



**STAFF REPORT
DEVELOPMENT & COMMUNICATION SERVICES**

Title: Southern Ontario Marketing Alliance (SOMA)
Report No.: DCS 13-10
Author: David Samis
Meeting Type: COUNCIL MEETING
Council/Committee AUGUST 12, 2013
Date:
Attachments:

RECOMMENDATION

RESOLVED THAT Council receive Report DCS 13-10 Southern Ontario Marketing Alliance (SOMA) Report;

AND THAT Staff implement the following recommendations:

- Advise SOMA that the municipality will take up to an additional two year leave from SOMA.
- Maintain the \$20,000 SOMA Membership fee in reserve for the purposes of economic development.
- Direct staff to report to Council by the first Council meeting in November 2013 the following:
 - what other options may exist to address the scope of work that SOMA addresses;
 - to assess what regional alliances may exist if any to accomplish the same focus as SOMA; and
 - report on meetings with SOMA and if a change could occur in their structure or to create alliances.

EXECUTIVE SUMMARY

In July of 2003, Town of Tillsonburg Municipal Council passed a by-law to authorize a Shareholders' Agreement with the Southwestern Ontario Marketing Alliance (SOMA).

This report outlines research staff have undertaken with regards to the benefits of actively participating with the SOMA group and other options that may exist to accomplish similar objectives that SOMA addresses if the municipality were not to participate with SOMA.

HISTORY/BACKGROUND

SOMA is a partnership of seven Southwestern Ontario communities. SOMA is made up of the municipalities (shareholders) of Aylmer, Ingersoll, Stratford, St. Mary's, St. Thomas, Tillsonburg and Woodstock, and was incorporated on January 10, 2001. Aylmer and St. Mary's have recently left SOMA.

The following are salient facts with regards to SOMA:

What is the financial contribution and financial picture of SOMA?

Each shareholder holds votes on the SOMA Board and pays an annual contribution. Tillsonburg's annual contribution is \$20,000 per year, this is based on population.

Since Tillsonburg has been a shareholder the municipality has contributed the following:

Initiation fee in 2003 (approximately \$10,000), plus \$20,000/year from 2004 - 2012 = \$180,000
+ \$10,000 = \$190,000

To better understand the financial picture of the Alliance, a copy of the 2013 Operating Statement is attached to this report.

SOMA gets funding from the Invest in Canada partnership as well as the partner municipalities.

What Businesses or Opportunities has SOMA Created for Tillsonburg?

SOMA Generated leads:

Year	Lead – SOMA Region	Conversion Rate - Tillsonburg	Leads from Other Sources
2006	14	0	6
2007	12	0	42
2008	14	0	51
2009	13	0	52
2010	42	0	64
2011	31	0	51
2012	47	0	41

Total Leads: 173 (does not include years from 2003 - 2005)

To date, Tillsonburg has not had any investments from SOMA leads that have been generated, but the community has been on the short list of a few companies (3 -4 Japanese suppliers that ended up in the region, Takumi - went to St Thomas, Sanyo when they were contemplated a solar panel plant).

What is the reporting models to the member municipalities?

All reporting is through the economic development staff of the corresponding member. In the past, monthly updates to the Economic Development Advisory Committee were also provided, but this was stopped with the creation of the new Development Committee.

Due to issues raised in 2012 by the Tillsonburg CAO and materials presented from the Development Committee, a revised reporting structure was created which resulted in regular e -blasts being sent out to the Board of Directors, Mayors and CAO's to keep everyone coordinated and informed on important dates, ongoing activities and anything Mayors should have a knowledge base on.

How are things done - are they by-law?

Minutes are kept and approved as per the SOMA Bylaw attached.

How is the organization structured?

SOMA has a flat structure with only Directors and an executive comprised of the president, Treasurer and Secretary.

What voting rights does Tillsonburg have?

Each member has voting rights. Tillsonburg holds one voting right, similar to Ingersoll and Alymer. Woodstock, Stratford and St. Thomas, each hold two voting rights.

Is there a strategic plan?

SOMA was created through an initial strategic plan that identified the rationale for the communities to work together. Subsequently, there have been a number of specific sector strategies (auto, renewable, food processing, etc) that provide guidance on how to proceed with respect to activities. Nothing has been done recently to be in-line with the Province, regional groups or strategies.

How does SOMA decide on what activities they will support such as tradeshow etc.?

