



Staff Report

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Report To: Planning and Development Committee

Date of Meeting: December 6, 2021

Report Number: CAO-012-21

Reviewed By: Andrew C. Allison, CAO

Resolution#:

File Number:

By-law Number:

Report Subject: Clarington Board of Trade Contract (2022 – 2023)

Recommendations:

1. That Report CAO-012-21 and any related communication items, be received;
2. That the Mayor and Clerk be authorized to sign a Purchase of Service Agreement with the Clarington Board of Trade (CBOT) substantially on the terms set out in Attachment 1 of Report CAO-012-21; and
3. That all interested parties listed in Report CAO-012-21 and any delegations be advised of Council's decision.

Report Overview

In the process of implementing the direction provided by Council, staff have been in discussions with both staff and Board members of the Clarington Board of Trade (CBOT) to draft the terms of a new agreement. The agreement will have CBOT continue to provide support to local businesses through a Business Retention and Expansion program, which will be managed by Planning and Development Services. The Attraction portion of the municipal economic development portfolio will be delivered in-house by an Economic Development Coordinator. Attached to this report is a draft contract that seeks to ensure that the Municipality and CBOT are best positioned to continue to provide high-quality support to the Clarington business community.

1. Background

- 1.1 Clarington has had a contract for the delivery of municipal economic development services with the CBOT since it was incorporated in 1999. Prior to 1999, the Municipality had an Economic Development Officer on staff who exclusively handled the portfolio.
- 1.2 After considering [Report CAO-003-21](#), Council directed staff to,
 - (a) negotiate a renewal contract with the Clarington Board of Trade (which will require Council approval);
 - (b) retain a consultant to prepare an Economic Development Strategy at an estimated cost of \$50,000 (up to 90% funded through development charges); and
 - (c) hire a full-time employee to assist with the delivery of the attraction services with the cost to be covered through a reduction to the CBOT contract.
- 1.3 Based on this direction, staff went through a formal procurement process to retain MDB Insight (“MDB”) to prepare the Economic Development Strategy. MDB has extensive experience in drafting economic development strategies and have done work across Ontario, including supporting municipalities with various models of economic development delivery. The expected delivery date for the Strategy is in early 2022.
- 1.4 It is important to note that the overall direction for the economic development function will be driven through the Economic Development Strategy, Official Plan, and Clarington Corporate Strategic Plan. CBOT will deliver the local Business Retention and Expansion component, while the Municipality will be responsible for the Attraction and Tourism functions.

2. Purchase of Service Agreement

Local BR+E Services

- 2.1 As part of its engagement, MDB met with CBOT (President, Executive Director and Manager, Business Development) as well as Municipal Staff (Manager of Customer Service and Tourism Coordinator). The purpose of these conversations was to (a) build the list of BR+E services; and (b) avoid unnecessary duplication of services contracted to CBOT and services currently offered / to be provided by the Municipality following implementation of the Economic Development Strategy. It is important that any potential overlap between CBOT, Economic Development Staff (Planning and Development) and Tourism (Community Services) be identified in advance so as not to duplicate resources.
- 2.2 MDB has also provided input into the Economic Development Coordinator job description to ensure the scope and responsibilities of that position fit appropriately within the new service delivery model.
- 2.3 Section 4 of the draft Purchase of Service Agreement (see Attachment 1) is based on a list of BR+E services prepared by MDB.

Fees

- 2.4 Attachment 2 is a Review of Service Delivery Models prepared by MDB. It will eventually become an attachment to the Economic Development Strategy. It includes five case studies for illustrative purposes. The case summaries show how much each of the studied municipalities allocate to economic development services. They also provide many examples of key performance indicators.
- 2.5 The draft Purchase of Service Agreement (section 9) provides fees payable in the amount of \$325,000 in 2022 and \$300,000 in 2023. The base annual amount of \$300,000 was based on an estimate of the cost to deliver the BR+E services identified by MDB using actual figures from CBOT's 2020 economic development operations. The total amount paid to CBOT for BR+E and attraction services in 2021 was \$377,418. The fee included in the renewal contract for 2022 includes \$25,000 to cover the cost of CBOT continuing to provide attraction services in the first three months of 2022 before the service migrates over to the Municipality.
- 2.6 The contract will be managed by the Planning and Development Services Department, through the current Community Planning branch. A key part of the contract and its management will be an agreed upon BR+E business plan that CBOT will submit to the Municipality before April 1, 2022. It will include a list of deliverables and Key Performance Indicators to drive desired outcomes, which will be set based upon the

completion of the Clarington Economic Development Strategy. The business plan will be jointly prepared with Municipal staff.

