



City of Lethbridge

**Fiscal and Operational Performance Review
Phase 3**

November 30, 2020

Confidential Report



Notice

This report (the “Report”) by KPMG LLP (“KPMG”) is provided to The City of Lethbridge (“The City”) pursuant to the professional services agreement between The City and KPMG dated April 16, 2019, and amended November 19, 2019 and July 16, 2020. The intention of the Report is to conduct an independent operational performance review (the “Review”) of select arms-length entities of the City, and to identify potential options for the City of Lethbridge’s consideration.

If this Report is received by anyone other than The City, the recipient is placed on notice that the attached Report has been prepared solely for The City for its own internal use and this Report and its contents may not be shared with or disclosed to anyone by the recipient without the express written consent of KPMG and The City. KPMG does not accept any liability or responsibility to any third party who may use or place reliance on the Report.

The scope was limited to a review and observations over a relatively short timeframe. The intention of the Report is to conduct a current state assessment focused on in-scope Business Units (arms-length entities) and to identify potential areas of opportunities for efficiencies, cost improvement, innovation and reinvestment in the in-scope Business Units. The procedures we performed were limited in nature and extent, and those procedures will not necessarily disclose all matters about a Business Unit’s functions, policies and operations, or reveal errors in the underlying information. Our procedures consisted of inquiry, observation, comparison and analysis of City-provided data and information. In addition, we considered comparisons to select municipalities and leading practices.

The procedures we performed do not constitute an audit, examination or review in accordance with standards established by the Chartered Professional Accountants of Canada, and we have not otherwise verified the information we obtained or presented in this Report. We express no opinion or any form of assurance on the information presented in the Report, and make no representations concerning its accuracy or completeness. We express no opinion or any form of assurance on potential cost improvements that The City of Lethbridge may realize should it decide to implement the opportunities or options contained within the Report. Readers are cautioned that the potential costs or benefits outlined in the Report are order of magnitude estimates only. Actual results achieved as a result of implementing opportunities are dependent upon The City of Lethbridge decisions and actions, and variations may be material. The City is solely responsible for its decisions to implement any opportunities/options and for considering their impact. Implementation will require The City to plan and test any changes to ensure that The City will realize satisfactory results.



Introduction

Introduction

Objective and Scope

Objective

The objective of the City of Lethbridge (“The City” or “Lethbridge”) was to conduct an independent fiscal and operational performance review (the “Review”) on selected special-purpose or arms-length entities, owned by the City, dependent upon City funding, and governed by a separate Board or Commission appointed and/or approved by the City. The intent of the review was to assess the current state and to identify potential areas of opportunity for efficiencies, cost improvement, innovation and reinvestment, for the City of Lethbridge's consideration.

Following a request for proposal process, KPMG LLP (“KPMG”) was selected to conduct the independent fiscal and operational performance review. The Review was initially divided into two phases. The first phase reviewed eight Business Units and was completed in November 2019. The second phase comprised nine Business Units and was completed in June 2020. A third phase of work reviewing three of its agencies, boards and commissions, the subject of this report, began in August 2020.

This is an independent fiscal and operational performance review, not an audit. The project approach was a collaborative process with The City and KPMG.

Phase 3 Scope

The focus of Phase 3 of the Review was on three “in-scope” entities.

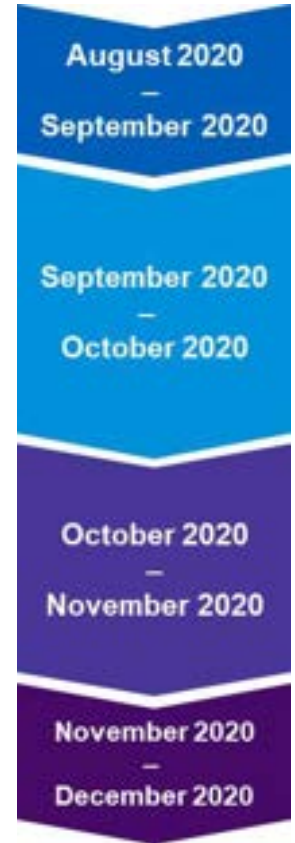


Introduction

Approach and Phase 3 Timeline

KPMG worked collaboratively with The City to assess the service offerings, challenges and opportunities of the in-scope Business Units and the broader organization. The approach being employed in Phase 3 mirrors that of Phases 1 and 2 of the Review:

- 1) Initial Data Gathering and Analysis – KPMG reviewed initial data, information, and documentation of the three entities (or Business Units), and conducted preliminary interviews with the Mayor, Councillors, and senior leaders within the organization.
- 2) Current State Assessment – KPMG conducted interviews and working sessions with key individuals from the three in-scope Business Units. In addition, select external stakeholders that were deemed to have key perspective on these entities' operations were also interviewed in confidence. Data and information on the current state was assessed. The baseline information was compared with select peer municipalities, where available. Using both internal and external information, potential opportunities were identified. Analysis on the data and information provided in the initial data gathering exercise will be validated with the entities.
- 3) Opportunities and Options Analysis – The potential impact of the identified opportunities will be based on performance evaluation criteria that were agreed upon by The City in the Project Charter. These criteria include both qualitative and quantitative components.
- 4) Reporting – KPMG developed a draft report for the City's review. The final report addressed feedback and minor adjustments.



Introduction

Approach: Evaluation Criteria

The Review evaluated identified opportunities based on criteria approved by the City Project Committee at the beginning of the project and in the approved Project Charter. These criteria were used to help prioritize opportunities resulting from the reviews of the entities.

Opportunity Evaluation Criteria	Opportunity Prioritization
Efficiency and Financial Impact	<ul style="list-style-type: none"> — Potential cost improvement. — Efficiencies in operations and services while maintaining service. — Potential revenue or reinvestment opportunities.
Effectiveness	<ul style="list-style-type: none"> — Effective provision of customer services in achieving objectives. — Effectively meeting intended outcomes and positive results. — Comparison of results to others.
Public Service Impacts	<ul style="list-style-type: none"> — Maintaining front-line, public-facing staff. — Capability, capacity, skills. — Change management/readiness.
Alignment	<ul style="list-style-type: none"> — Consistent/meets with the City's strategy. — Regulatory/Legislative requirements.
Implementation Risks	<ul style="list-style-type: none"> — Relative effort and timeline to transition/implement — Implementation risks.

Introduction

Summary of Opportunities

Organized by entity or Business Unit, a number of opportunities for improvement have been identified. Each are rated using the legend described below.

Legend



Criteria		Implementation			Benefit			Level of Decision	
		Cost	Time	Risk	Efficiency	Effectiveness	Service		Alignment
Ratings Applied to Opportunities	Low	Investment of less than \$150,000 ("L")	Short (<18 months) ("L")	Low ("L")	Neutral ("o") or negative impact ("-")				City Administration
	Medium	Investment of \$150,000 to \$500,000 ("M")	Medium (18-36 months) ("M")	Medium (Moderate) ("M")	Moderate improvement from current state ("+")				
	High	Investment of >\$500,000 ("H")	Long (>3 years) ("H")	High (Complex) ("H")	Significant improvement from current state ("++")				Council

Introduction

Municipal Comparator's Overview

For the purposes of the review, nine comparator communities were selected as municipal comparators based on population size and growth, urban/rural characteristics, economic similarities, and geographical representation from across western Canada and Ontario. Where appropriate and data existed, these municipalities were used to compare the performance of the Business Units. However, in some cases, given the nature of the Business Unit being reviewed, or the availability of existing benchmarking research, different comparators were used.¹

Municipalities	2019 Population	2019 Operating Expenditure	2019 Capital Expenditure	2019 Revenue	2019 Debt	2019 Net Assets	Key Economic Sectors and Industries
Lethbridge	101,482	\$400.6M	\$139.7M	\$458.9M	\$228.0M	\$1,823.4M	Agri-business, healthcare services, post-secondary education, transportation and distribution, retail, and regional services.
Medicine Hat	63,138	\$395.0M	\$116.3M	\$366.7M	\$353.7M	\$1,267.3M	Agri-business, aerospace and defense, petrochemicals processing and professional services.
Red Deer	99,832	\$376.2M	\$91.2M	\$354.1M	\$274.9M	\$2,009.6M	Retail, healthcare services, construction, oil and gas extraction, and manufacturing.
Kamloops	93,428	\$204.4M	\$46.7M	\$231.4M	\$90.3M	\$1,258.9M	Forestry and mining, retail, agriculture, healthcare services, transportation and logistics.
Kelowna	133,800	\$297.6M	\$127.9M	\$396.1M	\$105.6M	\$2,140.4M	Manufacturing and construction, technology, tourism, agriculture, and healthcare services.
Regina	257,000	\$663.8M	\$197.7M	\$765.9M	\$302.6M	\$2,369.9M	Manufacturing, information technology, agriculture and agri-business, tourism, energy, health and education services, finance and insurance, provincial government.
Saskatoon	275,242	\$819.9M	\$200.7M	\$951.2M	\$331.4M	\$4,456.6M	Wholesale and retail trade, health and education services, construction, real estate, finance and insurance.
Barrie	148,136	\$367.7M	\$50.8M	\$440.6M	\$326.5M	\$1,853.4M	Manufacturing, information technology and data security, food services, health and education services.
Guelph	138,357	\$442.4M	\$88.8M	\$527.2M	\$116.5M	\$1,332.9M	Agri-business, Regional services, manufacturing, retail, post-secondary education.
Kingston	123,973	\$499.5M	\$151.6M	\$517.3M	\$243.4M	\$1,470.0M	Health and education services, transportation, tourism, regional services and defense, research and development.

Source: Derived from annual reports of various municipalities. Population estimates from Statistics Canada.

¹ Sources were derived from annual reports of various municipalities.



Economic Development Lethbridge

Overview (1 of 3)

Summary Description³⁰

Economic Development Lethbridge (EDL) coordinates resources and information to promote economic growth in Lethbridge. The City is the largest funder of EDL in its efforts to create a prosperous, vibrant and economically viable Lethbridge.

Economic Development Lethbridge's funding from the City of Lethbridge for 2020 is approximately \$0.8M. EDL's total budgeted operating expenditures for 2020 is approximately \$1.9M and its staff complement is approximately 13.5 FTEs.

Alignment with Strategic Goals

Accountable Leadership

Financial Stewardship & Economic Prosperity

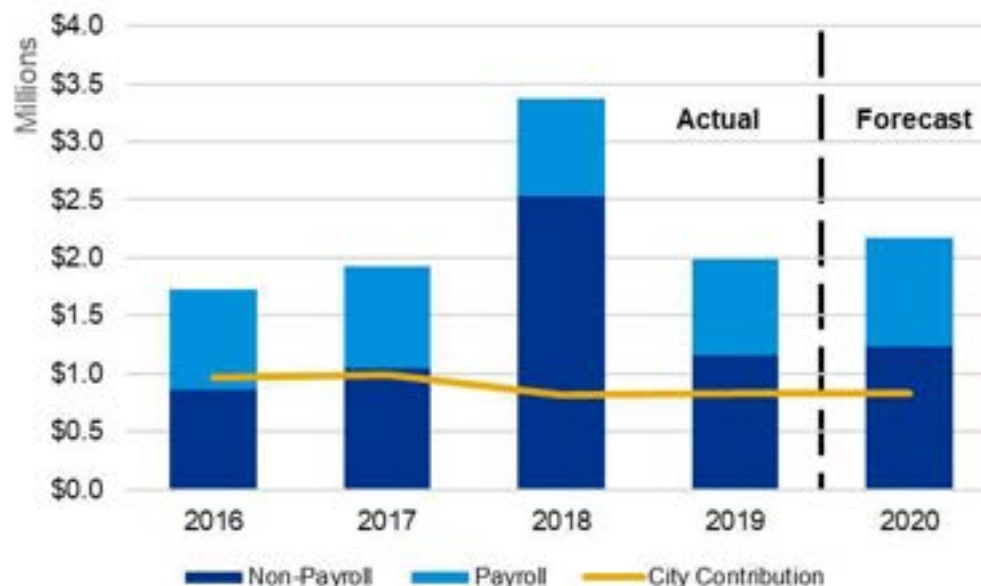
Service List

Public-facing services:

- Investment and attraction services to attract new investment to Lethbridge and to respond to inquiries from candidate investors.
- Business coaching services in support of business retention and expansion, including activities supporting trade in new markets.
- Hosting and support for entrepreneurs through Teconnect, EDL's innovation and entrepreneurship incubator.
- Cooperation with regional initiatives in partnership with other municipalities pursuing the above activities.

Financial Performance

Operating Expenditures and Revenue



³⁰Source: Derived from information provided by the City of Lethbridge and Economic Development Lethbridge.

Overview (2 of 3)

Economic Development Operations

In its 2019-2022 Business Plan, EDL describes its role as being the lead organization for the advancement of the local economy in the City of Lethbridge. EDL's **mission** is to:

Strengthen and diversify the Lethbridge economy by initiating and facilitating proactive economic development strategies and promoting Lethbridge as an excellent place to live, learn, invest, visit and do business.

EDL's accompanying **vision** is for Lethbridge to:

continue to be a strong, diversified community, embracing opportunity.

be a thriving community where planned and balanced growth inspires investment.

be recognized as a family-friendly, business-oriented community.

be a leader in supporting and creating the framework and infrastructure required for business, academic, social and cultural entrepreneurship and innovation.

EDL has defined its own core **values** that impact its priorities as including:

Innovative

- We think ahead, always with imagination, creativity and a drive to be part of the next big thing.

Collaborative

- We are stronger together and unite under the same cause.

Engaged

- We are committed to this community and the work that we do.

Approachable

- We are connected to our business community. We listen, understand and offer support for the next steps forward.

Strong

- We work to bring strength and stability to the local economy and within our organization.

Leaders

- We are pioneers for the future prosperity and evolution of Lethbridge.

Overview (3 of 3)

Economic development is a common activity in most large and medium-sized municipalities and successful economic development agencies have significant community participation. EDL's Business Plan has six pillars, i.e., six categories of activity in which it is focusing its effort over the period of 2019-2022, including:³¹

1. Business Retention and Expansion

Efforts to help existing businesses to expand and grow, including efforts to connect business to sources of funding, remove barriers to expansion, provide relevant business and operational expertise, and encourage the use of local suppliers and inputs.

2. Export Markets and Investment Attraction

EDL seeks out access to new markets on behalf of exporters and engages established business in other jurisdictions to locate in Lethbridge to grow the local economy with focus on four priority sectors: agri-food, technology, manufacturing and renewable energy.

3. Entrepreneurship and Innovation

EDL works to leverage and grow Tecconnect – a local, shared-space business environment created to provide a supportive environment for technology-based start-ups. The centre of excellence operates in collaboration with regional partners connected through the Regional Innovation Network of Southern Alberta (RINSA).

4. Marketing and Advocacy

Activities intended to make Lethbridge visible in the provincial and national marketplace through community branding. EDL also advocates for the City through its efforts to build collaborative relationships with industry associations and government agencies to open pathways of connecting business opportunities.

