KEDCO
KINGSTON ECONOMIC
Development Corporation

Review Committee
Meeting Minutes
09-03-2016

Date: March 9, 2016

Time: 4:00 PM

Location: Front Boardroom, 945 Princess Street at Innovation Park

Attended:

Michael Harris	Judith Hay	Heather Ford
Judith Pineault	Donna Gillespie	Councillor Candon
Gerard Hunt	Councillor McLaren	

Staff: Emily McCracken   Brock Dickinson

Regrets: Debi Wells

1. **Call to Order – 4:00 PM**

2. **Approval of Agenda**
   o Moved by Michael Harris, seconded by Heather Ford

   That the Committee approves the agenda for the March 9, 2016 Review Committee meeting as presented.

   Vote carried unanimously.
   (See Recorded Votes)

   YEAS: Michael Harris, Judith Hay, Heather Ford, Judith Pineault, Donna Gillespie, Gerard Hunt, Councillor McLaren, Councillor Candon (8)
   NAYS: (0)
   ABSENT: Debi Wells (1)

3. **Disclosures of Conflict of Interest/Pecuniary Interest**
   i. Donna Gillespie disclosed:
   "As an employee of KEDCO I believe there is possibility of or a perception of conflict of pecuniary interest on discussions related to future employment opportunities.
   My employment contract as Interim CEO specifically notes that KEDCO makes no promises with respect to whether I could return to my former position or to any other position in KEDCO or in any successor organization. As it does not directly deny the possibility for future employment, I wish to abstain from voting on issues related to operating models, reorganization or staffing structures."

4. **Delegations**
   i. Lorraine Larochelle, Public Member and Ewen MacKinnon, Public Member, appeared before the Committee as a delegation

- Larochelle, noted that she was presenting as a member of the Friends of Kingston group, whose goal is to build Kingston into a thriving community
- It was noted that the group did not request a forensic audit of KEDCO, but copies of the full audited financial statements/reports for the years 2010 through 2015. She stated that the summary documents available online did not provide enough detail.
- Larochelle stated that the goal of the evenings Review Committee meeting was to have the full audited financial reports released to the public.
- MacKinnon addressed the position of the Friends of Kingston that KEDCO has not achieved the job creation numbers that have been reported by the corporation online
- He noted that he had performed his own statistical analysis, due to a lack of available verifiable data on the KEDCO website. The data collected from Statistics Canada was in 'stark contrast' to the KEDCO reporting on jobs created between 2010 and 2014.
- MacKinnon stated that KEDCO was not worth the money invested by Council
- Councillor Candon requested clarification from MacKinnon on the measurement of success for Economic Development
- MacKinnon stated that there are many ways to describe economic development, one of which must be chosen as the way Kingston is to achieve economic development as a city. He suggested that the Committee was missing the opportunity to return to 'square one' and evaluate what the community wants.
- Michael Harris noted his agreement with this statement. He suggested that the Review Committee's mandate was to determine a vision and goal for economic development and then determine if KEDCO was the appropriate body to accomplish it.
- Ewen MacKinnon stated that recent comments published in the media are contradictory and appear that economic development is going with the 'status quo.'
- Lorrain Larochelle stated that the community members have felt 'dismissed' by the Committee from the start of the review process.

ii. Shelley Hirstwood, Vice Chair, Ontario East Economic Development Board of Directors; Bonnie O'Neill, Executive Director, Ontario East Economic Development, appeared before the Committee and spoke to Ontario East Economic Development's roles, mandate and partnerships.
- Michael Harris requested more information on how the local employment planning council (LEPC) were going to impact economic development activity in the region
- Bonnie O'Neill stated that this project was part of the workforce development, noting that Ontario East's strengths are seen in collaboration as opposed to competition.

