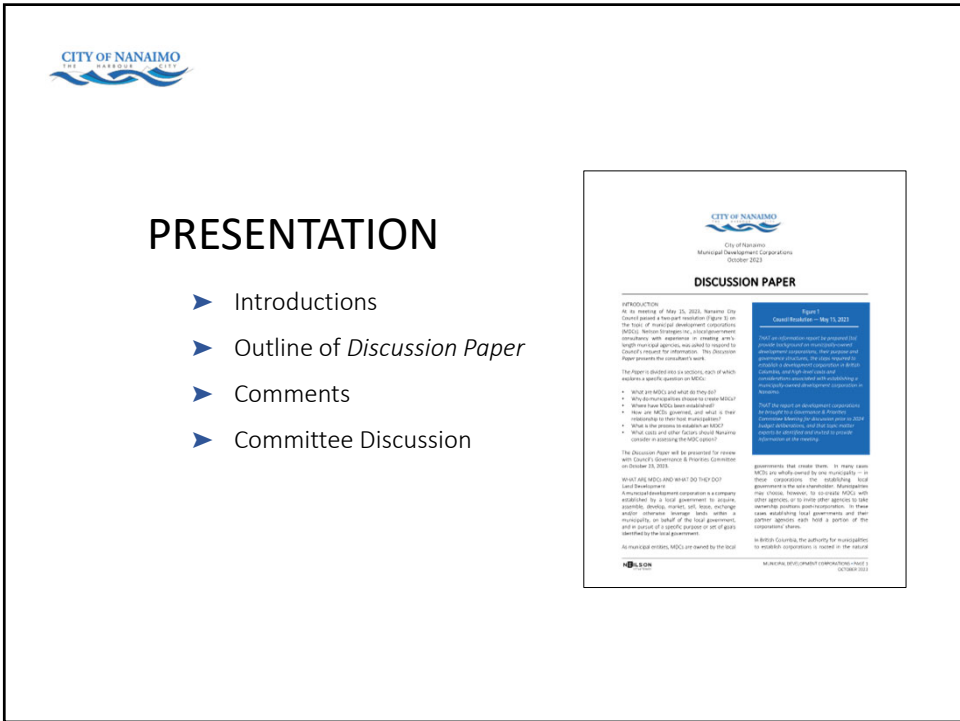




1



2



DISCUSSION PAPER



City of Nanaimo
Municipal Development Corporations
October 2022

DISCUSSION PAPER

INTRODUCTION

In its meeting of May 10, 2022, Nanaimo City Council passed a three-part resolution (Figure 2) in the form of Municipal Development Corporations (MDCs). Before it began the, a two-part government consultation with residents in writing, each through the city website, was held to request the Council's request for information. The Discussion Paper provides the council's work.

The Paper is divided into six sections, each of which contains a specific question on MDCs:

- How are MDCs paid and do they do?
- Why do municipalities choose to create MDCs?
- Where have MDCs been established?
- How are MDCs governed, and what is their relationship to the municipality?
- What are the benefits to creating an MDC?
- What are the risks and other factors that may impact the creation of MDCs?

The Discussion Paper will be presented for review with Council's Governance & Planning Committee on October 10, 2023.


WHAT ARE MDCs AND WHAT DO THEY DO?

A Municipal Development Corporation is a company established by a local government to create, operate, develop, market, sell, lease, exchange, acquire, manage, maintain, lease, or otherwise dispose of, on behalf of the local government, and in pursuit of a specific purpose or set of purposes identified by the local government.

As municipal entities, MDCs are owned by the local government that creates them. It means that MDCs are wholly owned by the municipality – the local government – the existing local government or the new municipality. Municipalities may choose to create MDCs with other agencies or to create other agencies to deal with the same purposes and responsibilities. In these cases, establishing local governments and their parent agencies may have a greater impact on the community than the MDCs.

In British Columbia, the authority for municipalities to establish corporations is found in the *Municipal Act*.