5. Catalytic Projects

EDL initiates and supports major projects that have the potential for inducing incremental development and economic growth related to the four priority sectors in the region.

6. Operational Excellence

The agency works to continuously improve its own internal practices to find efficiencies in its operations and position itself and the community for success in the future.

³¹ Source: EDL 2019-2022 Business Plan.

Relationship to the City of Lethbridge

EDL is an independent, not-for-profit agency incorporated under the *Alberta Society's Act* as the Lethbridge Economic Development Initiative Society.³² The City describes its role in supporting EDL in the City Operating Budget 2019-2022 as follows:

Service Area	Objective	Operating Approach
Economic Development Support	Provide agreement management, organizational assistance and support to agencies responsible for providing economic development and tourism services.	<ul style="list-style-type: none"> – Support the agencies to ensure operational success. – Ensure municipal support is aligned with agreements. – Ensure performance measurements as part of the agreements and use these to monitor the relationship and the provision of service. – Attend board meetings and annual general meetings as required.

EDL was formed by act of Council in 2002 with established Terms of Reference. Bylaws were revised in 2011 and include the requirement that EDL's board include representations from the City. EDL's Terms of Reference from the City were replaced in 2016 with a Memorandum of Understanding (MOU) approved by Council.³³ The MOU also applied the following Mission Statement: to strengthen and develop the Lethbridge economy by initiating and facilitating proactive economic development strategies and promoting Lethbridge as an excellent place to live, learn, invest, visit and do business.

At a high level, EDL's relationship to the City and activities are governed by this MOU. The MOU identifies a list of EDL's responsibilities, which include:

1. Be responsible for the initiation, coordination, and implementation of economic development programs in general for Lethbridge.
2. Strengthen and develop the Lethbridge economy by initiating and facilitating proactive economic development strategies and promoting Lethbridge as an excellent place to live, learn, invest, visit and do business.
3. Provide support to entities interested in investing in Lethbridge and facilitate investment and development in Lethbridge.
4. Make recommendations to City Council on economic development matters or issues that may impact the community of Lethbridge.
5. Set its strategic direction through a four-year business plans aligned with the City's municipal funding cycles and list its priorities, long-term goals and strategic plan.
6. Submit to Council its business plan and budget needs. Provide to the City Manager's Office an annual business plan aligned to its four-year business Plan, and report on prior year progress.
7. Annually submit audited financial statements and a Summary of Results Report to the City Manager's Office.

³² Source: *Alberta Non-Profit Listing, Government of Alberta. October 2020.*

³³ Source: *EDL Memorandum of Understanding, 2016.*

Relationship to Local and Regional Community

Economic Development Lethbridge has an extensive list of partners that network, share resources, business advice and supports. These partners include numerous local businesses, industry associations supported by private business, innovation and entrepreneurship organizations, educational institutions, Indigenous groups, as well as community cultural, arts and sports groups. EDL also contributes to local economic development as a partner in the Regional Innovation Network Southern Alberta (RINSA). The extent of EDL's breadth of relationships demonstrates that its partnerships extend beyond organizations that would typically partner with economic development entities.³⁴

Economic Development Partners			
Alberta Economic Development, Trade & Tourism Alberta Health Services Alberta Innovates Alberta Southwest Regional Alliance Allied Arts Council BILD Lethbridge Region Bill Halley Business Consulting Corporation Blood Tribe Economic Development Bow Valley College Business Link Calgary Economic Development - Trade Accelerator Program Calgary Technologies Inc (formerly Innovate Calgary) Campus Alberta Neuroscience Canada West Foundation Invest Alberta Canadian Institute for Traffic and Transportation (CITT)	Chinook Arch Regional Library System Chinook Regional Foundation for Career Transitions City of Lethbridge Clausehound Coast Lethbridge Hotel and Conference Centre CodeYQL Community Futures – Lethbridge Region Community Futures - Taber Community Futures - Treaty 7 Cybera Dematic Downtown Lethbridge BRZ Economic Developers Alberta Economic Developers Association of Canada Energy Associates International Farming Smarter Holy Spirit Roman Catholic Separate Regional Division	InBridge Inc. Indigenous Business Support and Resource Group - Treaty 7 LA Chefs Lethbridge Chamber of Commerce Lethbridge College Lethbridge Construction Association Lethbridge County Lethbridge Destination Management Organization Lethbridge and District Association of REALTORS® Lethbridge Exhibition Park Lethbridge Family Services Lethbridge Lodging Association Lethbridge School Division Lethbridge Senior Citizens Organization Lethbridge Sport Council MD of Taber Mocha Cabana Bistro National Research Council - IRAP Piikani Resource Development Ltd.	Plant Protein Alliance of Alberta Protein Industries of Canada Red Arrow Motorcoach Royal Bank of Canada Sandman Hotel Lethbridge Sandman Signature Lethbridge Select People Solutions Southern Alberta Women in Business SouthGrow Regional Initiative Supply Chain Canada Teamworks Training Institute The Venture Mentoring Service of Alberta (VMSA) Town of Coaldale Town of Taber Economic Development University of Lethbridge Whipcord WNDX Coding School * BOLD indicates partners in the Regional Innovation Network of Southern Alberta (RINSA)

³⁴ Source: Derived from documents provided by EDL.

Economic Development Landscape in Southern Alberta

Each level of government has one or more agencies that support economic development through a number of the core activities of economic development, including: investment attraction and retention, provision of funding for entrepreneurs or business expansion, business mentoring and supports, and focused (e.g., by sector or geography) efforts toward revitalization. Funding priorities vary by government agency – sometimes directed to “innovation” or particular growth clusters or sectors, or demographic segments. It has been noted that the City of Lethbridge through internal departments, at times, engages in business support programs (e.g., downtown revitalization, COVID-19 business supports) potentially in duplication or overlap of efforts led or coordinated by EDL.³⁵

Level	Agency	Comments on Role	Role(s)			
			Attraction	Initiative Funding	Business Supports	Revitalization
Federal	Western Economic Diversification	Broad range of supports, including local funding to EDL for economic development initiatives (e.g., Women in STEM).		✓	✓	
	Community Futures	Focused on business services in smaller communities.		✓	✓	
Provincial	Alberta Innovation (AI)	Research and innovation-focused, with funding and commercialization supports.		✓	✓	
	Regional Innovation Network Southern Alberta (RINSA)	Coordinates innovation efforts across levels of government between AI, Southgrow, and EDL.	✓		✓	
	Alberta Government Programs (various)	Provides funding to EDL for municipal and Indigenous economic development activities	✓	✓	✓	✓
Regional	Southgrow	Alliance of municipal economic development agencies in southwest Alberta.	✓			
Arms-length Municipal Economic Development	Economic Development Lethbridge	Economic development agency for the City of Lethbridge.	✓		✓	✓
Municipal-led Economic Development	City of Lethbridge	Funds EDL. Supports downtown revitalization. Promoter of new industrial and commercial land developments, including airport lands. Delivered COVID-19 business supports.	✓	✓	✓	✓

³⁵ Source: Derived from documents provided by EDL, websites of agencies listed.

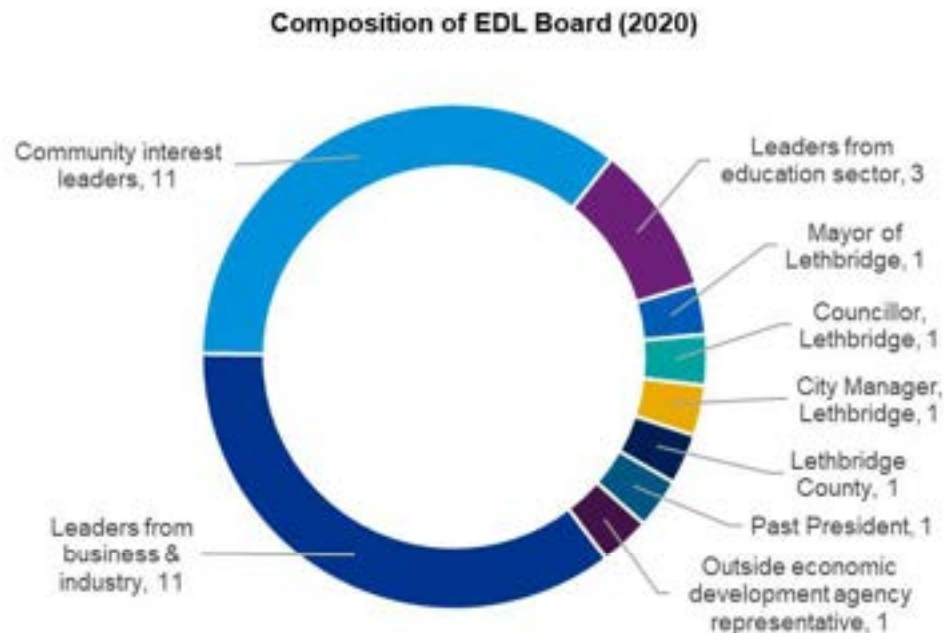
Board Composition

At a high level, EDL's board make-up is roughly one-third community interest leaders, one-third business leaders, and one-third leaders from local government or other economic development agencies. The board structure is intended to represent many "voices" or "sectors" (in EDL's terms). When the Lethbridge Economic Development Initiative (i.e., the legal name for EDL) was formed, the City mandated the 25 voices to form EDL's board.³⁶ EDL's board conducted its own internal governance review in 2019 and, as a result, added six additional members, bringing it to its current total of 31 with four vacancies at the time of this report.

The City has significant influence over the governance of EDL. The City appoints 7 of the board members in accordance with the distribution set out in the table below.³⁷ The Mayor of Lethbridge, one Councillor, and the City Manager are on EDL's Board and the Mayor is EDL's vice-chair, as defined in the bylaw.³⁸

In addition, the City provides the majority of EDL's funding, which is linked to the City's economic development priorities.

The Executive Committee may consist of a President/Chairperson, a Vice-President/Vice-Chairperson, a Secretary/Treasurer, the Chief Executive Officer, up to two (2) Directors-at-Large, and others at the discretion of the Board. However, the full Board is involved in passing all motions.



Board Appointments (11 of 31 Board Positions)	Board Policy Manual	Bylaw	MOU
Mayor of Lethbridge *	1	1	1
City of Lethbridge Councillor *	1		1
City Manager *	1	1	1
Lethbridge Chamber of Commerce **	1		
Lethbridge College **	1		
The University of Lethbridge **	1		
Lethbridge County **	1		
Community-interest sectors (representing: Environment, Indigenous, Multi-Cultural, and Seniors) *	4		4
Total	11	2	7

*Appointed by City

**Appointed by entity represented

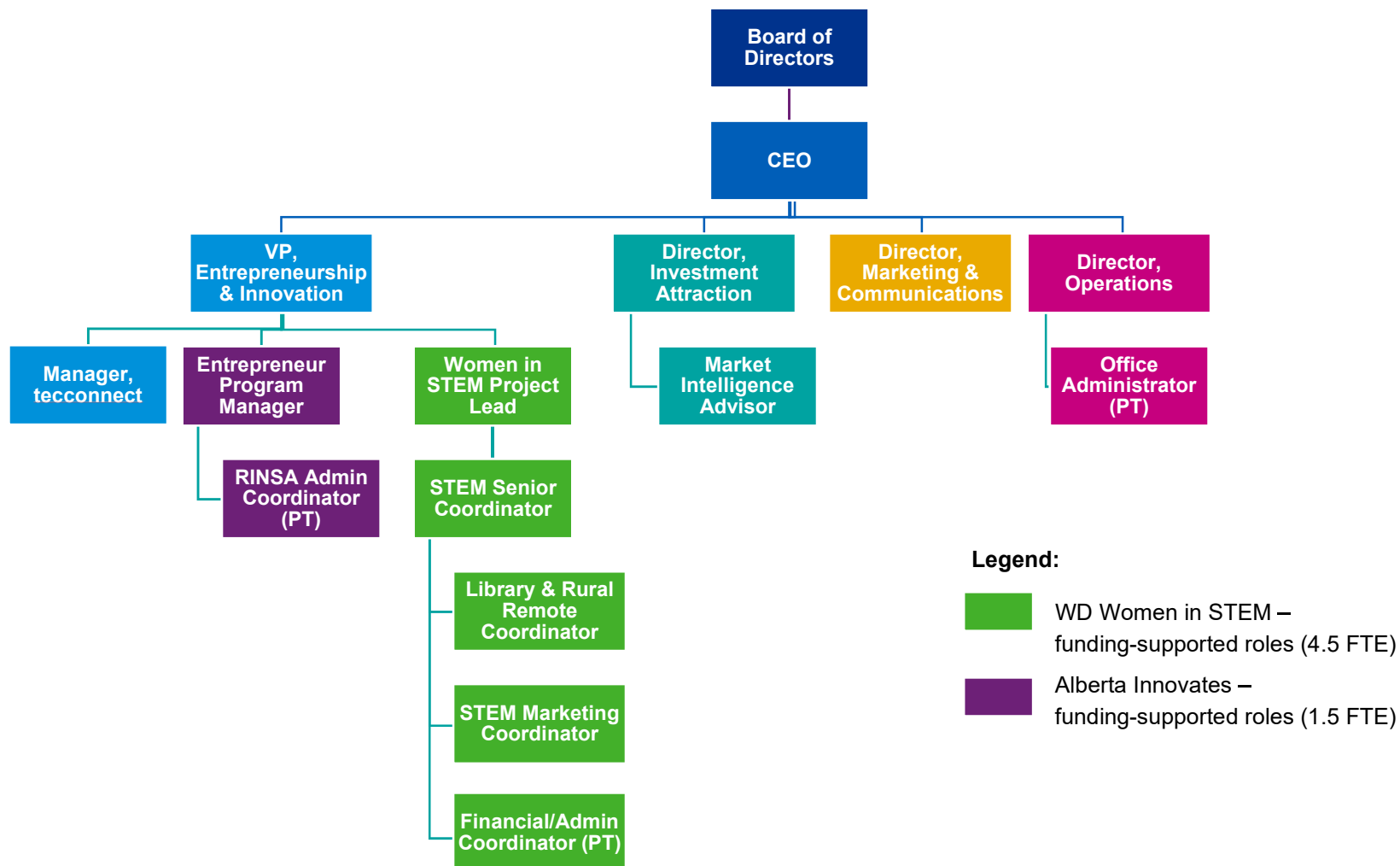
³⁶ Source: June 20, 2002 Council Mandate Letter.

³⁷ Source: Board composition described in EDL Board Policy Manual, p.10-12.

³⁸ The Bylaw (2011) and Board Policy Manual both state that the Mayor shall be the Vice-Chair of the EDL board. It is not clear if this requirement predated the 2011 revision.

Organizational Structure

The organizational structure of EDL has 13.5 FTEs in 2020. The size of the organization fluctuates based on external funding, which often includes a program support component. This includes a number of roles in specialty programs funded through government programs external to the City of Lethbridge, specifically including 4.5 FTEs new staff in 2019 funded by Western Diversification for supporting Women in STEM (Science, Technology, Engineering and Math) and 1.5 FTEs funded by Alberta Innovates, which appears to be an ongoing commitment.³⁹ Excluding the specific resources designated for STEM and Alberta Innovates projects, staff would total 7.5 FTEs.



