



**City of Kingston
Report to Council
Report Number 17-322**

To:	Mayor and Members of Council
From:	John Bolognone, City Clerk
Resource Staff:	Same
Date of Meeting:	November 28, 2017
Subject:	Transmittal of the Economic Development Organization 2017 Performance Review Working Group Report

Executive Summary:

On October 4, 2016, Council approved the following recommendation, in part, which reads as follows:

“**That** for the EDO, for 2017 only, a performance review to be conducted by a Temporary Working Group comprised of the City Treasurer, a member of the Queen's School of Business faculty, a member of the City's audit firm KPMG, and one member of the public (to be chosen by the Nominations Advisory Committee), to review the EDO performance based on the metrics described in Appendix B, and that this report be presented to Council before budget deliberations for the 2018 year to allow for a full transparent debate on the cost benefits of the EDO before their budget is set for the following year; and”

The purpose of this report is to transmit the Economic Development Organization 2017 Performance Review Working Group Report and its findings to Council for its consideration.

Recommendation:

That the Economic Development Organization 2017 Performance Review Working Group Report dated November 21, 2017, be received; and
That the Economic Development Organization 2017 Performance Review Working Group members be thanked for their time and efforts while having served on Working Group; and
That the Economic Development Organization 2017 Performance Review Working Group, having fulfilled its mandate, be and is hereby disbanded.

November 28, 2017

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Authorizing Signatures:

ORIGINAL SIGNED BY CITY CLERK

John Bolognone, City Clerk

Consultation with the following Members of the Corporate Management Team:

Lanie Hurdle, Community Services	Not required
Desiree Kennedy, Chief Financial Officer & City Treasurer	Not required
Denis Leger, Commissioner, Corporate & Emergency Services	Not required
Mark Van Buren, Acting Commissioner, Transportation & Infrastructure Services	Not required

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Options/Discussion:

See Executive Summary.

Notice Provisions:

None.

Accessibility Considerations:

This report is AODA compliant and may be available in alternate formats upon request.

Financial Considerations:

None.

Contacts:

John Bolognone, City Clerk, 613-546-4291 extension 1247

Other City of Kingston Staff Consulted:

None.

Exhibits Attached:

Exhibit A - Economic Development Organization 2017 Performance Review Working Group Report, dated November 21, 2017.



**Report to Kingston City Council
Findings of the Economic Development Organization (EDO)
2017 Performance Review Working Group
November 21, 2017**

Working Group Members

Professor Scott Carson, PhD, Smith School of Business, Queen's University

Simon Froggatt, CPA, CA, Office Managing Partner, KPMG Chartered Professional Accountants

Desiree Kennedy, CPA, CA, CFO & City Treasurer, City of Kingston

Executive Summary

On October 4, 2016, Council passed a motion with respect to the implementation of the Kingston Economic Development Corporation review report, which directed that, for 2017 only, a temporary working group, to be called the Economic Development Organization 2017 Performance Review Working Group (Working Group), be created to review the Economic Development Organization (EDO) performance based on the metrics described in Appendix B to the Service Level Agreement with the City of Kingston prior to budget deliberations for the 2018 year. At the regular meeting of City Council held on November 7, 2017, Council confirmed the members of the Working Group.

The review conducted by the Working Group consisted primarily of inquiry, review and discussion. Reported metrics were discussed with the EDO's Chief Executive Officer as well as supporting information with respect to source of data, interpretation and accuracy of the data, timelines and the alignment of measures to the EDO Service Level Agreement - Appendix B. Performance results were not audited. The Working Group concluded that the data and management's explanations were reasonable and this report summarizes the efforts of the Working Group to review the EDO performance as requested by Council.

The Performance Review Working Group felt that there were limitations inherent in the review due to the absence of a pre-determined basis for comparison in the form of historical measures or performance metric targets in order to evaluate the performance of the EDO. As a result, the Working Group reviewed the performance of the EDO as demonstrated through the performance metrics provided; however, it could not draw any conclusions on that performance.

Due to the transitional nature of Kingston Economic Development Corporation in 2017, not all the performance metrics, as listed on the revised Exhibit B to the Service Level Agreement,

were measured and reported in 2017. The Working Group has provided recommendations for consideration by the EDO as it formalizes its processes for measuring and reporting performance metrics going forward.

