



# Staff Report

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**Report To:** General Government Committee

**Date of Meeting:** May 31, 2021

**Report Number:** CAO-003-21

**Submitted By:** Andrew C. Allison, CAO

**Resolution#:**

**By-law Number:**

**Report Subject:** Economic Development Services in Clarington

### Recommendations:

1. That Report CAO-003-21 be received;
2. That Staff be directed to negotiate a renewal contract with the Clarington Board of Trade (which will require Council approval) substantially on the terms set out in section 7.4 of this report;
3. That, in accordance with Policy 7.3.1 of the Clarington Official Plan, Staff be directed to retain a consultant to prepare an Economic Development Strategy at an estimated cost of \$50,000 (up to 90% funded through development charges);
4. That a full-time employee be hired to assist with the delivery of the services described in section 7.6 of this report, with the cost to be covered through a corresponding reduction to the CBOT contract; and
5. That all interested parties listed in Report CAO-003-21 and any delegations be advised of Council's decision.

## Report Overview

Clarington's current population is approximately 105,000 people. Residential, commercial and industrial growth has continued notwithstanding the pandemic. Our growth is in part being spurred by several key economic development catalysts that are either in progress or in the planning stages. They include (a) opening of 407/418 highways; (b) GO Train Expansion to Courtice and Bowmanville; (c) development of OPG headquarters; and (d) expansion of the Bowmanville Hospital. This report provides an analysis of different models for the delivery of economic development services to support and benefit from this growth.

The recommended service delivery model would re-align some of the economic development services currently being provided by CBOT. It will allow CBOT to do what it does best – support Clarington businesses – while allowing the Municipality to provide more support on strategic initiatives.

## 1. Background

### Council Strategic Plan

- 1.1 As part of the [2019 – 2022 Municipality of Clarington Strategic Plan](#), Council has directed staff to “[e]xplore an economic development strategy/framework in collaboration with the business community and other stakeholders.” (B.5)
- 1.2 Council's Strategic Plan, under the “Strong Economy” priority, has several other key economic development goals such as,
  - (a) completion of our downtown plans (B.1);
  - (b) creation of partnerships in broadband expansion, working towards 100 per cent connectivity (B.2);
  - (c) creation of partnerships to promote investment in infrastructure to make natural gas more accessible (B.3); and
  - (d) expansion of our transportation network into commercial and industrial areas (B.4).

### Clarington Official Plan

- 1.3 In 2016, Council adopted a new Official Plan, which was subsequently approved by the Region in 2017. The Vision and Principles set by Council in the Official Plan speak to the level of interplay between sustainable development, healthy communities, growth management and economic development.
- 1.4 The Official Plan's Principle of Economic Vitality promotes a competitive and adaptable economic environment to encourage investment and diversity of employment

opportunities. The Principle of Balanced Growth expresses our desire to place job creation as a key priority to complement residential growth.

- 1.5 Clarington Council, through the Official Plan, established some key objectives for economic development (see **Attachment 1**). These objectives include attaining one job for every three residents in Clarington, accommodating 50% of employment in employment lands, supporting and retaining small businesses in our traditional downtowns, and promoting and supporting arts, culture, and tourism.
- 1.6 To implement these objectives, the Official Plan lists some key tools including,
  - (a) strategic infrastructure investment;
  - (b) incentives;
  - (c) public-private partnerships;
  - (d) joint projects with the Boards of Business Improvement Areas;
  - (e) community improvement plans; and
  - (f) development permit system.
- 1.7 Policy 7.3.1 of the Official Plan directs the preparation of an economic development strategy at the time of the statutory review of the Official Plan. Council has approved the review of the Clarington Official Plan to start in 2021 and this report recommends implementing Council policy to prepare an economic development strategy. An economic development strategy would detail how the Municipality could use the tools above. It is important to note that the tools listed in section 1.6 above are legislatively available to the Municipality but cannot be contracted out.

### **Organizational Review 2019-2020**

- 1.8 In 2019, the Municipality initiated a review of its organizational structure. Although economic development was out of the scope of work approved by Council, the report by the consultant (attached to Report [CAO-016-19](#)) did include a basic level analysis. In its Current State Assessment, the consultant identified a perceived gap in communication between the Municipality and CBOT.
- 1.9 The consultant's final report recommended the creation of a formal communication link between the Municipality and CBOT. This was implemented by appointing the Manager of Community Planning and Design as the Municipal liaison to CBOT and establishing a monthly standing meeting with CBOT's Executive Director and staff from Planning and Development Services and Public Works.

### **Jurisdictional Powers and the Role of the Region**

- 1.10 [Subsection 11 \(11\)](#) of the *Municipal Act, 2001* prescribes that most economic development services, namely “promotion of the municipality for any purpose by the collection and dissemination of information” and “acquisition, development and disposal of sites for industrial, commercial and institutional uses” are the exclusive responsibility of The Regional Municipality of Durham.
- 1.11 [Subsection 111\(2\)](#) of the *Municipal Act, 2001* states that “despite Section 11, the upper-tier Municipality of Durham may authorize one or more of its lower-tier municipalities to promote the lower-tier municipality for any purpose by the collection and dissemination of information.” The Region has expressly delegated this responsibility to lower-tier municipalities on two occasions:
- (a) 1984: By-Law 024-84 was enacted authorizing all Durham area municipalities to perform economic development activities.
  - (b) 2003: In response to a request from Clarington for clarification, Regional Council confirmed that By-Law 024-84 was still in force and effect (resolution of Council pursuant to Report #2003-A-62).
- 1.12 Notwithstanding the delegation of authority, the Region continues to deliver economic development services that focus mainly in the areas of,
- (a) inbound investment and marketing;
  - (b) foreign direct investment;
  - (c) familiarization tours; and
  - (d) relationship management with landowners and large commercial and industrial players.
- 1.13 Currently, some Durham lower-tier municipalities coordinate with the Region for their promotional activities, delivered either directly by Durham staff or through partnerships like Toronto Global. The Municipality could use the Region as a contractor to deliver specific services on the Municipality’s behalf. Details related to services to be uploaded and anticipated costing would have to be discussed and agreed upon between the Municipality and the Region. This option and other service delivery models are discussed in more detail later in this report.