³⁹ Derived from information provided by Economic Development Lethbridge. "RINSA" stands for Regional Innovation Network Southern Alberta.

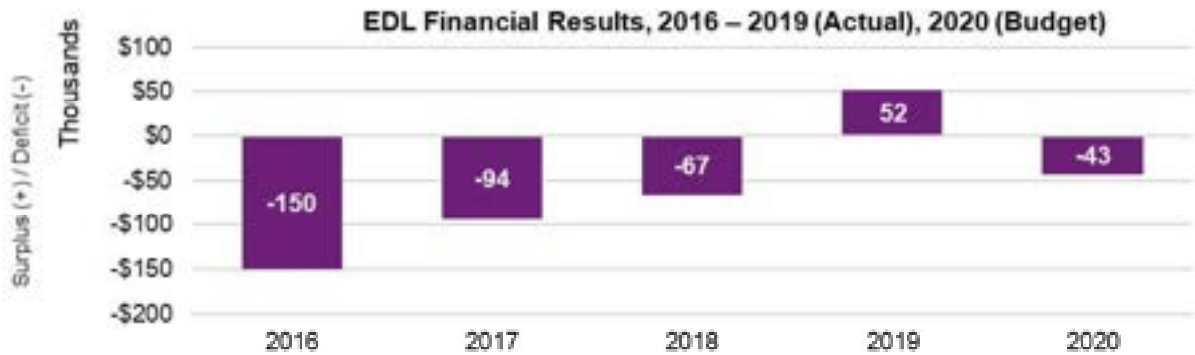
Financial Overview

EDL’s budget summary below shows revenue and expenditure by operating unit. The four operating units includes Economic Development operations (i.e., administration, transactional, and managerial payroll and other costs) and three other programs with dedicated direct funding:

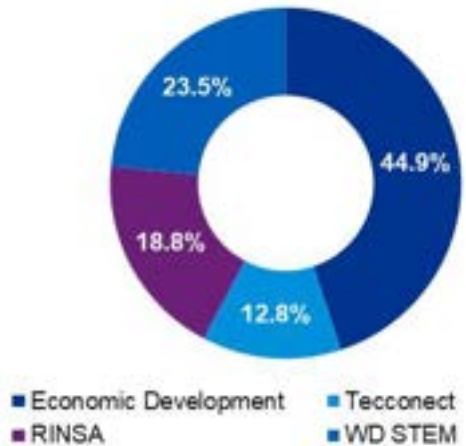
- Tecconnect entrepreneurship incubator.
- Business supports funded by the Regional Innovation Network of Southern Alberta (RINSA).
- Specialty business supports for Women in STEM (Science, Technology, Engineering and Math).

Western Economic Diversification provides funding for 4.5 FTEs for Women in STEM and Alberta Innovates provides funding for 1.5 FTEs through RINSA to EDL. The table below presents the breakdown of the current state of operational inputs based on the most recent operating budget

According to audited annual financial statements, EDL operated with small losses in three of four years between 2016 and 2019. In 2020, EDL is budgeted to have a small loss. The total cumulative shortfall over 2016 – 2020 is expected to be approximately \$302,000 (including the budgeted amount for 2020).



Allocation of Expenditures by Operating Unit, 2020



Source: Derived from information provided by Economic Development Lethbridge, 2020 Budget Forecast and Audited Financial Statements for 2017, 2018, and 2019.

Revenue Analysis

EDL accesses multiple avenues of funding revenue for in order to deliver additional services in support of its economic development mandate. The graph to the right captures EDL's funding streams.⁴⁰

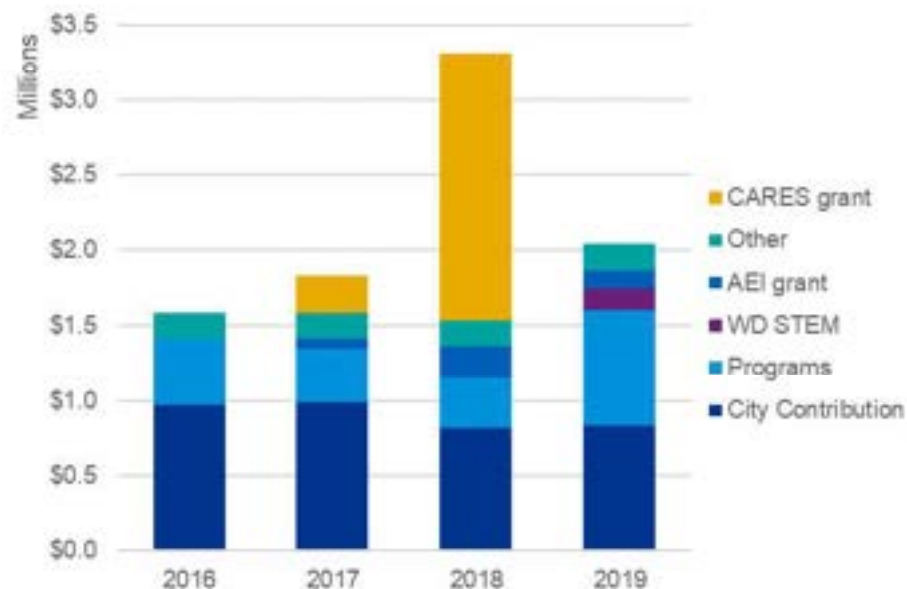
A significant portion of EDL's revenue comes in the form of funding from the City. The City contributed approximately \$0.8M in 2019, or approximately 41% of EDL's total revenue. The City's contribution was reduced in 2018 and has been roughly the same level since. The City's contribution is approximately 14% less than it was in 2016. Although City contributions have declined, EDL has grown its total revenue by 21% over four years, largely due to grants received from other levels of government to deliver programs. City revenue contributions as a proportion of EDL total revenue is budgeted to further decline in 2020 to approximately 36% of total revenue.

EDL has been persistent in pursuing grant funding from the federal government through Western Economic Diversification, and the provincial government through Alberta Innovates, Community and Regional Economic Support (CARES), and the Alberta Entrepreneurship Incubator (AEI) initiative.

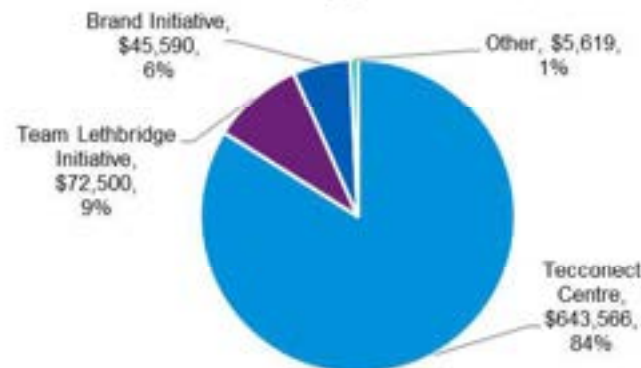
Program Revenue is generated through of a number of EDL initiatives, but the most significant contributor is Tecconnect Centre, which generated approximately 84% of total program revenue in 2019.

Grant funding sources are time-based and some grants have either ceased or changed, such as the AEI grant which provided provincial funding related to initial support for the Tecconnect Centre. Overall funding peaked in 2018 when EDL received a CARES grant to support efforts prepare local infrastructure in Lethbridge for the Cavendish expansion. This would be considered an extraordinary one-time grant. "Other" income captures the sum of rental income from Tecconnect tenant leases and interest income from short and term-investments. Uncertainty persists in whether provincial and federal grant programs will continue due to fiscal pressures.

EDL Revenue by Source, 2016-2019



Program Revenue, 2019

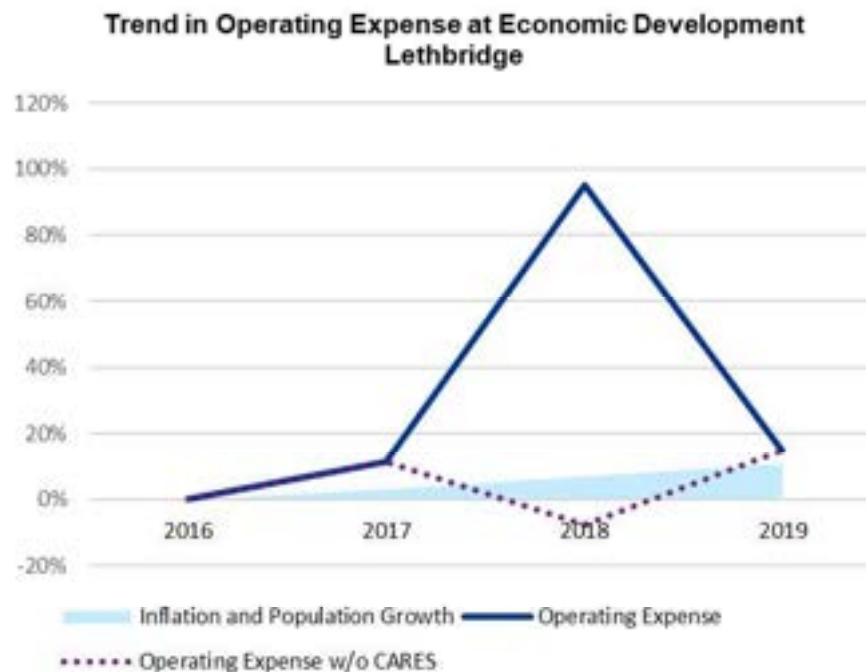
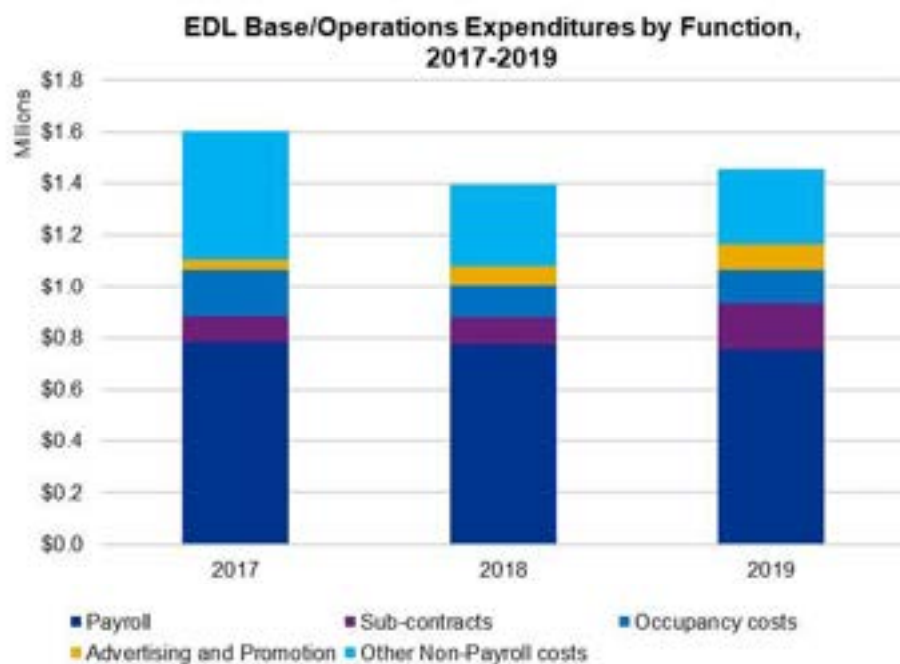


⁴⁰ Source: Derived from information provided by Economic Development Lethbridge, Audited Financial Statements for 2017, 2018, and 2019. "Other" includes rental income, interest income, other income, and amortization of capital contributions.

Growth in Expenditures

Inflation and population growth over the period of 2016 to 2019 totaled approximately 10.7% total (approximately 3-4% annually). EDL's growth in costs over this period was approximately 15%, driven largely by increases in grant receipts and resulting program expenditures (CARES grant in 2018). In 2018, due to Community and Regional Economic Support (CARES) related to the Cavendish expansion, grant revenue jumped by approximately \$1.5 million (81%) and spending on sub-contracts and non-payroll increased proportionally during this project. Normalizing the data to exclude the extraordinary CARES grant, would indicate not much change in base operating expenses.

EDL's core spending does not include other expenses associated with RINSA, Tecconnect, and Women in STEM. Spending on core operations decreased by approximately 9% from 2017 to 2019, largely due to reductions in payroll, partially offset by increases in advertising and sub-contracts. According to budget documents, EDL has identified the need to deliver efficiencies in expenditures in order to offset inflationary pressures in payroll, leases/occupancy, and fee for service contracts.



Source: EDL Annual Financial Statement 2017, 2018, and 2019. In this analysis, Operating Expense = Non-Payroll + Wages & Benefits.

Economic Development Return on Investment

EDL tracks a number of indicators in order to demonstrate its effectiveness in economic development. EDL evaluates its usage of City funding by reporting on the economic impact generated per municipal dollar received as shown by the graph below. In EDL's analysis, investment impact and economic impact are measured by direct dollars invested, divided by the amount of funding EDL receives from the City. In EDL's analysis for 2019, EDL purports to return \$80 in investment for every \$1 in funding, and over the last eight years, EDL purports to have delivered an average of \$246 for every \$1 received from the City.⁴¹

EDL received \$1.17 in leveraged funds in 2019 for every dollar received in funding from the City, i.e., grant funds from other levels of government or economic agencies. For example, the City of Lethbridge contributed approximately 38% of \$26,000 in funding provided for international marketing and trade missions through the Southern Alberta Investment & Trade Initiative (SAITI) project led by EDL in 2019. The other partners of this initiative included Southgrow (an alliance of economic development agencies, including the City of Lethbridge), Alberta Southwest Regional Economic Development Agency (REDA) (the neighbouring economic development region) and Lethbridge County.

EDL Reported Investment Impact per City Contribution (\$), 2013-2019



Indicators/Year	2013	2014	2015	2016	2017	2018	2019	Total
Inquiries Received	57	61	53	79	74	55	60	439
Landed Businesses	5	5	5	8	7	8	6	44
Conversion Rate	0.099	0.08	0.09	0.1	0.09	0.15	0.1	0.10
Jobs Created by New Investment ⁴²	115	40	80	36	55	75	146	547
Jobs Created by Expansion	N/A	N/A	N/A	N/A	N/A	N/A	28	28
New Non-Local Investment	\$57.5M	\$12.0M	\$34.5M	\$45.5M	\$70.0M	\$214.1M	\$60.4M	\$494.0M
Expansion Investment	\$150.0M	\$35.0M	\$50.6M	\$370.0M	-	\$153.0M	\$0.5M	\$759.0M
Total Impact	\$207.5M	\$47.0M	\$85.1M	\$415.5M	\$70.0M	\$367.1M	\$60.9M	\$1,253.0M

⁴¹ Source: Income statements and information provided by Economic Development Lethbridge.

⁴² Jobs created by investment reflects investment impact only and does not include temporary or construction jobs, as reported by EDL.

