COLLABORATIVE REGIONAL ECONOMIC DEVELOPMENT MODELS STUDY

Collaborative Regional Economic Development Approaches, Funding, and Performance Measurement

Presented to the 39/20 Alliance by Keystone Strategies

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Collaborative Regional Economic Development Models Study

Introduction

Economic development can best be described as the effort to increase wealth and improve the quality of life in a community or region. Sound economic development is multi-faceted, it requires focus in a number of areas including:

- tourism
- investment attraction
- labour force development
- business retention
- entrepreneurship

Economic development is not an easy task. With competition for investment dollars increasing, during both strong and weak economic times, and with economic development budgets shrinking as municipalities fund increasing infrastructure and social service demands, communities are seeking opportunities to differentiate themselves from their competitors while maximizing dollars spent on economic development initiatives.

This desire for differentiation and efficiency ultimately leads many communities to consider regional partnerships. Partnerships can create advantages where none existed before, reduce duplication and overlap of efforts, and increase the return on investment of economic development dollars. However, challenges exist for partnerships in areas like governance, expectation management, and cohesive goal setting.

Partnerships can create advantages where none existed before, reduce duplication of efforts, and increase the return on investment of economic development dollars.

This study examines three collaborative regional economic development models using five carefully selected and relevant examples, identifying the respective advantages and disadvantages of each model. It describes 43 internationally-recognized performance measurements that can be used in each phase of the organization's life to prudently measure its effectiveness. It also highlights funding options including revenue sharing, for the new organization and recommends, based on knowledge and first-hand experience, the most appropriate regional model for the 39/20 Alliance to consider.

Collaborative Models Overview

There are three main approaches to collaborative regional economic development. These approaches differ primarily in governance and funding structures.

In a **public model**, the regional economic development organization is governed only by public officials and is funded only by public dollars.

In a **hybrid-public model**, the collaborative organization is governed by both public and private sector representatives but is still funded in large part by public dollars.

In a **private model**, the economic development agency is governed and funded mainly by private sector individuals and dollars.

Regardless of the model, there are a number of advantages to collaborative economic development:

Reduced Overhead

By working together on economic development, communities are able to save dollars in a number of areas. Regional marketing reduces costs to all of the partners, as does group purchasing of marketing materials including brochures, community profiles, and web sites.

Having a regional staff perform economic development means paying just one salary and associated benefit costs, and providing one office and related equipment which dramatically reduces the fixed costs of economic development.

Further, one membership in economic development organizations like Economic Developers Alberta (EDA), Economic Developers of Canada (EDAC) and the International Economic Development Council (IEDC) mean the entire region has access to a wealth of information for one, lower annual fee.

A One-Window Approach

Centralized economic development means never telling a client, "You've come to the wrong place." By combining resources, information, and access to program, with one centralized office, clients can call one phone number or send one email and get prompt, accurate access to whatever they need to make an informed decision about doing business in the region.

An important, vital benefit, is that clients also receive "concierge" service from a central point, a common individual who can help guide the client through the municipal development process, permitting, and construction process, acting as a guide for the client whose focus is on their business, not red tape.

Unique Advantages Are Created

Communities working together to grow create a unique set of advantages over communities choosing to go it alone. By combining available land, infrastructure, access to road and rail and other important site selector criteria, a region can compete for industry as a partnership that may not be attracted to a single community alone.

And, having a variety of options for business looking to relocate or expand means you can suit the needs of a wider audience and thus be more competitive than communities working in isolation.

Competitive Edge

By pooling resources and working together, a region can reach a much larger audience with its marketing dollars and can create a much stronger identity in the noise of economic development marketing. More resources mean more consistent advertising, in higher profile places, and that can lead to better recognition among site selector and decision-makers.

Additionally, a larger geographical area is more likely to attract attention on the global stage than a single community. In the global marketplace, countries and provinces are most likely to be identified, with large cities and regions following after. To create awareness of a rural community can be difficult, and by partnering, a region can create that recognition and be top of mind when location decisions are being made.