### **Clarington Board of Trade – History**

- 1.14 Over the period 1974-1994, economic development services were undertaken on an ad hoc basis by the CAO with assistance from the Planning and Development Department.
- 1.15 In 1994, Council approved a staff recommendation to create an Economic Development Office directly reporting to the CAO. The Office was staffed by an Economic Development Officer and an administrative assistant.

- 1.16 Around the same time, local businesses were expressing concerns that the economic development function had not been effectively delivered by Municipal staff. In response, an Economic Development Task Force was established. This Task Force made a series of recommendations to the Municipality regarding ways to improve these services. Shortly after delivering its recommendations to Council, members of the Task Force established the Clarington Board of Trade and offered to undertake economic development services for the Municipality.
- 1.17 In December 1997, a staff report ([ADMIN-56-97](#)) supported CBOT's creation.
- 1.18 In January 1999, CBOT was incorporated as a not-for-profit corporation. Its' Letters Patent provide the following objects:
- a) To provide a common voice of business in the Municipality of Clarington.
  - b) To pursue economic development in the Municipality of Clarington in cooperation with said Municipality by the retention of existing business and attraction of new business.
  - c) To provide a networking forum, events and benefits for the business community of the Municipality of Clarington.
- 1.19 The original agreement between the Municipality and CBOT focused on business attraction and retention support, following the belief that "business sells to business better than government can sell to business." The Municipality retained some responsibility for economic development services through the position of a Marketing, Tourism and Economic Development Officer, but the intention was to see CBOT assume a leadership role in all services.
- 1.20 In 2001, Council renewed CBOT's contract for a 3-year term with modest budgetary increases (Report [ADMIN 01-01](#)).
- 1.21 By 2007, the annual payment to CBOT had increased to \$100,000, which was intended to cover the salary and benefits of the Business Development Manager plus associated operating expenses.
- 1.22 In 2008, Report [CAO-01-08](#) presented Council with the following four options respecting economic development service delivery: (1) upload the service to Durham Region; (2) hire an in-house Business Facilitator; (3) re-establish an Economic Development Office (i.e. bring the entire economic development portfolio back in-house); and (4) continue to outsource the service to CBOT. Council chose option (4) with modest increases over the next several years to their fee.
- 1.23 The 2012 - 2016 contract with CBOT had a baseline jump in fees to \$225,000 (in 2012). The justification given in the report for the increase was "... it has become quite clear within the last few years that the current staff resources would not be enough for the Board to carry out its contractual requirement of attracting new business and retaining existing business."

- 1.24 In 2015, Council focused on one important component of economic development – tourism. A decision was made to continue to deliver tourism services in-house with the addition of a full-time Tourism Coordinator (see Reports [COD-016-15](#) and [COD-023-15](#)).
- 1.25 The 2017 - 2021 contract renewal increased the baseline funding to \$330,000 (in 2017) which was justified by the need for an increased service offering to address key challenges and opportunities in Clarington (see Report [CAO-004-16](#)). The contract also included an incentive-based allocation of an additional \$113,000 to baseline funding in the second year of the contract provided CBOT demonstrate substantial completion of several new initiatives included in its proposed 2017 workplan. The targets were not reached and therefore CBOT's budget has increased by the yearly percentage agreed to (3%). The 2021 payment to CBOT was \$377,418.

### **Process to Prepare this Report**

- 1.26 To prepare this report, Staff undertook an extensive amount of research over the course of several months to build a comprehensive overview of economic development services. The research included,
- (a) a review of Clarington specific data related to building activity, assessment, and population/job numbers (historical and projections – focus on 10-year time horizons);
  - (b) a review of other municipal economic development service delivery reports (Ontario specific);
  - (c) interviews with,
    - Mayor and all Members of Council
    - Department Heads
    - CBOT senior staff and some Board members
    - Business Improvement Area (BIA) representatives
    - Durham Region upper- and lower-tier economic development service providers
    - Prince Edward County staff;
  - (d) An online public survey (66 responses as of May 26, 2021); and
  - (e) a review of academic research related to models of economic development.

### **Economic Development Liaison to CBOT**

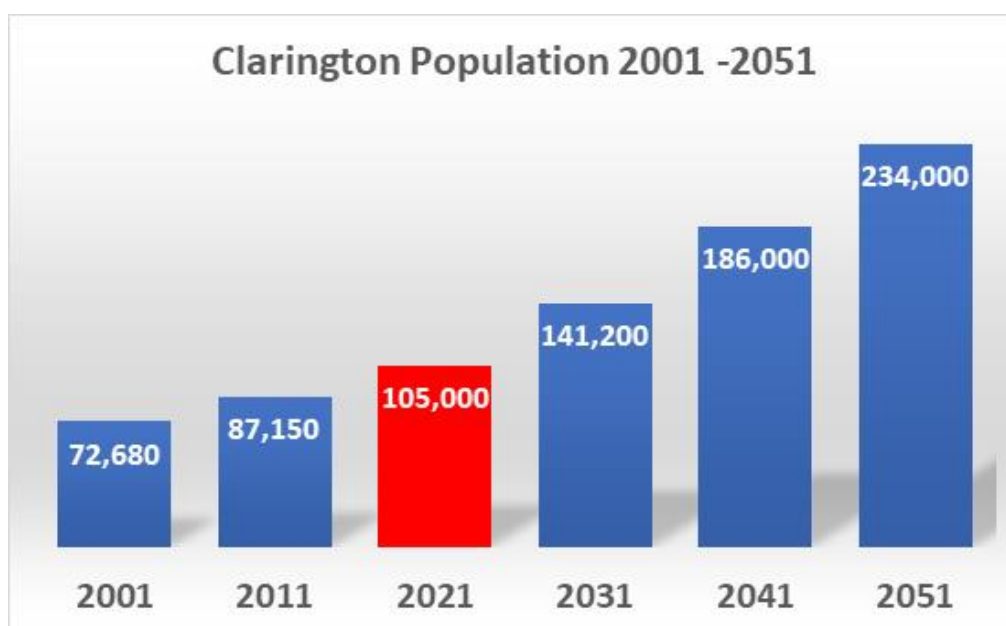
- 1.27 At its meeting on January 4, 2021, General Government Committee passed Resolution (#GGC-037-21) which included in part:

That a Member of Council be appointed as a Liaison for Economic Development, to be Council's representative on the Clarington Board of Trade to report to Council.