Successes and Recent Initiatives (1 of 2)

Economic Development Lethbridge actively tracks metrics relevant to demonstrate progress toward its central business development activities, both in terms of benefits to Lethbridge and to the surrounding region.⁴³

Business Retention & Expansion



Metric	Outcome
Investment Inquiries	60
Businesses Setup New Operations in Lethbridge	6
Estimated Jobs Created	146
Estimated Local Economic Impact	\$60 million

New Investment



Metric	Outcome
Expansion Inquiries	60
Estimated Jobs Created	6
Estimated Local Economic Impact	\$60 million

Investment Attraction in the Region (2015-2019)



Metric	Outcome
Estimated Jobs Created in the Region	392
Estimated Investment into Regional Economy	\$1 billion

⁴³ Economic Development Lethbridge 2019 Year-in-Review.

Successes and Recent Initiatives (2 of 2)

There are numerous initiatives and programs under way that EDL leads and/or supports. Note: Programs with an asterisk (*) are described further in Appendix A.

Initiative	Description
Tecconnect *	<ul style="list-style-type: none"> – Tecconnect is Lethbridge's entrepreneurship and innovation incubator – a business environment developed to support entrepreneurs working to develop new innovations and scalable start-up businesses. Incubators provide exposure to new technologies, shared office space, business coaching supports and sometimes "maker-space." – Since 2011, according to EDL, companies in Tecconnect have received a total investment of \$31.7M and have created 252 jobs with a total payroll of over \$10M supporting business activities that generated \$20M in pre-commercialization sales.
Blockchain SA*	<ul style="list-style-type: none"> – BlockchainSA is an incorporated partnership created between Economic Development Lethbridge and InBridge, an Alberta-based technology advisory firm. Blockchain SA is intended to provide Lethbridge agriculture and manufacturing companies with a competitive edge in the marketplace through validated supply chain management and integration of emerging technologies.
Women Entrepreneurs in STEM *	<ul style="list-style-type: none"> – EDL applied for and received funding for a 3-year period from Western Economic Diversification to support up to 381 Women Entrepreneurs in STEM (WESTEM) sectors in Southern Alberta by offering networking, mentorship and access to training in current and emerging technologies.
Canada's Premier Food Corridor*	<ul style="list-style-type: none"> – EDL and its partners have designated the region along Highway 3 surrounding Lethbridge as Canada's Premier Food Corridor (CPFC). It is becoming recognized as an industry hub for agri-food growers, food processing, and logistics, and many global food companies are already located in the region.
"Team Lethbridge"	<ul style="list-style-type: none"> – Biennially (every second year), a group of over 50 business and community leaders representing 22 organizations travel to Edmonton to meet with the Premier, Ministers, Members of Alberta's Legislative Assembly and other departmental officials. – Meetings are used as an opportunity to align priorities, network and enhance relationships between Lethbridge economic agents and the provincial government. This is intended to further Lethbridge's relationship with the Province.
Regional Collaboration, RINSA	<ul style="list-style-type: none"> – RINSA is a partnership between Alberta Innovates, EDL (including Tecconnect), nearby regional and local economic development agencies, Lethbridge College, and the University of Lethbridge. The core structure consists of a strategic advisory group, extended working group of partners and cooperative support system of other organizations and community stakeholders. – Direct access to innovation and business development services, including the Technology Development Advisor onsite.
"Lethbridge" Branding and Outreach	<ul style="list-style-type: none"> – Lethbridge Brand Implementation: City of Lethbridge brand launch by the end of 2022. The objective is to maximize promotion by developing by a partner-based approach that empowers brand ambassadors, ensures financial viability, and expands EDL's capacity to promote the community.
Agri-food Corridor Marketing and Development	<ul style="list-style-type: none"> – EDL has developed marketing material to promote a Lethbridge-Taber Agri-food Corridor and the agri-food processing sector in southern Alberta. It provides a regional approach to attracting large, multi-national companies and utilize opportunities from the federal supercluster program administered by Protein Industries Canada (PIC) and the Plant Protein Alliance of Alberta.

Comparator Analysis (1 of 2)

In order to assess EDL, its activities and scope of mandate, a number of peer municipalities were identified and selected for comparison. When considering the degree of similarity between EDL and other similar economic development agencies, key observations include:

- Economic Development Lethbridge's structure and relationship with the City of Lethbridge is similar to a number of comparators that have arms-length relationships with their respective municipality. **Most medium and large cities in North America have arms-length economic development agencies.** The cities of Red Deer, Medicine Hat and Barrie have incorporated economic development service delivery as an in-house function. The City of Edmonton recently gave assent that its own municipal economic development agency be merged with others to form a regional economic development agency around the Edmonton Metropolitan Region, although they retained some in-house economic development capabilities.
- Several municipalities include mandates for tourism as part of their economic development agencies. Most municipalities have land development as internal departments within the municipality that typically works with the economic development agency. Many economic development agencies participate in regional economic initiatives such as regional trade missions and industry group collaborations, or being formally part of regional economic development organizations.
- Some agencies indicate they have a particular focus on innovation and entrepreneurial incubators.

City / Municipality	Relationship	Tourism	Land	Innovation	Regional Organization
Lethbridge	Arms-length	N	N	Y	Southgrow Regional Initiative
Red Deer	In-house	N	Y	N	Central Alberta – Access Prosperity
Medicine Hat	In-house	N	Y	N	Palliser
Calgary	Arms-length	N	N	Y	
Edmonton	Arms-length	Y	N	N	Edmonton Global, Alberta's Industrial Heartland Association
Regina	Arms-length	N	N	N/A	
Saskatoon	Arms-length	N	N	N/A	
Winnipeg	Arms-length	Y	N	N/A	
Kingston	Arms-length	N	N	N/A	
Barrie	In-house	N	N ¹	N/A	
Strathcona County	In-house	Y	N	N/A	Edmonton Global, Heartland Industrial Association
Fort McMurray/ Wood Buffalo	Arms-length	Y	N	Y	
Kamloops	Arms-length	N	N	N/A	British Columbia Economic Development Association
Kelowna	Arms-length ⁴⁴	N	N	N/A	British Columbia Economic Development Association

Source: Public documents available from referenced organizations.

⁴⁴Note that Kelowna's economic development is delivered through a regional economic development agency.

Comparator Analysis (2 of 2)

Relationship with City Sponsors

The purpose of economic development is to build the capacity of a defined area / region to improve its economic future and the quality of life for its citizens. Local / regional economic development makes an important contribution to local / regional economies, such as jobs, firms, investment, trade and exports, supply chains, and productivity. Economic development activities can improve the information flows with investors and developers; better leverage the local / regional strengths, assets, and key sectors; and increase the alignment and confidence with which local economic strategy is pursued.

One of the most important roles municipal governments play in facilitating economic growth is ensuring an adequate long-term supply of development-ready land for office, commercial and industrial use to enable existing businesses to expand and new businesses to locate. Several market forces in real estate / land, and factors such as – population growth, labour availability, municipal property assessment and property tax rates, development and permit fees, real estate values and capitalization rates – impact conditions that provide higher economic returns and/or lower risk for new development in a municipality and the availability of employment lands for future commercial and industrial development. Typically, arms-length economic development agencies have a working relationship with the property / real estate and land development department of municipal governments. This coordination between the external-facing economic development agency and the municipality's internal real estate and land development is an essential interface that needs to function effectively.

The trend in North America for mid and large-size cities for economic development entities is increasingly toward arms-length (non-profit organizations) with a Board that includes private sector / business / industry leaders and often a senior City representative(s) as the main funder. Another trend in North America is local economic development agencies are taking a more regional outlook as city-regions are interdependent and connected.

While an in-house government department or business unit for economic development has advantages from the perspective of full control by a city and control of all communications, there are several disadvantages as in-house departments can be distracted on other city matters, subject to short-term changes in priorities, more administration and regulatory barriers, and less focus and involvement with business / industry than an arms-length entity.

Benefits of an arms-length (non-profit) economic development organization or agency with a separate Board, include but are not limited to the following:

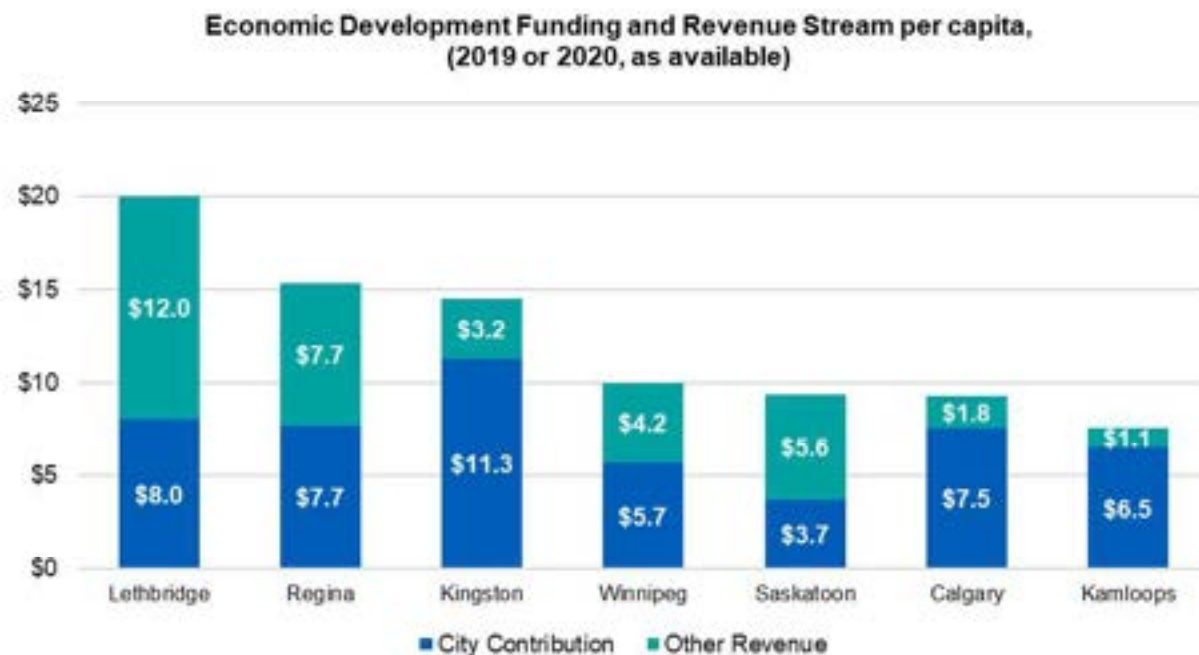
- Ability to access funding from a wider range of sources other than city departments. Agencies can apply, receive and leverage funding from programs of other levels of government as well as industry partners. Note that EDL has demonstrated success in this regard.
- Full-time dedicated economic development expertise that are not directly part of city staff, and expert advice from private sector business leaders through Board representation and involvement.
- Greater flexibility and speed in responding to, or proactively seeking opportunities, than large, complex government structures. Certain economic development activities require necessary confidential and sensitive discussions with potential investors. Purpose and focus of the organization is economic development.

Regardless of the form of a city economic development organization, reporting on performance and being accountable is paramount. An arms-length entity should regularly report on its performance and demonstrate accountability and value to its Board, city funders, and other funders and community partners. EDL does provide transparent reporting on its strategy, performance and progress.

Benchmarking Comparisons (1 of 2)

Funding and other revenue data was collected and analyzed on a per capita basis for six municipal economic development agencies where data was available. For these organizations, revenue comes either in the form of funding received from the municipality or from other government organizations. Cities such as Red Deer, Medicine Hat, Barrie and Guelph are not included since their economic development agencies are in-house operations within larger departments (e.g., combined with land development, tourism, etc.).

In its 2019 annual report, EDL received approximately \$833,000 (approximately 41%) of its funding from the City. Among the agencies compared, EDL receives the third most funding from its city on a per capita basis. However, EDL municipal funding per capita is generally in line with most growing cities, and EDL does leverage more non-municipal dollars for its activities than most mid-size municipal economic development agencies.



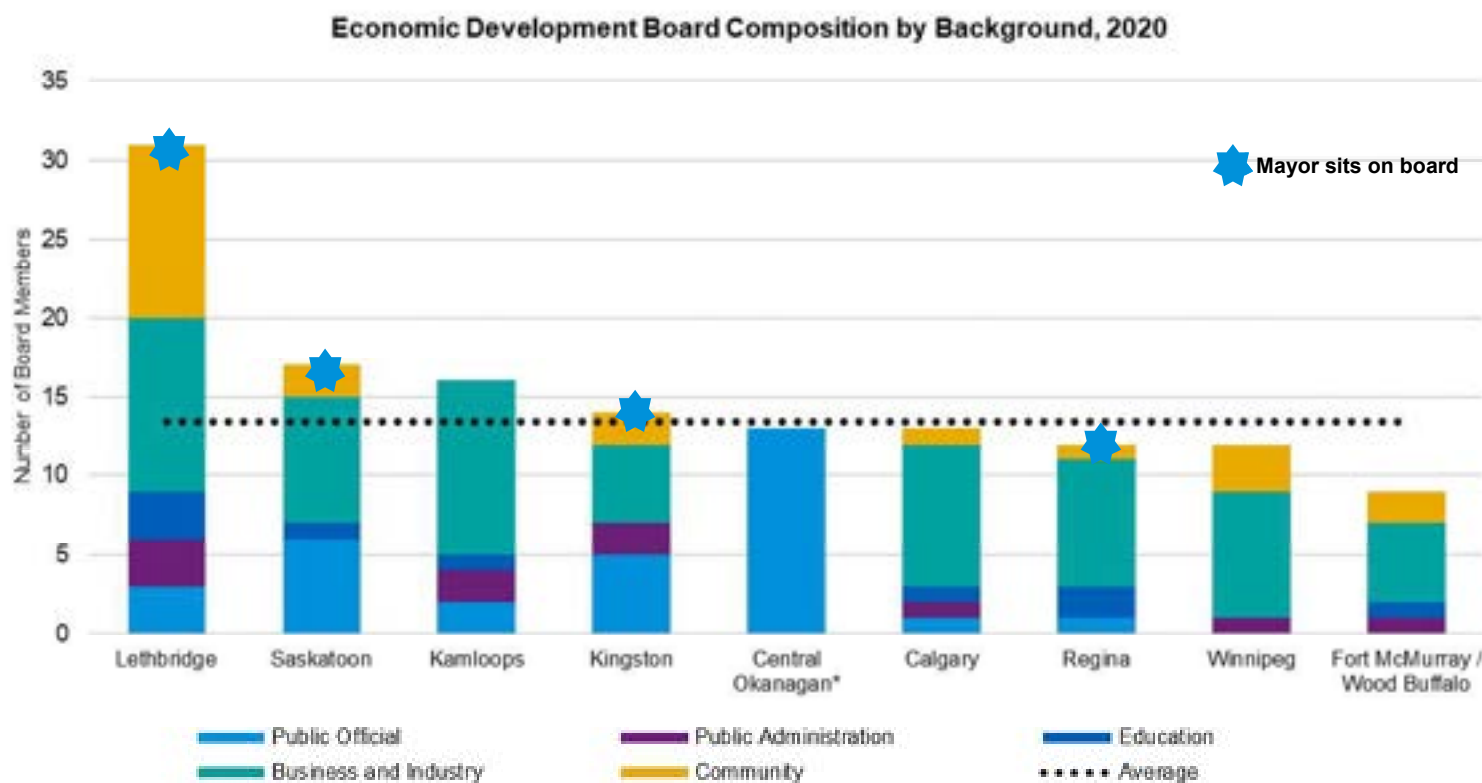
Municipality	Proportion of Funding from Municipality
Red Deer	100%
Medicine Hat	100%
Guelph	100%
Barrie	100%
Kamloops	86%
Calgary	81%
Kingston	78%
Winnipeg	57%
Regina	50%
Lethbridge	41%
Saskatoon	40%

Source: Derived from information from public documents available from referenced organizations.