Background

On October 4, 2016, Council passed a motion with respect to the implementation of a Kingston Economic Development Corporation review report, containing the following clause:

That for the EDO, for 2017 only, a performance review be conducted by a Temporary Working Group comprised of the City Treasurer, a member of the Queen's University, School of Business faculty, a member of the City's audit firm KPMG Chartered Professional Accountants, and one member of the public (to be chosen by the Nominations Advisory Committee), to review the EDO performance based on the metrics described in Appendix B, and that this report be presented to Council before budget deliberations for the 2018 year to allow for a full transparent debate on the cost benefits of the EDO before their budget is set for the following year.

At the regular meeting of City Council held on November 7, 2017, Council carried a motion that the Economic Development Organization (EDO) 2017 Performance Review Working Group (Working Group) be composed of: Professor Scott Carson, Smith School of Business, Queen's University; Simon Froggatt, Office Managing Partner, KPMG Chartered Professional Accountants and Desiree Kennedy, CFO & City Treasurer, City of Kingston. This report summarizes the efforts of the Working Group to review the EDO performance based on the metrics described in Appendix B to the EDO Service Level Agreement (SLA).

Performance Metrics

The Draft EDO Service Level Agreement was approved by Council on October 4, 2016. It stipulates that the EDO will adopt performance measurement systems that measure internal and external metrics and implement a Continuous Improvement Performance Measurement System (CIPMS). The adopted performance metrics will be outcome based. The EDO will also develop inclusionary criteria for each of the performance metrics, including a realistic assignment of EDO involvement, in order to increase the credibility of the performance measurement. Each of the performance metrics will be supported by definitions that will assist with comprehension of what is being measured.

As part of the draft agreement, Appendix B - EDO Annual Economic Development Performance Metrics – provided for a list of performance metrics, presented for illustrative purposes only, with a requirement that in the first year of this agreement (2017) the EDO would provide City Council with a revised Appendix B that builds on the historical performance metrics of EDO together with the possible series of metrics listed in Appendix B for each area of economic development activity:

- Social media
- Investment attraction and investment aftercare
- Business retention and expansion and work with local businesses
- Support for small business and entrepreneurs

- Support for workforce development jobs, and skills-building
- Support for knowledge industries, young workers, technology transfer from post-secondary institutions, and incubation/innovation enablement

The revised metrics for performance measurement were developed and adopted by the EDO Board of Directors after the new Chief Executive Officer was appointed in June 2017. A sub-committee of the Board established metrics that would measure the success of the organization's activities in achieving its strategic priorities.

These metrics were reported back to Council, as required, in the form of a communication addendum on the October 17, 2017 Council agenda, attached to this report as Schedule 1. The revised performance measurements are organized under the following strategic priorities:

- Investment attraction and investment aftercare
- Business retention and expansion and work with local businesses
- Support for start-ups, entrepreneurs and youth businesses
- Support for workforce development, high-quality jobs and skills-building
- Support for emerging sectors including knowledge industries, young workers, technology transfer from post-secondary institutions and incubation/innovation enablement
- Financial responsibility
- Engagement/Outreach

As directed by Council motion on October 4, 2016, efforts have also been underway this past year to separate tourism and economic development corporations, finalize transition and amend agreements accordingly. While it was initially proposed that the Agreements be executed by December 31, 2016 to take effect January 1, 2017, the actual restructuring of the separate economic development and tourism corporations and related transitional activities has taken until the third quarter of 2017 to implement. These efforts have involved a variety of necessary steps to amend corporate structures, including the confirmation of legal structures and supporting bylaws, the hiring of CEOs (the EDO's Chief Executive Officer was appointed as a permanent position in June 2017), the recruitment/confirmation of Boards of Directors and necessary staffing allocations and recruitment. Amended service agreements were executed between the City of Kingston and the EDO on November 17, 2017.

In a normal planning cycle, planning activities would be undertaken prior to, or early, in the fiscal year. Planning would involve the development/update of a strategic plan, the development of supporting operating plans and confirmation of related performance metrics to measure the success of those operating plans against the strategic priorities. Because 2017 has been a transitional period for the EDO, timelines have not aligned with the desired development, measurement and reporting of performance metrics. However, a number of metrics were already in place and being measured by the EDO prior to the corporate changes and therefore, the EDO was able to provide data to the Working Group on a number of the performance metrics allowing the Working Group to meet the timelines requested of Council in conjunction with the 2018 budget deliberations.