- 1.28 This portion of Resolution #GGC-037-20, along with a memo from the CAO dated January 18, 2021, have been referred to the General Government Committee meeting on June 21, 2021.

## 2. Clarington's Bright Future – The Next 30 Years

- 2.1 The following sections present a brief economic development profile of our community.
- 2.2 Clarington is one of the fastest growing municipalities in the Greater Toronto Area. This growth has increased steadily over the last few years. Notably, the community experienced a major increase in residential building permits in 2020 - despite the pandemic. The early 2021 population estimates have Clarington at roughly 105,000 residents, a number that is projected to increase to 234,000 by 2051 according to Hemson Consulting Ltd estimates.

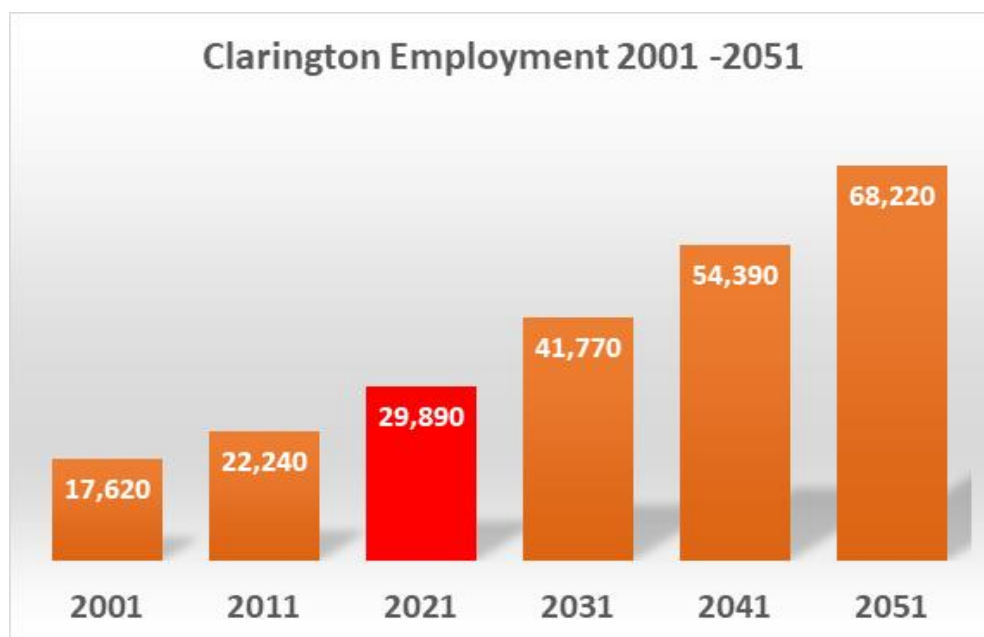


**Figure 1:** Clarington Population 2001-2051

- 2.3 The population growth over the last few years helps illustrate that Clarington is a desirable place to live, which is a key ingredient in economic development – helping to both attract and retain jobs. It is imperative that as population growth continues, it is accompanied by job creation to ensure that we develop a community where residents can find viable employment and that we achieve our target of one job for every three residents.



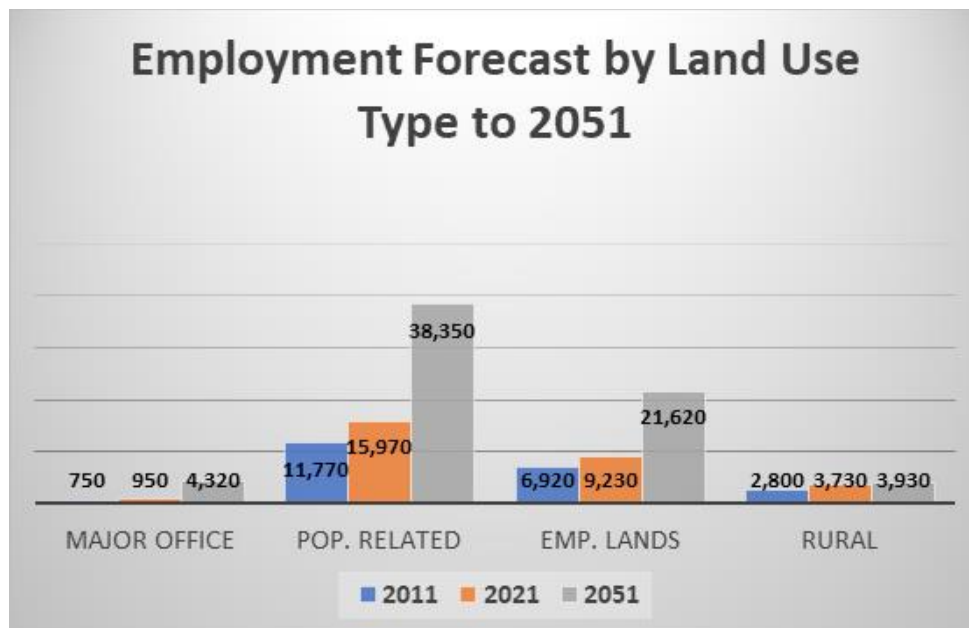
- 2.4 The integration of labour markets and mobility within the Greater Toronto Area offers opportunities for Clarington. Our connectivity to the rest of the GTA has improved substantially with the completion of the Highway 407 East extension and the Highway 418 linkage. Clarington stands to gain again when the GO Train extension to Courtice and Bowmanville becomes a reality.
- 2.5 A large boost to our local economy will come with the relocation of the OPG headquarters to the Clarington Energy Business Park. By consolidating large parts of its operations in our community, OPG has positioned Clarington to be the center of the nuclear industry in Ontario. The long-term economic opportunities associated with this move, as well as being a potential host to a small modular reactor demonstration site, will effectively create an energy cluster in South Courtice.
- 2.6 Long-term employment projections estimate an additional 38,000 jobs being added to our local economy in the next 30 years – more than doubling our current employment base. Job creation is key to diversifying our local economy.