Benchmarking Comparisons (2 of 2)

Board of Director composition and member background information was compared across nine external (i.e., arms-length) municipal economic development agencies. This comparison captures the positions by constituencies represented: elected public officials (e.g., Mayor and/or Councillor), public administration (e.g., City Manager, CAO, etc.), education sector, business or industry (e.g., professional and financial services, manufacturing, agriculture and agri-food processing, construction and real estate, etc.), community (e.g., social services, environmental, health care, and advocacy groups).

The analysis shows that the **average size of economic development agency boards is approximately 13**. Lethbridge has a significantly larger board compared to the peer group. Most boards have representation of their City's Council and four of the nine municipalities, including Lethbridge, include the mayor as a member of the board. Kelowna's economic development agency reports directly to the regional government as it is considered a service by the region to its municipalities. Lethbridge has much larger representation from community and education organizations than the other agencies. **Most economic development agency boards have the majority of their board members represented by business and industry.**



Source: Derived from publicly available information on the listed organizations.

* Kelowna is a member of the Central Okanagan Economic Development Commission.

Jurisdictional Review (1 of 3)

Key information about the governance, mandate and key performance indicators of economic development agencies was collected from available information in nine Canadian jurisdictions.

City / Function	Governance and Structure	Mandate	Key Performance Indicators
Invest Medicine Hat	<ul style="list-style-type: none"> – Was previously an arms-length organization, but was reincorporated into the City as an internal function/department that reports directly to the CAO. – No identified board of directors. – There is an advisory group of external business contacts which includes the Mayor. – Member of the Palliser Economic Partnership. – Staff size: 4 	<ul style="list-style-type: none"> – Mandate: To create economic growth to establish the city as the premiere location for business development. – Focuses on all aspects of economic development, land development, real estate sales and management, and commercial relations. 	<ul style="list-style-type: none"> – Not available.
City of Red Deer, Land & Economic Development	<ul style="list-style-type: none"> – Internal municipal function/department. – No identified board of directors. – Tourism and Land incorporated with economic development. – Staff size: not available. 	<ul style="list-style-type: none"> – Mandate: To support business growth and promote Red Deer's economic prosperity and diversity in service to an enhanced quality of life for our customers and residents. 	<ul style="list-style-type: none"> – Not available.
Calgary Economic Development (CED)	<ul style="list-style-type: none"> – External non-for-profit governed by a 14-person Board of Directors. – Funded by the City of Calgary, community partners, other orders of government and the private sector through the Team Calgary program. – Staff size: 24 	<ul style="list-style-type: none"> – Mandate: Work with business, government and community partners to position Calgary as the location of choice for the purpose of attracting business investment, fostering trade and growing Calgary's workforce. 	<ul style="list-style-type: none"> – Overall local economic indicators and market statistics (e.g., GDP) presented – CED Annual Report outlines a balanced scoreboard measuring organizational targets against specific economic outcomes. – Strategic goals, key initiatives, and KPIs are defined.

Jurisdictional Review (2 of 3)

City / Function	Governance and Structure	Mandate	Key Performance Indicators
Economic Development Regina (EDR)	<ul style="list-style-type: none"> – External non-for-profit governed by a 13-person independent Board of Directors. – All directors are appointed by the City of Regina upon the recommendations from EDR. – Funded by the City of Regina, industry investment, fee for service contracts, grants from other levels of government (e.g., Provincial Capital Commission). – Staff size: 14 	<ul style="list-style-type: none"> – Mission: Identify, develop and promote opportunities that advance economic prosperity for those who live, work, learn, visit and invest in the Greater Regina Area. – Vision: The Greater Regina Area prospers as a vibrant and diversified economy for investors, a strong destination experience for visitors, and a place of choice with a high standard and quality of life for residents. 	<ul style="list-style-type: none"> – Overall local economic indicators and market statistics (e.g., GDP, unemployment data) presented. – Business plan outlines 27 organizational targets and 15 KPIs aimed at aligning with the strategic intents of the organization.
Saskatoon Regional Economic Development Agency (SREDA)	<ul style="list-style-type: none"> – External non-for-profit governed by a 17-person Board of Directors. – Funded by the City of Saskatoon, partnerships, and other levels of government – Staff size: 11 	<ul style="list-style-type: none"> – Mandate: Strengthen and grow the local economy by providing programs and services in the areas of business attraction and expansion. – Vision: Enhance the economic life of the region and its residents through co-operation and collaboration, building on the strengths, resources and talents of partners and communities. 	<ul style="list-style-type: none"> – Overall local economic indicators and market statistics (e.g., GDP, unemployment data) presented. – Example of KPIs for business retention, attraction and expansion: assisting two local businesses to expand operations in Saskatoon region, or attract \$15M of new business investment. – 12 KPIs outlined against 6 priority areas. – \$50.2M economic impact.
Central Okanagan Economic Development Commission (Kelowna)	<ul style="list-style-type: none"> – The Regional District of Central Okanagan provides economic development services to the six connected communities, including the City of Kelowna. – The Commission reports on its activities to a 13-person Regional Board of Directors through quarterly and annual reporting. – Uses an advisory council (approx. 45 members) of key business and industry leadership. – Funded by the Regional District of Central Okanagan. – Staff size: 8 	<ul style="list-style-type: none"> – Mandate: Working in partnership, to facilitate and encourage the development of a healthy and dynamic sustainable community economy by supporting existing businesses and encouraging new business investment within the Regional District of Central Okanagan. – Operates under the following three programming streams: Business Retention & Enhancement, Investment Attraction and Facilitating Coordination & Connection 	<ul style="list-style-type: none"> – Overall local economic indicators and market statistics (e.g., GDP, unemployment data) presented. – Organization business plan includes tangible and specific Key Performance Indicators (KPIs) aimed at aligning with the strategic intents of the organization. – Strategic goals, key initiatives, and KPIs are defined.

Jurisdictional Review (3 of 3)

City / Function	Governance and Structure	Mandate	Key Performance Indicators
Venture Kamloops	<ul style="list-style-type: none"> – Serves as the economic development office for the City of Kamloops. – Governed by an 11-person Board of Directors which includes two City Councillors, two City officials and Ex-Officio Members. – Board members serve 5-year terms. – Funded by the City of Kamloops. – Staff size: 5 	<ul style="list-style-type: none"> – Mission: To create economic growth to establish the city as the premiere location for business development – Focused on featuring city's resources and offering comprehensive information and support services to investors and entrepreneurs. 	<ul style="list-style-type: none"> – Not available.
Kingston Economic Development Corporation	<ul style="list-style-type: none"> – Separately incorporated non-for-profit agency governed by a 12-person Board of Directors. – Mayor and three annually appointed Councillors. – Funded by the City of Kingston, provincial and federal investment and private sector support/revenues. – Staff size: 10 – Financial services are managed by the City's Financial Services department. – Oversees Attraction and Aftercare, Business Growth and Retention, Start-ups and Youth, Emerging Sectors and Workforce Development Portfolios. 	<ul style="list-style-type: none"> – Mission: Provide dynamic and collaborative leadership by leveraging Kingston's unique assets to create jobs and investment in order to sustain, grow and transform Kingston's economy to meet the needs of the 21st century. Aim to be one of Canada's leading economies. – Vision: An innovative city where private and public enterprises thrive, individuals and entrepreneurs grow, and a diversity of people want to visit, live, work and do business. 	<ul style="list-style-type: none"> – Overall local economic indicators and market statistics (e.g., GDP, unemployment data) presented. – Annual Report lists metrics such as amount of new investments in the community, development growth, number of jobs created attributed to direct KEDC assistance, outcomes of programs and seminars conducted, and event attendance records.
Economic Development Winnipeg	<ul style="list-style-type: none"> – Separately incorporated non-for-profit agency governed by a 12-person Board of Directors. – Funded by the City of Winnipeg, provincial and federal investment and private sector support/revenues. – Tourism incorporated with economic development. – Staff size: 25 	<ul style="list-style-type: none"> – Mandate: Strive to lead, facilitate and promote Winnipeg's economic development and tourism development efforts. – Vision: To ensure Economic Development Winnipeg Inc. is recognized as a leader, nationally and internationally, in stimulating economic growth for the city of Winnipeg. 	<ul style="list-style-type: none"> – Overall local economic indicators and market statistics (e.g., GDP, unemployment data) presented. – Annual Report lists metrics such as economic outcomes facilitated, services delivered, investment opportunities pursued/developed, and business retention and expansion meetings executed. – \$182M investment impact.

Strengths

Discussions with various stakeholder groups and a review of documentation suggested a number of strengths of EDL.

Category	What's working well?
Marketing and Branding	<ul style="list-style-type: none"> – EDL appears to be advancing the Lethbridge brand as an integrated hub for the agri-food processing industry. EDL had a leading role in developing the concept and marketing of “Canada’s Premier Food Corridor” and has used the annual Team Lethbridge missions to Edmonton to impress its importance to provincial government leaders. It is similarly building momentum toward what it calls the “Western Gateway Trade and Logistics Corridor.” – Many stakeholders interviewed suggested that “Team Lethbridge” is an effective mechanism for promoting a unified Lethbridge community brand to the Province of Alberta. (“Team Lethbridge” is a biennial trip made by local business leaders to Edmonton to meet with the Premier and other Ministers to advance interests of Lethbridge. This trip is funded entirely by business participants, not EDL.)
Relationship to the City of Lethbridge	<ul style="list-style-type: none"> – Between the City, the Chamber of Commerce and EDL, there seems to be an overall positive working relationship, including an openness to identifying and reducing red tape inhibiting business attraction and expansion. – EDL appears to have good relationships with Lethbridge Land, the Lethbridge Chamber of Commerce, and City Administration.
Regional and Local Economic Development	<ul style="list-style-type: none"> – EDL participates in regional economic development initiatives and relationships. EDL frequently supports opportunities that result in investment in the region and indirectly benefit Lethbridge. – EDL states to have played a leading key role in attracting Cavendish to Lethbridge, resulting in a \$410 million investment, largest private sector investment in Lethbridge’s history. An associated development included obtaining Alberta Agriculture funding for supporting infrastructure.
Funding and Finances	<ul style="list-style-type: none"> – EDL obtains funding from third party sources for various special initiatives and projects that exceed the City’s contribution. – Since EDL is not a municipal department, it can pursue additional sources of funding to which the City would not have access. – EDL staff are not City staff and not subject to the same classifications and benefit expenditures.
Reporting	<ul style="list-style-type: none"> – EDL is transparent and accountable in its annual reporting, including providing audited financial statements, and a summary of its performance measures. – Although some parties are not clear or may dispute EDL’s return on investment, EDL does attempt to outline performance metrics, including attempts to show the City return on investment. – EDL is observed to be relatively more transparent in reporting than many other municipal economic development agencies.
Economic Development Skills	<ul style="list-style-type: none"> – EDL has developed expertise and experience in economic development that is not a core function or expertise within the City – The City’s key internal department with related expertise is Real Estate and Land Development (RELD), and EDL appears to have a very good working relationship with RELD.

Challenges

Similarly, discussions with various stakeholder groups and a review of documentation identified some challenges to EDL's effectiveness.

Challenge	Description
Board Function & Effectiveness	<ul style="list-style-type: none"> – EDL perceives that there are times when the City seems to want to manage EDL like a City department. EDL's CEO is called to give in-person reporting to the City Manager, as well as Council. The City's extent of participation on the board may be perceived as amplifying EDL's responsibility to the City. – The large size of the board and the high representation of board members from community and education sectors may not align with an effective governance board focused on economic development. The majority of the Board is not from industry and business as is the case for most arms-length economic development agencies. – The board is not built around maintaining particular skill sets and expertise, but rather about representing a very broad range of sectors. – Stakeholders interviewed generally expressed that there is an under-representation of private business on the board.
Downtown Revitalization	<ul style="list-style-type: none"> – There are overlapping roles between the City, EDL and the Downtown Lethbridge Revitalization Zone in supporting downtown redevelopment – e.g., Downtown business revitalization by various groups could be better coordinated, or to have clearer mandates. "Downtown needs a good strategy to get people downtown."
Interaction with Levels of Government	<ul style="list-style-type: none"> – There is a challenge in aligning priorities of federal, provincial and municipal government.
Economic Recovery Taskforce	<ul style="list-style-type: none"> – EDL was first out of the gate in supporting local businesses during the COVID-19 crisis. There seems to have been confusion when the City also developed its own parallel initiative independent of EDL. There may be similar competing behaviour when attracting certain investment.
Scope of Mandate / Local versus Regional	<ul style="list-style-type: none"> – EDL was established to support the economic development interests of the City. While regional cooperation is important, there appears to be some expansion of EDL's mandate into regional initiatives (e.g., supporting individuals and businesses outside of City limits). There is also regional representation on the Board. – A continuing tension is the City's expectations of EDL to serve the City of Lethbridge, while balancing the need for regional cooperation. – Regional success is good for the City of Lethbridge, and success in business attraction within the City is good for the region. There are mutual two-way benefits that need to be better understood and articulated. At the same time, EDL must recognize and respect that the City is its primary source of funding.

Leading Practice (1 of 3)

Performance Measurement in Economic Development

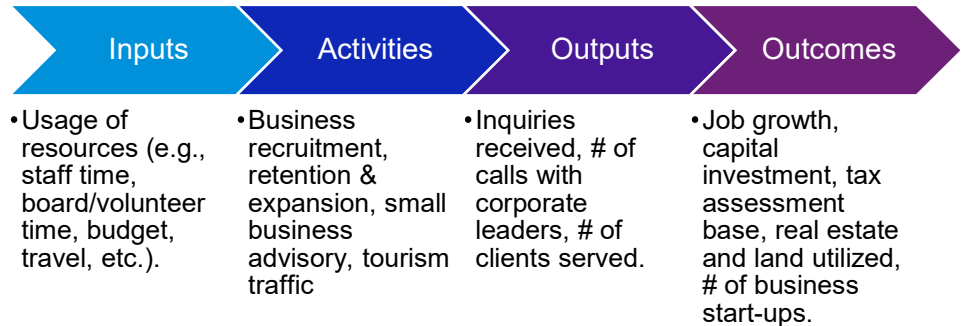
At the core of measuring performance and developing and setting Key Performance Indicators (KPIs) is the thought of “measuring what matters.” Without creating an overabundance of measures which detract from organizational performance, an economic development agency needs to monitor key aspects of business inputs, activities, outputs and outcomes. Leading practices researched by the International Economic Development Council (IEDC) and the Economic Development Association of Canada (EDAC)⁴⁵ is helpful in evaluating the City of Lethbridge's economic development program. As part of EDAC's research, they surveyed their practitioners with respect to the metrics their agencies used in monitoring economic development progress.

