

Collaborating to ensure Greater Saint John will prosper in the 2020s – a new economic development model

<b>Question:</b>	<b>Response:</b>
<p>1. Tell me more about how this initiative began?</p>	<p>In the Spring of 2019, the City of Saint John convened a group of business leaders and economic development stakeholders to advise the city on how to maximize the value of its investment in economic development. This group became known as the Advisory Council.</p> <p>The City was considering the consolidation of all its economic development activities into a single entity. This included the activities undertaken by Economic Development Greater Saint John, Discover Saint John, Develop Saint John and people attraction activities.</p> <p>The Advisory Council recommended this be structured as a regional economic development model where the functions would be consolidated into a single entity with all municipalities, including an LSD funding component, in the Saint John region contributing to the strategic direction, governance and funding of the new entity.</p>
<p>2. Summarize the timelines of this work</p>	<p>Spring 2019 – Advisory Council begins its work.</p> <p>August 2019 – a report entitled Economic Development Model and Framework for Growth in Greater Saint John is presented that details the approach to the new model, funding, and governance. The vision was a new consolidated economic development entity with: One vision, one leader (Chief Economic Development Officer), one organization, one board and one budget with alignment across the region for growth.</p> <p>Over past 10 months – Two original members of the Advisory Council are tasked with facilitating the details of the framework engaging with the CAO’s and Saint John City Manager along with Mayors and councils to build out the details and get the presentation to the point of agreement to take the Framework to each council for a vote. A smaller Advisory Council continued to be engaged throughout the process.</p>
<p>3. Why this model and why now?</p>	<p>The Saint John region needs to get back to growth. Annual GDP growth has dropped by more than 50% compared the pre-2008 period. Average annual municipal tax base growth is down by 44% (all regional municipalities combined). The region is facing the most significant workforce challenge in its history as 15,000 people are heading towards retirement in the near future and 40% of our entrepreneurs are over the age of 55. At the same time, the natural population growth rate has turned negative (more deaths than births every year). Combined with these realities, the competition for new business investment, people attraction, and fostering of new entrepreneurs has never been more pronounced than it is today.</p> <p>We believe this new model play a key role in helping to change the trajectory of the regional economy. There are:</p> <ul style="list-style-type: none"> <li>• Demographic challenges – we need a new and ambitious people attraction strategy.</li> <li>• The decline in economic activity is impacting municipal finances. We need growth to grow municipal tax revenue.</li> <li>• There is global competition ad we are vulnerable to global market conditions and competition. 80% of goods exports from NB either ships through Saint John or is controlled by Saint John based companies.</li> <li>• No large projects on the horizon meaning the region needs more broad-based contribution from multiple sectors.</li> <li>• Challenges with how we position our market and region in the broader Canadian market.</li> <li>• Many reasons to change – impacts of COVID-19 will be felt for months and months ahead and we need to embrace change in how we work and export to grow.</li> </ul>

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<p>4. What were the concerns of the City that led to this project?</p>	<p>The City of Saint John has been going through a broad-based exercise looking for efficiencies and ways to improve services. The consolidation of all of its economic development activities into a single entity was meant to create better outcomes and achieve cost efficiencies (e.g. reduced overhead).</p> <p>The city is looking for new sources of revenue growth and successful economic development is an important way to drive growth. There is a strong correlation over time between GDP growth and municipal tax base growth.</p>
<p>5. What is the desired outcome with this regional approach</p>	<p><b>GROWTH.</b> That’s what the singular focus is. The new model will be funded equitably by all the municipalities in the Saint John Census Metropolitan Area (CMA) and will provide the impetus for a broad based economic development program to increase the population to ensure there are enough workers to meet labour demand, expand strategic industries, foster new entrepreneurs, grow our tourism economy, and build economic development infrastructure that drives growth.</p> <p>Work will begin in the fall to also engage the LSD’s in the region to participate in the funding model.</p>
<p>6. Objectives and scope of this new entity</p>	<p>A new, innovative approach to regional economic development with equitable funding by all municipalities that aligns the key players in the ecosystem focused on economic growth and has a budget and a scale to compete with the other larger urban centers across Atlantic Canada and beyond.</p> <ul style="list-style-type: none"> <li>• Community marketing/promotion/branding</li> <li>• People attraction</li> <li>• Expand strategic industries</li> <li>• Grow tourism economy</li> <li>• Entrepreneurial ecosystem growth and development</li> <li>• Strategic infrastructure development</li> <li>• Stakeholder relationships/ecosystem development/private sector collaboration</li> <li>• Data mining/analysis/KPI management</li> </ul>
<p>7. How is the new entity funded?</p>	<p>The goal is to reach equal per capita municipal government funding after five years. The City is already spending the most on economic development (per capita) and the other municipalities will be asked to increase their funding to reach parity.</p> <p>The Local Service Districts within the region will also be asked to fund the new entity. The provincial government will work with the new entity to develop this funding formula. It is crucial to the success of the regional model as the region’s LSDs are tightly integrated into the regional economy (i.e. they benefit from economic development efforts).</p> <p>There will be other sources of revenue including the proceeds of the accommodations levy and funding from the provincial and federal governments targeted towards specific initiatives meant to further the goals of economic development, population growth and workforce development.</p> <p>The private sector will also be asked to contribute funding to the new organization.</p>
<p>8. What is unique about the governance model?</p>	<p>The board will be made up of 14-15 directors, including up to 7-8 outside private sector directors and six inside municipal directors as well as one provincial government nominated director.</p> <p>The inside municipal directors will have ‘preferred shareholder status’ and will approve the strategic goals and objectives of the organization, any new funding arrangements, the bylaws and any material changes to the annual business plan. The private sector members of the board will not be able to override the inside municipal directors in these strategic areas. If the municipal directors cannot reach consensus, a tie would be broken by the broader board.</p>