**Figure 2:** Clarington Employment 2001-2051

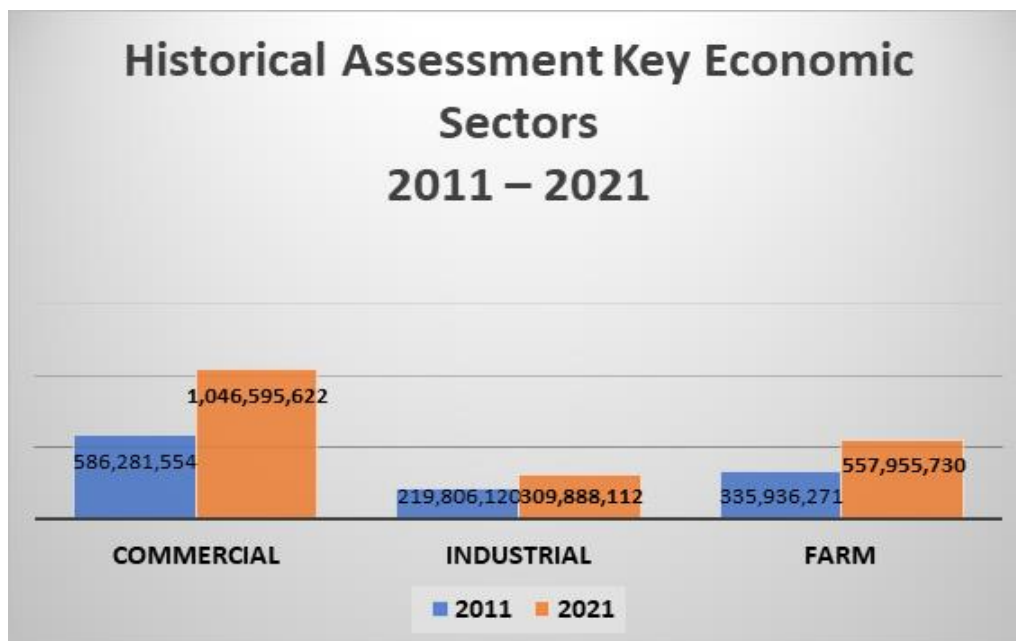
- 2.7 Our economic development efforts in job creation need to evolve beyond the tradition of focusing on industrial jobs. Job creation takes place mainly in four key areas: major office space (traditional white collar), population related (correlated to increase in population - education, healthcare, retail, professional and business services), employment lands (manufacturing), and rural jobs (agriculture based). Hemson's projections indicate that the largest increase of jobs will take place in the population related sector, transforming Clarington into a service economy. Jobs from the development of employment lands will also experience substantial growth, while employment in rural areas will gain at a slower pace.





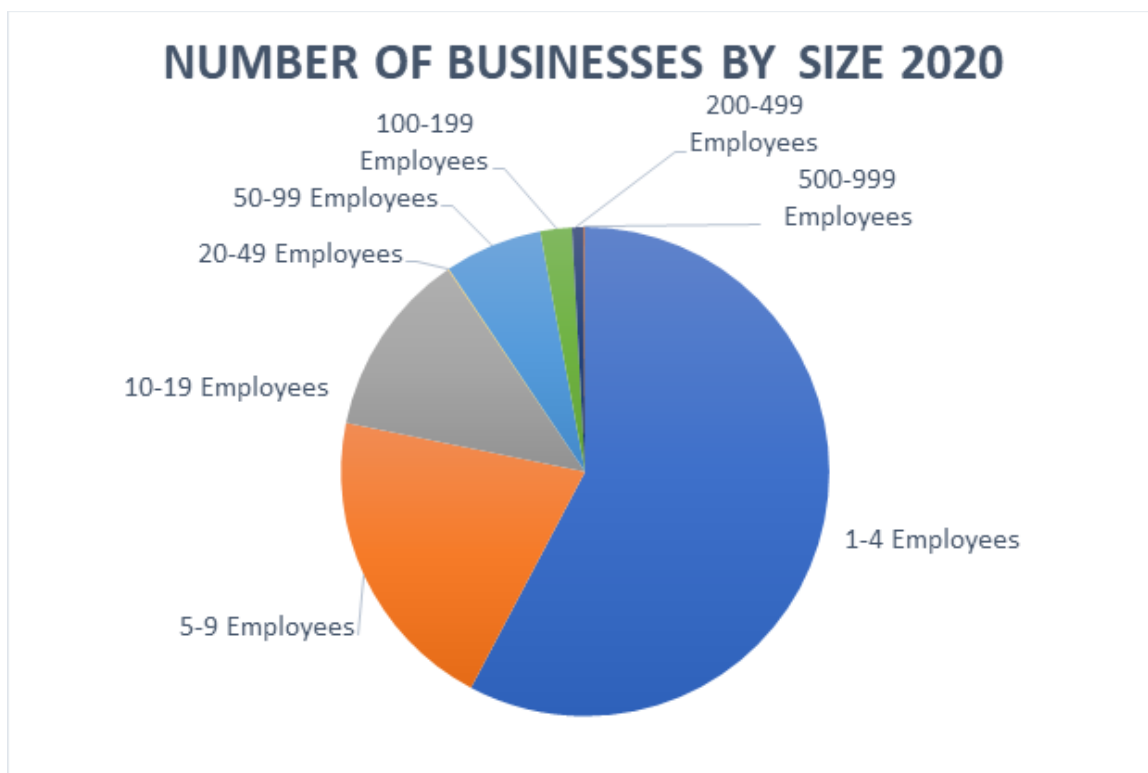
**Figure 3:** Clarington Employment Forecast by Land Use Type to 2051

- 2.8 This transition to a service economy is also reflected in how the community's assessment base has changed over the last 10 years. **Figure 4** illustrates this change. Commercial assessment grew by 78%, Farmland by 66% while Industrial increased by 41%.