Other Considerations

Economic development monitoring should take into consideration:

1. Monitoring industries with rising/declining national employment trends and their local effects.
2. Time to fruition – understands that the lead time between first contact and investment may be in the span of years, not months.
3. Limit or discontinue metrics of lesser value.

Breadth of Economic Development Program Offerings by EDAC Members		
Program	Member Response	Part of EDL Program
1. Business attraction	86%	Yes
2. Business retention and expansion	83%	Yes
3. SME business development	82%	Yes
4. Innovation / Entrepreneurship	58%	Yes
5. Tourism	55%	No
6. Access to capital	43%	Yes
7. Business incubation	34%	Yes
8. Human Resource development	27%	No
9. Angel investor match-making.	16%	No



Top 10 Measures Used in Canadian Economic Development		
Metric	Type of Measure	Reported in EDL documents
1. New businesses opened	Outcome	Yes
2. Population	Outcome	Yes
3. Jobs created (full-time)	Outcome	Yes
4. Workforce (employment)	Outcome	Yes
5. Inquiries received	Output	Yes
6. New business investment attracted	Outcome	Yes
7. Building permits – Commercial	Output	Yes ⁴⁶
8. Building permits – Institutional	Output	Yes ⁴⁷
9. Business closures	Outcome	Yes
10. Unemployment rate	Outcome	Yes

⁴⁵ Economic Development Association of Canada, “Performance Measurement in Economic Development.”

⁴⁶ Building permits are reported by EDL, but no breakdown between “Commercial” and “Institutional.”

⁴⁷ Building permits are reported by EDL, but no breakdown between “Commercial” and “Institutional.”

Leading Practice (2 of 3)

Overall, EDL attempts to provide performance metrics that are generally in line with economic development agencies, and reporting is better than most for similar size economic development agencies.

The ongoing challenge for economic development agencies is convincing stakeholders of return on investment.

It is important for EDL to prioritize key performance metrics that are outcome or results-based such as:

- dollars of investment attracted from developers and new business, and from expansions of existing business,
- number of associated jobs and payroll,
- land utilized and real estate square footage, from business attraction and expansions that EDL was a key part of.
- estimated economic impacts from the above, including estimated tax and other revenues for the city / region.

The challenge is that sometimes the local economic development agency plays a clear key role in the new business investment or expansion, and other times it plays a supporting role. However, the community and region should celebrate all successes in economic development and recognize that team efforts and multiple players are typically involved. The economic development agency often has an important coordinating or quarterback role to play between the company and the municipality and other levels of government.

Leading Practices (3 of 3)

Economic Development

Leading practices based on our experience in economic development relevant to Lethbridge include:

- **Defined strategy and alignment** of strategic objectives for the city and region to support alignment of all partners.
- A strong focus on creating a **unified brand** and reputation, helps draw the right external parties with economic interests.
- **Focused** and coordinated efforts with economic development partners, supports attracting international investment and trade.
- Applied effort and resources to **attract talent and jobs** and help to build and attract key industries requiring those skill sets.
- Leading cities and regions pay constant attention to global developments and their **global competitiveness**.
- **Targeting key sectors** of regional economic strength and competitive advantage support higher efficiency of development efforts.
- Emphasizing **technology ecosystems** and **innovation across all key sectors**.
- **Robust research** and market information capabilities support attracting pre-qualified opportunities.
- **A customer-driven approach** includes excellence in data and information for prospective investors, companies, site selectors, international students, event organizers, and other target groups.
- **Client-centric, customized services** and “single window” coordination simplify site selection processes for potential international investors.
- **Effective performance frameworks** clearly define the desired outcomes/results and accountabilities.
- Efficiency, effectiveness and **value for money in funding and resources** should remain top-of-mind for economic development officers.
- **Trust, respect and collaboration of partners** and communities is essential for success in economic development. A new investment in one area is a win for the whole region. Celebrate these successes together.

Governance

- Governance board with board members that understand their fiduciary obligation to the organization, as distinct from a board comprised of individuals representing their own constituency.
- Skills-based boards whereby board members are selected based on the skill sets most valuable to govern the organization.
- Board sizes that are dictated by the ability to obtain identified skills, allow for succession and turnover, support board committees, and promote effective discussion and decision-making.
- Use of advisory committees to solicit input and feedback from relevant constituents or partners for initiatives.

Opportunities

The following is a summary of opportunities that were identified during stakeholder engagement, document review, experience in other jurisdictions, benchmarking, and analysis. Each opportunity is described in the remainder of this section.

Opportunity	Description
1. Clarify the City's Relationship to EDL and Improve Communications	There may be an opportunity to better align the relationship between the City and EDL through an updated Memorandum of Understanding providing clarification of EDL's mandate, expectations, governance, roles, and accountabilities, as well as City departments' engagement in economic development activities. EDL and Real Estate and Land Development (RELD) have a key "dotted-line" relationship which should be encouraged and strengthened.
2. Board Composition and Size	The size and composition of EDL's Board may limit its ability to maximize effective governance. There may be an opportunity to revisit the Board's size and composition in line with leading practices for similar agencies. The Board should be smaller, more skills-based to suit its economic development mandate and contain a significantly greater share from business and industry.
3. Review City's Role and Appointments on the EDL Board	The City currently has 7 of 31 appointments to the EDL board where board members act as "voices of the community". There may be an opportunity to reconsider the City's purpose in appointing members to EDL's board, as well as size and composition considerations.
4. Mandate Clarification and Alignment of City/Region	EDL undertakes some activities that promote the economic development interests of the region, not just the City. There may be an opportunity to revisit and clarify EDL's mandate, the activities it undertakes, and its relationships with regional partners.
5. City Investment	EDL has successfully raised funds for many of its programs and the City's share of its overall funding is less than 50%. However, the City is still the primary funder and EDL is established as an arms-length entity by the city. Overall, the City's investment in EDL is less than \$1 million and EDL appears to provide reasonable value. There may be an opportunity to re-evaluate the City's contribution to EDL, and to its overall investment in economic development in Lethbridge, including investing in new initiatives. Where EDL can play a clear lead or supporting role for new priority economic development initiatives, the City may consider reinvestment of dedicated funds to EDL for such new initiatives with accountability for return on investment.

Opportunities

The following table lists the opportunities identified for EDL along with a high-level assessment of their potential time to implement, and the relative degree to which they satisfy the evaluation criteria for prioritizing opportunities.⁴⁸

										
			Implementation			Benefit		Level of Decision		
			Cost	Time	Risk	Efficiency	Effectiveness		Service	Alignment
1	Review City’s Relationship to EDL and Improve Communications		L	L	M	o	++	+	++	Council / Board
2	Board Composition and Size		L	L	M	o	+	o	o	Council / Board
3	Review City’s Role and Appointments on the EDL Board		L	L	L	o	+	o	+	Council / Board
4	Mandate Clarification and Alignment of City/Region		L	L	L	o	++	+	++	Council / Board
5	City Investment		M	L	M	o	+	+	+	Council

Legend

					
			Implementation		Level of Decision
			Cost, Time, Risk		Efficiency, Effectiveness, Service, Alignment
Low	Low	Neutral or negative			City Administration
Medium	Medium	Moderate improvement			
High	High	Significant improvement			Council

⁴⁸ Note: The full legend is available on page 13.

1. Clarify City's Relationship to EDL and Improve Communications

Description

Economic development agencies need to be focused on priority areas:

- Facilitating growth and expansion of existing business in the city
- Attracting new investment to the city / city-region
- Marketing the city to potential investors and prospects
- Encouraging innovation and technology adaptation across sectors

All of the above is in collaboration with the City and many partners. EDL appears to be doing a reasonable job with its level of resources, and EDL provides regular information on performance and achievements. This information may or may not be effectively communicated or heard.

To its credit, EDL has developed a transparent, accountable business plan 2019-2022 ("Brighter Together"). EDL's Business Plan outlines: mission/vision/values; six pillars of its economic development strategy; alignment with the City's strategic plan; and actions and performance indicators. EDL provides an annual report that outlines its progress. The first four pillars are in line with core areas expected for an economic development agency: business retention and expansion ("growing from within"); investment attraction ("from new companies"); entrepreneurship and innovation; and marketing and advocacy. The fifth pillar of catalytic projects focused on key sectors and larger projects, and the sixth pillar is around internal operational excellence, which also work.

As discussed previously, there are important benefits of an economic development organization or agency having a separate Board from its City sponsor. These benefits include:

- Ability to access funding from a wider range of sources than city departments.
- Full-time dedicated economic development expertise that are not directly part of city staff, and expert advice from private sector business leaders.
- More flexibility and speed in responding to, or proactively seeking opportunities.

MOU

The City's formal relationship with EDL is based on an MOU approved by Council in 2016 that outlines roles, responsibilities and expectations between EDL and the City. There appear to be a number of practical challenges related to how the City communicates priorities and reporting expectations to EDL. Some EDL stakeholders perceive that the City wishes to "manage" EDL. As well, stakeholder engagement seems to reveal some concern in parts of the City with economic development reporting and communication from EDL. Council and City leadership may feel under-informed despite the City holding positions on the Board of EDL.

The 2016 MOU outlines a number of appropriate responsibilities for EDL and the City, but is too general in parts.

1. Clarify City's Relationship to EDL and Improve Communications

Through an updated and revised 2021 Memorandum of Understanding (MOU), there is an opportunity for both the City and EDL to:

- closer align;
- re-emphasize the core focus and purpose of EDL;
- re-confirm City priorities;
- adjust governance composition, size and appointments (discussed further in Opportunity #2 and #3);
- outline financial processes and accountability, including performance metrics and reporting frequency;
- strengthen communications; and
- clarify EDL's mandate including its city-region approach (discussed further in Opportunity #4).

This would be beneficial for both the City and EDL.

Sample content of the MOU is provided in the table on the next page. The City and EDL could confirm and clarify their understanding of the relationship between the City and EDL, and the expectations of their positions with each other. The MOU should be periodically reviewed as part of subsequent budget cycles.

Communications

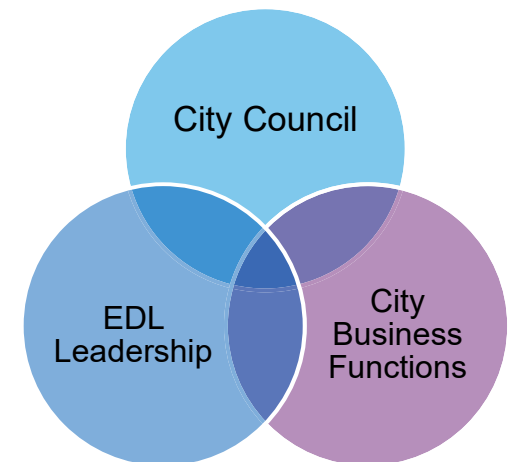
The City has a major role in economic development through the provision of essential inputs such as space, transportation and utilities needed by business to continue to grow and prosper in Lethbridge. These essential inputs need to be effective and cost-competitive, along with a competitive tax and regulatory environment. A fundamental municipal role in facilitating economic development is supply of development-ready land and related services. EDL appears to have good relationships with City Administration including City departments such as Real Estate and Land Development (RELD).

In particular, the “dotted-line” relationship between RELD and EDL is very important. As the City's internal real estate and land development business unit, RELD's effectiveness in managing this fundamental municipal function and providing internal support services is essential, with EDL as the external entity focused on investor attraction and engagement. Together, EDL and the City have an interdependent role in working closely on specific opportunities for investment attraction and business brought forward and facilitated by EDL.

By re-evaluating the MOU, there could be greater clarity in the functions and services that EDL delivers on behalf of the City of Lethbridge, clearly defining the relationship of the City and EDL, and aligning expectations with related activities.

- EDL has an important role to play in marketing to potential investors and providing expert economic development services.
- The Mayor has an essential role as the lead spokesperson for the City, and regular meetings with other levels of government, other municipalities, and frequent meetings with business / industry.
- The City Manager also is a key spokesperson for the City.
- Communications and key messaging from EDL to external parties needs to be aligned with City communications.

More frequent communications with EDL and Council / Senior Leadership is an opportunity for both entities for mutual understanding of priorities and progress / results and alignment of communications and messaging on Lethbridge's brand in the market.



1. Clarify City's Relationship to EDL and Improve Communications

The following table summarizes potential items to add or strengthen in the MOU between the City and EDL.

Business Element	Desired Outcome(s)	Comments	Suggested Items for MOU
Mandate	<i>Clear mandate for EDL that aligns / reflects City priorities.</i>	<ul style="list-style-type: none"> — The MOU could make clear that EDL operates as a delegated authority of the City. — City also recognize EDL does and should take a long-term approach 	<ul style="list-style-type: none"> — City defines the mandate of EDL and communicates <i>City priorities</i>. — EDL Board align the EDL strategy with the mandate and priorities determined by the City, and are accountable for reporting performance against priorities. — City recognizes that EDL can lead initiatives for the positive economic benefit of the region, not only the City
Governance	<i>Council and the Board of Trustees share a common understanding of the governance of EDL.</i>	<ul style="list-style-type: none"> — The MOU could make clear that EDL operates as a delegated authority of the City. 	<ul style="list-style-type: none"> — The City appoints all board members, but for a smaller, skills-based board. — EDL Board approves and submits a strategy and business plan in-line with its mandate and City priorities. — EDL Board participates in the identification of board candidates. — Advisory Committee(s) can involve many other partners to assist / support key initiatives, but not as a governing board
Operations	<i>Establish a common understanding of why and how EDL and the City will cooperate on the delivery of economic development.</i>	<ul style="list-style-type: none"> — The MOU could make clear that EDL is focused on core functions (e.g., marketing and promotion, investment attraction, business expansion) while the City is focused on supporting development. 	<ul style="list-style-type: none"> — Clearly define the roles and responsibilities for economic development activities, and lead development, including responsibilities for land development and infrastructure as may be delivered internally for the City through RELD. — Define a process for working collaboratively on development leads, including potentially using joint pursuit teams for major opportunities.
Performance and Reporting	<i>Define performance expectations, and content and frequency of reporting.</i>	<ul style="list-style-type: none"> — Frequency of information presentations for Council to be delivered by the Board Chair and CEO. — The Board oversees and assesses performance 	<ul style="list-style-type: none"> — Define performance metrics and frequency of reporting. — EDL Board or representative presents performance update to Council on a regular basis (e.g., quarterly), and annual presentation of plan and priorities, and past-year performance. — Reporting distribution list to include Mayor, Council, City Manager and RELD Manager.

1. Clarify City's Relationship to EDL and Improve Communications

Other Considerations

Over time, organizations can get pulled into other initiatives that are non-core or outside focus areas. EDL may consider re-focusing efforts and resources on initiatives or projects that are working or making meaningful progress, and exiting involvement or dissolving certain non-core committees and community projects of lower relative priority. This may be done in close consultation with the City to ensure EDL's limited resources are directed to City priorities and EDL's core economic development mandate. This would also be beneficial for both the City and EDL.




A related component of this discussion is for the City to consider what role that EDL plays in economic development in relation to the City's internal efforts, including those of the Downtown Business Revitalization Zone (BRZ) and the Heart of Our City (HOC) initiative. Some stakeholder suggested that, at times, businesses considering locating in Lethbridge approach the City rather than EDL, and that those contacts are handled internally and not forwarded to EDL. There may be ways that EDL appears to provide support for local businesses, which may be more appropriate for the Chamber of Commerce to execute (e.g., mental health supports for business owners).

Reviewing the City's relationship with EDL could include:

- Clarification of EDL's role with respect to the City;
- Clarification of reporting frequency and metrics, and any other previously unstated expectations of EDL;
- Identification of protocols between EDL and the City for coordinating efforts related to economic development, and improved strategic direction and alignment overall; and,
- Identification of and continued reporting on key performance metrics aligned with documented strategic and service delivery functions.

1. Clarify City's Relationship to EDL and Improve Communications

The plan for implementing a change to the City's relationship to EDL could be based on the following. City leadership would also want to be aware of the related constraints and risks associated with this course of action.

Actions		2021	2022	2023	2024
1.	Establish an action-oriented working group comprised of City and EDL representation to review and recommend enhancements to the MOU by a target date.				
2.	Revise and approve MOU by both Council and EDL's Board.				
3.	Implement new communication and reporting protocols, and constantly work on communications.				

Risks & Constraints		Probability	Impact
1.	Updates to MOU may not address ongoing communications and understanding issues.	Medium	Medium

Summary of Impact to the City

This opportunity could provide more effective governance and communication protocols to support the relationship between the City and EDL. In turn, this could increase the effectiveness of economic development activities and promote more coordinated service delivery to businesses currently in Lethbridge or considering investing in Lethbridge.

2. Board Composition and Size

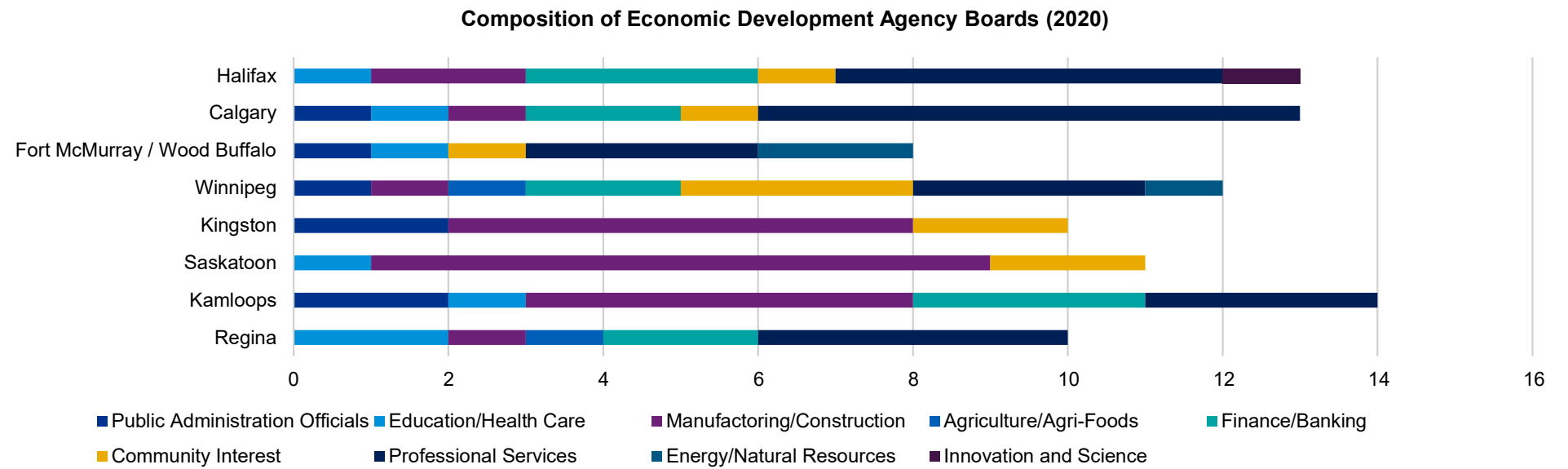
Description

EDL has a significantly larger board than most other economic development agencies in Canada, even before it recently expanded from 25 to 31 members. Lethbridge has prioritized representation from a large range of sectors, including community services and education. A number of stakeholders interviewed expressed that there is an under-representation of private business on the board.

Leading practices research into board governance suggest board sizes between 8 and 12 members are most effective. They are large enough to accommodate a range of required skill, and promote board succession and continuity. At the same time, they are small enough to promote board member engagement, fulfillment of duty of care, and enable more efficient board discussions and decision-making.

Many economic development agency boards have moved or are moving to skills-based boards. They actively seek or work with their respective city / jurisdiction to identify individuals with specific skills that are important to the effective governance of the organization, which does not require broad-based sectoral representation.

The large size of the board and the high representation of board members from community sectors may not align with an effective governance board focused economic development.⁴⁹ There may be an opportunity to revisit the Board's size and composition to bring it in-line with leading governance practices. EDL's Board could be smaller and more skills-based. Many of the current sectors represented could continue through the use of a separate advisory committee to the Board, providing sectoral input and insight to EDL's initiatives.



⁴⁹ Source: Derived from information from various municipalities and economic development agencies.

2. Board Composition and Size

The City could consider the qualifications it requires of individual board members to contribute effectively in carrying out the board's economic development mandate. The board should develop a board skills matrix that describes the role and expectations of directors, and their required expertise and commitments.

As indicated in benchmarking, most economic development agency boards have the majority of their board members represented by business and industry. Universities and colleges also play an important role in economic development through talent and career development, research and innovation. The majority of board members could be leaders from business and industry, along with leaders from the City, higher education, and other major organizations in the community.

Undertaking periodic skills gap assessments would help to identify development or education needs or areas from which to pursue board directors with such skillsets. The chart below presents a sample skills matrix that may use to perform such an analysis.




Skills & Experience*	Level of Importance	Current Board Proficiency	Education and/or Recruitment Priority
Understanding of Mandate			
Business Board Experience			
Entrepreneurship			
Finance			
Technology and Innovation			
Strategic Planning and Transformational Change			
Priority Sectors (i.e., Agri-business)			
Indigenous Business			
International Business			
Logistics and Supply Chain			
Marketing / Public Relations			
Professional Business Services			
Regional Economic Development			
Higher Education and Training			

Using a similar matrix analysis, the Board may be able to identify existing capabilities and competencies as well as areas where board development or additional education or qualifications are needed, supporting the board's alignment with City of Lethbridge and EDL's strategic priorities in economic development.

**This list of skills is a summary sample of high-level areas of knowledge on which all board members could be considered.*

2. Board Composition and Size

The plan for implementing a change to EDL's Board composition and size could be based on the following, and should be performed in conjunction with the actions related to the next opportunity. City leadership would also want to be aware of the related constraints and risks associated with this course of action.

Actions		2021	2022	2023	2024
1.	City to evaluate its own role on the EDL board (Opportunity #3).				
2.	City to open dialogue with EDL Executive Committee to encourage re-evaluation of its board size and structure.				
3.	City and EDL Board agree to Board size and structure, appointments made accordingly.				

Risks & Constraints		Probability	Impact
1.	EDL has benefitted from sectors being represented by senior-level professionals in many cases. Moving board members to advisory committee members needs to be communicated in such a way not to appear that these leaders' contribution is not valued less, but rather will be utilized in an initiatives-driven manner.	Medium	Low
2.	Some board members like the large board format for various reasons. There is a possibility that the EDL board will not accept guidance toward restructuring.	Medium	Medium

Summary of Impact to the City

This opportunity also relates to effective governance to support the relationship between the City and EDL.

3. Review City's Role and Appointments on the EDL Board

Description

The EDL Board of Directors of 31 members was designed to reflect community sectors. The City appoints 7 of the 31 Board positions, including:

- City representatives: the Mayor, one City councillor, and the City Manager; and,
- Four sectors / constituencies: environment, seniors, Indigenous, and multiculturalism.

The City of Lethbridge board appointees to EDL from the four sectors are reviewed and interviewed by the EDL Nominating Committee prior to acceptance, similar to how potential candidates identified for the other EDL board sectors are reviewed. In addition, Lethbridge County, the Lethbridge Chamber of Commerce, Lethbridge College, and the University of Lethbridge appoint one representative each.

Jurisdictional research identified that Economic Development Lethbridge's structure and relationship with the City of Lethbridge is similar to a number of comparators that have arms-length relationships with their respective municipality. It is not uncommon to have the Mayor, City Councillors, or Public Officials (i.e., City Manager) serve on the boards of economic development agencies. Many economic development agency boards have representation from their City's Council, and four of the nine municipalities reviewed, including Lethbridge, include the mayor as a member of the board.



Responsibility of Board Members

Board members have a fiduciary duty to govern in accordance with the best interests of the organization (i.e., EDL). That is, EDL Board members must act in the interest of EDL, and must not serve as representatives of the City or any other organization, though they contribute knowledge of and experience with such organizations. There is a potential for City board members to be perceived as attending EDL board meetings as "representatives of the City" rather than "members of the EDL board." This has the potential to create a perceived conflict of interest for City representatives.

There may be an opportunity for the City to reconsider whether its appointments to EDL's Board promote effective governance. It may also reconsider requiring three positions to represent the City on the EDL Board, or if it could contribute to EDL's governance more effectively with two representatives, providing space for appointments in accordance with a desired skills mix.

3. Review City's Role and Appointments on the EDL Board

The plan for implementing a change to the City's relationship to EDL could be based on the following. City leadership would also want to be aware of the related constraints and risks associated with this course of action.

Actions		2021	2022	2023	2024
1.	Council with City Manager input to review the role of City representatives in their participation on the EDL board.				
2.	Revise governing documents				

Risks & Constraints		Probability	Impact
1.	May be a perception that City is decreasing involvement with EDL.	Low	Low

Summary of Impact to the City

This opportunity also relates to effective governance to support the relationship between the City and EDL.

4. Mandate Clarification and Alignment of City/Region

Description

When EDL was first formed in 2002, the City created EDL as a community-based, independent economic development entity in order to deliver economic development programs and services for the benefit Lethbridge. It is not clear from documents from that time whether regional participation was prohibited, envisioned or encouraged. Since then, there has been some expansion of EDL's activities into regional initiatives. EDL tracks regional statistics, it has regular interaction with regional partners such as RINSA through Teconnect, which serves entrepreneurs in Lethbridge as well as Blood Tribe First Nation and other municipalities. The Women in STEM program justification included wanting to serve rural women, and other economic development agencies within southwest Alberta.

EDL initiated the Lethbridge Regional Economic Recovery Task Force earlier in 2020, demonstrating it is accepted as a regional leader in economic development. Some of EDL's large projects are regional, for example: Canada's Premium Food Corridor and the Western Gateway Trade and Logistics Corridor, which involve agricultural producers, agri-food processors, and local municipalities.

There may be an opportunity for the City to revisit and clarify EDL's mandate, the activities it undertakes, and its relationships with regional partners. There have been significant business opportunities developed through regional collaboration as currently demonstrated in the agri-food sector and renewable energy sector. Intentional direction from the City could grant EDL "permission to play" more fulsomely and proactively in regional initiatives. If economic activity increases in the region around Lethbridge, the City also gains economic benefits.

EDL participates in regional economic development initiatives and relationships. EDL frequently supports opportunities that result in investment in the region and indirectly benefit Lethbridge. In recent years, EDL supported efforts to develop a \$2 billion wind farm in the region. Both during construction and following, Lethbridge has benefitted from economic spinoffs created.

Conversely, economic development in Lethbridge benefits the region. EDL played a significant key role in attracting Cavendish to Lethbridge, resulting in a \$410 million investment and the largest private sector investment in Lethbridge's history. The agri-food processing plant is located within Lethbridge city limits, but it sources agricultural inputs from the region and draws on local logistics providers and supply chain infrastructure. In pursuing the Cavendish expansion, a supporting effort led by EDL included pursuing and obtaining Alberta Agriculture funding for expanded municipal infrastructure.

Regional success is good for the City of Lethbridge, and success in business attraction within the City is good for the region. **There are mutual benefits that need to better be understood and articulated.** At the same time, the City created EDL and provides funding for EDL's core operations.

Regional Role

EDL has branded its collaborative economic development efforts as "Brighter Together." To EDL, this messaging extends to the regional initiatives where EDL participates (e.g., RINSA, Southgrow). EDL has already taken on the roles as a regional leader and supporter, when appropriate. Many regional partnerships are "handshake" agreements built on trust and collaboration, with an understanding of "shared investment for shared benefit." EDL's broad participation has earned it a reputation as an effective partner, which may have contributed to EDL attracting additional program funding dollars from multiple levels of government. EDL has accomplished this while maintaining its own identity.

EDL has the largest economic development presence in southwestern Alberta. As such, EDL is leaned on as a major regional player and collaborating on economic development projects and initiatives with surrounding municipal partners, different levels of government, and other types of development agencies. Most nearby municipalities have economic development staff comprised of only a single person.

A challenge is that surrounding municipalities in the region have very limited funding to contribute. However, partners who benefit should also contribute with some financial commitment. There may be other ways for partners outside of the City to contribute to regional initiatives through non-financial resources and time.

4. Mandate Clarification and Alignment of City/Region

Trend Toward Regional Economic Development

There are many other examples across North America where the trend is more towards regional economic development collaboration, with the main city being the brand and main player in economic development efforts.

One recent example in Alberta is the Edmonton metropolitan region. Edmonton Global (EG) aims to combine the efforts of all levels of government and economic development agencies including 15 municipalities, Invest Alberta, Alberta's Industrial Heartland Association, the Edmonton International Airport, Edmonton Health City, the Alberta Machine Intelligence Institute, and Invest in Canada.⁵⁰

Compared to EDL, EG has an approach similar in its focus sectors, which include: manufacturing and advanced manufacturing, health and life sciences, food and agriculture, and energy and clean technology. Its organizational priorities for 2018-2023 are: attracting foreign direct investment and trade and increasing brand awareness of the region. Edmonton Global is structured to have accountability to its 15 member municipalities, but there are no public officials on the 12-member board. It has a current staff of 10.

Edmonton Global Partner Municipalities



Focus Sectors






Edmonton Global's Priorities 2018-2023



⁵⁰ Source: derived from information from Edmonton Global's website.

4. Mandate Clarification and Alignment of City/Region

The plan for implementing a change to EDL's regional mandate could be based on the following. City leadership would also want to be aware of the related constraints and risks associated with this course of action.

