

Future Ready Funding for Economic Development

By: Shelley Savill

Contact: shelly.savill@thornbury.net

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Abstract

The Future Ready Report provoked stimulating conversation on the topic of funding challenges and opportunities facing Economic Development Professionals (EDPs). The consensus at the Funding Roundtable was that traditional sources of funding are all but gone, and the time for a new and innovative approach is now. This paper will look at some of the current challenges and explore how the Future Ready Framework can guide solutions.

The Future Ready Framework

The Future Ready Framework “attempts to outline the key issues likely to be of relevance to economic development organizations (EDOs) in the coming years and the different levels at which they can engage with these issues” (Potts 22). It discusses the three spheres of influence that economic developers work in, and weaves seven themes throughout the paper. The three spheres are control, that which is under the direct influence of the EDO; influence, that which the EDO can impact; and awareness, those things that the EDO must keep in sight.

Funding is one of the themes discussed within the spheres of the framework and is the focus of this paper.

Control

The sphere of control includes all areas where the EDO has direct control over the budget.

The decrease in funding from the provincial and federal governments calls into question how internal resource allocation and revenue models might need to change in the future. Doing more with less requires increased analysis and planning to maximize results. Increased use of technology plays an important role. The ease and relatively low cost of online marketing tools, the ability to access information with just a few keystrokes, and the speed of communication enable less spending on marketing and research than in the past. However, the speed and broader reach of digital communication also increase the competition to attract new industry and a skilled workforce vital to growing the economy.

The rate of change and growing budget constraints make it essential to identify what growth areas will fit your municipality's physical and demographic resources illuminating ways to leverage the fit and build strategic relationships that can bring together the resources to fund and facilitate growth.

Strategic investment in staff is another important consideration. Entrepreneurial, out of the box thinking will produce new ways of doing things and create new partnerships. Hiring the right people for the job and encouraging resourcefulness, relationship building, and new ideas will set the stage for success.

Influence

The sphere of influence includes areas where the EDO can exert pressure to affect the allocation and spending of resources.

To maximize funding, the EDO must find ways to influence municipal and provincial budgets and economic development spending trends. With competition for funding dollars heating up it is crucial to market the economic development budget effectively to obtain maximum funding for projects and initiatives.

The use of a cost/benefit analysis to sell a budget is an important strategy. Clearly showing the benefit garnered from each dollar spent is a powerful means of persuasion. It also presents an opportunity to show the political advantages of a project.

Another good strategy is working with other departments to provide budgetary efficiencies through cooperative spending and the sharing of resources this can lead to a useful cost-saving method.

It is essential to remain aware of the players on the field of influence. Understanding your audience will strengthen your presentation, not knowing can sink it.

Awareness

The sphere of awareness covers areas that an EDO must keep abreast of to maintain an appreciation for the bigger picture.

Although there is no direct control of, and little power to influence, federal or foundation funding initiatives, being aware of trends and projections at the federal and foundation levels is vital. Understanding what federal priorities are, and how they are likely to affect a community will allow an EDO to look for strategic alliances and linkages. For example, grants for assisting newcomers with finding employment could indirectly create opportunities for current business owners. Welcoming newcomers to a community could provide a new and different workforce for

industrial and commercial endeavours, and an increased need for retail and service-focused businesses.

Another potential area for linkage is with infrastructure grants. The relationship between departments is significant in circumstances where coordinating work on multiple projects will save time and money, and where the job runs into economic development policy.

Future Ready Thinking

Throughout the roundtable discussion two main types of ideas emerged; the need to create strategic partnerships, and a desire to explore new and innovative approaches to obtaining funding for projects.

Strategic Partnerships

In municipal government, it has become increasingly important for departments to collaborate on projects. When departments work together to complete two distinct but intersecting projects, they often find efficiencies through pooling resources and time. For example, Planning and Development might work with Economic Development to align an infrastructure project such as putting in new water and sewer lines with a downtown revitalization project. This type of collaboration will save time and money; it will also provide political capital as residents see a cooperative and efficient team effort.