Due to the transitional nature of 2017, not all the performance metrics provided on the revised Appendix B to the EDO Service Level Agreement have been measured and reported this year. As part of its review, the Working Group has confirmed that processes are in place to measure and provide the Board of Directors with regular updates on the performance metrics in 2018 as well as annual updates to Council as part of operating budget requests. It is anticipated that future budget requests will include the results of the previous year's metrics as well as the upcoming year's proposed metrics. In each subsequent year of the Agreement, the proposed performance metrics are to be submitted to Council with the draft budget, annual work plan and EDO's Strategic Plan update.

Working Group Review and Process

Prior to the first meeting of the Working Group, the EDO's Chief Executive Officer (CEO) provided the Working Group with the following performance management materials for their review in relation to its performance based on the metrics established in Appendix B to the SLA:

- **KEDCO Strategic Plan 2015 – 2020:** Sets out priorities for the organization and details attraction, growth and retention strategies for investment in high priority growth sectors as well as strategies for the delivery of business support services and development of the labour market; it also cites that KEDCO's success will be measured by a goal of facilitating the creation of 5,000 jobs and \$500 million of new investment for Kingston by 2020.
- **Kingston Economic Development Corporation Operating and Sales Plan 2017:** A guiding document outlining initiatives that support the Corporation's strategic direction and how these initiatives align with Council priorities; provides details on inputs, activities, outputs and performance measures in support of strategic priorities.
- **2017 Performance measurement results:** Performance results and supporting data.
- **2017 Performance Matrix:** Status of various initiatives as outlined in the Operating and Sales Plan 2017 (attached as Schedule 2).
- **2017 Budget Report:** 2017 year-end forecasts, based on actuals to September 30, 2017 (attached as Schedule 3).
- **CEO Reports to Board of Directors** for April through October 2017. These reports provide corporate updates on initiatives and results.

Schedule 2 to this report provides details of the performance metrics as reported by the EDO for the 2017 fiscal year. Unless noted otherwise, data is reported year to date to October 31, 2017. This schedule provides detail on each metric, related measurement and supporting comments. A summary of the review of the EDO performance based on the metrics as reported is provided below.

The Working Group had its first meeting on Monday, November 13, 2017. At this meeting, the CEO reviewed the performance metric results as provided to the Working Group and answered questions from the Working Group. This included discussion of the source of data,

interpretation of the data, accuracy of formulas and timelines and the alignment of measures to the EDO Service Level Agreement - Appendix B. It is noted that performance results were not audited, and that the review conducted by the Working Group consisted primarily of inquiry, review and discussion. Reported metrics were discussed with the EDO's Chief Executive Officer. The Working Group received and discussed management's account of the reasonableness, consistency, process for collection and source of data.

Results of Review by Strategic Priority

Investment Attraction and Investment Aftercare

- Number of investment inquiries
- Number of investment leads generated and referred to local businesses
- Number of investment leads in sales funnel and conversion rate
- Number and value of new jobs and new investment facilitated that can be attributed to direct EDO assistance with attraction

Investment attraction and investment aftercare activities have been identified as a focus area for the EDO service delivery. Economic development organizations often experience difficulties attaching hard outcome related metrics to activities that are subjective and difficult to quantify for performance metrics in this area. The EDO uses Salesforce, a customer relationship platform to manage information and interactions of potential business leads and opportunities.

Over the past two years, Kingston has realized the highest levels of new foreign direct investment in the City's history with Portuguese fruit manufacturer Frulact and Chinese baby formula manufacturer Feihe choosing Kingston as their North American manufacturing and R&D headquarters. These significant investments have garnered international attention for the City.

2017 performance metrics to date identified 45 investment inquiries (by email and phone). In addition, there were 170 inquiries related specifically to the Feihe investment and the support provided by the EDO as an intermediary for Feihe in the early stages of their development. The Investment aftercare is an important component of this strategic priority as the EDO provides ongoing support to businesses that have invested in the City. As seen by the inquiry metric above, investment aftercare activities have been a priority effort in 2017.

