

Staff Report

Development Services Department

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REPORT TO: Finance and Corporate Services Committee

DATE OF MEETING: October 30, 2023

SUBMITTED BY: Cory Bluhm, Executive Director Economic Development, 519-741-2200 ext. 7065

PREPARED BY: Brian Bennett, Manager Business Development 519-741-2200 ext. 7230

WARD(S) INVOLVED: Wards - All

DATE OF REPORT: October 2, 2023

REPORT NO.: DSD-2023-424

SUBJECT: Waterloo Region Economic Development Corporation (WREDC) Partnership Renewal

RECOMMENDATION:

That the draft Waterloo Region Economic Development Corporation (WREDC) Memorandum of Understanding (Partnership Agreement) and corresponding funding be approved, as outlined in Development Services Department report DSD-2023-424; and further,

That the Mayor and Clerk be authorized to sign the new Partnership Agreement subject to the satisfaction of the City Solicitor.

REPORT HIGHLIGHTS:

- The purpose of this report is to renew the Waterloo Region Economic Development Corporation Partnership Agreement with the funding outlined in the report effective January 1, 2024 to December 31, 2028.
- The financial implications are a graduated annual increase in the Economic Development Grant from the Operating Budget, from \$320,000 in 2023 to fiscal 2027 level +CPI in 2028 as outlined in Appendix A to report DSD-2023-424.
- Community engagement included this report being posted to the City's website with the agenda in advance of the Committee Meeting.
- This report supports A Vibrant Economy.

BACKGROUND:

In 2015 the Councils of the Region of Waterloo and Municipalities of Cambridge, Kitchener, North Dumfries, Waterloo, Wellesley, Wilmot, and Woolwich agreed to jointly establish the

Waterloo Region Economic Development Corporation (WREDC; Waterloo EDC is the operating name) under a Memorandum of Understanding partnership agreement that had one renewal in 2018 and is set to expire again on December 31, 2023.

This coordinated approach to the delivery of economic development services throughout Waterloo Region has been in place to complement and support, and not duplicate, the collaborative efforts of area municipal economic development staff. WREDC is responsible for implementing strategic branding and marketing of Waterloo Region, Foreign Direct Investment, business and talent attraction and development, regional data collection and analysis and distribution.

REPORT:

There have been numerous corporate attraction and retention successes derived from the WREDC team over the years. WREDC directly supports our community by leading foreign direct investment attraction efforts and partnering on local business retention and expansion. It is a highly successful advocate for, and contributor to, the investment readiness of our community. The organization has delivered in excess of \$1.6 billion in economic impact, over 4,705 new jobs and almost \$118 million in additional taxes to the Canadian ecosystem through 87 closed deals between 2016-2022 (as measured by Statistics Canada). For every \$1 of municipal funding, WREDC has delivered \$112 of business investment.

Specifically in the City of Kitchener since 2016, there have been 39 closed deals delivering \$599M in economic impact, 1,994 new jobs created, and retention of 1,618 jobs. (Refer to Appendix B, 2016-2022)

WREDC is governed by an independent Board of Directors selected by a committee of local Mayors, Regional Chair and the CEO's of the KW and Cambridge Chambers of Commerce. WREDC's initiatives are supported by 14 Staff. The WREDC team has ongoing interaction with the CAO's and Municipal Economic Development teams.

The economic impact is made possible by the base municipal funding which has not increased from the initial annual funding level established in 2016, with no increases for annual inflation during that time. The federal and provincial governments have provided funding support, however, the sustainability of the federal and provincial funding programs is uncertain, resulting in an overall review of municipal funding.

Accordingly, WREDC's CEO and the area municipal CAO's have negotiated a proposed new updated partnership agreement and funding strategy for WREDC to operate over the next 5 years from January 1, 2024 to December 31, 2028. Appendix A outlines the financial terms of the proposed agreement set to be tabled with the area municipal councils in September and October. The agreement cannot be terminated by any of the parties prior to December 31, 2026. The City of Waterloo and Region of Waterloo have already approved the draft agreement.

WREDC commits to work in ongoing partnership with area municipalities through:

- Foreign direct investment
- Identification of key sectors to target

- Identification of key areas to focus investment for each municipality
- Support for Mayor's missions
- Access to shared data and analysis
- Annual Reporting of key performance indicators

STRATEGIC PLAN ALIGNMENT:

This report supports Creating an Economically -Thriving City Together

FINANCIAL IMPLICATIONS:

Capital Budget – The recommendation has no impact on the Capital Budget.

Operating Budget – Funding is provided through an Economic Development Grant in the Operating Budget. In 2023, the City provided a grant of \$320,000. The negotiated funding model would see the City's contribution increase by \$200,000 per year, spread over the next 3 years. The grant would increase to \$420,000 in 2024, \$470,000 in 2025 and \$520,000 in 2026. CPI would be applied to the grant in 2027 and 2028. If approved, these increases would be incorporated into future budgets.

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City's website with the agenda in advance of the Committee Meeting.

COLLABORATE – Collaboration occurs with Community Partners, area Municipalities, senior levels of government and businesses.

PREVIOUS REPORTS/AUTHORITIES:

- DSD-18-012
- CAO-15-008

APPROVED BY: Justin Readman, General Manager, Development Services

APPENDIX:

Appendix A – WREDC Annual Funding Model
Appendix B – WREDC key performance indicators 2016 - 2022