

Review Committee for the Implementation of a Regional Economic Development Structure

RECOMMENDATION REPORT SUBMITTED TO THE CRSC'S BOARD OF DIRECTORS ON JUNE 19, 2019 – FOR DECISION

FOREWORD

The CRSC's Board of Directors held a regional economic development forum on December 4, 2018. The main objective of this forum was to consult with members of the business community as well as various organizations on the need to create a regional structure to ensure economic development in a concerted manner within the CRSC's territory.

This session revealed a few important shortcomings in this sector:

- Updating a strategic plan and developing an action plan led by a regional entity;
- Establishing an organization that acts as a single-entry point for clients, with a support and reference service directing them towards programs, tools and services already available in the region.

The forum was also intended to appoint a committee to analyze possible regional structures and recommend a model to the CRSC Board of Directors.

The forum participants thus appointed the following persons to sit on the review committee:

1. Joe Noel, Board member of the CRSC
2. Denis Roy, Executive Director of the CBDC
3. Kim Chamberlain, municipal councillor for Bathurst and Director of the Hive
4. Linda Chamberlain, municipal councillor for Petit-Rocher
5. Michael Petrovici, local entrepreneur
6. Bernard Cormier, Opportunities NB
7. Jeff Christie, Executive Director of the Chaleur Chamber of Commerce
8. Roger Guitard, municipal councillor for Pointe-Verte

The list of forum participants is available in Appendix A.
The minutes of the forum are available in Appendix B.

COMMITTEE MANDATE

The Committee met on March 8, April 11, May 14 and May 31, 2019. The role of the committee was to:

1. Identify a structure for the new organization;
2. Identify one or some stable and foreseeable sources of long-term financing. Negotiate with different possible partners to ensure this financing;
3. Establish constitution and bylaws, including the composition of a Committee or Board of Directors;
4. Define the mandate (mission) of the organization including number of required staff and yearly operational costs;
5. Approach the RDC or other governmental agencies to obtain start-up financing;
6. Present its recommendation to the Board of Directors of the CRSC.

SUMMARY OF THE EXERCISE

Following a review of bridged gaps among existing services and programs in the region, members defined the mission of the organization and identified its core functions.

A. Mission and functions of the organization

The members recommend that the Regional Economic Development Agency's mission should be to promote and stimulate business growth within the Chaleur Regional Service Commission's territory.

It is also recommended that the agency should have the following main functions regrouped under three key pillars:

ONE-STOP SHOP		
Entrepreneurship Center and Business Start-Up	Information Center	Management of activities / Activities in Economic Development
Consulting and Management: "Concierge" <ul style="list-style-type: none"> - Business plan and financial planning - Funding sources - Available programs - Wage subsidy (start-up and existing) - Incubator services - Mentoring Services "Maximize services already offered by our regional ecosystem" * See list of our regional partners	<ul style="list-style-type: none"> - Up-to-date local and regional economic profile kit for potential investors - Region's demographics - Build and maintain a database: <ul style="list-style-type: none"> o Available land and premises o Businesses for sale o Commercial buildings for sale o Labor force profile - Liaison role for commercial projects and real estate investments - Existing reports and studies on the region - Information on urbanization / property taxes - Incentive programs 	<ul style="list-style-type: none"> - Training Delivery Management - Networking activities - Startup Chaleur - Promoting clustering of our key sectors "these must be identified" * Exercise pre strategic plan. <p style="text-align: center;"><u>Regional immigration strategy in partnership with existing organizations working in this field</u></p> <ol style="list-style-type: none"> 1. Multicultural Association 2. The Hive

This structure should be clearly identified at the beginning and should only be a basis. Our vision is for this basis to be "ultimately" and "eventually" fully funded by the CRSC. The fact that we are somewhat keeping this as a based structure will give us the opportunity to put together a number of strategic files/initiatives/projects targeted for our region which would blend well with the deliverables of this new economic development agency.

This practice will give us the opportunity to apply for one-time funding under various provincial and federal government programs to deliver these term programs within our strategic plan. This will allow the regional economic development agency to seek diversification income such as sublets, administration costs, outsourcing of employees, etc.

B. Structures analyzed

The committee proposed and evaluated three structures:

1. Structure A: New Independent Structure

Pros	Cons
1. Impartial and free from political interference. 2. Free to choose members from all sectors of activity.	1. Who will take the reins and who will assume the lead? 2. How will this entity be financed? 3. Create another level of bureaucracy.

2. Structure B: Service under the umbrella of the CRSC, mandated by the Board of Directors and supported by a support committee (similar to the Chaleur Tourism Office structure)

Pros	Cons
1. Existing governance structure; 2. Regional representativeness; 3. Free to select committee members from all sectors of activity; 4. Approach endorsed by the majority of CRSC community members; 5. The CRSC could obtain funding to cover start-up costs through various provincial and federal funding programs; 6. The CRSC could provide long-term funding and administrative services, such as payroll and human resource management; 7. Accountability for this new service to the CRSC's Board of Directors.	1. Risk of political interference; 2. Risk of different vision at each election period; 3. Can take time to implement due to longer consultation and approval process by LSDs.

3. Structure C: Service mandated by the Board of Directors of the CRSC and entrusted to the Chaleur Chamber of Commerce through a service contract

Under the terms of the agreement, the Board of Directors of the CRSC appoints a regional committee to support the work of the service's coordinator.

Pros	Cons
<ol style="list-style-type: none"> 1. Existing structures at CRSC and the CCC; 2. Regional representation; 3. The CCC already has an economic development mandate; 4. The CRSC or the CCC can receive funding to cover start-up costs through various provincial and federal funding programs; 5. Opportunity for CRSC to provide long-term funding; 6. The CCC can offer administrative services such as payroll, office space, human resources management, etc.; 7. Accountability for this new service to the CRSC Board of Directors; 8. Formula more independent of political pressures. 	<ol style="list-style-type: none"> 1. Risk of different visions by CRSC board members at each election period.

COMMITTEE'S RECOMMENDATION

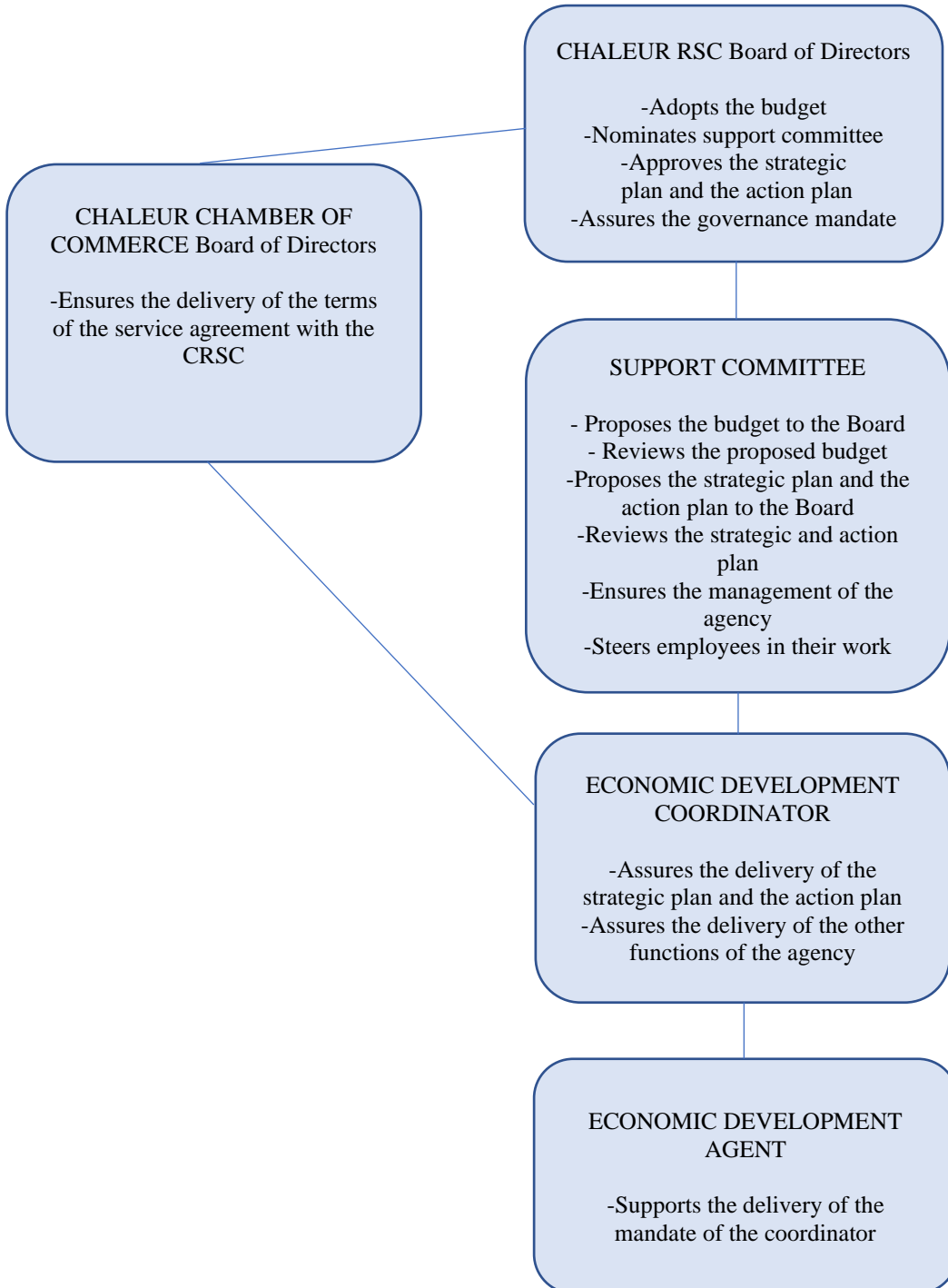
After reviewing the pros and cons of the three proposed structures, the committee recommends structure C because this formula allows the agency to function more independently while being accountable to the Board of Directors of the CRSC. In addition, this formula provides foreseeable and long-term funding. The committee recommends that the agreement be for a period of three years with the possibility of renewal.

The members of the support committee, appointed by the CRSC's Board, would be made up of 7 members and would ensure the representation of the communities in the region through the following sectors:

1. A representative of transportation infrastructure
2. A representative of the commercial sector (retail and commercial outlets)
3. A representative of the processing sector
4. A representative of the industrial sector
5. A representative of the immigration sector
6. A representative of the tourism sector
7. A representative of the post-secondary education sector

It is also recommended that the rules and regulations of the Support Committee be defined by the latter and approved by the CRSC Board.

A. Proposed organizational chart



B. Role of the Host Organization – Chaleur Chamber of Commerce

The regional economic development agency will use the services of the Chaleur Chamber of Commerce to perform mainly services complementary to the delivery of the mandate.

These services offered to the agency by the Chaleur Chamber of Commerce will focus mainly on the following items:

- Payroll management
- Management of money inflows and outflows from financial partners
- Management of accounting operations (invoice payments)
- Preparation of monthly financial statements
- Subcontracting services (reception, administrative assistance, etc.)
- Share office space
- Share common services

C. Proposed budget

The Committee estimates that the start-up costs and annual operating costs will be distributed as follows for the next 3 years:

Start-up costs	Annual operating costs	Year 2020	Year 2021	Year 2022
Furniture / IT equipment		\$ 8,000	\$ 0	\$ 0
Development of a strategic plan and action plan		\$ 15,000	\$ 0	\$ 0
Professional fees - drafting the service agreement, etc.	Professional fees	\$ 7,000	\$ 1,000	\$ 1,000
Website	Website maintenance	\$ 6,000	\$ 500	\$ 500
Marketing strategy	Marketing / Promotional Campaigns	\$ 10,000	\$ 5,000	\$ 5,000
Total start-up costs		\$ 46,000		
	Wages (annual index 1 %) and benefits (+/- 8.3 %)			
	• Coordinator	\$ 70,000	\$ 70,700	\$ 71,407
	• Agent	\$ 0	\$ 43,330	\$ 43,730
	• Receptionist	\$ 10,830	\$ 10,940	\$ 11,050
		\$ 83,830	\$ 124,940	\$ 126,187
	Travel	\$ 6,000	\$ 12,000	\$ 12,000
	Training	\$ 1,500	\$ 3,000	\$ 3,000
	Rent	\$ 4,800	\$ 9,600	\$ 9,600

	Insurance	\$ 1,700	\$ 1,700	\$ 1,700
	Telephone	\$ 1,000	\$ 1,800	\$ 1,800
	Office supplies	\$ 1,000	500	\$ 500
	Committee meetings (7 people at \$ 500)	\$ 3,500	\$ 3,500	\$ 3,500
	Miscellaneous costs	\$ 5,000	\$ 7,500	\$ 7,500
	Subtotal	\$ 151,330	\$ 171,040	\$ 172,287
	CCC administrative fees on annual operating expenses (5 %)	\$ 7,567	\$ 8,552	\$ 8,614
	Total	\$ 158,897	\$ 179,592	\$ 180,901

D. Funding source

	Year 2020	Year 2021	Year 2022
Annual Cost	\$ 158,897	\$ 179,592	\$ 180,901
Source of financing and yearly contribution percentage:			
Chaleur RSC (25 %; 50 %; 75 %)	\$ 39,724	\$ 89,796	\$ 135,675
PETL (25 %; 16.67 %; 8.3 %)	\$ 39,724	\$ 29,932	\$ 15,075
RDC (25 %; 16.67 %; 8.3 %)	\$ 39,724	\$ 29,932	\$ 15,075
ACOA (25 %; 16.67 %; 8.3 %)	\$ 39,724	\$ 29,932	\$ 15,075

E. Costs of the CRSC community members

	Year 2020	Year 2021	Year 2022
Annual Cost	\$ 39,724	\$ 89,796	\$ 135,675
Source of financing (2018 tax base):			
Bathurst	\$ 14,792	\$ 33,437	\$ 50,521
Beresford	\$ 4,563	\$ 10,314	\$ 15,584
Nigadoo	\$ 960	\$ 2,170	\$ 3,278
Petit-Rocher	\$ 1,893	\$ 4,279	\$ 6,465
Pointe-Verte	\$ 823	\$ 1,861	\$ 2,813
Belledune	\$ 3,806	\$ 8,603	\$ 12,998
LSD	\$ 12,887	\$ 29,132	\$ 44,016

F. Conclusion

The committee believes that it has fulfilled its mandate. It is confident that the recommended approach will ensure the creation of a regional service for the economic development of our region.

The continuation of this project is now dependent on the vision of the CRSC's Board of Directors, municipal councils, LSD representatives and the CCC's Board of Directors. The members of the working committee remain available to begin the next steps of this plan should this recommendation be approved.