The EDO has reported 62 investment leads in the "sales funnel". Investment leads are placed in the funnel if a lead has the potential to result in increased investment or jobs for Kingston. The "sales funnel" is a useful measure of the results of economic investment activities as it provides an ongoing tracking of potential leads, some of which may be in process over one or more years. Successful leads are closed from the "sales funnel" when certainty of the investment can be confirmed – either when site plan approval is issued or when the purchase of land agreement is complete. Lost leads are removed from the "sales funnel" when it is confirmed that Kingston is no longer being considered a candidate for investment. Withdrawn leads are removed when a company confirms that they no longer have plans to expand/invest.

In 2017, three successful leads were closed from the "sales funnel" resulting in an estimated \$230 million of new investment as follows:

Emerging Sectors:

- Ktect Sustainable Building Solutions – \$2.5 million – 1/2 acre

Healthcare Sector:

- St. Lawrence Business Park Medical Campus - \$2.5 million – 14 acres

Agribusiness Sector:

- Feihe - \$225 million - building permit in place/broke ground November 2017

New investment is calculated using estimates received from the respective company based on their total capital investment in land, construction costs and equipment.

The economic spin off of these investments is not currently tracked but for agribusiness industry the EDO uses a benchmark of 5 to 1; for manufacturing the benchmark is 4 to 1.

The performance metric that reports number of investment leads generated and referred to local businesses was not tracked in 2017. EDO management have confirmed that processes will be in place to capture this data for 2018.

Additional investment attraction metrics to note:

Kingston was recognized in three different magazines in 2017:

- The *Financial Times* (London, UK) recognized Kingston, Ontario with two rankings in their 2017/2018 publication on “American Cities of the Future”. Kingston was the winner in Small Cities in North America for Foreign Direct Investment strategy and a Top 10 (#6) Small City for Human Capital and Lifestyle. Previous year’s winners have included only a few Canadian cities.
- *Site Selector* magazine - 2017 Canada’s Best Locations - Honorable Mention.
- *Business Facilities* magazine - Business Facilities 2017 Metro Rankings with Kingston, Ontario as the #1 Foreign Direct Investment Strategy for a small city.

From January 1 to October 31, 2017, the EDO has hosted 11 delegates from China; held an evening with the High Commission of India; held the South African Ambassador Corps Community Reception; organized the Feihe International Business to Business Networking Reception; and organized the Feihe Canada Royal Milk Open House to celebrate ground breaking.

Business Retention and Expansion and Work with Local Businesses

- Number of visitations with local businesses
- Number of inquiries for services received
- Number and value of new jobs and new investment facilitated that can be attributed to direct EDO assistance with retention

Business retention and expansion programs are designed to assist local businesses become more competitive and to grow where they are rather than relocate. The most success business retention programs recognize the value of serving the existing business community. This data is summarized from reports submitted monthly to the Ministry of Economic Development and Growth.

2017 performance metrics to date identified 57 onsite company visits to local businesses (primarily in Emerging and Agribusiness sectors). In addition, the EDO reported 174 consultations, either in-office or by phone and 188 on-line inquiries for service. Currently the organization is only tracking online inquiries; however, management has confirmed that processes will be in place to track all incoming inquiries in 2018.

The EDO reported 46 new jobs and 96 expanded jobs representing \$3.8 million of new investment as a direct result of business retention and expansion efforts in 2017. New investment is calculated using estimates received from the respective business, based on actual and forecasted information for a one year period. Investment includes an annual cost for salaries (based on Statistics Canada average annual income for the region) as well as total business investment in facility and equipment costs. The Working Group reviewed a data base detailing business names, business type, number of jobs and level of investment to support the reported metrics.

Support for Start-ups, Entrepreneurs and Youth Business

- Number of inquiries received
- Number of consultations provided
- Number of new businesses started who are working with the EDO
- Number of new youth businesses started who are working with the EDO
- Number of new jobs created by businesses who are working with the EDO
- Youth entrepreneurship programming participation (such as Summer Company)
- Number of business planning programs and seminars conducted and number of persons that attended

The EDO reported 269 consultations, either in-office or by phone and 309 on-line inquiries for service. Currently the organization is only tracking online inquiries; however, management has confirmed that processes will be in place to track all incoming inquiries in 2018. This data was summarized from reports submitted monthly the Ministry of Economic Development and Growth.

