic Development*. The City of Salmon Arm contributes to the cost of the tourism marketing activities.²

Governance for *Shuswap Economic Development* involves the Shuswap Economic Development Committee. This Committee is comprised of the Electoral Area Directors of the four participating areas, a Sicamous Council member, and various community representatives (one from each participating jurisdiction). All members are appointed by the CSRD Board of Directors. The Committee is an advisory committee of the Board with no delegated authority to make decisions. It makes recommendations to the Board of Directors on all matters related to the service.

Costs for *Shuswap Economic Development* (\$316,000 in 2008) are recovered almost entirely through property value taxes. The tax burden is allocated among participating jurisdictions on the

basis of converted assessment. Approximately half of the monies collected are related to economic development activities; the other half are related to tourism marketing. The City of Salmon Arm contributes only to the tourism marketing share.

➤ SAEDS

SAEDS was established in 1988 to provide core economic development functions for the City of Salmon Arm. Activities undertaken by SAEDS include those listed earlier for *Shuswap Economic Development*, but focused on Salmon Arm:

- promote Salmon Arm to prospective businesses and investors
- support existing businesses
- attract new businesses
- advocate on behalf of Salmon Arm
- set economic priorities

SAEDS also features a special Business Development Program that serves as a type of "business incubator" for entrepreneurs.³

SAEDS is an independent society with its own Board of Directors. The Board includes City Council members (non-voting) and industry leaders. All members are appointed by the Board. SAEDS's operating budget (\$250,000 in 2008) is funded almost entirely by the City. A 5-year funding agreement ends in 2011.

➤ Assessment

The facilitator observed that the parties have expressed a desire to consider the possibility of bringing the various economic development efforts together under the CSRD. This willingness to consider an amalgamation of services suggests that there are concerns with the current situation. What are the concerns with the existing division of economic development services? What is good about the existing division?

Participants expressed a number concerns:

² At present, the Village of Chase pays a nominal amount to the service for tourism marketing. This arrangement is not expected to continue beyond 2009.

³ Workshop participants noted that the same type of service is provided through *Shuswap Economic Development*, but is not referred to under the same title.

- (perceived) inefficiencies related to duplication of efforts
- lack of sub-regional perspective on the location of industry and other non-residential uses — lack of strategy that takes into account the strengths of each area within the sub-region
- lack of a sub-regional land inventory for economic development purposes
- loss or absence of a shared vision
- lack of economies of scale
- insufficient resources and capacity in the separate groups
- confusion on the part of prospective businesses and investors (who are unsure whom to contact)

With respect to factors that are good, participants made the following comments:

- SAEDS allows Salmon Arm to focus on the needs of Salmon Arm
- SAEDS's structure allows service to function without undue political interference
- *Shuswap Economic Development's* structure provides for clear accountability to, and direct control by, elected officials
- the elected officials are able to consider economic development as one part of a larger picture, and weigh economic development needs against other spending priorities

Exploring a New Approach

The facilitator asked participants what they would hope to achieve by expanding and restructuring the existing *Shuswap Economic Development* service to include the City of Salmon Arm. Implicit in the question was a request for participants to identify elements that would be important for them under any expanded and restructured service. The following comments were made:

- save money overall — or, if cost savings not possible, to have a more effective use of pooled resources (i.e., be able to do more)
- an economic development strategy with a clear vision for the entire sub-region
- a "one-stop shop" approach for businesses and others
- a broader variety of economic development and tourism marketing activities

- a continued voice and influence for rural areas
- a model that is acceptable (if not perfect) to all
- a balance of control among participants
- balanced representation — geographically and by sector — for industry and business in any service advisory body (e.g., committee)

Electoral area representatives in the workshop identified a sense of political ownership and direct involvement in the service (through a committee) as important factors in any restructured service. The Salmon Arm representatives, comfortable with the SAEDS structure, suggested that a low degree of direct political involvement would be preferable.

The facilitator led the group through some discussions aimed at defining, if only in basic terms, the key service components of an expanded *Shuswap Economic Development* function. These components were identified earlier as service definition, service governance and service cost. The facilitator presented a proposed approach for each component. The facilitator's proposals, it was noted, were presented only to prompt discussion, not to preclude consideration of other approaches. Discussion would help to identify the "hot button" issues that could be addressed more fully through further work on a range of options.

Figure 1 on the following page presents the facilitator's proposals.

► Discussion on Proposed Approach

There were few concerns raised about the proposed approach to service definition. It was noted, with respect to service level, that the existing *Shuswap Economic Development* is underfunded. A desire to maintain existing service levels in an expanded function would need to make use of any resources that became available through service amalgamation.

Under service area, it was suggested that the City of Enderby in the Regional District of North Okanagan has a certain degree of affinity to the Shuswap, and would benefit from economic expanded Shuswap economic development efforts. It was noted, however, that Enderby could not become a participant because it was in a different regional district.

