

## **Economic Development Governance**

Report Date: August 12, 2020

### **Summary**

#### New Operating Agreement

In 2018, the City's Auditor General provided a report on the Greater Sudbury Development Corporation (GSDC) governance structure, including a recommendation to review and update the current Operating Agreement between the GSDC and the City, which is dated May 3, 2007.

Following this, the GSDC Board embarked on additional work to review the governance structure of the GSDC, including an independent consultant report completed in consultation with Board members.

Over the past months, the GSDC Board has worked with the City's Economic Development staff as well as with the Mayor's Office to develop a revised Operating Agreement that incorporates the appropriate recommendations from this review process. This new Agreement seeks to confirm a shared understanding of the roles and responsibilities of the GSDC Board in terms of its work with the City, including with City Council as well as the CGS Economic Development Division. The Agreement was approved by the GSDC Board and recommended for Council's endorsement on June 24, 2020 through GSDC Board motion 2020-042.

Pending Council's approval and the execution of the Agreement, the GSDC Board is also committed to implementing this new Operating Agreement in a consistent and transparent manner to ensure the bylaws, policies and procedures of the Board are in alignment with the terms of the Agreement. To do so, the Board has established a Policy Review Committee in order to collaborate with staff on the implementation of the new Operating Agreement and the updating of related Board policies, the process of which is to be reported to the GSDC Board on a regular basis.

#### Appointment of New GSDC Board Members

In alignment with the terms of the new Operating Agreement, the GSDC Board is also seeking Council's approval for the new Board Members endorsed by the Board at its Annual General Meeting held on June 24, 2020.

These new members were engaged using the following process:

- A public call-out was developed with assistance from CGS Communications in order to solicit community interest in board membership
- The GSDC Board's Nomination Committee then reviewed submissions in order to identify potential board member candidates based on skill sets and alignment with strategic direction;
- The results of the Nomination Committee were brought to the GSDC Board for review and recommendation;
- These candidates are now being brought to Council for final endorsement.

This year's candidates are Jennifer Abols; Robert Haché; Anthony Lawley; Mike Mayhew; Claire Parkinson and Shawn Poland, each to serve on the Board of Directors of the City of Greater Sudbury Community Development Corporation for a three-year term ending June 2023.

## Highlights of the new Operating Agreement

The Operating Agreement is attached for Council's review and approval. Highlights include:

- A renewed mandate of the GSDC Board to collaborate with the City to promote community economic development "by encouraging, facilitating and supporting community strategic planning and increasing self-reliance, investment and job creation within the city in an effective, transparent and accountable manner"
- The GSDC Board's formal adoption of the City's values as outlined in the City's "Strategic Plan 2019-2027": Innovation, Integrity, Respect, Foresight, Trust, and Compassion
- The contributions of the GSDC Board to economic development activities including
  - o input and recommendations for economic development and investment attraction opportunities in alignment with identified strategy and priorities
  - o supporting and fostering alliances and partnerships between economic sectors, industries, institutions and community organizations
  - o reviewing results of the City's Economic Development Services' efforts including demonstrated economic benefits and impacts;
  - o as part recipient of the proceeds of the Municipal Accommodation Tax program, providing oversight, reviewing findings and approving recommendations of the Tourism Development Committee including the Tourism Strategy
  - o reviewing and approving grant allocations through the Community Economic Development program and the Greater Sudbury Arts and Culture Grant Program
- Clear definitions of the roles of the City's Director of Economic Development and the Chief Administrative Officer as well as the City's contributions in relation to the GSDC Board
- The GSDC Board's preparation of an annual business plan and budget, with the support and assistance of the Economic Development division, monitoring progress and achievements while maintaining flexibility to respond to new opportunities; the Board will also undertake an annual planning and goal prioritization process to identify opportunities to align with the City's economic development activities, objectives and priorities
- New GSDC Board member nominations to be brought forward for Council approval following a public call-out, review of candidates by the GSDC Nomination Committee and endorsement of successful candidates by the GSDC Board itself
- Any items required to be heard in a closed session of the GSDC Board will be determined as such using criteria outlined in section 239 of the *Municipal Act 2001*; once brought forward in a Closed session of the GSDC Board, these items will also be brought forward to Council at their first available closed meeting as an information item through a staff report
- Council authorization remains a requirement for any investments exceeding \$250,000, to be brought forward through a staff report
- The Board will provide quarterly updates to Council through its Finance & Administration Committee with the assistance of the Director of Economic Development; additionally, Council will receive

written highlights following each GSDC Board meeting on investment decisions and grant program allocations as well as its activities and actions in relation to strategic priorities and emerging opportunities

These activities will be achieved in collaboration with the City's Economic Development staff team and resources.

## **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 priorities 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) 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 required updating to ensure that there is a shared understanding of the respective roles, responsibilities and authorities of the GSDC and the City.

In response to the findings of the AG report, the GSDC Board conducted a third-party review of the Board's governance structure in 2018. In addition to this work, the GSDC Board embarked on a thorough review of its governance structure with the commitment to strengthen the Board's operations, enhance communications in the spirit of transparency and collaboration, and align with Council's strategic priorities for economic development.

The recommendations resulting from this review have been incorporated as part of the 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.

This Operating Agreement has also been developed in collaboration with the Mayor's Office as well as support provided by the City's Legal department.

## References

1. Auditor General's Report/Governance Audit of the City of Greater Sudbury Community Development Corporation, Audit Committee, June 19, 2018:

<https://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&attachment=27332.pdf>

2. Economic Development Governance, Council meeting, September 10, 2019:

<https://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&attachment=27332.pdf>