- 2.7 The proposed salary (fully burdened) for a Municipal Economic Development Coordinator is \$120,605.59 (Grade 6 on 2022 staffing grid). This position will be responsible for the attraction portion of the economic development portfolio, and the cost associated has been included in the 2022 budget for the Planning and Development Services Department.
- 2.8 When [Report CAO-003-21](#) was prepared, it was the expectation of staff that the amount paid to CBOT under the renewal contract could be reduced by offering nominal rent in the Edna Thompson Building (Shaw House) once it was renovated. Unfortunately, due to the renovation quotes received, that project is on hold and therefore there is no opportunity at this time for CBOT to relocate to this building.

Governance

- 2.9 Through Resolution #GG-427-21 on June 21, 2021, Council directed staff to request that the CBOT Board of Directors accept the two Regional Councillors onto their Board. This was to be considered in the context of the contract renewal.
- 2.10 The request was made to CBOT regarding the possibility of adjusting their board composition to allow for these potential seats to be added (either net new or designated amongst their current complement of Directors). They provided Council a written response which can be found in Attachment 3.
- 2.11 It is of course not unheard of in a municipal context to have an elected official on the board of an entity that they provide funds to. In the case of the Visual Arts Centre, Clarington's financial contribution accounts for a considerable portion of their budget and there is one Councillor appointed to their board (1 of 10 available seats). In the case of the Bowmanville Older Adults Association, no member of Council has a seat on the board. Further, those organizations are not operating as a contractor. In terms of the CBOT, they have long provided an ex-officio "liaison" seat to a municipal staff member, which MDB has suggested they continue to do.
- 2.12 Based on the above factors, and with a contract period of only two years (versus the usual five-year term), staff, in consultation with MDB Insight, have built the following communication and reporting regime into the draft contract (section 5):
 - (a) The Municipality shall provide CBOT with a Municipal Advisor to their board, to support the ongoing efforts of staff and the Board of Directors.
 - (b) The Executive Director of CBOT shall provide a quarterly update to Council through the Planning and Development Committee.

- (c) The Executive Director of CBOT shall meet regularly (at a minimum, quarterly) with the Director of Planning and Development, Director of Community Services and municipal staff leads to provide an update with respect to the services set out in this agreement. This will inform the quarterly update to Council through the Planning and Development Committee.
 - (d) The Executive Director and President of CBOT shall meet independently with each member of Council (biannually) to discuss issues and initiatives relevant to their ward and the ongoing activities of CBOT including matters addressed in CBOT's business plans.
- 2.13 As noted, CBOT would be responsible to report regularly to Council on BR+E efforts, against the agreed upon business plan, as well as tracking against KPIs. This will be done through a report to the Planning and Development Committee but also through informal conversations with Councillors (biannually). To provide a more encompassing overview of economic development in Clarington, each quarterly CBOT update to the Planning and Development Committee will be accompanied by an update from Municipal staff responsible for the Attraction and Tourism portfolios. Overall, this mechanism of accountability will ensure that Council is aware of the pertinent economic development indicators on a regular basis.

Other Implications

- 2.14 As outlined in [Report CAO-003-21](#), the "Community Planning and Design" division will be renamed to "Community Planning and Economic Development". The Manager of the division will assume the additional title of Economic Development Officer. The Coordinator will report through the Manager, as well as have oversight over the contract and its deliverables.
- 2.15 It is anticipated that there may be some initial confusion to the public related to who is responsible for which components of the economic development functions. Determining how to best communicate the division will be flushed out through the remainder of the strategic planning process. It is also expected that our Communications Division will work with CBOT to provide direction and approval as it relates to BR+E work (advertising, marketing, etc.), including guidelines around the use of the Municipal logo and brand assets.

3. Concurrence

Not Applicable.

4. Conclusion

- 4.1 As the business community emerges from what has been a considerably uncertain and challenging time, it is vitally important that the appropriate local supports be in place to help them not only on their path to recovery but support them as they grow in the future. This adjustment of services would allow CBOT to hone their workplan to an area that will be critical in the post-pandemic world.

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Attachments:

Attachment 1 – Draft Contract

Attachment 2 – Review of Service Delivery Models (MDB Insight)

Attachment 3 – Letter from CBOT Board of Directors (Request for Two Board Seats)

The following interested parties will be notified of Council's decision:
Clarington Board of Trade - Board of Directors