- Hirstwood presented the Review Committee with an overview of Ontario East, including its creation, funding model, members, mission and vision
- Following the presentation, questions from the public were accepted
- Nadine Lollar, public member, asked if there was currently a duplication of services between Ontario East and KEDCO, noting that both organizations are located in the same building at Innovation Park.
- Hirstwood stated that both organizations have worked closely together in the past. The services provided by Ontario East are at the regional level, which enables the membership to pool resources
- O'Neill stated that there is no duplication of services, Ontario East markets the region as a location and distributes leads throughout the community economic development agencies.
- Frank Dixon, public member, asked how Ontario East is funded and if similar organizations are located throughout the province.
- Bonnie O'Neill noted that Ontario East is unique, founded in 1988. The organization is based on collaboration and cooperation between municipalities. All funding comes from membership fees which are paid by municipalities.
- Councillor Neill asked which sectors KEDCO had invested in with Ontario East on behalf of the City.
- Donna Gillespie noted that the corporation had invested in advanced manufacturing, agriculture, tourism and distribution and logistics sectors.

iii.   Michael Mann, Chief Executive Officer, Launch Lab, Scott Runte, Entrepreneur in Residence, Launch Lab, appeared before the Committee and Spoke to Launch Lab's roles, mandate and partnerships
- Mann provided an overview of Launch Lab and its services, noting that the team is comprised of ten people, eight of which are entrepreneurs in residence, headquartered in Kingston
- It was noted that Launch Lab is part of a larger group of fourteen regional innovation centre in Ontario, all services are offered at no charge. Funding is received through the provincial government as part of the ONE Network, MARS, CAIP, CLA and CFDS
- Mann stated that in 2015 Launch Lab served 380 clients with a value of over $400,000. The key priority of the organization is the support the Kingston innovation ecosystem through business membership program.
- He noted that Launch Lab was part of the same network as KEDCO's Small Business Development Centre, both groups are continuing to strengthen relationships going forward
- Michael Harris requested clarification in the working relationship between Launch Lab and KEDCO
- Runte stated that the Launch Lab network was formed in 2010, with key partnership with economic development agencies. He referenced a recent program Grindspace XL, which KEDCO was a key initial sponsor for

- Councillor Candon asked if the company provided mentorship services only, or if there was access to venture capital
- Runte stated that Launch lab is connected to the investor community, and getting companies in front of the right capital is very important.
- Runte noted that one of the challenges with startups in the Kingston community is getting them to stay and grow here. He suggested that the market and customers require ideas and solutions for the logistical issues

5. **Approval of the Minutes**
   i. Review Committee Meeting – February 17, 2016

o Moved by Councillor Candon, seconded by Donna Gillespie.

That the Committee approve the Review Committee meeting minutes from February 17, 2016 as presented.

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Vote carried unanimously.
(See Recorded Votes)

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YEAS: Michael Harris, Judith Hay, Heather Ford, Judith Pineault, Donna Gillespie, Gerard Hunt, Councillor McLaren, Councillor Candon (8)
NAYS: (0)
ABSENT: Debi Wells (1)

6. **Business Arising from the Minutes**
   - Donna Gillespie noted that there would be a working group's update under item 9.
   - Judith Pineault called for a recess: 4:49 PM
   - Judith Pineault invited the members of the public present to stay for the next portion of the meeting led by Brock Dickinson, MBD Insight
   - Judith Pineault ended the recess: 5:09 PM.

7. **Economic Development: Operations & Activities – Brock Dickinson**
   - Brock Dickinson presented a timelines of key issues in economic development for the Committee. He provided an overview of the previous meeting discussion, including key ideas and takeaways.
   - The Committee received a working document from Brock Dickinson for completion throughout the remainder of the presentation. He suggested this document would help narrow down the focus of Committee members.
   - He requested members begin exercise one, allocating resources to six areas of economic development identified at the previous meeting
        i. Investment attraction and investment aftercare.
        ii. Business retention & expansion and work with existing local businesses.
        iii. Support programs for small business and new entrepreneurs.

iv. Tourism marketing and development
v. Support for workforce development, high-quality jobs, and skills-building.
vi. Support for knowledge industries, young workers, technology transfer from post-secondary institutions, and incubation/innovation enablement.