Actions		2021	2022	2023	2024
1.	Council to discuss extent of regional mandate and understanding of increasing regional role of EDL, while still maintaining focus for City economic development efforts.				
2.	EDL to propose a small number of suitable metrics to give visibility to its level of City/regional effort and impact.				
3.	Council to open up discussions with regional municipalities with respect to regional municipalities participating more in economic development led by EDL. .				

Risks & Constraints		Probability	Impact
1.	There may be ongoing concern among regional partners over an appearance of imbalance of EDL effort benefitting Lethbridge versus the region.	Medium	Medium
2.	There may be challenges in understanding involvement and accountabilities to the group of surrounding municipalities and regional partners.	Medium	Medium

Summary of Impact to the City

This opportunity relates to effectiveness and clarification of mandate.

5. City Investment

Description

The City is considered the primary funder of EDL, although the City's share of EDL's overall funding was less than 50% in 2019. EDL leverages funding opportunities from other levels of government (e.g., provincial grants from Alberta Innovates; federal contributions from Western Economic Diversification) and partnerships to execute on organizational priorities and produce positive economic outcomes. Since EDL is not a municipal department, it can pursue these additional sources of funding to which the City would otherwise not have access. This is one of the key benefits of an arms-length economic development agency.

EDL indirectly helps create jobs and supports businesses in expanding operations or attracting additional investment. With additional funds, EDL would be able to add attention to its strategic priorities and increase capacity. Discussion with EDL senior leadership provided two significant ideas with respect to how it would apply additional funding for economic development efforts in Lethbridge and region (described below).

In pursuing these initiatives, the City and EDL would want to establish defined performance metrics and timeframes to promote accountability and a return on the City's incremental investment. There may also be opportunities for the City to enter into shared investment for shared benefit agreements with regional partners related to each initiative. For growth initiatives, City funding could leverage significant additional funding from other levels of government.

Ideas	Description
1. Further Promote "Canada's Premier Food Corridor" (CPFC) Industry Cluster (see also Appendix B)	<ul style="list-style-type: none"> — EDL has developed marketing material to promote a Lethbridge-Taber Agri-food Corridor and the agri-food processing sector in southern Alberta. It provides a regional approach to attracting large, multi-national companies and utilize opportunities from the Federal supercluster program administered by Protein Industries Canada (PIC) and the Plant Protein Alliance of Alberta. — EDL has been working to continue to advance development a food corridor cluster, which could be a strategic driving force for economic development in Lethbridge region. — Funds would be used to hire dedicated resources with expertise in food cluster development. — EDL is currently pursuing funding partnered with Western Diversification. However, leveraged dollars would be supportive. — Additional funds could allow EDL to market CPFC at large, global events relevant to key initiatives. Last year, EDL's CEO was in Paris, same week as the Food Ingredient Europe Show (21,000 people, 3 companies from Alberta).
2. Promote the "Western Gateway Trade and Logistics Corridor"	<ul style="list-style-type: none"> — The Western Gateway Trade and Logistics Corridor is an effort to establish a preferred trade corridor through the region, providing logistics and border-crossing efficiencies. — Long-term objectives of the initiative include: developing a bonded warehouse location along the Highway 4 corridor; a freight pre-clearance centre; and Inland Port Designation/ Tax Status. — The Lethbridge region is well-situated to be along trade and logistics corridors east-west within Canada, as well as north-south along the CANAMEX (Canada-US-Mexico) Trade Corridor, which crosses the US border at the Coutts Border Crossing. — The Southgrow Regional Initiative conducted an opportunity identification study through Stantec Engineering in 2005 to evaluate the region's highway infrastructure, connectivity to national logistics infrastructure, and requirements to advance the corridor.

5. City Investment

The plan for implementing a change to the City's relationship to EDL could be based on the following. City leadership would also want to be aware of the related constraints and risks associated with this course of action.

Actions		2021	2022	2023	2024
1.	EDL to develop and present a business case(s) for additional investment in economic development, and submit to Council to evaluate for consideration. Each case, if accepted, would have its own implementation plan, including a funding plan and specific performance targets. This could include the establishment of a Shared Investment for Shared Benefit (SISB) framework for collaborating with regional partners, and a governance framework for an opportunity fund.				
2.	City to re-invest funding for EDL initiatives that are high priorities of the City. EDL held accountable for performance / achievements and return on investment for: (a) core funding received from the City, and (b) any additional incremental City funding for such high priority initiatives.				

Risks & Constraints		Probability	Impact
1.	The City may not have the funds available to increase its investment in economic development activities, or it may realize better economic development returns by investing in the airport or other infrastructure.	High	High
2.	The City does not realize an economic return commensurate with its additional investment, or the return is difficult to measure.	High	High

Summary of Impact to the City

This opportunity relates to effectiveness and potential opportunities for re-investment on priority economic development initiatives for the City, based on achieving results and return on investment.



Appendices

- A. Lethbridge Public Library Programs
- B. Lethbridge Public Library
- C. Economic Development Lethbridge Program Descriptions

Appendix B – Economic Development Lethbridge Program Descriptions

Tecconnect⁵¹

Tecconnect is Lethbridge's entrepreneurship and innovation incubator, that is, a business environment developed to support entrepreneurs working to develop new innovations and scalable start-up businesses. Generally, incubators provide education in and exposure to new technologies, shared office space, business coaching supports and sometimes "maker-space" – innovative, cutting-edge manufacturing tools like 3-D printers, Computer Numerically-Controlled (CNC) laser cutters, and other equipment for product prototyping. Tecconnect has recently supported local entrepreneurs through educational workshops on Blockchain, machine learning, Artificial Intelligence and Internet-of-Things. These technologies can also provide opportunities for existing businesses to improve productivity in their operations and expand into new ventures.

In 2019, Tecconnect supported southern Alberta women entrepreneurs in STEM (Science, Technology, Engineering, Mathematics) by applying for, securing and delivering \$1.7M in funding. Also in 2019, Tecconnect provided incubator services to 11 companies developing technologies in Blockchain & AI, supply chain, virtual accounting, digital media and post-production, virtual reality (VR), immersive and 360 degree video, biopharmaceuticals, financial management and 3D scanning. Further, Tecconnect hosted more than 800 workshops, seminars, meeting and events on-site this past year serving over 950 entrepreneurs.

Since 2011, companies in Tecconnect have received a total investment of \$31.7M to access product development and commercialization support, and have created 252 jobs with a total payroll of just over \$10M supporting business activities that generated \$20M in pre-commercialization sales. These jobs numbers may not address job losses from business failures.

Highlights from 2019

Tecconnect supported several groups of entrepreneurs in participating in events in 2019 related to their area of pursuit, including the following:

- **Preparatory training and working sessions** were provided to seven young women to attend for the Crypto Chicks International Blockchain Hackathon in Toronto in May. InBridge, a Tecconnect incubator client, provided the training and on-site support. The team from Lethbridge was awarded third-place with their blockchain solution to provide a traceability solution for canola crops.
- **Immigrant entrepreneur supports** were provided through Business Link Immigrant Services, together with representatives from the City of Lethbridge, Lethbridge Family Services (Immigrant Services), Lethbridge College and Taber Adult Learning.
- **Technology access training** was provided through the Rural Entrepreneur Virtual Portal Project through the Chinook Arch Regional Library System to address accessibility issues experienced by rural and remote entrepreneurs by providing virtual entrepreneurial workshops and business advice at local libraries who have the appropriate technology and broadband capacity to stream workshops.
- In collaboration with Business Link, Tecconnect secured a part-time Indigenous Business Advisor to better service Indigenous entrepreneurs.
- Tecconnect hosted the 4th Annual Multimedia Challenge in partnership with Lethbridge College's Multimedia Production & Digital Communications and Media departments. These events give students real world experience in pitching, branding and marketing ideas and strategies to prospective investors.
- Tecconnect office space was 95% occupied at the end of 2019.
- EDL has secured approximately \$4.4M in funding from other sources since 2011 to support programs for entrepreneurs. EDL purports that it has multiplied the City's funding in Tecconnect by approximately eight times.

⁵¹ Derived from documentation provided by Economic Development Lethbridge, "Tecconnect Business Plan (2020-2024)."

Appendix B – Economic Development Lethbridge Program Descriptions

Blockchain SA⁵²

BlockchainSA is an incorporated partnership created between Economic Development Lethbridge and InBridge, an Alberta-based technology advisory firm, and was established in 2019 and is operating as Emerging Technology Solutions (ETSB).

The main goals of the company are to:

- Provide services exclusively to agriculture and/or manufacturing companies in the Lethbridge area that are early adopters of blockchain and other emerging technologies and are looking for a global competitive edge.
- Deliver trusted information and resources to help companies and entrepreneurs make informed choices by developing a working knowledge of emerging technologies and their contribution to and interaction with business models.
- Provide industry with Proof of Concept (POC) that blockchain technology will significantly benefit supply chain management by demonstrating its feasibility with the aim of verifying that the concept has practical application.
- Analyze opportunities and test concepts within the environment of a rapidly changing technology.
- Provide an environment for advanced innovation in emerging technologies across all sectors.
- Develop a means to support integration of emerging technologies into businesses systems. The corporation seeks to contribute to Canadian and international efforts to develop blockchain standards under ISO/TC 307 Blockchain and electronic distributed ledger technologies.

Blockchain SA will provide Lethbridge companies, with an emphasis on our major industries of agriculture and manufacturing companies, with a competitive edge in the marketplace through validated supply chain management and integration of emerging technologies.

Market Summary

Blockchain, as a technology, offers the potential to decentralize interactions between market actors to ensure access control, authenticity and integrity. Blockchain provides a decentralized database, or a “digital ledger,” of transactions that everyone on the network can see. This network becomes a chain of computers that must all approve an exchange before it can be verified and recorded.

Businesses are increasingly focused on using new technologies to gain a competitive edge. While data analytics and cloud solutions have become common in varying degrees by industry and sector, progressive firms are working to put breakthrough technologies such as blockchain and AI into use.

It's worth noting that blockchain technology is so new that industry does not yet grasp the potential benefits and how to integrate it into current business practices and technologies. There is a lack of quality education and information services that demonstrate how blockchain works and identify the specific benefits to various industries. Providing this as a service helps to make technology adoption faster, creating a competitive edge for the adopting industry and the Lethbridge region.

Importance to Lethbridge

On a transactional basis, blockchain and supply chains can work hand-in-hand to increase traceability, lower losses from counterfeit, improve transparency and confirm compliance to regulations and certifications. This innovation of access to continuous and immutable transactions will enhance a company's position as a leader within a sector. While efforts in this area are young, implementation of blockchain technologies has been described as a global business transformation on a similar level as the growth and use of the internet. Use of blockchain could become a strategic advantage and key to future growth.

⁵² Derived from documentation provided by Economic Development Lethbridge, “Blockchain SA – Business Strategy Overview (2019).”

Appendix B – Economic Development Lethbridge Program Descriptions

Women Entrepreneurs in STEM⁵³

EDL applied for and received funding for a 3-year period from Western Economic Diversification to support up to 381 Women Entrepreneurs in STEM (WESTEM) sectors in Southern Alberta by offering networking, mentorship and access to training in current and emerging technologies.

Strategic Objectives

- Rainforest: Funding Streams for WESTEM entrepreneurs, collaboration and synergies in ecosystem to create impact.
 1. Cornerstone Projects: What regional economic problem is in need of a solution in Southern Alberta – bring WESTEM together to solve.
 2. Have local entrepreneurs pitch at national pitch contests.
 3. Establish WESTEM Angel Network.
 4. Have a WESTEM Social Enterprise.
- Entrepreneurship: Start-up ecosystem resources, training/workshops, pre-launch to growth spectrum, delivery.
 1. Best-in-Class Entrepreneurship Provider.
 2. Support Cornerstone Initiatives in building entrepreneurial solutions for Southern Alberta.
 3. Profile success stories by host “TEDx” or “Ignite” talks featuring WESTEM from Southern Alberta.
- Networking & Events: Connecting entrepreneurs with resources from across the globe, meeting influential people to support launch and growth, being inspired by others through access to WESTEM entrepreneurs.
 1. Attend three virtual conferences before December 2021.
 2. Bring in international conferences/speakers via satellite.
 3. Be the entrepreneurial chapter for national/international WESTEM groups.
- STEM Mentorship: Connecting successful WESTEM entrepreneurs for early stage for coaching, advisory and support.
 1. Provide a best-in-class portal for Southern Alberta Women in STEM.
 2. Support cornerstone initiatives in building entrepreneurial solutions for Southern Alberta.
 3. Raise profiles of Women in STEM.
- Virtual Content: Online delivery of workshops, one-stop-shop for all resources and connections, mentoring portal, Southern Alberta story-board for WESTEM successes and upcoming events/trends.
 1. Provide best-in-class Virtual Training.
 2. Setup go-to portal for anyone in Southern Alberta wanting to connect to WESTEM entrepreneurial resources/local supports.
- Niche Programming: Resources and training for any under-represented female audience.
 1. Provide best-in-class cultural sensitivity add-ons to our curriculum.
 2. Establish a portal for professional women in STEM fields in immigrant/Indigenous communities to come to for supports.

⁵³ Derived from documentation provided by Economic Development Lethbridge.

Appendix B – Economic Development Lethbridge Program Descriptions

Canada's Premier Food Corridor⁵⁴

EDL and its partners have designated the region along Highway 3 surrounding Lethbridge as Canada's Premier Food Corridor (CPFC). It is becoming recognized as an industry hub for agri-food growers, food processing, and logistics, and many global food companies are already located in the region. The existing logistics and transportation supply chains have led to a growing number of niche innovations choosing to locate their businesses in the region.

Economic Indicators: The region had a gross domestic product valued at approximately \$8 billion in 2019. Alberta has no provincial sales tax, no payroll tax, no healthcare premiums, and lower land costs than other regions in Canada.

Access to Markets & Logistics: Businesses in the region are at the centre of a well-positioned trading area just north of the US border serving approximately 342,000 people. The transportation/warehouse sector was valued at \$207 million in 2019 with 215 businesses and 3,250 employees.

Availability of Ingredients: Superior irrigation and growing conditions in Southern Alberta allow for 65+ specialty crops to be grown. Four irrigation districts provide water to over 900,000 acres of land across nearly 4,500 farms. There are 11,000+ businesses in the region.

Labour, Resources and R&D: Businesses have access to a young and talented workforce. The regional population averages 37 years of age. There are a number of research and development companies working to support innovation and sustainable growth of the agriculture sector in Southern Alberta.

Reasons why CPFC is attractive for investors include the following:

- Close to key supply and/or distribution hubs, existing logistics and transportation expertise.
- Surplus capacity of water, wastewater, power, natural gas infrastructure necessary for agriculture processing facilities.
- Lower land costs compared to larger population centres.
- A skilled workforce experienced in agricultural processing.
- World class post-secondary and research focused on agriculture.
- Small town quality of life with amenities throughout the region.
- Business-friendly councils and administrations with collaborative mindsets



⁵⁴ Derived from documentation provided by Economic Development Lethbridge.