3



DISCUSSION PAPER

- What are MDCs and what do they do?
 - ✓ land development
 - ✓ owned by municipality (typically wholly-owned)
 - ✓ *Community Charter; Business Corporations Act*

4



DISCUSSION PAPER

- ▶ What are MDCs and what do they do?
 - ✓ land development
 - ✓ urban revitalization within specified area(s)
 - ✓ collaboration and partnerships are central

5



DISCUSSION PAPER

- ▶ What are MDCs and what do they do?
 - ✓ similar to but distinct from Economic Development Corporations, and from Municipal Housing Corporations

6



DISCUSSION PAPER

- ▶ Why do some municipalities choose MDCs?
 - ✓ considered effective at attracting investment to areas in need of revitalization, and/or types of development
 - ✓ appeal to private partners
 - ✓ tap in to expertise in development
 - ✓ nimble since not constrained by procedures and practices necessary to City Hall
 - ✓ manage risk

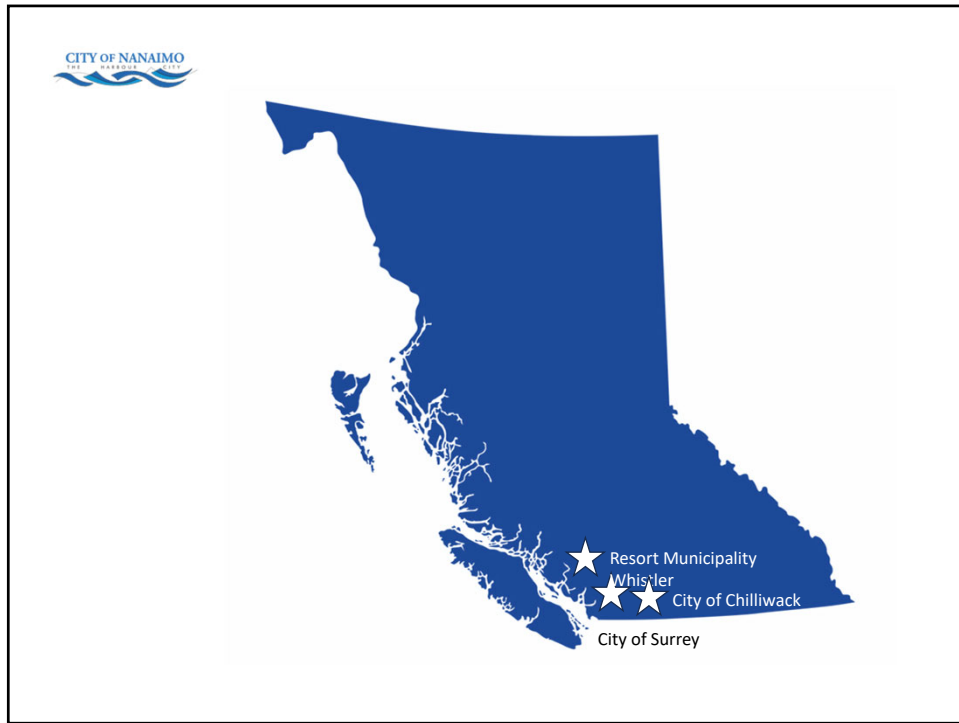
7



DISCUSSION PAPER

- ▶ Who is using them?

8



9



10



DISCUSSION PAPER

- ▶ How are they governed?
 - ✓ autonomous board of directors
 - ✓ composition reflects (ideally) the special-purpose nature of corporation
 - ✓ accountable to shareholder for performance
 - ✓ oversees lean staff of individuals with expertise in development

11



DISCUSSION PAPER

- ▶ How are they governed?
 - ✓ municipality is the shareholder with rights under legislation, articles and agreements
 - ✓ extent of control critical

12



DISCUSSION PAPER

- ▶ What is the process to establish an MDC in British Columbia?



13



DISCUSSION PAPER

- ▶ What costs and other factors need to be considered?
 - ✓ start-up and operating costs
 - ✓ capital, land and other assistance

14



DISCUSSION PAPER

- ▶ What costs and other factors need to be considered?
 - ✓ control
 - ✓ clear mandate
 - ✓ private sector interest
 - ✓ qualified directors
 - ✓ salary expectations
 - ✓ potential for friction
 - ✓ competition

15



Development Corporation

Municipal Development Corporation (MDC) Paper explored 6 questions:

- What are MDCs and what do they do?
- Why do municipalities choose to create MDCs?
- Where have MDCs been established?
- How are MDCs governed?
- What is the process to establish a MDC?
- What costs and other factors should Nanaimo consider?

16

16

CITY OF NANAIMO
THE HARBOUR CITY

Development Corporation

Discussion Questions

- Is Council interested in exploring a Development Corporation?
- What problem is Council seeking to resolve through the creation of a MDC?
- Would the MDC focus on a specific area of the City?
- What type of development would it focus on?

17

17

City of Nanaimo
Governance and Priorities Committee

MUNICIPAL DEVELOPMENT CORPORATIONS







18