- Gerard Hunt noted that items five and six could be considered supporting pieces. He stated that on his breakdown, Tourism was split from business development activities at 30%, business expansion 25%, support programs for small business and entrepreneurs 15%, investment attraction 10%, and the support pieces 10%.
- Heather Ford stated that tourism should have a larger allocation of resources, due to its return on investment, she suggested 50%.
- Michael Harris noted he placed tourism at 20%, and workforce development at 5% as there are many bodies in Kingston pursuing this currently. He suggested that in some areas it would be beneficial to play the role of a facilitator while other groups take the lead.
- Donna Gillespie stated she placed tourism higher, thinking of the sector as a 'people attractor' serving other longer term economic purposes.
- Michael Harris clarified his placing of tourism was in terms of an economic development organization (EDO) that stands on its own.
- Councillor Candon stated that his challenge was the separation of Tourism Kingston and economic development.
- Michael Harris noted that his allocation of resources was in relation to human resources, as opposed to dollars.
- Donna Gillespie suggested that there are many important linkages between economic development and tourism, it is important to ensure they are working together properly.
- Heather Ford stated that historically the economic development organization has overseen the labour intensive, human resources side of tourism, not the marketing aspect.
- Judith Pineault noted that she felt an economic development agency in Kingston would act as a catalyst for the last two items.
- Brock Dickinson suggested that the committee envisions a larger role for the community in some of the areas noted.
- Michael Harris agreed that collaboration and partnership is an integral part in the future model of an economic development organization in Kingston.
- Judith Pineault suggested a more structured approach to community involvement in order to leverage the expectations from each stakeholder. The role of an EDO would be as the vehicle that facilitates the plan for the city moving forward.
- Councillor Candon stated that business retention and expansion was his highest priority of resources, 'invest in the people that are already living in the community.'

- Brock Dickinson moved to the exercise two in the workbook and directed the Committees attention to question one.

- Judith Pineault asked if there was a history of EDO's approaching the private sector for funding?
- Brock Dickinson stated that typically funding comes from a wide range of sources. He noted that most organizations in Ontario are primarily receiving municipal funding. He asked the Committee if there was a logical source of private funding in Kingston?
- Councillor McLaren stated that the private sector goals differ from those of the community and government, this could potentially lead to mission creep for the organization.
- Councillor Candon noted that the private sector is going to invest in something tangible, where the results are transparent and available.
- Michael Harris suggested that private sector funding be used to supplement projects only, not augment the values of the organization. Core activities should be publically funded, additional projects which are not operationally based should seek external private funding.
- Gerard Hunt cautioned that without clear parameters and tremendous integrity within the organization there is a risk of a perceived favoritism to specific contributors in the private sector. He noted that fee for service is a viable option, the corporation must remain nimble and dynamic. There is opportunity for collaborations in the surrounding municipalities.
- Michael Harris noted that his vision for economic development is one between funder and funded: the relationship with the municipality (the funder) is based on clearly articulated deliverables which EDO (funded) must deliver
- Gerard Hunt stated that one of the points missing from the economic exercise was conferences and conventions. He noted that the Kingston community is highly diversified.

8. Economic Development: Structure – Brock Dickinson
- Brock Dickinson directed the Committee's attention to exercise three in the package, asking members to rank the issues relating to an internal versus external economic development model.
- Councillor Candon asked Brock Dickinson how many members of Council appointed to the Board of an EDO are typical
- Brock Dickinson answered that 2 city councilors plus the mayor is typical across the province
- Michael Harris asked whether other EDO's had membership models in which funders or other stakeholders are members
- Brock Dickinson responded that membership models are not common in Ontario

Current structure – External Discussion

- Brock Dickinson stated that across Ontario, the discussion of whether the EDO should be internal or external is common. Waterloo, London, Windsor, Saulte St. Marie and Niagara have changed the structures of their EDOs over the past two years
- Dickinson continued that external agencies are often perceived as less transparent than agencies internal to the municipality
- Michael Harris asked whether the vision of economic development should determine the structure
- Brock Dickinson responded that some municipalities have a dual structure in which business attraction and retention (BR&E) programs are delivered in-house and business attraction is delivered by outside agencies, often at the regional level
- Heather Ford asked who is doing attraction really well?
- Brock Dickinson responded that Waterloo was doing attraction really well, initially through the regional organization of the Canadian Technology Triangle; however, Waterloo has recently moved attraction services back in-house, as part of the municipal government regional municipalities.

Different Structure – Internal Discussion
- Heather Ford stated that it seemed from the discussion so far that BR&E services may be delivered more effectively by an in-house/internal organization due to the relationships with planning. Is this true?
- Gerard Hunt stated that there will always be a healthy tension between developers/development and planning because the municipal planning department has to consider multiple factors including the master plan, council priorities and the vision for long term development.
- Hunt expanded further that as long as the vision for client service is consistent between planning and the EDO, they work together for the client so it does not impact efficiency whether the EDO is internal or external
- Councillor Candon asked given the perception of less transparency of an external agency whether there is a way to create a "safety net" than can facilitate greater transparency without bringing the agency in house
- Gerard Hunt stated that the EDO's alignment with Council's vision for economic development and Council's priorities is the best way to achieve this, and that the connection to Council by those members appointed to the board is already in place.
- Michael Harris reiterated his thoughts that the relationship of Council to the EDO is similar to what exists throughout the not for profit sector- that of Funder to Funded. The EDO is providing a fee for service to the municipality, and the alignment comes with the EDO delivering on the terms of funding or outcomes.
- Councillor McLaren noted that he favoured the existing economic development model in Kingston, stating that it would be a step backwards to change it at this point.

- Councillor Candon asked whether the EDO was aligning with Council or with the Community.
- Gerard Hunt stated that members of Council have represented the community members in creating the strategic vision for the community, and they have been elected by their constituents to advance that vision of community development. The EDO should align with the vision, and utilize the assets of the community to achieve their goals.
- Judith Pineault stated that she sees the alignment at a high level structure between Council and the EDO to ensure consistency moving forward.
- Donna Gillespie suggested that the EDO continue to consult the community on the vision of economic development in 20 years and what they want to see for the city.
- Councillor McLaren noted that the Council presence on the KEDCO Board is not to serve as an economic development expert, but to provide a public perspective and represent the communities' values. He noted that the Board needed a wide representation from all sectors, including both public and private.
- Donna Gillespie stated that KEDCO currently provides free and confidential services to business clients, and that confidentiality is a condition of funding under MEDEI under contract. She asked whether an EDO would be required to disclose clients' names if the organization was internal.
- Gerard Hunt noted that there are protocols within the Muncipal Act that can be dealt with in-camera such as legal, land or human resources issues. Further, the EDO would not be required to disclose client information.
- Councillor Candon requested an example of instances where moving an EDO under the municipality slows down services.
- Brock Dickinson gave examples including the speed of responses to companies, travel restrictions, noting that generally there are more restrictions to an EDO internally rather than externally.
- Gerard Hunt provided the example of arranging out of country travel for municipal staff to attend the Intelligence Communities Award ceremony in New York City
- Brock Dickinson directed the Committee's attention to exercise four in the package, asking members to discuss more structures of an EDO, working with regional organizations
- Michael Harris asked who is the client? Is the client the business community or is it broader than that? There are many different client groups he sees in the community including the un-employed, new-comers, refugees, people living in poverty and the Francophone Community.
- Gerard Hunt stated that the city will likely become multi-lingual in the future, and there are also the rural areas of the community that have unique needs.
- Gerard stated that the community must look beyond the EDO to other organizations that are participating in economic development such as the Chamber of Commerce and educational institutions.
- Brock Dickinson asked the group if they favoured a regional approach

- Committee members felt that it is possible, but "the devil is in the details"
- Donna Gillespie suggested that a regional model could include a fee for service model for surrounding communities for services – a collaborative model rather than competition.
- Councillor Candon asked if it is true that we are not competing with our neighbours- what would happen in a case like Frulact?
- Gillespie replied that Frulact was focused on Eastern Ontario as a region, and introduced to various communities through OMAFRA. They had decided on Eastern Ontario, and short-listed to 3 municipalities. Each one had different strengths – but all will benefit from the new facility in the region.
- Gerard Hunt stated that we are often complementary to surrounding regions, who have different development focuses

9. **Working Groups update**
   i. Two Way Communications Working Group
   - Councillor McLaren stated that the Two Way Communications Work Group has met and talked about moving forward and attempting to better blend the economic development agency with the Kingston community. There was a suggestion for the corporation to hold an open house to communicate with the public in the offices.

   i. Where Has the Money Gone Working Group
   - Councillor McLaren stated that there had been a meeting held for the Where Has the Money Gone Working Group that was very productive and successful.
   - Donna Gillespie noted that the corporation was getting legal advice on the releasing of the detailed financial information to the working group. She stated that there was a request made for a detailed breakout by project for the budget, the numbers are currently being finalized for this.
   - Judith Pineault requested that a summary of common ideas from these working group meetings be provided to the full Committee for review.
   - Michael Harris noted that there was previously an ask for five years of the full audited financial statements.
   - Donna Gillespie noted that this item was referred to the KEDCO Board. The HR Nominations Committee met and approved the release, which has now gone to the full KEDCO Board for final approval. She noted that a questions and answers page has been uploaded on the website.
   - Gerard Hunt stated that subcommittees require a protocol to be put in place to formalize the requests that are made, as they should be coming from the full Committee as a whole.
   - Councillor McLaren stated that the audited financials is a six to seven page document. The working group would like to see the folder of expenses, the information will not be published. The group is interested in seeing random expenses and credit card statements.

- ▪ Brock Dickinson noted that the Committee needs to communicate to the public that some requests are not possible, from a legal standpoint. He reminded members that the Committee is addressing policies going forward and the recommendations will be forward looking.
- ▪ Councillor McLaren noted that the Committee needs to review the expenses in order to identify any changes that need to be made in the policy. He stated that a full corporate review should include the past, 'it is not an audit, but a search for information.'
- ▪ Gerard Hunt stated that he wanted the Committee as a whole to see the audited financial statements, not just the working group.
- ▪ Councillor Candon suggested the Committee make a recommendation that the KEDCO policy manual is reviewed by the KEDCO Board.

o Moved by Gerard Hunt, seconded by Councillor Candon.

That the Review Committee ask we receive Solicitor's advice with respect Board Governance and other matters pertinent to the work we are doing.

Vote carried unanimously.
(See Recorded Votes)

YEAS: Michael Harris, Judith Hay, Heather Ford, Judith Pineault, Gerard Hunt, Councillor McLaren, Councillor Candon (7)
NAYS: (0)
ABSENT: Debi Wells, Donna Gillespie (2)

10. Other Business
- ▪ The Review Committee asked Brock Dickinson economic development organizations use net job creation to measure jobs created through economic development services.
- ▪ Brock Dickinson replied that the numbers need to be understood within context, and EDOs may not report on net job creation.
- ▪ Gerard Hunt suggested that the committee use a standard methodology to interpret the job creation numbers reported by KEDCO.

o Moved by Gerard Hunt, seconded by Judith Pineault.

That the Review Committee direct Brock Dickinson to report back to the committee with a methodology in order to make a recommendation regarding how jobs and investment are reported in the future.

Vote carried unanimously.

(See Recorded Votes)

YEAS: Michael Harris, Judith Hay, Heather Ford, Judith Pineault, Gerard Hunt, Councillor McLaren, Councillor Candon (7)

NAYS: (0)

ABSENT: Debi Wells, Donna Gillespie (2)

11. Adjournment: 9:49 pm