Just as it creates unique advantages, regional collaboration comes with its own set of obstacles that require careful consideration and attention.

Governance

Henry Ford once said, "Coming together is a beginning; keeping together is progress; working together is success." Forming a regional partnership for economic development is an important step, but careful thought to the ongoing sustainability of the organization is important. A thorough, well thought out governance structure is critical in the early stages so that all partners understand their roles, responsibilities, and powers; otherwise, the organization risks being divided over differing agendas, divergent priorities, or a shift in the political landscape.

Failure to Launch

Newly formed regional economic development organizations often face high expectations. The desire to address an identified barrier often comes hand in hand with a desire for a quick fix. But sound economic development can take time and it is crucial that all partners come to the table with realistic expectations and some degree of patience. New economic development organizations benefit from being measured with a special set of performance metrics and should not be held accountable for results that other, better established agencies may be achieving.

Too Big, Too Fast

Many regional economic development partnerships are on a grand scale, covering vast geographies and communities ranging from villages to cities. But a broad membership base, despite reducing costs to each member and combining more resources, often means facing a variety of very different needs. A larger partnership, whether in be in land base or number of members, means having to address a longer list of needs. Worse still, a large number differing opinions can create deadlock around the governance board table, slowing the organization's momentum.

Regional Collaborative Economic Development Models

Public Model

In a typical public model, the regional economic development agency is governed by a board of directors comprised only of publicly-elected officials and is funded only with public dollars.

This model leaves the decision-making solely in the hands of elected officials who represent the region the agency serves. It is funded using public tax dollars in conjunction with grant dollars from provincial and national sources.

"Coming together is a beginning; keeping together is progress; working together is success."
Henry Ford

This model ensures ongoing political support for the organization as its governance comes directly from the region's politicians. Having elected officials at the helm also means that support from municipal departments is strengthened. Typically, a public model enjoys cooperation between municipal departments which can expedite the development process as political support for a project raises its profile.

In many public models of regional economic development, the agency remains unincorporated which allows it to access municipal-only grant opportunities. However, it is important to note that incorporated organizations offer an additional layer of liability protection which should be considered.

The main drawbacks of a public model revolve around stakeholder participation and awareness. In a public model, the business community is not directly steering the economic development organization which excludes them from the decision-making process. Further, being a municipal initiative means there is a strong chance that apathy and a lack of awareness about the organization must be considered and addressed.

ADVANTAGES: Ensures political support for economic development; coordination between various municipal departments can expedite development process; organization can be eligible for municipal-only grants if not incorporated; reduced overhead costs; ability to create unique competitive advantages; employing one staff for economic development reduced salary costs

DISADVANTAGES: Business community and residents excluded from decision-making which can lead to lack of support or understanding of initiatives; some confusion about role of the organization by the public; lack of cooperation between communities detrimental to success

The Joint Economic Development Initiative
www.jedialberta.com

The Joint Economic Development Initiative (JEDI) is a not-for-profit society that is arm's length from its three member communities: the City of Wetaskiwin, Town of Millet and County of Wetaskiwin. Located in Alberta, thirty minutes south of the capital city of Edmonton, JEDI was

incorporated in 2003 and serves a regional population of twenty-five thousand residents in an area of about 3,380 square kilometers.

JEDI's economic development role is limited, it exists "for the purpose of fostering industrial development in the JEDI region". As such, the organization does not undertake economic development activities related to commercial or residential development nor tourism or downtown development activities. This limited role allows the organization to be extremely focused on achieving results however it can lead to some confusion in the public as to what the organization is responsible for.

JEDI functions as a marketing body and information resource. As an arm's length body it does not make planning or zoning decisions but rather draws investment into the region then guides the investor through the development process through acting as liaison with municipal decision makers.

