MEETING DATE: MARCH 31, 2020

BRIEFING NOTE - TO COUNCIL

SUBJECT

Economic Development Incentives – For Information

RECOMMENDATION

THAT the County of Vermilion River receive the Economic Development Incentives Report for Information

DETAILS

Background: To better promote the County of Vermilion River’s Development Incentives the development incentives have been reviewed to explore opportunities for both the County and developer to increase Economic growth.

Economic Development Incentives Deals, in particular tax incentives, have been part of economic development strategies in many municipalities. They are used to achieve goals beyond economic growth or job creation, such as spreading economic activity throughout a region (through geographic targeting) and focusing on perceived high-value industries.

Discussion: The optimum outcome would be a non-zero sum gain between the incentives and the actual net benefit to the municipality and its communities. Adequately assessing the net return on the public investment in incentive deals via rigorous cost-benefit analysis is key to determining the scope of the incentive programs (tax and non-tax) that can be implemented. Incentives should result in jobs and tax revenues that would not otherwise exist.

Sharing project costs and revenues within a region and encouraging companies to hire locals, balancing investments between distressed (vacant, derelict, or under-utilized) and high-demand areas, enhances fairness. Improved opportunities and support for hiring local residents and the unemployed, a greater focus on small businesses, existing industry, and job training provisions in incentive policy help municipalities strengthen their negotiating position with companies, maximize public benefits, and protect the public investment in incentive deals.

Moreover, incentives recipients must be sufficiently accountable to taxpayers and the broader public interest. Safeguards like performance-based contracts with claw back provisions can help
local governments avoid paying too much for too little. The tools below are but a few examples of the myriad incentives that may be developed by a municipality to incentivize economic development in fairness and efficiently.

**STRATEGIC PLAN RELEVANCE:**

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Government</td>
<td>No</td>
</tr>
<tr>
<td>Long-Term Direction</td>
<td>No</td>
</tr>
<tr>
<td>Economic Vibrancy</td>
<td>Yes</td>
</tr>
<tr>
<td>Infrastructure Management</td>
<td>No</td>
</tr>
<tr>
<td>Water Management</td>
<td>No</td>
</tr>
<tr>
<td>Environmental Stewardship</td>
<td>No</td>
</tr>
<tr>
<td>Community Services</td>
<td>No</td>
</tr>
</tbody>
</table>

**STRATEGIC PLAN OBJECTIVE:**

To show the County is open for business and it is serious in attracting small and mid-sized enterprises in traditional industrial sectors and emerging sectors as well.

The attached report from Planning & Development staff looks at the various development incentives municipalities in North America and Alberta use to target development and provides examples and comparisons to help Council in their evaluation of the suitability of these incentives to the County.

**Relevant Policy/Legislation Practices:**

- *Municipal Government Act*: IDPs s. 631(8)(iv) & (vi); MDPs s. 632(3)(b)(ii), (v) & (vi);
- *Municipal Development Plan*: Policy 5.1.5;
  
*The County may support local economic development initiatives that benefits local rural businesses and residents.*

Policy 5.5.1(b);
The County will develop and implement an Economic Development Master Plan to encourage, promote, and support a competitive, diverse, and adaptable local economy that creates a hospitable and attractive environment for businesses and encourages growth.

Policy 6.3.1(e)

Collaboration with regional partners to identify opportunities to attract, expand or improve economic activity that supports the growth and expansion of value-added agriculture, manufacturing, advanced energy, transportation and logistics, where the associated development is strategically located, and emerging sectors should be pursued.

Land Use Bylaw: Purpose, s. 1.4

The purpose of this Bylaw is to regulate the Use and Development of land and Buildings within the County of Vermilion River to achieve the orderly, economic, diverse, and sustainable Development of land...(objectives).

Desired Outcome(s): THAT the County of Vermilion River receive the Economic Development Incentives Report for Information

Response Options: THAT the County of Vermilion River receive the Economic Development Incentives Report for Information

IMPLICATIONS OF RECOMMENDATION

Organizational: Incentives to connect with Economic Plan

Financial: Net benefit to the County of Vermilion River

Communication Required: N/A

Implementation: Implement into the Economic Development Plan