Kingston Economic Development Corporation works in partnership with the Ontario Ministry of Economic Development and Growth and private sector partners to support start-ups and entrepreneurs. Services include access to resources and training, one-on-one consultations and coaching and networking events for new business owners. Support is also provided through the delivery of programs such as Summer Company for young entrepreneurship and Starter Company Plus (formerly Starter Company until March 31, 2017) which provides financial grants for local growth oriented businesses or export based start-ups.

The EDO reported 80 new businesses and 117 new jobs, representing \$1.9 million of new investment as a direct result of the start-up and entrepreneurial support programs. New investment, which includes an annual cost for salaries as well as estimates for investment in facility and equipment costs, is calculated using the same methodology as outlined above for business retention and expansion investment. The Working Group reviewed a data base detailing business names, business type, number of jobs and level of investment to support the reported metrics.

The EDO reported that 48 new youth businesses were started in 2017. This included 30 participants who took part in the Summary Company program and 18 of the 80 new businesses reported above that were identified as new youth business.

Metrics on the scope of business planning programs and seminars offered and related attendance are reported below under Engagement/Outreach.

Support for Workforce Development, High-Quality Jobs and Skills-Building

- Number of recruitment events and activities to grow labour force

A skilled workforce that meets the needs of current and potential employers is an important business retention and expansion tool as well as a competitive advantage in business attraction.

The performance metric for these initiatives tracks the number of recruitment events and activities that support growth of the labour force. In 2017, the EDO reported their participation in 5 career fairs.

Support for Emerging Sectors - including knowledge industries, young workers, technology transfer from post-secondary institutions and incubation/innovation enablement

- Number of incubation opportunities pursued
- Number of incubation clients supported by EDO
- Number of outreach activities and event participation to support emerging sectors

Supporting the incubation, acceleration and transfer of technology, with the resources available from Queen's University, St. Lawrence College and the Royal Military College of Canada, provides the City with competitive opportunities.

The performance metrics for this strategic priority include the number of incubation opportunities pursued and clients supported by the EDO, as well as number of outreach activities and event participation in support of emerging sectors. These performance metrics are not currently being tracked; however the number of incubation clients supported by the EDO is currently included in the Start-up/Entrepreneur/Youth metrics. EDO management has confirmed that processes will be in place to capture this data for 2018.

Financial Responsibility

- Manage a balanced budget

The EDO is responsible for managing spending within approved operating budgets. The Working Group was provided with a budget forecast report that provides a financial status update of the general operating budget as at September 30, 2017. The 2017 audited financial statements for the year ending December 31, 2017 will not be available until April 2018.

The budget report provides detailed budget and actual information and resulting variances for both revenues and expenditures. The report is attached as Schedule 3. The reported municipal contribution is consistent with the City's 2017 municipal operating budget allocation. Provincial grants are reporting approximately \$175,000 over budget as a result of successful grant applications during the year; these revenues are offset by related project costs. Administration costs are over budget by approximately \$85,000 as a result of costs incurred to support corporate transition in 2017. Financial results were reviewed with the CEO and it was confirmed that management is forecasting a balanced budget by year-end.

Engagement / Outreach

- Satisfaction rate from stakeholders in the service and value of their interactions with EDO based on annual survey results
- Website and social media statistics
- Number of communication pieces disseminated
- Number of outreach activities, presence at events, open houses attended

Effective communication and outreach plays a significant role in promoting the benefits of living, working and doing business in Kingston. The diversity of audiences that make up the economic development landscape must be considered. The outgoing messages and communication mediums must take into consideration a variety of stakeholders and audiences, by selecting the most effective communication channels including the use of social media to communicate and engage. In 2017, the performance metrics measure communication and outreach activities, including satisfaction rates, based on annual survey results and website and social media statistics.

Websites:

To distinguish between stakeholder groups – those looking to live and work in Kingston and those looking for information on doing business in Kingston - the EDO maintains two different websites to accommodate the varying information requirements: business.kingstoncanada.com and livework.kingstoncanada.com. For 2017, the EDO has reported website usage and activity metrics as at November 7, 2017, sourced from Google Analytics. Highlights included below:

Business.kingstoncanada.com:

- Audience

A total of 29,177 sessions; 21,153 users who viewed 69,531 pages; 28.5% of visits were new visits and 71.5% were returning visitors; The top three cities accessing this site were Kingston (45%), Toronto (10%) and Ottawa (4%).

- Most popular pages

Main page (12%), demographics (9%), major employers (7%) and small business (5%).