Historically, trade shows in SOMA's targeted sectors have been identified and then more research is conducted by talking to the Province, foreign consulates (where applicable) and other contacts. Once it has been determined that a show looks promising then typically a couple of members are sent to walk the show and confirm the initial research. This is usually followed by a presence in the form of exhibiting at the show.

Sometimes show exhibiting is accompanied by additional marketing/ads that are designed to drive traffic to the booth. These trips are usually accompanied by visits to the local consulate or other provincial/federal government office to add more value to the trip. Recently, groups like the World Economic Development Alliance (WEDA) have been used to generate meetings with site selectors. SOMA is also part of the Ontario Automotive Communities Alliance, which is a member of the US based Automotive Communities Partnership through the Center for Automotive Research and they attend the annual sector show with the group.

Since the Ontario Clean Tech Alliance and the Ontario Food Cluster were joined in early 2012, SOMA has moved almost entirely away from exhibiting at trade shows, but still uses the same methods to decide on shows to attend. The exception is that SOMA works with the OCTA and OFC groups, creating a direct conduit to the province's Ministry of Economic Development, Trade and Employment staff who have a director assigned to assist in decision making for these shows. The Province also contributes a significant amount (around \$100,000) towards prospecting at these shows, which covers approximately half the annual budget for these organizations.

How is SOMA accountable to it's members?

Each member community is able to appoint a director to the board and this is formalized by bylaw. Reporting is then through that representative. An annual AGM is also held and is open to all representatives of the member communities. The addition of regular e-blasts has been established in order to address issues raised throughout the year.

What is the staff time to participate in SOMA?

Meetings - 4 hours/month x 12 months = 48 hours or ~ 7 days/year
Trade shows - Average of 15 days/year (Estimated 10 days in 2013)
Tasks/lead follow up - 12 days/year

Is the focus of SOMA largely international or domestic?

Mainly international focused.

Does Tillsonburg need to have a presence internationally for Economic Development?

Yes in partnership with other groups and bodies.

Within Oxford County what funds and efforts exist for Economic Development?

SCOR (South Central Ontario Region) - \$35,000 - paid by County
Oxford Connection - \$25,000 - paid by County
Tourism Oxford - \$150,000 - paid by County
SWEA (South-west Economic Alliance) - \$5,000 paid by County
Local Municipal Economic Development and Tourism Efforts - ????

Does SOMA have any full-time staff compliments?

No, the work is undertaken by the partner municipalities.

Are there opportunities to combine efforts and define roles between, SCOR, SOMA and SWEA?

Yes, roles need to be defined and collaboration occur.

What are the next steps that need to be examined with regards to economic development partnerships?

- Meet with Economic Development in the County and Tourism Staff, SOMA President, SCOR Staff and determine what synergies may exist to define relationships and develop a strategy and focus for economic development efforts.

How would the municipality withdraw from SOMA?

For Tillsonburg to resign would be pursuant to section 7.01.1 of the attached agreement, which allows a shareholder to sell all of its shares to the Corporation. This section is triggered by written notice to the Corporation, and is mandatory. If this option is triggered, section 8.0 sets out the requirements that must be fulfilled (within) 5 days after giving notice. Which requires the following:

1. Deliver to the Corporation, signed resignation of the Selling Shareholder;
2. Assign and transfer to the Corporation the Selling Shareholder's Shares and deliver the required share certificates duly endorsed;
3. Deliver good and marketable title free of any encumbrances, claims and liens;
4. Deliver to the Corporation a release of any claims and liens against the Corporation; and
5. Deliver to the Corporation a release of any claims by it's Directors and Officers.

Generally there is a great deal of experience and literature with regards to regional economic development groups having great success. Models such as the Greater Toronto Marketing Alliance – GTMA, CTT (Canada's Technology Triangle should be examined,

where resources and alliances exist which include full-time staffing, participation from the private sector and focuses towards community goals and objectives.

Tillsonburg is a community with many benefits and strengths. A refocus is needed to ensure community resources are used effectively to be in line with local, regional and provincial goals and to ensure that economic development initiatives are in line with community value, strategic plans and the economic development strategy.

Staff recommend that the alliance to the SOMA group be put on hold for up to one year to present to Council what investments in economic development make sense for the community.

FINANCIAL IMPACT/FUNDING SOURCE

In the Economic Development Budget, \$20,000 is allocated for the 2013 membership in SOMA, staff recommend this be kept in a reserve for economic development purposes.

APPROVALS

**Author
Name/Signature**

David Samis

**DATE: JUNE 27,
2013**

**Director
Name/Signature**

David Samis

**DATE: JULY 27,
2013**

**Finance
Name/Signature**

DATE: