

DATE OF MEETING April 10, 2019

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SUBJECT FUNDING REQUEST FROM MID-ISLAND BUSINESS INITIATIVE

OVERVIEW

Purpose of Report

To provide Council with options regarding the funding request from the Mid-Island Business Initiative for the Manufacturing Technology & Entrepreneurship Council program.

Recommendation

That the Finance and Audit Committee provide direction on which option they choose to recommend to Council for funding the request from the Mid-Island Business Initiative.

BACKGROUND

At the 2019-MAR-20 Finance and Audit Committee meeting, members from the Mid-Island Business Initiative (MIBI) presented details on the Manufacturing Technology & Entrepreneurship Council (MTEC) which is geared to grow the fledgling Technology Sector in Nanaimo.

As part of the presentation, MIBI asked Council to allocate funding to MTEC to help launch the program. MIBI identified a number of deliverables that could be produced within a six month time frame including a Tech Stack survey; a recreation of the Okanagan's "Hitchhikers Guide to Tech", school programs with School District 68 and Vancouver Island University, and growing the local technology talent pool. A copy of the MIBI presentation is contained in Attachment A.

At the 2019-MAR-20 Finance and Audit meeting the following motion was passed:

"It was moved and seconded that the Finance and Audit Committee direct Staff to prepare a report regarding the request from Mid-Island Business Initiative for a \$48,000 investment over the next six months."

DISCUSSION

The Nanaimo Economic Development Corporation (NEDC) provided a wide range of economic development and tourism services for the City of Nanaimo. NEDC was closed in January 2017 and the economic development function was brought back in house within the City of Nanaimo. Funding for the department has been modest and the typical services provided by a local government in economic development have been limited. The City plans to work with the business community in 2019 to identify key economic priorities for the City and to develop an

appropriate model to deliver economic development services. The MTEC program could be an initiative that the new economic entity may wish to support.

In 2017, the private sector created MIBI to promote business attraction to the City and region. MIBI was seen as an interim solution until the City and business community could arrive at a new delivery model for economic development. The City currently has no formal relationship with MIBI but Staff do work collaboratively on areas of mutual interest.

The MTEC program is currently being funded by MIBI with the goal of setting the stage to encourage Technology Sector businesses to grow in Nanaimo or to relocate to the region. A draft Terms of Reference for MTEC is contained in Attachment B.

Existing Services/Initiatives

Provincial Technology Sector Partner

In British Columbia, growth of the Technology sector is led by the Ministry of Jobs, Trade and Technology. The Ministry, through Innovate BC, funds 11 regional partners across the province of which *Innovation Island Technology Association (IITA)*, located in Nanaimo is one such partner.

IITA, is mandated to support entrepreneurs to start and grow technology companies by providing them with programs and resources they need to succeed. IITA serves the island communities outside Greater Victoria, including the Gulf Islands and the Sunshine Coast.

Mid-Vancouver Island Technology Strategy

The City of Nanaimo is currently working with seven communities on Vancouver Island to develop a Mid-Island Technology strategy. The strategy assesses the region's technology related assets and readiness for investment, defines the region's competitive position and target markets, and identifies key partners and marketing tactics.

The partners are currently working on the next phase of the program which includes the creation of a marketing portal to promote the mid-island corridor. This will include the design and development of a new website highlighting the competitive advantages of the Mid-Island and a job board.

Considerations

Staff believe it is prudent to raise the following considerations for Council in deliberating the MTEC funding request:

Duplication of Services: There is a risk that the MTEC program could duplicate existing services provided by Innovation Island and the work currently being developed as part of the Mid-Island Tech Strategy.

Sustainability: The MTEC program is currently being funded by MIBI on a one-month basis. The funding request from the City is to cover operations until the end of 2019. It is unclear how MTEC will be funded going forward in 2020.

Deliverables: During the presentation to the Finance and Audit Committee MIBI outlined a number of deliverables which may be challenging to deliver by the end of 2019.

