

Region of Waterloo
Chief Administrative Officer
Administration

To: Planning and Works Committee
Meeting Date: August 15, 2023
Report Title: Waterloo Region Economic Development Corporation (WREDC)
Partnership Agreement

1. Recommendation

That the Regional Municipality of Waterloo take the following action with respect to the renewal of the Waterloo Region Economic Development Corporation Partnership Agreement subject to 2024 Budget approval as set out in report CAO-23-004 dated August 15, 2023:

- a) Approve in principle the draft Waterloo Region Economic Development Corporation (WREDC) Partnership Agreement as attached in Appendix A; and
- b) Include an incremental \$500,000 in funding for the WREDC starting in 2024 funded from the Regional property tax levy.

2. Purpose / Issue:

To update Regional Council on the proposed revised five year partnership agreement between Area Municipalities/Regional Municipality of Waterloo and Waterloo Region Economic Development Corporation (WREDC) and the financial implications of reduced Provincial and Federal government funding.

3. Strategic Plan:

Funding for Waterloo Region Economic Development Corporation supports the Thriving Economy Focus Area of the Corporate Strategic Plan. Specifically, it supports Section 1.1 to create a competitive business-supportive community to help attract, retain and grow employers in the Waterloo Region.

4. Report Highlights:

- The Waterloo Region Economic Development Corporation (WREDC, which operates as “Waterloo EDC”) partnership agreement with the Region and Area Municipalities is set to expire on December 31, 2023.

- The Region and Area Municipal CAOs have negotiated a tentative new five-year agreement that includes the first financial contribution increase since 2015. The funding increase will bring stability to Waterloo EDC which has relied on Federal/Provincial funding that is being phased out.
- The common elements of this report are being provided to all seven area municipal Councils and Regional Council.
- The municipal contribution is proposed to increase from \$2 million currently to \$2.8 million in 2024 and to \$3.2 million by 2026.
- The increased financial commitment for the Region of Waterloo in 2024 is proposed to be \$500,000 (increasing from \$900,000 in 2023 to \$1.4 million per year in 2024) and then to \$1.5 million in 2025.
- The proposed allocation of the increases in 2024 range from 0% for the townships to 56% for the Region given the broad regional focus of Waterloo EDC work.
- Council will receive a funding update report and agreement for consideration in September 2023.

5. Background:

In 2015, the Councils of the Region of Waterloo and Cambridge, Kitchener, North Dumfries, Waterloo, Wellesley, Wilmot, and Woolwich agreed to jointly operate the Waterloo Region Economic Development Corporation (WREDC; Waterloo EDC is the operating name) under a Memorandum of Understanding partnership agreement that had one renewal in 2018 and is set to expire again on December 31, 2023.

This coordinated approach to the delivery of economic development services throughout Waterloo Region has been in place to complement and support, and not duplicate the collaborative efforts of Area and Regional municipal economic development staff. Waterloo EDC is an integral common voice and champion for Economic Development in our region. Tony LaMantia was recruited as the inaugural CEO for WREDC, starting in this position in January 2016, and remains in this capacity reporting to a board of Directors, currently chaired by Murray Gamble.

There have been numerous corporate attraction and retention successes derived from the Waterloo EDC team over the years. Waterloo EDC directly supports our community by leading foreign direct investment attraction efforts and partnering on local business retention and expansion. It is a highly successful advocate for, and contributor to, the investment readiness of our community. The organization has delivered in excess of \$1.55 billion in GDP impact, over 12,500 new jobs and almost \$118 million in additional taxes to the Canadian ecosystem between 2016-2022 (per Statistics Canada).

This exceptional impact is made possible by the base municipal funding and the partnerships forged with both the federal and provincial governments. However, the sustainability of the federal and provincial funding programs is waning and the importance and need of WREDC is growing. Therefore, this agreement renewal will call

on additional municipal funding implemented in a phased manner over several years as noted in Table 1.

Per the agreement, Waterloo EDC's CEO and the area municipal CAOs have negotiated a proposed new updated partnership agreement and funding strategy for WREDC to operate for the next 5 years. Table 1 represents the financial terms of the proposed agreement set to be tabled with Regional and area municipal councils in the August-September timeframe. Other notable improvements to the agreement include language improvements to enhance communication and alignment with the Regional and area municipal economic development departments.

TABLE 1

| Municipality | Current Funding | 2024 Funding | 2025 Funding | 2026 Funding | 2027 Funding | 2028 Funding |
|-------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| City of Cambridge | 320,000 | 420,000 | 470,000 | 520,000 | 2026 level + CPI | 2027 level + CPI |
| City of Kitchener | 320,000 | 420,000 | 470,000 | 520,000 | 2026 level + CPI | 2027 level + CPI |
| City of Waterloo | 320,000 | 420,000 | 470,000 | 520,000 | 2026 level + CPI | 2027 level + CPI |
| Township of Woolwich | 50,000 | 50,000 | 50,000 | 50,000 | 2026 level + CPI | 2027 level + CPI |
| Township of Wilmot | 50,000 | 50,000 | 50,000 | 50,000 | 2026 level + CPI | 2027 level + CPI |
| Township of Wellesley | 20,000 | 20,000 | 20,000 | 20,000 | 2026 level + CPI | 2027 level + CPI |
| Township of N. Dumfries | 20,000 | 20,000 | 20,000 | 20,000 | 2026 level + CPI | 2027 level + CPI |
| Region Of Waterloo | 900,000 | 1,400,000 | 1,450,000 | 1,500,000 | 2026 level + CPI | 2027 level + CPI |
| Total: | 2,000,000 | 2,800,000 | 3,000,000 | 3,200,000 | | |

At the direction of the CAOs, the Region of Waterloo, in collaboration with the Area Municipalities and Waterloo EDC, is updating the 2014 Waterloo Region Economic

Development Strategy. This document provides a framework to organizations contributing to economic development and economic growth in Waterloo Region, through the alignment of shared goals and actions, to increase our region's competitive advantage, accelerate business growth and stimulate the next era of innovation in our economy. This strategy update is expected to be complete by the 4th quarter of 2023. Emerging themes from this work include talent, supply chains, employment land acceleration, growth strategies for existing and emerging sectors, coordinated advocacy, and quality of life. This document, when complete, will be layered into the operating directions for WREDC and the local economic departments of the municipalities.

6. Communication and Engagement with Area Municipalities and the Public

Area Municipalities:

The CAO group worked together to develop the proposed updates to the Partnership Agreement.

7. Financial Implications:

The Region's 2023 Operating Budget includes a \$900,000 funding contribution to the WREDC funded from the property tax levy. The proposed agreement would result in a \$1.4 million contribution to the WREDC starting in 2024, and would be reflected in the preliminary 2024 Operating Budget.

8. Conclusion / Next Steps:

If the CAOs receive endorsement from the seven area Councils and Regional Council, a new five year partnership agreement will be finalized and a funding update and agreement will be brought to Regional Council in the fall as part of the 2024 budget process.

9. Attachments:

Appendix A: Draft Partnership Agreement

Approved By: Bruce Lauckner, Chief Administrative Officer