Livework.kingstoncanada.com:

- Audience

A total of 12,880 sessions; 9,712 users who viewed 55,438 pages; 25.5% of visits were new visits and 74.5% were returning visitors; The top three cities accessing this site were Kingston (45%), Toronto (8%) and Montreal (4%).

- Most popular pages

Kingston is Hiring (22%), main page (16%), resources for job seekers (15%) and elementary schools (5%).

Social Media:

The EDO maintains a number of social media accounts including two Facebook accounts (total of approximately 7,300 followers and 228,000 impressions) and two Twitter accounts (total of approximately 14,500 followers and 367,000 impressions) to accommodate the two different stakeholder groups referenced above. The EDO is also connected through LinkedIn with 1,523 followers; Instagram with 4,888 followers and a total of 44,167 engagements; and YouTube which has reported 25,840 views. All metrics are for the 2017 year are reported as of November 7, 2017, and tracked through Sprout Social, an online platform.

Outreach Activities:

The EDO uses website, social media, newsletters, paid advertising and direct invites to promote programs, events and workshops.

The Working Group reviewed a listing of public events and workshops held in 2017. From January 1 to October 31, 2017 the EDO has held 56 public events, which included information sessions, lunch hour learning, business fundamentals, focus groups and forums, with a total of 1,502 participants.

Satisfaction Ratings:

Based on responses to informal requests on “how are we doing” on outgoing emails, the EDO reported a satisfaction rate from stakeholders with respect to the service and value of their interactions with EDO based on 39 responses, 17 responded with a score of 9-10 out of 10; 10 responded with a score of 7-8 out of 10; 12 responded with a score of 0-6 out of 10.

Conclusion and Recommendations

The review conducted by the Working Group consisted primarily of inquiry, review and discussion. Performance results were not audited. The Working Group concluded that management's explanations of the data were reasonable.

The Working Group felt that there were limitations inherent in the review in that it did not have a pre-determined basis for comparison in the form of historical measures or performance metric targets in order to evaluate the performance of the EDO. As a result, the Working Group reviewed the performance of the EDO as demonstrated through the performance metrics provided; however, the Working Group could not draw any conclusions with respect to that performance.

The Working Group recommends that future performance metrics include targets based on applicable and agreed upon benchmarks. This will provide the Board with the necessary comparatives to be able to assess the EDO's performance.

The Working Group also noted that streamlined data capturing processes were not in place. In order to measure and report on all performance metrics in 2018, in accordance with Appendix B of the EDO Service Level Agreement, the EDO will need to develop more consistent and better reporting processes to effectively capture and validate accurate data on a timely basis.

In addition, it is noted that the extent of activities and outcomes aligning with workforce development initiatives and recommend that additional performance metrics be considered for this strategic priority.

Recognizing that formalized processes for measuring and reporting performance metrics continues to be developed, the Performance Review Working Group recommends that a regular update of the performance metrics be a recurring item on the Board agenda and that the EDO consider a tool for consolidating the measurement results into a "scorecard" format for the Board. Appendix B to the Service Level Agreement also requires that the EDO develop inclusionary criteria for each of the performance metrics, including a realistic assignment of EDO involvement, in order to increase the credibility of the performance measurement. As well, each of the performance metrics needs to be supported by definitions that will assist with the comprehension of what is being measured.

Schedules Attached:

- Schedule 1:** EDO correspondence dated October 17, 2017 re EDO Annual Performance Metrics
- Schedule 2:** EDO Annual Economic Development Performance Metrics - prepared by EDO
- Schedule 3:** Kingston Economic Development Corporation 2017 Budget Report as at September 30, 2017

From: [Doucet,Michelle](#)
To: [Doucet,Michelle](#)
Subject: FW: EDO Letter to Council and Appendix B of EDO SLA
Date: Tuesday, October 17, 2017 2:17:57 PM
Attachments: [SLA Package.pdf](#)

From: Gillespie, Donna
Sent: Tuesday, October 17, 2017 12:45 PM
To: Bolognone,John
Cc: Wallace,George; Smallridge,Kirk
Subject: EDO Letter to Council and Appendix B of EDO SLA

Good afternoon John:

Please find attached correspondence for City Council. I understand from George Wallace that you are expecting this for tonight's meeting.

If you require anything further, please contact me.