**Figure 4:** Historical Assessment of Key Economic Sectors

- 2.9 Job creation in Clarington also reflects the transition from an agricultural and small-town economy to a more urban and service-oriented community. Hemson's preliminary analysis is based on the last census data collection. Current job concentration figures are as follows (in descending order):
- (a) Utility (3,687 jobs) and Construction (3,556 jobs) sectors. These sectors will see a major increase once the OPG headquarters becomes operational with more than 2,500 new jobs in the community.
  - (b) Retail Trade sector (3,137 jobs). The retail/services sector will also increase shortly with the full development of the Courtice Urban Centre and Courtice Commons.
  - (c) Health Care (2,628 jobs) will see a sustained increase with the Bowmanville Hospital Expansion and related services.
  - (d) Accommodation and Food Services (2,239 jobs) will see a modest increase with the plans for the Marriot in Bowmanville tempered by the impacts of the pandemic.
  - (e) Education (2,004 jobs) will continue to grow as our population increases albeit at a more moderate pace with online options brought about by the pandemic.
- 2.10 Jobs in employment lands will continue to grow as more lands are serviced by the Region. The Technology Park is expected to be serviced by 2024.
- 2.11 Labour market trends are largely influenced by catalyst projects that have the effect of accelerating job creation, not only by supporting the expansion and creation of new businesses, but also because they increase the quality of life in the community.
- 2.12 Having a strong small business sector is an integral component to effective local economic development. The number of small businesses in Clarington underscores the important role that they play. It also illustrates the importance of our Business Improvement Areas (BIAs) and commercial areas like Courtice Main Street, that are home to many of these operators.



**Figure 5:** Number of Businesses by Size in 2020

- 2.13 This brief community profile on key economic development indicators and projects provides a clear picture of Clarington's potential over the next 30 years. Clarington is in a strong position to become a major player in Durham Region's economic growth.

### 3. Engagement

- 3.1 Staff from the CAO's Office and the Planning and Development Services Department interviewed several individuals to obtain their views respecting the delivery of economic development services. The conversations were focused on identifying the best method to deliver the service to create the most value for the Municipality. The line of questioning was relatively the same across the board, with slight nuances when speaking to Members of Council to gain insight into accountability and oversight considerations, in addition to the method of delivery. Comments from all sources are presented below in an aggregated form based on general themes.

#### Council

- 3.2 Members of Council were largely aligned on the following principles as they relate to the function of economic development:
- (a) Quality of life for residents and job creation are of paramount importance.

- (b) There is a need for a clearly defined economic development strategy and workplan.
- (c) A process through which Clarington can identify our strengths, provide priorities to economic development function, and report against it (status update, is it appropriately resourced, etc.) is required.
- (d) Whatever model is utilized, Council should have some oversight (from a high-level).
- (e) The Chamber of Commerce function that CBOT provides is valuable in supporting local businesses.
- (f) BIAs should be supported in some capacity through the economic development function.
- (g) Wherever the function lies, the person or entity providing the service must act as a resource to, and support for, Council/administration on key strategic files (e.g. broadband, nuclear, servicing expansion and employment land development).
- (h) Collaboration between Economic Development, Tourism, Planning & Development, and Communications is critical.

### **Department Heads**

- 3.3 Conversations were held with Directors whose Departments are most immediately impacted by economic development services (Community Services, Financial Services, Planning and Development, and Public Works). Their high-level comments were as follows:
- (a) There needs to be a clear plan that sets out our focus around economic development and areas that we are targeting (along with required infrastructure).
  - (b) Tax planning strategy, development charges, capital investment (and re-investment) all have an economic development lens that must be considered as part of a comprehensive economic development strategy.
  - (c) A plan is required to ensure that economic development, tourism, planning and development, and communications all have defined roles in the marketing and promotion of our community.
  - (d) Communication between economic development and key departments needs to be defined and structured.
  - (e) BIAs need to be supported in their mandates of attraction of businesses (to vacancies), beautification, expansion of existing businesses, marketing and management of activities.

## **BIAs**

- 3.4 Our discussion with members of Clarington's BIAs brought forward the following observations:
- (a) Our BIAs have a strong working relationship with CBOT and appreciate the support it has provided, especially through the pandemic. This support has provided extra capacity that BIAs simply do not have as mostly volunteer run organizations (e.g. providing information about grants, the Digital Main Street program, PPE support).
  - (b) With the expected growth Clarington will experience, our downtowns are well positioned to continue to blossom, but BIAs need increased support to execute on their mandates. Dedicated support from the Municipality to assist with coordination, marketing and other key initiatives would allow them to capitalize on this growth and increase their impact.

## **CBOT**

- 3.5 The meetings with CBOT Board members and senior CBOT staff provided some interesting insights into the current model. Most notably,
- (a) Most of the staff have job responsibilities that integrate both economic development and conventional chamber of commerce functions. Only the Business Development Lead is exclusively dedicated to economic development work.
  - (b) Businesses appreciate the nimbleness and speed with which CBOT can respond to inquiries.
  - (c) CBOT's broad networks in the business community provide the basis for their ability to support a high rate of business retention in Clarington.
  - (d) There is a dedicated economic development workplan that is approved by the Board, with a budget to support the associated initiatives.
  - (e) There is an opportunity to build a more defined contract with clearer deliverables, with a key focus on areas of competitiveness (e.g. energy cluster).
  - (f) Having board of trade resources to pull from during the pandemic has increased the amount of support that has been provided to businesses.