JEDI's governance model specifically focuses on being politically-driven. The board of directors consists of the Chief Elected Official and one councillor from each member community. The board is also served by a management committee of the three Chief Administrative Officers of each member. These CAOs, though board members, sit ex-officio on the board.

Smoky River Regional Resource Project

www.smokyriverregion.com

The Smoky River Regional Resource Project (SRRRP) was a pilot project funded by the Province of Alberta during the 1970's and 1980's. Consisting of the Towns of Falher and McLennan, the Villages of Donelly and Girouxville, and the Municipal District of Smokey River, the project was a provincial initiative and received the bulk of its funding from the Province of Alberta.

The role of the Smokey River Regional Resource Project was to provide basic investment attraction services to the region. The organization employed one full-time economic development professional and leased offices in existing space provided by one of the four municipalities.

The SRRRP provided marketing and information on the region's advantages and like other Public Model agencies was governed by a board of directors comprised of elected officials from the various municipalities that were members of the pilot project.

Initially, the project suffered from competition amongst members for inbound investment, at times so severe that decision makers moved on to other locations or abandoned projects. This competition lead to the appearance of instability in funding and this in turn led to difficulties in finding and retaining economic development professionals to represent the organization.

Despite its initial struggles the organization continued to promote the region effectively and when provincial funding eventually ceased the organization carried on with financial support from its members. The SRRRP continues to operate today.

Hybrid-Public Model

In a typical hybrid-public model, the regional economic development agency is governed by both public and private sector board members but is funded primarily through public dollars.

This governance structure allows for the business community to have direct influence on the programs and initiatives undertaken by the economic development agency. At the same time, the agency benefits from first-hand, real-world local knowledge provided by the business community through its representatives on the board.

One of the most commonly referenced obstacles in a hybrid-public mode is the potential for disconnect between public and private sector needs. In many cases, the business community's agenda is not driven by the need for increased assessment or new development permits but rather for softer services like employee retention or import replacement programs. Both are valuable initiatives to undertake however prioritization may be difficult given the board members' differing needs.

ADVANTAGES: collaborative marketing very cost-effective; can compete for investment on a large stage; both public and private sector needs represented on the board; governance allows local knowledge of business issues to guide the organization's efforts

DISADVANTAGES: potential disconnect between public and private sector needs can lead to deadlock

The Leduc-Nisku Economic Development Association

www.internationalregion.com

The Leduc-Nisku Economic Development Association (LNEDA) is a non-profit society that was recently formed from the previous partnership that existed between Leduc and Leduc County (the Leduc-Nisku Economic Development Authority). The LNEDA serves the International Region with a population of more than 65,000 and is currently representing the City of Leduc, Leduc County, and the Village of Warburg.

The LNEDA's role is to market the International Region to site selectors across many industry sectors including Oil and Gas, Agriculture and Food, Transportation and Logistics, Manufacturing, and others. The organization also provides entrepreneurship and business startup assistance in addition to labour force development initiatives.

The LNEDA markets the region as a whole and provides information to interested parties. And, the LNEDA guides investors through the municipal development process but does not directly influence planning and zoning decisions.

The LNEDA governance board is comprised of both public and private sector individuals. The LNEDA budget largely consists of public dollars with communities paying a per capita membership fee annually. The LNEDA also operates using federal and provincial grants.

While currently the organization's funding is largely derived from public dollars, the LNEDA is focused on reducing its reliance on public funding and increasing its financial support from the private sector. The organization says this will occur through membership fees, private sector sponsorships and corporate partnerships.

Having private sector representatives allows the LNEDA to be closely connected to the business community and its needs and can generate strong support for the organization's initiatives. The move to private sector funding also provides the organization with increased access to resources and reduces reliance on public sector funding as budgets are generally being constrained.

The Northwest Economic Development Council

The Northwest Economic Development Council (NWEDC) was a regional economic development initiative located in the northwest corner of the Province of Saskatchewan which included communities as far south as Biggar, to Meadow Lake in the north, and across to Lloydminster and the Alberta/ Saskatchewan border.