The provincial government is again exploring the possibility of municipal restructuring. Driving this initiative is the need to find economies of scale and regionalize service delivery and infrastructure maintenance and construction to meet the expanding needs of residents, but it also creates opportunities for EDOs. This type of restructuring is vital as the shift to a more global economy continues. It no longer makes sense for neighbouring communities to compete to build their economic base; instead, they need to work cooperatively to build the infrastructure to support and attract new economic development and grow a robust regional economy that will benefit all. Regional transit systems, airport, industrial park, recreational facilities, and marketing initiatives stretch the economic development budget to stimulate the whole region.

While funding from upper levels of government has decreased, it is still imperative to initiate multi-level government partnerships for specific projects. Infrastructure projects are good examples of where these types of grants are appropriate and necessary.

Public/private partnerships (P3s) can be used to fund some projects. Such partnerships generally take the form of a long-term agreement between the public and private sectors. According to the

Canadian Council for Public-Private Partnerships, “The Canadian model of Public-Private Partnerships (often called P3s) is considered one of the most successful in the world”. (2)

Sourcing multiple streams of funding for a single project has become a preferred practice. Most funding available from the federal and provincial governments today is contingent on the local government matching the grant dollar for dollar. Coming up with matching funds can create a tricky situation if a municipal government does not have the tax base to support the amount required. One approach to this issue is to establish strategic partnerships between the local government and other public and private organizations to pool funding to obtain such a grant.

Innovative Approaches

The need for new and innovative approaches to managing the economic development budget is clear. Ideas discussed at the roundtable and others discovered through literature review are noted here.

The vital role of technology in economic development continues to grow and evolve. Technology shapes the way we do business and the business we do; the effects spread from the individual worker who loses a job due to automation to whole new industries being created based on the availability of new technologies. The fate of the local economy depends on the approach of the local, and regional, EDPs. What the worker that lost one job to technological advances does next depends on what trends and opportunities local EDPs can identify and initiate in the region. In the Future Ready document, Potts points out that the role of economic development now includes the need “to determine what these larger trends mean for them and devise policies and programs to support businesses locally and regionally” (Potts 19). In other words, one way to manage a shrinking budget is to maximize research and policy development initiatives to find and share ideas with regional, private, and public partners.

Business retention and expansion practices are becoming more prevalent. This approach entails working with existing business and industry to encourage and support change, and sourcing solutions to problems they face. An example of this is promoting the concept of a circular economy. This concept focuses on using, and reusing, what you have more efficiently by adding a ‘repair’ component to the old ‘reduce, reuse, recycle’ theme (Potts 52).

Another idea is to look at unused or underutilized land resources, to determine what properties can be revived or repurposed. Unused office space in a municipal building can be turned into an ‘incubator’ and used to support the gig economy and help keep skilled labour in the community. Choosing revitalization over rebuilding is a means to save costs and encourage residents to reinvest in their community. The City of Welland was very successful in its revitalization project; with a shrinking economy and efforts to attract new investors and developers failing, the local

government decided to shift focus. They created new partnerships to restore their crumbling canal and create a world-class facility. The “city partnered with Toronto 2015 Pan American Games, investing over \$10 million to build the state-of-the-art Welland International Flatwater Centre (WIFC), along with an announcement to conjointly host the Toronto 2015 Pan American Games” (Booth 7).

Another way to stretch the budget is to develop and host events for critical players in the local economy. Inviting partners and local industry to sponsor and share costs for the events keeps the price down. These events promote the building of partnerships and the sharing of new approaches and ideas.

Conclusion

A creative, flexible approach to shrinking budgets is required. It seems daunting at first, but by shedding old ideas and taking the initiative, EDPs can play an exciting and influential role in designing the future. The key is to focus firmly on the future, embrace new trends and technologies, and explore how they will fit the local economy. Creating collaborative new partnerships (within the local government, region, and local business community), building new funding relationships, watching for new directions, and actively engaging with the community will contribute to successful transitions and outcomes.

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