



**STAFF REPORT  
DEVELOPMENT AND COMMUNICATION SERVICES**

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<b>REPORT TITLE:</b>	<b>MEMBERSHIP IN THE SOUTHWESTERN ONTARIO MARKETING ALLIANCE</b>
<b>Report No.:</b>	<b>DCS 15-10</b>
<b>Author:</b>	<b>CEPHAS PANSCHOW</b>
<b>Meeting Type:</b>	<b>COUNCIL BUDGET MEETING</b>
<b>Council Date:</b>	<b>JANUARY 22, 2015</b>
<b>Attachments:</b>	<b>REPORT DCS 13-10 SOUTHERN ONTARIO MARKETING ALLIANCE PRESENTATION - COMPARISON OF SCOR, SOMA &amp; SWEA FROM DEC 8, 2011</b>

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**RECOMMENDATION:**

***"THAT Council receive Report DCS 15-10 Membership in the Southwestern Ontario Marketing Alliance;***

***AND THAT the Town of Tillsonburg become a member in the Southwestern Ontario Marketing Alliance subject to the following conditions:***

- 1. SOMA agrees to discuss and find a solution to centralized lead follow up by June 30, 2015;***
- 2. SOMA agrees to review need for policy on investment attraction/support for smaller members by December 31, 2015; and,***
- 3. 1 year term for membership with review at the end of 2015."***

**EXECUTIVE SUMMARY**

The purpose of this report is to seek Council approval to rejoin the Southwestern Ontario Marketing Alliance to augment the Town's Foreign Direction Investment (FDI) attraction activities.

## **BACKGROUND INFORMATION**

On July 14, 2003, Tillsonburg Town Council passed a by-law authorizing a Shareholders' Agreement with the Southwestern Ontario Marketing Alliance (SOMA).

At their August 12, 2013 meeting, Council passed the following resolution:

*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.*

At that time, the main concern raised regarding membership in SOMA was the amount of annual membership contributions paid by the Town of Tillsonburg to the organization over the 10 year membership period versus the lack of investment received directly as a result of participation in SOMA.

During the two year hiatus from SOMA, staff have used the opportunity to refocus Economic Development efforts to be more effective through the development of a "grassroots" focused investment attraction activities. Staff defined this type of plan as one that is based on the communities existing assets, and specifically, its existing opportunities. This means first developing a list of local investment opportunities and then prospecting companies that could possibly undertake the investments. The outcome of this change in tactics has been apparent in both the more practical investment interest cultivated as well as desirable development opportunities like the 253 Broadway project.

Staff have also investigated how membership in the following regional groups could assist with Foreign Direct Investment attraction efforts:

<b>Organization Name</b>	<b>Comment</b>
Economic Developers Council of Ontario – Real Estate Alliance	Minimum fee of \$5,000 that is used to obtain Federal government funding. Fee only includes participation in one foreign event so more fees payable if expand activities. Included in SOMA membership at no extra cost.
Ontario Food Cluster	Initiation fee plus annual membership fee. Included in SOMA membership at no extra cost.
Ontario Clean Tech Alliance	Initiation fee plus annual membership fee. Included in SOMA membership at no extra cost.
South Central Ontario Region (SCOR) Economic Development Corporation	Annual contribution of \$35,000 paid by the County of Oxford, but no investment attraction activities.
South West Economic Alliance (SWEA)	Annual contribution of \$10,000 paid by the County of Oxford, but no investment attraction activities.

In reviewing other regional economic development groups, it became apparent that there are none that offer the same benefits as SOMA in terms of generating investment leads and at a reasonable cost to taxpayers. However, the question still remains as to if leads generated through membership in SOMA can be turned into real investments in Tillsonburg.

There are also other organization challenges associated with rejoining SOMA and they are summarized as:

- Capacity – Due to SOMA’s large number of partnerships and memberships in various investment attraction groups (Automotive Communities Program, Ontario Clean Tech Alliance, Ontario Food Cluster, [NEW] EDCO Real Estate Alliance, etc), the amount of leads generated cannot be handled by existing staff resources within the Town. It is expected that rejoining SOMA would increase the number of leads received by the Town by 100 to 200. At even 3.5 hours/lead (total committed time), the number of days of work it would take to support this increase ranges from 50 to 86 additional days of work.
- Centralized Lead Follow-up – SOMA does not have a centralized follow up system to reduce the time/resource requirements of each member. Instead, each member has to do their own follow up, which results in duplication of effort. If SOMA had a staff resource that could do the initial (and time consuming) follow up and nurture these leads until they are ready to visit the area, this would substantially increase efficiency of the organization.

- Co-opetition Model – SOMA currently has a model where communities work together to generate leads, but then do their own follow up and investment attraction efforts. This model means that there is no concern or political will put into directing any investment to individual communities. That means that if all the investment happens in one of the member communities, then so be it. Staff are not satisfied with this model and believe that some policies should be developed to encourage investment in all member communities.

Notwithstanding these issues, it is clear that the Town of Tillsonburg has missed some substantial opportunities that have been filtered from the Province and other levels of Government/agencies down to the local level through regional partnerships.

In addition to this, it does not make economic sense for the Town to try and join any of the groups mentioned above on its own as the costs of doing so – from initiation fees to annual fees to non-reimbursed travel costs – are close to or more than the annual SOMA membership fee, especially once SOMA Per Diems refunds are credited towards the overall membership cost.

Hence, staff is recommending that the Town of Tillsonburg re-join SOMA, but only under the following conditions:

Condition	Explanation
SOMA agrees to discuss and find a solution to centralized lead follow up by June 30, 2015	SOMA should identify, and/or hire, a staff resource to handle the primary lead follow up activities with that resource being responsible for cultivating these leads with the goal of facilitating visits to the SOMA member communities, and eventually, investment in those communities.  Potential for Tillsonburg Contract person to be funded by SOMA.
SOMA agrees to review need for policy on investment attraction/support for smaller members by December 31, 2015	It should not be accepted that investment will “land-where-it-will land” without consideration of directing investment to all members, especially smaller members, on a proactive basis
1 year term for membership with review at the end of 2015	This will enable staff to evaluate the benefits of re-joining SOMA and provide a recommendation as to continued participation.

In addition to these conditions, staff would participate in SOMA based on the philosophy that local investment projects and lead generation should take primary focus and participation in foreign investment attraction events should be limited in number and to those that promise to provide the maximum benefits to the Town of Tillsonburg.

## **CONSULTATION/COMMUNICATION**

The 2015 Economic Development Work Plan, including participation in the Southwestern Ontario Marketing Alliance, has been reviewed by the Development Committee and they are supportive of proceeding in the manner outlined in this report.

## **FINANCIAL IMPACT/FUNDING SOURCE**

As approved by Council, the \$20,000 annual allocation for SOMA membership has been maintained since 2013 and these funds have been placed in reserve for future Economic Development initiatives. The draft 2015 Economic Development budget also contains \$20,000 in SOMA savings that are currently allocated to be put into reserves. Should Council accept this recommendation, the \$20,000 would have to be reallocated to the Membership budget line, but there would be no change in the net levy amount included in the draft budget.

## **APPROVALS**

<b>Author Name/Signature</b>	<b>CEPHAS PANSCHOW</b>	<b>Date: JAN 15, 2014</b>
<b>Chief Administrative Officer Name/Signature</b>	<b>DAVID CALDER</b>	<b>Date:</b>
<b>Director of Finance Name/Signature</b>	<b>DARRELL EDDINGTON</b>	<b>Date:</b>