The role of the NWEDC was to promote the region to site selection decision makers. It provided information on the region's advantages and marketed the region collaboratively.

There were 18 municipalities represented within the Northwest Economic Development Council. All members were towns and villages and there was no representation from rural municipalities. The Board of Directors for the Northwest Economic Development Council consisted of elected officials and members at large appointed by the various municipalities. Not every member had a seat on the Board, and representatives were elected on a sub-regional basis.

The geography of the NWEDC was so vast that the full-time economic development professional spent much of his or her time travelling amongst the various communities and what little time remained was spent on economic development activities. Compounding the issue of such a large geography were the differing needs of the many members of the council. Communities faced vastly different economic realities and thus required different approaches to economic development but all had to be delivered by one staff member.

Because the board of directors contained members at large that represented each community, local knowledge of economic issues and local solutions were available to the organization. Though resources for implementation were lacking, the NWEDC had a good understanding of what each community required.

Like the other examples of hybrid public models, the project was largely funded by the province using public dollars. Therefore, its operations were always at the whim of the province and every year applications had to be made to continue to receive ongoing funding. Although it was assumed by the Board of Directors that funding would be available, annual funding was not guaranteed. The uncertainty of funding made it difficult to recruit and retain qualified staff, and the Board of Directors became more concerned about funding issues than the task of implementing regional economic development efforts.

Private Model

In a typical private model, regional economic development work is undertaken by a board consisting of mainly private sector individuals and is funded in large part by private dollars.

One of the most apparent advantages to this model is the broad membership base which reduces costs for each member and eliminates reliance on municipal funding for sustainability.

However, having such a broad range of members can dilute the organization's focus as it tries to address the multitude of needs presented by its paying members. Further difficulties with the membership arise when fee structures are not constant, creating inequality amongst members around the governance table.

ADVANTAGES: member organizations drive the economic development agenda; large membership base reduces costs to individual members; collaboration inherent in every initiative

DISADVANTAGES: broad range of members have differing needs; large membership base makes it difficult to please everyone; different membership fees may lead to inequality of members

7 Rivers Alliance

www.7riversalliance.com

The 7 Rivers Alliance took root in La Crosse, Wisconsin in 1999, when the Technology Business Alliance, led by Western Technical College, began addressing technology development opportunities in the La Crosse/Southeast Minnesota region. Nineteen public and private organizations contributed $1,500 each in seed money to match a Wisconsin Department of Administration grant to build technology capacity in the area. A feasibility study led to the proposal of a membership-based alliance of public and private organizations to coordinate and support technology growth activities.

In 2001 the University of Wisconsin-La Crosse, the La Crosse Tribune, and several other organizations contributed funds for market research to develop the "7 Rivers Region" brand as a rallying point for regional collaboration. The organization named its first board of directors in 2004 and adopted its first set of bylaws in 2005. Recently, the 7 Rivers Alliance took over the convening role for Eco-Devo, a group uniting economic development professionals in the 7 Rivers Region for economic prosperity through networking, sharing information, cluster development, and for grant writing purposes.

The organization is funded through annual membership dues based on the number of employees the member has. The 7 Rivers Alliance currently has 66 private and public sector members including local newspapers, real estate offices, education institutions, banks, chambers of commerce, private individuals and economic development agencies from within the region.

The organization is tasked with economic development work ranging from investment attraction to business retention.

The 7 Rivers Alliance is governed by 16 board members representing a mix of public and private sector enterprises.

The 7 Rivers Alliance is funded primarily through memberships which are based on the number of employees an organization has. Memberships range in cost from $25 USD to $1,000 USD annually.

Performance Measurement

Economic development success can be difficult to measure. Outside influences like the economy, labour market, or provincial or national policies can adversely affect even the most sound economic development work. And further, differing understandings of what economic development is, and what success in economic development means, can lead to unrealistic expectations from internal stakeholders.

It is critical to define the performance measures of any economic development work, before it is begun, so that all parties have a clear understanding of what the goals are and what success looks like.

Performance measurements can be organized into three categories: **Primary Measurements** which have a direct impact on the economy, **Secondary Measurements**, which indicate how effective the organization is being in the delivery of its programs, and **Additional Measurements** which describe the organization's level of activity and stakeholder satisfaction.

It is critical to define the performance measures of any economic development work, before it is begun, so that all parties have a clear understanding of what the goals are and what success looks like.

Research on economic development performance measurement indicates it is important to start with the organization's strategic plan. The strategic plan provides overall direction to the economic development organization and the measurements should be closely linked to that plan. Specific activities within the strategic plan will have specific outcomes so it is important to customize the measurement tools to specific needs and not just adopt a standard set of measurements.

Importantly, the measurements being used need to be agreed upon by the entire organization, from the staff to the board of directors to funders and stakeholders.

Measurement of economic development work is not static, metrics will change over time based on the type of activities being undertaken and thus metrics should be changed to suit the current activities with new metrics being added and older ones being removed.

Measuring Investment Attraction

Investment attraction is the most visible form of economic development as new investment means new buildings, new jobs, and new taxes. However, in the absence of new construction, other performance measurements are also effective in measuring the results of investment attraction work.

Primary Measurements

- ✓ Value of new development permits
- ✓ Number of new jobs created and value of salaries or wages created
- ✓ Value of foreign direct investment in the region
- ✓ Number of active prospects considering the region
- ✓ Targeted marketing campaigns undertaken

- ✓ Cost-benefit analysis of investment attraction activities undertaken (cost of project versus benefit to the region)

Secondary Measurements

- ✓ Awareness of marketing initiatives amongst target markets (communications audit)
- ✓ Economic impact of jobs created within the region (economic multipliers)

Additional Measurements

- ✓ Number of inbound investment tours hosted
- ✓ Number of outbound trade missions organized
- ✓ Number of referrals to the economic development agency
- ✓ Number of calls made regarding investment attraction
- ✓ Number of leads visited / contacted / targeted

Measuring Business Support Services

Measuring the effects of business retention, expansion, and entrepreneurial support activities, which are often the least visible form of economic development, can help stakeholders understand the importance of undertaking this crucial work and highlight its immediate benefits to the region and its businesses.

Primary Measurements

- ✓ Number of new businesses created
- ✓ Number of businesses visited and surveyed for retention and expansion purposes
- ✓ Number of entrepreneurships programs offered
- ✓ Number of jobs created and their salaries and wages
- ✓ Number of jobs retained
- ✓ Cost-benefit analysis of activities undertaken (cost of project versus benefit to the region)
- ✓ Financing provided to businesses expanding or starting up
- ✓ Number of business licenses issued
- ✓ Number of entrepreneurship programs offered (business planning, funding, marketing, and others)
- ✓ Number of business retention or expansion programs offered (productivity, labour development, and others)

Secondary Measurements

- ✓ Availability and diversity of funding for start-ups (venture capital, loans, angel investments)
- ✓ New business start-ups as percentage of all businesses
- ✓ Satisfaction with entrepreneurship programming

Additional Measurements

- ✓ Number of referrals to the economic development agency
- ✓ Diversity and availability of space for start-ups and business expansion

- ✓ Satisfaction survey among business owners regarding services provided by the economic development agency
- ✓ Sustainability of local companies
- ✓ Number of learning events held
- ✓ Referrals to other sources (Business Link, Productivity Alberta, Chambers of Commerce, and others)

Measuring the Organization

An often overlooked, but vitally important set of measurements look at the effectiveness and perception of the economic development organization's day-to-day operations.

Primary Measurements

- ✓ Regular information sharing amongst stakeholders
- ✓ Effectiveness of organization in removing barriers to successful economic development (shovel-ready land, infrastructure, funding, and other barriers)
- ✓ Employee satisfaction
- ✓ Diversification of funding (public, private, grant, and other revenues)
- ✓ Financial sustainability and accountability
- ✓ Awareness of economic development activities and goals
- ✓ Success in implementing strategic plan

Secondary Measurements

- ✓ Linkage of strategic plan with other development plans (MDPs, IDPs, Capital Regional plans, Land Use Framework plan, and others)
- ✓ Expansion of services offered by the economic development agency

Additional Measurements

- ✓ Civic engagement (number of organizations engaged in achieving economic development plan)
- ✓ Satisfaction surveys

Funding a Regional Economic Development Model

Funding a regional economic development agency, while ensuring its sustainability, requires creativity and innovative thinking.

Special, project-based funding for economic development can come from provincial and national government sources:

Alberta Community Partnership (ACP) Grant
Alberta Municipal Affairs
http://www.municipalaffairs.alberta.ca/municipalgrants-description.cfm?program_id=41

The Alberta Community Partnership (ACP) grant replaces the Regional Collaboration Program (RCP) grant in 2014 / 2015. The total grant program budget is $48.8 million and eligible projects include regional governance, planning, and implementation of services.

Invest Canada – Community Initiatives (ICCI) Grant
Department of Foreign Affairs and International Trade
http://www.tradecommissioner.gc.ca/eng/funding/icci/home.jsp

Under the Global Commerce Support Program, the ICCI grant is a matching dollars grant that supports the attraction, retention, and expansion of foreign direct investment in several key industries through partnerships. The target industries are:

- Advanced Manufacturing
- Agrifood
- Chemicals and Plastics
- Information and Communication Technology
- Life Science
- Services
- Sustainable Technologies

Other innovative funding opportunities exist through revenue sharing.

The Joint Economic Development Initiative Revenue Sharing Model

The Joint Economic Development Initiative (JEDI) utilizes a unique revenue sharing model to fund some of its core activities. This *Master Cost and Revenue Sharing Agreement* stipulates how the organization will be funded by its members and how new industrial assessment revenue will be shared amongst the members, namely the City and County of Wetaskiwin and Town of Millet.

In simple terms, the revenue sharing agreement outlines that, just as members of JEDI fund the organization according to population, they shall receive any new assessment revenues created by JEDI's work according to the same formula.

In this example, we will assume the City of Wetaskiwin is 48 percent of the region's population, the County of Wetaskiwin is 44 percent of the population, and the Town of Millet is 8 percent of the population.

If a new industrial user locates within the JEDI region and creates an additional $100,000 in annual taxes, then the City of Wetaskiwin would receive $48,000 of that revenue, the County $44,000, and Millet $8,000, ***regardless of where in those communities the industrial user located.***

The revenue sharing agreement goes further and has a cost recovery mechanism in the event one community services land in another, which eliminates the need for annexation creating unique advantage to offer site selectors and business leaders.

Additionally, funding for regional economic may also be supplemented through Associate Memberships. Associate Members may pay a fee for an increased service level from the economic development agency or for access to specific opportunities such as a customized trade mission.

Sponsored events are a good way for a regional partnership to deliver programming while reducing costs. Local businesses may sponsor educational events that their client base may be interested in, or to raise their profile among a potential new client base.

Funding a regional economic development agency, while ensuring its sustainability, requires creativity and innovative thinking.

Recommendations

Based on our experience, research into best practices, and first-hand practical knowledge, Keystone Strategies recommends the following:

Collaborative Regional Economic Development Model

The 39/20 Alliance should consider undertaking a **Public Model** of regional economic development.

Initially, the economic development agency would benefit from having strong political support in its formative years and leadership from elected officials would build immediate credibility for the economic development organization and its work. The Alliance members understand the region's economic development needs and are best suited for overseeing economic development initiatives designed to grow the region.

However, it is important to not ignore the existing business community and to seek to identify its needs and input. Therefore, we would recommend an Economic Development Advisory Committee be struck to meet with the 39/20 Alliance representatives quarterly to discuss growth patterns, identify obstacles to success, and provide input on the goals the new economic development entity is seeking to achieve. This advisory committee should represent the business community within the Alliance's boundaries, include business support organizations like Chambers of Commerce and tourism or hospitality organizations, and where possible, include members from all sectors (manufacturing, oil and gas, service industries, home-based businesses, and others) to provide a reliable representation of the entire business community's needs.

In the long-term, political support for the organization and its initiatives will ensure economic development remains a priority for the Alliance and the communities within the region.

We further suggest that a long term membership agreement be used to allow the organization to proceed from the start-up phase and begin to create results. A lot of groundwork must be done for the organization to begin its economic development work and often the expectation for quick results can lead stakeholders to frustration. Alliance members of the future will need to understand the long term approach to economic development and the need for patience.

Governance and Structure

We believe the new economic development partnership should be governed by the board of directors of the 39/20 Alliance however the new organization should be incorporated as a non-profit entity to protect the Alliance communities from any liability. A membership agreement should be created for this non-profit society with the four 39/20 Alliance members being the only members of the society. This membership agreement should bind members for the long term, perhaps as long as ten years, in order to give the organization the time it needs to prove itself.

We suggest the new economic development office's staff be housed within existing municipal office space and utilize existing equipment where possible to reduce overhead costs. This staff's day to day operations should be overseen by the Alliance's

CAO's as a committee, or designated CAO on a rotational basis, to ensure staff are insulated from any potential political interference.

Funding the Regional Economic Development Organization

This new agency should be funded from municipal revenues during its start-up phase with a long term vision of having the organization become self-sustainable through revenue sharing and grant funding, supplemented by other means including sponsorship.

Membership dues would be set annually by the organization's board of directors based on a strategic plan and budget, and per-capita levies within each community would be used as revenue generation to cover these fees. This is an equitable and transparent means of funding the new organization.

While maintaining it as a long term vision, we recommend the new organization not pursue a revenue sharing agreement until it is well established and all members are confident in the organization's governance structure and service delivery. Agreements on revenue sharing can be difficult to create and implement and while they can be very effective, the process is a long one and focusing on it early may cause delays in creating the regional economic development organization.

Other Considerations

It is important, especially during the start-up phase that the organization communicate regularly with its stakeholders and funders. The communication of the organization's strategic plan, its goals, and its role, are critical for creating and maintaining support for the organization. Therefore, we recommend the economic development strategy that guides the new organization contain a communications strategy within it.

In our experience, new regional economic development organizations can be tasked with a multitude of projects due to a broad definition of what economic development is and what initiatives it encompasses. We would strongly recommend the board of directors clearly articulate the organization's goals annually in a strategic plan, adhere to that plan, and remain focused on what is achievable given the organization's, and the region's, resources. Allowing the organization to narrowly focus its work will help the organization better achieve its goals and enjoy success.

It is important to maintain the geographical boundaries of the 39/20 Alliance in the short-term in order for the new economic development organization to be efficient and effective. As highlighted earlier in this study, an organization representing too many communities will have its resources be spread too thin and its mandate too broad to reasonably satisfy its members.

Finally, it is important to note that despite taking a regional approach to economic development, it remains the individual responsibility of each community to ensure they are investment ready, through having an inventory of shovel ready land, ample infrastructure, and business-friendly policies and programs.

Measuring the Economic Development Organization

From internationally-recognized best practices in performance measurement, we would recommend the following performance measurements be used in each of the three phases of the organization to ensure the economic development organization is sustainable and that realistic expectations are being met. Beginning with the start-up

phase and adding additional measurements during the growing and maturing phase, the following metrics will allow funders and stakeholders to prudently measure the organization.

Short Term Performance Measures (Year One: Start-up Phase)

- ✓ Regular information sharing amongst stakeholders
- ✓ Effectiveness of organization in removing barriers to successful economic development (shovel-ready land, infrastructure, funding, and other barriers)
- ✓ Financial sustainability and accountability
- ✓ Awareness of economic development activities and goals
- ✓ Civic engagement (number of organizations engaged in achieving economic development plan)
- ✓ Referrals to other sources (Business Link, Productivity Alberta, Chambers of Commerce, and others)
- ✓ Success in implementing strategic plan
- ✓ Employee satisfaction

Medium Term Performance Measures (Years Two and Three: Growing Phase)

- ✓ Value of new development permits
- ✓ Number of new jobs created and value of salaries or wages created
- ✓ Value of foreign direct investment in the region
- ✓ Number of active prospects considering the region
- ✓ Targeted marketing campaigns undertaken
- ✓ Number of referrals to the economic development agency
- ✓ Number of calls made regarding investment attraction
- ✓ Number of leads visited / contacted / targeted Number of new business created
- ✓ Number of businesses visited and surveyed for retention and expansion purposes
- ✓ Number of entrepreneurships programs offered
- ✓ Cost-benefit analysis of activities undertaken (cost of project versus benefit to the region)
- ✓ Financing provided to businesses expanding or starting up
- ✓ Number of business licenses issued
- ✓ Number of entrepreneurship programs offered (business planning, funding, marketing, and others)
- ✓ Number of business retention or expansion programs offered (productivity, labour development, and others)
- ✓ Availability and diversity of funding for start-ups (venture capital, loans, angels investments)
- ✓ Satisfaction with entrepreneurship programming
- ✓ Number of learning opportunities held
- ✓ Satisfaction with services provided by economic development agency
- ✓ Linkage of strategic plan with other development plans (MDPs, IDPs, Capital Regional plans, Land Use Framework plan, and others)
- ✓ Expansion of services offered by the economic development agency

Long Term Performance Measures (Years Four to Ten: Mature Phase)

- ✓ Awareness of marketing initiatives amongst target markets (communications audit)
- ✓ Diversity and availability of space for start-ups and business expansion
- ✓ Number of inbound investment tours hosted
- ✓ Number of outbound trade missions organized
- ✓ Number of jobs created and their salaries and wages
- ✓ Number of jobs retained
- ✓ Economic impact of jobs created within the region (economic multipliers)
- ✓ New business start-ups as percentage of all business
- ✓ Value of foreign direct investment in the region
- ✓ Diversification of funding (public, private, grant, and other revenues)
- ✓ Awareness of marketing initiatives amongst target markets (communications audit)
- ✓ Number of new businesses created
- ✓ Sustainability of local companies
- ✓ Economic impact of jobs created within the region (economic multipliers)

Summary Chart of Typical Collaborative Models

	Public Model	Hybrid-Public Model	Private Model
Advantages	• Ensures political support for economic development • Coordination between various municipal departments can expedite development process • Organization can be eligible for municipal-only grants if not incorporated • Reduced overhead costs	• Collaborative marketing very cost-effective • Can compete for investment on a large stage • Both public and private sector needs represented on the board • Governance allows local knowledge of business issues to guide the organization's efforts	• Member organizations drive the economic development agenda • Large membership base reduces costs to individual members • Collaboration inherent in every initiative
Disadvantages	• Business community and residents excluded from decision-making which can lead to lack of support or understanding of initiatives • Some confusion about role of the organization by the public • Lack of cooperation between communities detrimental to success	• Broad range of members have differing needs • Large membership base makes it difficult to please everyone • Different membership fees may lead to inequality of members	• Broad range of members have differing needs • Large membership base makes it difficult to please everyone • Different membership fees may lead to inequality of members
Governance	• Public officials from the region	• Public and private board members from the region	• Public and private board members from the membership only

Funding	• Public	• Public	• Private
Examples	• Joint Economic Development Initiative • Smoky River Regional Resource Project	• Leduc-Nisku Economic Development Association • Northwest Economic Development Council	• 7 Rivers Alliance