### **Municipal Service Providers (Region, Ajax, Whitby, and Oshawa)**

- 3.6 Meetings took place with senior economic development staff from across the Region. Highlights from those conversations are as follows:
- (a) All municipalities had an economic development strategy or were in the processes of creating/updating one.
  - (b) Tourism plays a key role in economic development in most of the conversations, inclusive of BIAs.
  - (c) All have strong relationships with the Regional Economic Development office (some lower-tiers rely exclusively on the Region for business development leads).
  - (d) Region of Durham, Pickering, Ajax, Whitby and Oshawa all deliver their economic development services in-house. The northern municipalities have a contract with the Region.
  - (e) The economic development function is within the respective Planning and Development Departments or the CAO Offices.

### **Public**

- 3.7 The Communications Division built a survey comprised of three questions. The fact that Municipal staff were preparing this report was promoted on our website and social media channels. It is also understood that CBOT shared it widely with their network. The link was live for several weeks and, as of May 26, we had received 66 responses. Below are summaries of the responses to the survey questions. A more detailed breakdown of the responses can be found in **Attachment 3**.

#### **Question 1 – Have you benefitted from economic development services in Clarington? If so, how? What was your experience?**

The responses were split across the board, with many indicating that they had not accessed these services, while the remainder had only done so on an issue specific basis. The remaining provided praise for the services they have accessed directly through CBOT.

#### **Question 2 – Clarington is a rapidly growing community – what do you feel the Municipality should be doing from an economic development standpoint to prepare for this?**

Much of the commentary was related to supporting infrastructure growth (roads, water/sewer servicing, internet, and policies to manage growth – e.g., reduction of urban sprawl).

**Question 3 – What services should the Municipality offer to support business creation, retention and attraction?**

A wide mix of suggestions were provided, including increased communication with the Planning and Development Services Department, enhanced service offering from CBOT (e.g. business support service and training), advocacy for infrastructure expansion (as above), and increased marketing/promotion of local events and businesses.

**Other**

- 3.8 Staff had conversations with officials from Prince Edward County (PEC) to better understand the success they have had on both the economic development and tourism fronts. They manage their efforts through a Community Economic Development Commission, which is essentially a committee of council, but with some budgetary authority. The Commission is supported directly by municipal staff.
- 3.9 The conversation with PEC highlighted the linkages between economic development, tourism, and marketing, and their role in creating a livable community. PEC faces many unique challenges due to their geographic location, increasing housing prices and myriad of other factors, but their model of governance remains unique. The Commission also has a series of working groups that deal with topics such as healthcare and food security. It is important to note that PEC is a single-tier government.

## **4. Local Economic Development Service Delivery**

### **Economic Development Services**

- 4.1 The goal of both internal and external economic development offices is to provide strategic direction, support for economic development and a link to the private sector. This often involves commercial and industrial development, downtown renewal, tourism, and community development. Economic development services typically include,
- (a) strategic economic planning;
  - (b) forecasting infrastructure/development;
  - (c) retaining/growing local business;
  - (d) supporting small businesses/investors;
  - (e) attracting new investors and entrepreneurs (both local and foreign);
  - (f) supporting public relations for the community;
  - (g) participating in downtown revitalization;
  - (h) enhancing trade opportunities for local entrepreneurs; and
  - (i) advocacy.



- 4.2 Typically, municipalities who utilize an external model of delivery have some form of representation on the board to drive the economic development agenda. This is not the case in Clarington. This issue was raised at the General Government Committee meeting on January 25, 2021 (see sections 1.27 and 1.28 of this report).
- 4.3 Typically, municipalities will have a Council approved strategic direction for economic development. Clarington was notable in its lack of an economic development strategy. Having a clearly defined economic development strategy provides any service provider (either in-house or external) a roadmap for economic development, and takes into consideration key strengths, weaknesses, opportunities, and threats facing the community.

### **Current State**

- 4.4 Clarington finds itself in a unique position as it relates to its method of economic development service delivery. In our research, we could not find another jurisdiction in Ontario that contracts economic development services to a chamber of commerce. The traditional role of a chamber of commerce is to speak as a united voice for business within a jurisdiction and advocate with government and other entities to foster a strong business climate.
- 4.5 If you review the list of economic development services in section 4.1 above, you will note that in Clarington, some services are delivered in-house, some are delivered through CBOT, and some are delivered by both entities.
- 4.6 Even though the Municipality does not have staff who are dedicated to economic development, the following services that directly or indirectly support economic development are provided in-house:
  - (a) Planning & Development Services - Community Improvement Plan (CIP) grants, support to BIAs (e.g., Orono Economic Development Strategy), economic development strategy (OP Policy), zoning, servicing, permitting, employment and population data management, pre-consultations, investment readiness meetings, and “one window coordination” of all commercial and industrial development approvals.
  - (b) Financial Services - Tax planning, development charges, and budgets.
  - (c) Public Works - Infrastructure development (e.g. water and sewer servicing, roads and telecommunications).
  - (d) Community Services - Tourism, community development, and special events.
  - (e) CAO’s Office - Strategic initiatives (e.g. broadband, nuclear, GO Train extension, and affordable housing) and Communications.
- 4.7 CBOT provides a broad range of economic development services including,

- (a) Business Retention and Expansion (e.g. BR+E surveys, corporate calling, liaison with Municipality on key issues businesses are facing);
- (b) Business attraction;
- (c) Workforce Development (e.g. employer summits, high school visits, start your own business contests);
- (d) Small Business Support and Outreach (e.g. business planning, basic start-up support around finding office space and grants);
- (e) Tourism collaboration (e.g. farmer's market for local producers, shop local campaign, Clarington food week);
- (f) Industry roundtables (e.g. building/construction, real estate, small business/sole proprietors, energy, and agriculture); and
- (g) Community development campaigns (e.g. marketing, promotion and outreach).

4.8 In addition to the services described in section 4.7 above, small businesses have leaned heavily on CBOT for support during the pandemic. CBOT's support has been integral to the survival of many small businesses. These support services will remain a critical part of CBOT's core functions until our local economy has fully rebounded from the pandemic.

