

**Community Planning & Economic Development
Standing Committee**

June 9, 2011

TO: Chair and Members of Community Planning and Economic Development
Standing Committee

SUBMITTED BY: 
Jennifer Church, Managing Director, External & Corporate Affairs

DATE: May 26, 2011

SUBJECT: 2011-12 Service Level Agreement - Greater Halifax Partnership

STAFF REPORT

ORIGIN

1. October 18, 2005, endorsement by Regional Council of a regional Economic Strategy for 2005-2010.
2. On June 19, 2007 Regional Council authorized a service level agreement with the Greater Halifax Partnership with a term and deliverables coinciding with the 2005-2010 Strategy.
3. On March 22, 2011 Regional Council endorsed a new Economic Strategy for 2011-2016.
4. On April 28, 2011 Regional Council approved the 2011/12 Operating and Projects Budgets and the 2011/12 Corporate Plan. The Operating Budget includes an allocation of \$1.4 M for an operating grant to the Greater Halifax Partnership subject to a new service level agreement.

RECOMMENDATION

It is recommended that:

1. The Committee endorse and recommend to Regional Council approval of the attached Service Level Agreement with the Greater Halifax Partnership for the 2011-2012 fiscal year pending final approval of the agreement form by HRM Legal Services.

BACKGROUND

The Greater Halifax Partnership (the Partnership) is a private-public, economic growth agency funded by Halifax Regional Municipality, the Province of Nova Scotia, Atlantic Canada Opportunities Agency and over 150 private sector investors. Funding from government partners is primarily in the form of annual grants that support the Partnership's operations. Provincial and ACOA core funding is provided to the Partnership's Regional Development Agency (RDA), which was established by Ministerial Order pursuant to the *Regional Communities Development Act*. Funding from business investors is in the form of: cash, cash equivalent (e.g. local media advertising, meeting space in local hotels, etc.) and in-kind contributions (e.g. consulting services provided by local firms, etc.). The Partnership also generates revenue through various projects funded by government and non-government sources. The Municipality is by far the largest single funding partner, contributing to about half of the Partnership's core operational funding.

With the support of its funding partners, the Partnership works to build business confidence, secure business stability and growth, research and report economic trends, and remove roadblocks on behalf of business.

Its mandate is to:

- Keep and grow business
- Attract new investment
- Strengthen our community

In order to create economic growth and prosperity for Greater Halifax.

The Partnership's priorities are to:

- Promote and market Halifax as the economic hub of Atlantic Canada. As the hub grows, so does the Province and the Region – only at an accelerated pace.
- Create value through the power of collaboration and connection between levels of government and business.
- Engage public and private sector investors in strategies and decisions about economic growth.
- Create an unprecedented level of focus and alignment and agreement on what is important versus what is incremental and requiring attention to multiple fronts and approaches.

The Municipality has benefited from its longstanding relationship with the Partnership for various reasons, among which include the organization's ability to:

- Deliver a service that would otherwise be provided in-house at higher cost.
- Leverage municipal funding to attract investment from various private and public sources.
- Provide a sustained focus on local economic development.
- Provide a "business perspective" on various aspects of strategic policy development and implementation.

- Extend the Municipality's "reach" into the business community and into business-facing programs and services offered by other orders of government.
- Serve as an independent and objective "thought leader" in raising awareness about challenges and opportunities facing the local economy and local businesses.

The business relationship between the Municipality and the Partnership has historically been formalized through service level agreements which have evolved over the years. Service level agreements enable the Municipality to clearly articulate expectations and deliverables in order to ensure that municipal taxpayers receive value for any funding provided by the Municipality to the Partnership and its activities.

The current service level agreement is tied closely to supporting implementation of the 2005-2010 Economic Strategy which has since been replaced by a new strategy for 2011-2016. Additionally, Council has endorsed a Corporate Planning framework which includes a Corporate Plan that sets out priorities and outcomes in key areas, among which is Economic Prosperity. Consequently, a revised agreement tied to outcomes of the new strategy and the Corporate Plan has been developed and is attached to this report.

DISCUSSION

In contrast to the previous agreement with the Partnership which was for the five year term of the Economic Strategy, staff are proposing a one-year "interim" agreement for the 2011-12 fiscal year. This will provide sufficient time to complete a process to review HRM's overall economic development governance as per direction received from Council. This approach has been reviewed with Partnership staff who concur with the direction being proposed and with the proposed service level agreement attached to this report. Staff wish to advise the Committee, however, that HRM Legal Services has not yet had an opportunity to review the proposed agreement and approve it "as to form". This will be necessary prior to final approval by Council and has therefore been reflected in the recommendation. The proposed agreement is also being reviewed by the Partnership's legal counsel.

Agreement Objectives

The high level objectives of the proposed service level agreement are to:

- Achieve clarity on service level expectations, deliverables and outcomes.
- Provide alignment and consistency with the 2011-2016 Economic Strategy and with HRM's 2011/12 Corporate Plan.
- Assign specific tasks attributed to the Municipality in the Economic Strategy and the Corporate Plan where the Partnership is best positioned to deliver on these.
- Establish clear lines of accountability and reporting between the Partnership and the Standing Committee, Regional Council and to HRM senior management.

