

A. INTRODUCTION

At the regular meeting of Council on June 25, 2019, Motion M5, entitled “Economic Development Accountability,” was deferred to the meeting of September 10, 2019. As part of the deferral discussion, Councillors requested information from staff regarding the City’s suggested Terms of Reference for both a Select Cabinet for Economic Development and an Economic Development Standing Committee of Council, as referred to in the deferred motion. There were also requests that the report include information from the City of Greater Sudbury Community Development Corporation (GSDC), such as the Board’s response and their recommendations for an updated governance structure, as well as the findings of the GSDC Board’s governance review and report from November 2018.

In response to these requests for additional information, staff assembled the following:

- Proposed Terms of Reference for a Select Cabinet for Economic Development as requested in the motion
- Proposed Terms of Reference for a new Council Standing Committee on Economic Development as requested in the motion
- Analysis that offers history and context of the economic development governance review
- A document on economic development governance reform provided by the Board of the Greater Sudbury Development Corporation
- A report entitled, “Governance Review and Update” by John T. Dinner, commissioned by the Greater Sudbury Development Corporation. November 1, 2018

B. CONSIDERATIONS FOR TERMS OF REFERENCE FOR SELECT CABINET

Staff anticipate the purpose of the Greater Sudbury Select Cabinet for Economic Development would be to provide advice on generating economic activity for the community.

There are two approaches that could be considered for this initiative: a broader community model and a model designed to solicit private sector participation and input at a senior executive level. These models are outlined as follows:

a. Broader Community Model

Mandate

- To provide advice and information to the City of Greater Sudbury on sustainable economic development for the community by offering diverse expertise and experience
- To represent, and collaborate with, business, government, public institutions and community partners to grow and attract business investment to Greater Sudbury

Purpose

- To act as champions and ambassadors for economic development in Greater Sudbury
- To identify and promote opportunities for sustainable economic growth within the community
- To provide advice on policies, procedures and strategic direction that should be considered in order to foster job creation, sustain employment and support business development
- To advise on new business attraction opportunities, programs or strategies

- To advise on potential partnerships, business expansion and retention opportunities, programs or strategies
- To ensure the engagement of the local business community and support communication with the various industry sectors
- To identify barriers to development and potential solutions to overcome these

Reporting Structure

A Greater Sudbury Select Cabinet with a broad community mandate would regularly engage with Council regarding economic development opportunities. It would report to Council via the Director of Economic Development and through the Economic Development Standing Committee.

Membership

In addition to the Mayor and members of Council, membership for the Greater Sudbury Select Cabinet could include:

- The Chief Administrative Officer, City of Greater Sudbury
- The Director of Economic Development, City of Greater Sudbury
- One business representative of the finance sector
- A representative of each of the three post-secondary education institutions
- One business representative within the mining supply & services sector
- One business representative of the development and construction industry
- One labour representative
- One representative with business experience in international trade
- One representative of the tourism and hospitality sector
- One representative of the retail sector
- Two business owners of small to medium sized enterprises

Time Commitment

The Select Cabinet would meet quarterly.

b. Senior Executive – Model

An alternative would be a model that includes up to 10 senior executives from among Greater Sudbury's most successful or influential companies. Under this model, the mandate and purpose would be consistent with the Broader Community Model, but participation would involve no more than ten private sector senior representatives from Greater Sudbury's most successful or influential companies. These members would be invited to meet privately on a quarterly cycle with the Mayor, CAO, Chair of Economic Development Committee and the Director of Economic Development. Meeting summaries, prepared with appropriate consideration of the confidential information that may be discussed during the meetings, would be circulated to Council following each meeting.

C. CONSIDERATIONS FOR TERMS OF REFERENCE FOR AN ECONOMIC DEVELOPMENT STANDING COMMITTEE

Mandate:

To hear presentations and receive correspondence and reports from the Economic Development Division, and to make recommendations to Council on these matters.

Purpose:

- To hear community delegations and presentations on topics related to the provision of services by the Economic Development Division
- To review proposals for new policies and amendments to existing policies that pertain to the Economic Development Division
- To review and approve recommendations for investment of community economic development funds
- To study topics or issues referred to the Economic Development Committee by Council resolution
- To provide input into the Annual Work Plan of the Economic Development Division based on the goals outlined in the CGS Strategic Plan and the CGS Community Economic Development Strategic Plan

Membership:

All members of Council.

Meeting Dates:

The Economic Development Committee would meet monthly.