## **5. Analysis of Models of Delivery**

5.1 The following sections provide an overview and analysis of internal and external models of economic development service delivery. At the risk of oversimplifying, services can be delivered internally by Municipality staff or externally through an economic development corporation or some other external organization.

### **Model 1 – Internal**

#### **Structure and Function**

- 5.2 The internal service delivery model typically includes municipal department/staff members who report through the administration to municipal council. In many municipalities, the service offering and resourcing are different. What is consistent is that, in most cases, internal functions are situated either within the Planning Department or the Office of the CAO.
- 5.3 In Durham Region, the lakeshore area municipalities all deliver economic development services in-house. The northern Durham municipalities contract it out to the Region of Durham.

Municipality	Service Delivery	Location in Organization Structure
Pickering	In-house	Office of CAO (Economic Development and Strategic Projects Department)
Ajax	In-house	Planning and Development Services Department
Whitby	In-house	Office of CAO (Strategic Initiatives)
Oshawa	In-house	Development Services
Uxbridge	Contracted out (to Region of Durham)	N/A
Scugog	Contracted out (to Region of Durham)	N/A
Brock	Contracted out (to Region of Durham)	N/A
Region of Durham	In-house	Planning and Economic Development

## Administration

- 5.4 The internal service delivery model can provide efficiencies in administration through integration with council priorities. This model allows for economic development strategies to be directly and more easily integrated into other municipal plans. There is the potential for increased collaboration between departments for economic development. There can also be greater involvement by the municipality in communications and marketing.

Summary of Internal Service Delivery Model	
Pros	Cons
<ul style="list-style-type: none"> <li>• High level of accountability to council as they can define service outcomes, resource accordingly and require reporting against it</li> <li>• Ability to integrate economic development with other municipal plans</li> <li>• Greater integration with internal communications and marketing</li> <li>• Ability to quickly pivot strategy and deliverables based on community needs</li> </ul>	<ul style="list-style-type: none"> <li>• Could be more bureaucratic and less nimble</li> <li>• Could lose some of the connection to the local business community, that has been established by having a joint Board of Trade and Economic Development service</li> <li>• Multiple competing public objectives</li> </ul>

## Model 2 – External (Economic Development Corporation)

### Structure and Function

- 5.5 The most common external service delivery model is an Economic Development Corporation (EDC). This is a not-for-profit corporation that is governed by a board of directors which typically includes varying degrees of council representation.
- 5.6 If this option is to be pursued, it is important to understand the scope of services that the *Municipal Act, 2001* allows an EDC to deliver. “Economic development services” means,
- the promotion of the municipality for any purpose, including by the collection and dissemination of information and the development of economic development strategic plans;
  - the acquisition, development and disposal of sites in the municipality for residential, industrial, commercial and institutional uses;
  - provision of public transportation systems;
  - provision of residential housing;
  - provision of general parking facilities;
  - providing a counselling service to or encouraging the establishment and initial growth of small businesses operating or proposing to operate in the municipality;

- (g) undertaking community improvement consistent with a community improvement plan approved by the municipality under subsection 28(4) of the *Planning Act*;
- (h) improvement, beautification and maintenance of municipally-owned land, buildings and structures in an area designated by the municipality beyond the standard provided at the expense of the municipality generally, and promotion of any area of the municipality as a business or shopping area;
- (i) provision of facilities for amusement or for conventions and visitors' bureaus; and
- (j) provision of culture and heritage systems. O. Reg. 599/06, s. 9 (4).

5.7 The services listed above can be combined.

5.8 The Act does require that an initial business case be drafted before an EDC can be created.

5.9 Below is a condensed list of communities that utilize the external EDC model. This research was pulled from a paper by Godwin Akru, Associate Professor at University of Western Ontario, entitled, "*Outsourcing Functions to Economic Development Corporations: Exploring the Perceptions of Officials in Ontario, Canada.*"

<b>Community</b>	<b>Council Representation</b>
Burlington Economic Development Corporation	10 members (Mayor, CAO)
Waterloo Economic Development Corporation (Region)	Corporation is controlled by Region and 7 area municipalities – governed by non-political professional BOD
Fort Erie Economic Development & Tourism Corporation	5 members (Mayor and 1 Councillor – remaining 3 elected by membership)
Greater Peterborough Area Economic Development Corporation	12 members (2 CAOs from City and County)
Greater Sudbury Economic Development Corporation	19 members (Mayor and 3 councillors)
London Economic Development Corporation	15 members (Mayor, Deputy City Manager is an advisor)
Niagara Economic Development Corporation	Managed through the Office of the CAO – controlled by Council
Quinte Economic Development Commission	Municipal members have council representation
Sault Ste. Marie Economic Development Corporation	Council appoints Board and hired the staff Director
South Central Ontario Region Economic Development Corporation	8 Members (all Mayors and Councillors from the member communities)
St. Thomas Economic Development Corporation	9 members total (1 Mayor, 2 Councillors)
Thunder Bay Community Economic Development Corporation	9 members and 2 ex-officio (Mayor, 2 Councillors)
Timmins Economic Development Corporation	13 members (Mayor, 2 Councillors, CAO and Fire Chief)
Welland Economic Development Commission	11 members total (Mayor, 3 Councillors)
Windsor-Essex County Economic Development Corporation	11 members total (2 mayors)

**Administration**

5.10 An EDC is one step removed from municipal administration. The EDC benefits from this as the autonomy provides the ability to operate with minimum bureaucracy. As such, EDCs are more closely aligned with business and industry. Their working practices are more reflective of the private sector than public sector. An EDC can also be a more competitive advocate on behalf of investors or developers to ensure the municipal functions are being proactive and responsive.

**Funding**

5.11 With the powers that these corporations can have under the Act, there is also potential for them to manage funds (investments) and well as land holdings. From a financial perspective, there are strategic advantages that could be realized through this model. Considerations would have to be given to financial management and oversight of said funds.