Strategic Outcomes

The proposed agreement is structured around municipal expectations, Partnership deliverables and outcomes in three strategic areas related to:

- Professional economic development advisory services;

- Economic Prosperity outcome area of the Corporate Plan; and
- Year one support of the 2011-2016 Economic Strategy.

Following is a summary of the deliverables and outcomes under each strategic area:

A. Professional Advisory Services

The proposed service level agreement specifies that the Partnership provide advisory services to the Municipality as follows:

1. Strategic advice in the form of:
 - a. Reports and briefings to Council, committees of Council and senior staff upon request.
 - b. A database of economic-related information and statistics accessible by website.
 - c. An accurate means of measuring job and business growth resulting from the efforts of the Partnership and other economic development partners.
2. Undertake community economic development by:
 - a. Assisting local businesses and organizations leverage enabling infrastructure such as transportation and gateway assets, export/trade networks and rural broadband in order to spur business growth.
 - b. Assisting business improvement organizations and business associations promote their areas for ongoing business development and to support local business growth.

B. Support the “Economic Prosperity” Outcome Area of HRM Corporate Plan

The proposed agreement stipulates that the Partnership support the Economic Prosperity outcome area of HRM’s Corporate Plan as follows:

1. Further a strategic goal that; “HRM’s regulatory, tax and policy environment attracts sustainable development and investment” by:
 - a. Researching the regulatory and tax environment as it relates to business growth, review best practices and lead a taskforce to produce recommendations aimed at improving overall competitiveness.
 - b. Establish a feedback mechanism for local businesses and provide recommendations to the Municipality aimed at improving service provided to business.
2. Support a strategic goal to brand Halifax as an; “exciting place to live and do business” by:
 - a. Initiating baseline research, preparing a project plan and a proposed budget in order to advance a branding strategy that positions Halifax as an international city.
3. Support a strategic goal that; “Halifax stakeholders are innovative and work together” by:
 - a. Providing strategic and advisory support to the Strategic Urban Partnership.
 - b. Continue serving as the Municipality’s lead on the Halifax Gateway initiative.
 - c. Providing strategic and advisory support to HRM Finance staff in evaluating tax and fiscal tools aimed at supporting economic growth.
 - d. Improving the connection between research organizations and business in order to

- increase potential for economic opportunities through research and development.
- e. Identifying, evaluating and maximizing potential benefits associated with high growth opportunities like Irving Shipyard as a means to promote economic and job growth.
 - f. Providing strategic and project support to the Province's "Jobs Here" strategy including alignment of the Partnership's Talent Strategy to provincial efforts and assisting local business access international markets.
- C. Lead and Coordinate Implementation of the 2011-2016 Economic Strategy
Over the next year, the Partnership will be expected to lead implementation of the Economic Strategy by:
- a. Chairing and providing strategic support to the Strategy Implementation Committee and providing regular updates to the Standing Committee, Council and senior municipal staff as required on the progress of strategy implementation.
 - b. Convening meetings of the various action teams leading the implementation effort and providing progress reports to the Implementation Committee as required.
 - c. Developing and launching a "Halifax Index" (replacing the annual scorecard used in the previous strategy) and hosting a "state of the region" event in the Spring of 2012.
 - d. Engaging business and other stakeholders in HRM's efforts to develop a Master Plan for Halifax Harbour.

Performance Measures

The proposed service level agreement includes a means to measure the Partnership's performance in order to ensure that outputs produced meet the Municipality's expectations and support strategic outcomes set out in HRM's 2011-12 Corporate Plan. Key deliverables and performance measures are set out in an appendix to the proposed agreement. These align to key indicators included in the Corporate Plan which are to be reported on as part of a Halifax Index which is a deliverable under the Economic Strategy. The Index replaces the Economic Scorecard that was used to report on progress of the previous strategy. The indicators include:

- HRM's rating on Economic Scorecard (now Halifax Index)
- Non-residential building permits within the Regional Centre
- Percentage of development permits approved that meet processing standards
- Fiscal health indicators
- Commercial tax revenue as a percentage of total tax revenues
- Percent of surveyed businesses believing they receive good value for taxes paid
- Public investment in Capital District
- HRM Commercial tax burden as a percent of the Canadian average
- Percentage increase in new immigrants employed/retained in the community

BUDGET IMPLICATIONS

There are no budget implications associated with the recommendation that the Committee and Council endorse the proposed service level agreement. The operating grant to the Partnership is \$1,400,000 and is included in the approved 2011/12 Operating Budget (E121-8004).

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

There was no community engagement associated with this report.

ALTERNATIVES

The Standing Committee may consider the following alternatives:

1. Endorse the Service Level Agreement as per the staff recommendation.
2. Not endorse the agreement for reasons that Committee may wish to provide.
3. Endorse the agreement, subject to edits, revisions or changes that the Committee may wish to impose as conditions.
4. Withhold endorsement, pending the receipt of any additional information or documentation that the Committee requires prior to rendering a decision.

ATTACHMENTS

Proposed Service Level Agreement with the Greater Halifax Partnership

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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