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	There will be no elected officials on the board of directors.
9. What strengths will this new entity build upon?	<p>The region must focus on incremental growth leveraging its unique assets, attributes, and strengths:</p> <ul style="list-style-type: none"> <li>• The region is home to several global companies that are leaders in their respective fields and are significant employers.</li> <li>• Some of the region’s important industries are poised for growth including ICT, insurance, energy, transportation, tourism, and healthcare.</li> <li>• Strong post secondary education sector.</li> <li>• A growing arts and culture sector.</li> <li>• Transportation hub – port, airport, railway.</li> <li>• Affordable housing, short commute times and low crime rates with a mix of urban and rural amenities.</li> </ul>
10. What are critical partnerships for this new entity?	The new entity will be a catalyst for economic development and growth in the region. It will work closely with a broad coalition of partners including the Chamber of Commerce, port, airport, provincial government, university, college, ACOA, NRC, New Brunswick Innovation Foundation, BDC, the Saint John Hotel Association and many others to advance the region’s collective economic and population growth agenda. The new entity will be better positioned to strengthen partnership.
11. What happens to the existing organizations? DevelopSJ, DiscoverSJ, EDGSJ, people attraction?	The boards of these organizations will be asked to fold their activities into the new entity over a transition period. There is significant talent and initiatives underway in these organizations and the goal is to build even more momentum from coming together. The ultimate staff complement, and budgeting will be determined by the new CEDO and the leadership team, but it is likely most of the staff will have a place in the new organization, if desired.
12. How will you transition to this new model?	<p>After the City and the regional municipalities vote on the model, we will know if this will be moving ahead. If yes, a transition committee of six community leaders will be set up immediately as recommended by the five municipalities. This committee’s mandate will be the recruitment of the new board Chair and initial board of directors for this new organization.</p> <ul style="list-style-type: none"> <li>• This group will then hire a recruitment firm to facilitate the process of CEDO recruitment. After the new CEDO is hired, the detailed work will begin led by the new CEDO and Board of Directors.</li> <li>• In the fall, a municipal priorities planning process will be implemented.</li> <li>• The existing entities will wind down and will be brought into the new organization.</li> <li>• KPI’s will be developed and approved by the councils.</li> <li>• The new entity will be in operation by January 2021.</li> </ul>
13. Why should this be a regionally focused and funded organizations?	<p>The main reason is that a strong, unified regional economic development entity will be able to do more than was possible in the past. In addition, they will benefit as follows:</p> <ol style="list-style-type: none"> <li>1. They will all participate in the governance and direction of this new regional entity.</li> <li>2. They will all share in the outcomes – economic growth, population growth, tax base growth, etc.</li> <li>3. They will all benefit from specific services such as support for large economic development projects, support for the small businesses in their communities, promotion of their communities when newcomers are looking to settle in the region, support with tourism development, etc.</li> </ol>
14. How does the Covid-19 pandemic	It creates even more impetus to do this now. We need to come together as a region in support of our key export-focused industries, our tourism sector and the many industries that service the population in Greater Saint John.

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impact this initiative?	
15. How will the new entity be structured?	The Prospectus identifies the work that will fold into this new entity; however, the team engaged did NOT build out the new organization. The CEDO along with the new board of directors will be tasked with doing that work. They will work closely with the existing teams to build that vision and structure.