Summary of External (EDC) Service Delivery Model	
Pros	Cons
<ul style="list-style-type: none"><li>• Only one public objective of economic development so resources are focused</li><li>• Autonomy with reduced bureaucracy</li><li>• Can advocate for businesses to the municipality</li><li>• Working practices closely aligned with the private sector</li><li>• Stronger relationships with businesses</li></ul>	<ul style="list-style-type: none"><li>• No natural accountability incentives due to no competition of public priorities or the marketplace</li><li>• Difficult to regulate accountability in economic development as there are many variables that affect outcomes</li><li>• Governed by multi stakeholder organizations where the executive can easily serve as delegates of these organizations rather than as trustees representing the best interests of the organization they are governing</li></ul>

**Other External Delivery Models**

5.12 Clarington could consider the external model of delivery by contracting the function out to the Region of Durham, like the three northern Durham municipalities have done. This service is largely delivered through the Agriculture Specialist in the Planning and Economic Development Department at the Region. This shared staff resource has been in place for several years and the arrangement has worked well. The Regional staff member supports the Economic Development Advisory Committees in each community through the management and execution of each area municipality's workplans. There is also a Tourism Specialist who was hired by the Region as a dedicated resource to help Durham's northern municipalities. There are strong functional links between these two positions.



- 5.13 This model could be explored further, but as mentioned earlier in this report, it would require the Municipality to have a fulsome discussion with the Region around roles/responsibilities and costing.

## **6. Key Observations**

- 6.1 Any service delivery model going forward needs to recognize and build on the existing strengths within the Municipal corporation and within CBOT.
- 6.2 The Municipality needs a clearly defined economic development strategy.
- 6.3 Certain economic development services (e.g. business retention and expansion) are best delivered locally.
- 6.4 There needs to be some clarification in terms of who is best equipped to provide what services. “Economic development services” were purposefully left undefined in all of CBOT’s contracts “to allow the Board to exercise flexibilities so long the works fall within the meaning and intent of business attraction/retention” (quoting from 2008 staff report). Staff feel that we have reached the point where it should be recognized that some key functions should be provided in-house and other functions should continue to be provided externally.

## **7. Recommendations**

### **Economic Development Strategy**

- 7.1 It is recommended that a consultant be engaged to prepare an Economic Development Strategy prior to the end of 2021. The estimated cost is \$50,000 and up to 90% could be funded from development charges. The Strategy can address several matters including,
- (a) the goals and objectives set out in Chapter 7 of the Clarington Official Plan;
  - (b) several goals in Clarington’s 2019 – 2022 Strategic Plan (see sections 1.1 and 1.2 of this report);
  - (c) annual workplans;
  - (d) creation of an economic development toolkit (to provide to prospective investors and other interested parties – inclusive of priority employment lands, strategic initiatives, incentives, long-range vision);
  - (e) confirmation / clarification of roles and responsibilities internally and externally;
  - (f) timing, frequency, and content of reporting between and amongst Municipal staff, CBOT and Council;

- (g) strengthening of relationships within the local business community (e.g. CBOT, the Municipality, BIAs, Newcastle and District Chamber of Commerce, and MUSH sector); and
  - (h) performance measures.
- 7.2 If desired by Council, the Strategy could reexamine other options to deliver economic development services such as an economic development corporation.
- 7.3 In addition to informing Council on a decision respecting an appropriate model of service delivery, the Strategy is needed to help the Municipality provide a foundation to link land use planning and economic development as we initiate a review of the Clarington Official Plan and the Zoning By-law. The Strategy will also help Council develop a position for the Region's Municipal Comprehensive Review where urban boundary expansions and employment lands for Clarington will be defined.

### **Contract Renewal**

- 7.4 It is recommended that staff negotiate an extension to CBOT's contract that would include the following terms (in addition to matters usually covered):
  - (a) Term of two years (January 1, 2022 to December 31, 2023);
  - (b) Clearly defined roles and responsibilities;
  - (c) Clearly defined deliverables;
  - (d) Reduction from the current financial amount allocated to CBOT to cover the cost of repositioning services (see section 7.8 below); and
  - (e) Possible sharing of office space in the Shaw House (156 Church Street), 132 Church Street, and the recently acquired farmhouse on Concession Road #4, with possible shared services (office equipment, printing, IT support).
- 7.5 The contract would be brought to Council for approval in the fall of 2021.

### **Repositioning of Services**

- 7.6 It is recommended that all services intended to attract investment (new business) become an in-house Municipal responsibility. CBOT currently provides most of these services, but Municipal Staff feel that they are better aligned with many of the services that the Municipality already provides in-house (see section 4.6 of this report). It would create a centralized coordination point for investor inquiries. CBOT has been providing these services without convenient access to supporting in-house resources (human and technological).
- 7.7 This recommendation is similar to the option of hiring a Business Facilitator presented to Council in 2008, but with a broader mandate (see section 1.22 of this report).

- 7.8 The Municipality does not have the human resources that would be required to assume these responsibilities. It is therefore recommended that a full-time economic development employee be hired to help carry out them out in-house, with the cost to be covered through a corresponding reduction to the CBOT contract. The new position could include responsibility for other economic development services such as oversight and implementation of the Economic Development Strategy.
- 7.9 The position could form part of a renamed division within the Planning and Development Services Department. “Community Planning and Design” could be renamed “Community Planning and Economic Development” to make it clear that the function is an in-house function that brings commercial/ industrial development and community planning together.
- 7.10 In the opinion of Municipal staff, CBOT does an excellent job of providing all other economic development services that support existing businesses in our community, and it should continue to provide those services.

## **8. Conclusion**

- 8.1 CBOT has acted as the voice of business in our community for over 20 years and is uniquely positioned to continue that work in a post-COVID world. It has been a trusted resource for local business since its inception, and the business community needs its continued support.
- 8.2 The Municipality is well positioned to assume responsibility for attracting strategic investment in the wake of all the anticipated growth in our community spurred by several key economic development catalysts. A re-alignment of some of the economic development services will help facilitate this.

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### **Attachments:**

Attachment 1 – Clarington Official Plan - Chapter 7  
Attachment 2 – Public Survey Results

### **Interested Parties:**

Clarington Board of Trade