D. GSDC GOVERNANCE ISSUE BACKGROUND

The GSDC identified the need to review the operating agreement with the City of Greater Sudbury and to update its corporate by-laws and governance practices as a priority for 2018. Subsequent to this, and as part of its ongoing responsibilities to regularly review all arms-length boards associated with the municipality, the CGS Auditor General (AG)'s office brought forward recommendations for the GSDC Board in its report dated May 31, 2018 (a link to the full report is included below).

The audit focused on the oversight structures and systems in place within the GSDC, including:

- Structure and mandate;
- Definition of roles and responsibilities of the organization and its senior leadership team;
- Oversight exercised by the organization over its respective areas of responsibility; and
- Oversight exercised by other government bodies over the organization.

The AG report stated that the framework of the GSDC is generally effective, but also identified several issues for improvement. The relationship between the City and the GSDC is set out in an Operating Agreement dated May 3, 2007, and the AG report emphasized that this Agreement requires updating to ensure that there is a shared understanding of the respective roles, responsibilities and authorities of the GSDC and the City.

E. GSDC BOARD GOVERNANCE REVIEW

In response to the findings of the AG report, the GSDC Board committed to conducting a third-party review of the Board's governance structure in 2018. The services of consultant John T. Dinner were secured through a competitive process, with the purpose of conducting a review to further identify and

address issues, clarify and enhance the Board's role, and contribute to the success of GSDC and, in turn, the economic development initiatives of the City of Greater Sudbury.

To do this, the consultant conducted a literature review as well as a scan of practices and interviews with representatives of economic development agencies in Kingston, London, Regina, Thunder Bay and Waterloo. Input was also gathered from GSDC board members through key stakeholder interviews and a detailed survey. Mr. Dinner presented his findings and report to the GSDC Board in December 2018.

The report outlined ten recommendations for the Board's consideration, and is attached for Council's reference as Appendix B. Generally speaking, the report reiterated the need to:

- Clearly define the role of the GSDC with respect to economic development priorities, and the contribution the GSDC makes to matters with economic implications
- Establish values consistent with the City's and alignment with the City's priorities
- Strengthen its focus on outcomes and how to achieve its objectives
- Establish clear lines of accountability through consistent reporting
- Establish a performance review framework for the Director of Economic Development
- Develop more clarity regarding the roles, responsibilities and strengths of Board members and the roles of its committees.

F. GSDC BOARD RESPONSE & RECOMMENDATIONS

Following receipt of the Dinner report, the GSDC Board's initial response involved discussions about its implications with no firm direction or conclusions. In addition the Board's Ad Hoc Governance Committee was reformed in early 2019 to include a council representative. While meetings were held, no recommendations were made from this group prior to the Council discussion of the proposed motion on June 25.

Following the June 25 Council meeting, the GSDC held an Annual General Meeting on June 26, 2019 and elected a new Chair and Executive Committee. This group initiated a thorough review of the consultant's recommendations and, following multiple discussions by the GSDC Board, the GSDC confirmed its desire to maintain the existing structure of the Board as an independent corporation that includes the Mayor and three Councillors among its board members.

The Board outlined this position along with its own recommendations in the attached document, *Greater Sudbury Development Corporation Board – Response to Governance Report and Recommendations for Discussion*, included for Council's reference as Appendix A.

This approach also reflects the GSDC Board's intention to strengthen the Board's operations and enhance communications in the spirit of transparency and collaboration, and emphasizes its commitment to align with Council's strategic priorities for economic development.

Should Council decide to pursue this direction, these recommendations could form part of a new Operating Agreement between the City of Greater Sudbury and the GSDC Board, with explicit obligations and expectations regarding the Board role, responsibilities and reporting requirements. A draft Operating Agreement would be brought forward for Council's review.

G. Benchmarking Economic Development

The John T. Dinner report includes examples of other economic development corporations on pages 10 through 12 in the attached document. This scan purports to identify “best practices”, but it notes that there are many different models in use in municipalities across the province and the country. From a governance perspective, it is clear there is no “one best way” to organize or direct economic development efforts. There are various approaches in place – stand-alone corporations and municipal divisions, with and without political representation, with and without dedicated staff.

Each of these models has evolved and, in some cases, continues to evolve, in response to local community interests and political direction. While there may be tactics that are universally effective for economic development staff to use regardless of the governance structure that’s in place, from a governance perspective it appears that Economic Development “best practices” are probably determined by solutions that respond effectively and efficiently to the goals and priorities established by the local government authority.

REFERENCES

1. *Greater Sudbury Development Corporation Board – Response to Auditor General Recommendations, and Governance Review and Update for Discussion*, August 15, 2019 (Appendix A)
2. *Governance Review and Update*, John T. Dinner, November 2018 (Appendix B)
3. Auditor General’s Report, Audit Committee, May 15, 2018:
<http://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&lang=en&id=1267&itemid=15361>