Overlapping Roles: Council is in receipt of a submission from Innovation Island outlining concerns over the MTEC program.

Timing of Funding: Staff would be more comfortable supporting the funding request if the MTEC program was placed within the context of a larger Economic Development strategy for the City, which will be completed in the spring and summer of 2019. Additionally, it may be more appropriate to consider a one time grant (6 months).

OPTIONS

1. That the Finance and Audit Committee recommend that Council allocate \$48,000 to the Mid-Island Business Initiative for the Manufacturing Technology & Entrepreneurship Council program for the remainder of 2019.
 - **Budget Implication:** Funding for the MTEC program would be drawn from Council's Contingency Fund.
 - **Policy Implication:** Official Community Plan, Goal Four: Promote a Thriving Economy identifies the goal of retaining and expanding businesses in the City's key economic sectors. Technology is one of those sectors.
 - **Engagement Implication:** Staff would recommend that the results of the MTEC program be presented to Council in early 2020 to inform future funding decisions.
 - **Strategic Priorities Implication:** The draft 2019-2022 Strategic Plan identifies Economic Health as a key goal where the City will create a vibrant culture of innovation, stewardship and partnership to encourage a diverse and healthy economy now and into the future.
 - **Political Implication:** Funding of the MTEC program would show support and forward momentum on developing the Technology Sector in Nanaimo.
 - **Other Implications:** The City and local business community are about to embark on a consultation process to identify a new Economic Development structure for the City. Funding for this specific initiative could be view as premature in light of other priorities that may emerge through consultation.
2. That the Finance and Audit Committee recommend that Council deny the funding request from the Mid-Island Business Initiative for the Manufacturing Technology & Entrepreneurship Council program.
 - **Budget Implication:** There would be no budget implications to the City by denying the request.
 - **Policy Implication:** The Official Community Plan promotes the growth of the Technology Sector in the community.
 - **Engagement Implication:** Council will soon receive a report from Staff outlining a consultation program to identify a new Economic Development structure for the City and key economic development priorities. If Council chooses to wait for this

work to complete Council will be in a better position to ensure funding requests such as the MTEC program are allocated based on community priority.

- **Strategic Priorities Implication:** The draft 2019-2022 Strategic Plan identifies Economic Health as a key goal where the City will create a vibrant culture of innovation, stewardship and partnership to encourage a diverse and healthy economy now and into the future.
- **Political Implication:** Denying the request may be viewed unfavourably by MIBI and their supporters.

3. That the Finance and Audit Committee recommend that Council direct staff to explore other partnership opportunities with Mid-Island Business Initiative.

- **Budget Implication:** No funding implications at this point in time.
- **Engagement Implication:** Council will soon receive a report from Staff outlining a consultation program to identify a new Economic Development structure for the City and key economic development priorities.
- **Strategic Priorities Implication:** The draft 2019-2022 Strategic Plan identifies Economic Health as a key goal where the City will create a vibrant culture of innovation, stewardship and partnership to encourage a diverse and healthy economy now and into the future.
- **Political Implication:** There is a strong desire in the business community to move forward with a more robust economic development function.

ATTACHMENTS:

Attachment A: MIBI 2019-MAR-20 Presentation to Finance and Audit Committee

Attachment B: MTEC Terms of Reference (Draft)

SUMMARY POINTS

- At the 2019-MAR-20 Finance and Audit Committee meeting, members from the Mid-Island Business Initiative (MIBI) presented details on the Manufacturing Technology & Entrepreneurship Council (MTEC) program which is geared to grow the fledgling Technology sector in Nanaimo.
- MIBI requested that the City provide a \$48,000 investment over the next six months to launch MTEC.
- The City is in the early stages of working with the business community to identify economic development priorities and a new delivery model. MTEC could be one of those priorities.
- Council may wish to consider concerns relating to duplication of services, sustainability, deliverability and overlapping roles in deliberating the funding request.
- Funding for the MTEC program would be drawn from Council's Contingency Fund.

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