Figure 1
Approaches Proposed by Facilitator
For Discussion Purposes Only

Component	Proposed Approach
Service Definition	<p>Scope of Service</p> <ul style="list-style-type: none"> core economic development functions identified earlier under the existing services tourism marketing <p>Level of Service</p> <ul style="list-style-type: none"> same levels as at present <p>Service Area</p> <ul style="list-style-type: none"> whole of Shuswap sub-region <p>Service Lifespan</p> <ul style="list-style-type: none"> no "sunset clause"; but establishing bylaw would require non-statutory service reviews every 3-5 years
Service Governance	<p>Bodies Involved</p> <ul style="list-style-type: none"> CSRD Board and Economic Development Commission created by the Board <p>Control Sharing</p> <ul style="list-style-type: none"> Commission has delegated authority over all matters except budgets Commission includes 6 elected officials and 9 industry reps All vote on all issues; unweighted <p>Service Delivery</p> <ul style="list-style-type: none"> CSRD Economic Development Office (larger than at present) works with Commission; reports to CSRD CAO
Service Cost	<p>Cost Recovery</p> <ul style="list-style-type: none"> property taxes as primary revenue, supplemented by senior govt grants <p>Cost Allocation</p> <ul style="list-style-type: none"> on basis of converted assessment may reflect ability to pay results in one common tax rate <p>Cost Containment</p> <ul style="list-style-type: none"> Board must approve financial plan

There was agreement on the importance of scheduled, non-statutory reviews. It was suggested as well, however, that more frequent (e.g., annual) goal setting and monitoring would be needed.

The discussion on service governance consumed most of the allotted time, and generated the highest level of disagreement among workshop participants. In general, representatives of jurisdictions in the existing *Shuswap Economic Development* service preferred an approach that featured elected representatives on a commission (or committee), and that gave control on the commission (through voting) to the elected officials. It was suggested that such an approach would allow for economic development needs to be weighed against competing priorities, and would emphasize accountability to the CSRD Board.

It is important to existing service participants that elected officials be at the commission (or committee) table during all discussions. Participation in discussions, it was suggested, would eliminate the potential for conflict to arise later, when commission (or committee) recommendations were made to the Board. Members agreed that representation from other groups is important (provided such representation is balanced). But other groups should not be able to control decision-making.

The representatives from Salmon Arm Council felt, in general, that the SAEDS governance model, which features very little political involvement, was the preferred approach. It was suggested that an arm's-length commission (or committee) with a clear mandate and tight operating parameters would do a better job than a political committee at economic development. It was noted, too, that once the service budget is set, there would be very few decisions that needed to be made. It would not be necessary, as a result, to have elected officials at the table.

It was observed that the commission model is just one option of several that could (or should) be considered. The use of an independent society (similar to SAEDS) was put forward as one option worthy of study. The facilitator explained that the purpose of the workshop was simply to determine if there was sufficient support to pursue service restructuring further. If support exists, more formal study would be required — study that would include a consideration of different options. The workshop discussion was useful to identify the "hot button" issues that would need to be addressed through further study.

Finally, with respect to cost, concerns were raised about the use of converted assessment as the basis for cost sharing. The assumption that converted assessment reflects an ability to pay was challenged. Population might be a more equitable basis, it was suggested.

Conclusions

The facilitator summarized the conclusions from the workshop discussions:

- There is value in finding ways to get a "bigger bang for the combined buck". Better value might be achieved under an expanded *Shuswap Economic Development* service; but better value might also be achieved in other ways (e.g., having CSRD and SAEDS work more closely together on various initiatives).
- There is value in focusing on the entire Shuswap sub-region. The Shuswap is a natural economic area.
- There is value in promoting a one-stop service. This goal, however, could be achieved (with some effort) without amalgamating the existing services.
- There is no desire to decrease the level or range of economic development and tourism marketing services currently provided. Resources will be needed to meet existing expectations.
- There is an ongoing need to monitor and re-evaluate the service structure and activities, regardless of the approach taken.
- A balance of control is important among jurisdictions in setting directions and making decisions, and in getting industry and stakeholder input.
- A sense of ownership (realized through direct involvement in discussions, and in voting) is important for current *Shuswap Economic Development* participants. This sense of ownership is less important for Salmon Arm representatives.
- Voting is important to the extent that voting

provides for greater control and accountability. There are other ways, however, to provide for control and accountability (e.g., tight committee parameters).

- There is balance sought between political control and community involvement in economic development decision-making.
- It is important to balance economic development with other spending priorities.
- The costs of any expanded service need to be shared on a negotiated, pragmatic basis. A mix of population and assessment is a possible solution.

Next Steps

The facilitator noted that based on the discussions, there appeared to be two possible next steps:

- Representatives could endorse, in principle, an expanded *Shuswap Economic Development* service, and direct staff to develop a formal service proposal for further consideration. The proposal could assess different options, and attempt to address the concerns raised in the workshop.
- Representatives could abandon (at least for the time being) the idea of an expanded *Shuswap Economic Development* service, and focus on finding ways to strengthen the working relationship of the existing service groups. Collaboration on a shared vision, strategy and set of priorities could be pursued. Operational changes could also be pursued to promote the idea of a "one-stop shop" for the Shuswap.

Several representatives endorsed the idea of an expanded *Shuswap Economic Development* service, and voiced support for further work on a model that would be acceptable to all jurisdictions. At least two officials from two different jurisdictions, however, expressed no support for the service amalgamation idea, or for additional work on it.

The facilitator suggested that support is not strong enough at this particular time to pursue an expanded *Shuswap Economic Development*

service. There is support for changes that would promote greater collaboration between the two separate service groups.