All the best,
Donna

Donna Gillespie
Chief Executive Officer
Kingston Economic Development Corporation
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CITY COUNCIL MEETING OF:

October 17, 2017

COMMUNICATION No: 23-806



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October 17, 2017

216 Ontario Street
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To the Mayor and Members of City Council:

On October 4, 2016 Council received Report 16-325 and passed a motion with respect to the implementation of the KEDCO Review Report. As part of Council's motion, for 2017 only, a performance review of the Economic Development Organization (EDO) is to be undertaken by a Temporary Working Group. This performance evaluation is to be based on the performance metrics that were included as part of the Draft Service Level Agreement appended to the Council Report as Appendix B.

Appendix B was to be finalized by the EDO Board and presented to Council. Attached hereto please find the completed Appendix B which establishes the performance metrics that can be used as the basis for performance evaluation. These performance metrics are included as Appendix B to the executed Service Level Agreement between the City and the EDO. As noted in the attached Appendix B, it is generally recognized that performance measures should flow from an organization's Strategic Plan and should be selected to measure the progress achieved towards the Plan's objectives. The EDO intends to review and update its Strategic Plan in 2018 and to revise the performance metrics to reflect the updated Plan. The updated Strategic Plan and revised performance metrics will be presented to Council as part of EDO's 2019 budget submissions.

I would be pleased to speak to you personally should you have any questions or concerns.

Sincerely,

Donna Gillespie
Chief Executive Officer

attach
file

APPENDIX B

EDO ANNUAL ECONOMIC DEVELOPMENT PERFORMANCE METRICS

As outlined in Section 3 of this Agreement, EDO will adopt performance measurement systems that measure internal and external metrics and implement a Continuous Improvement Performance Measurement System (CIPMS). The adopted performance metrics will align wherever possible with current best practices for external measures and ensure that the performance metrics are outcome based. EDO shall also develop inclusionary criteria for each of the performance metrics, including a realistic assignment of EDO involvement, in order to increase the credibility of the performance measurement. Each of the performance metrics will be supported by definitions that will assist with comprehension of what is being measured.

It is generally recognized that performance measures should flow from an organization's Strategic Plan and should be selected to measure the progress achieved towards the Plan's objectives. EDO intends to review and update its Strategic Plan in 2018 and to revise the performance metrics to reflect the updated Plan. The updated Strategic Plan and revised performance metrics will be presented to Council as part of EDO's 2019 budget submissions.

The following Performance Metrics build on the historical performance metrics of the previous KEDCO (job creation supported; jobs retained; investment facilitated (new builds, leases, purchases, expansions, government funding); businesses assisted; leads; opportunities; and company visits) and are intended to provide the basis of an evaluation of EDO's performance during the first year of this Agreement.

Investment attraction and investment aftercare

- Number of investment inquiries;
- Number of investment leads generated and referred to local businesses;
- Number of investment leads in sales funnel and conversion rate; and
- Number and value of new jobs and new investment facilitated that can be attributed to direct EDO assistance with attraction.

Business retention and expansion and work with local businesses

- Number of visitations with local businesses;
- Number of inquiries for services received; and
- Number and value of new jobs and new investment facilitated that can be attributed to direct EDO assistance with retention.

Support for start-ups, entrepreneurs and youth businesses

- Number of inquiries received;
- Number of consultations provided;
- Number of new businesses started who are working with the EDO;
- Number of new youth businesses started who are working with the EDO;

EDO Service Level Agreement

- Number of new jobs created by businesses who are working with the EDO;
- Youth entrepreneurship programming participation (such as Summer Company); and
- Number of business planning programs and seminars conducted and number of persons that attended.

Support for workforce development, high-quality jobs, and skills-building

- Number of recruitment events and activities to grow labour force.

Support for emerging sectors including knowledge industries, young workers, technology transfer from post-secondary institutions, and incubation/innovation enablement

- Number of incubation opportunities pursued;
- Number of incubation clients supported by EDO; and
- Number of outreach activities and event participation to support emerging sectors.

Financial Responsibility

- Manage a balanced budget.

Engagement / Outreach

- Satisfaction rate from stakeholders in the service and value of their interactions with EDO based on annual survey results;
- Website and social media statistics;
- Number of communication pieces disseminated; and
- Number of outreach activities, presence at events, open houses attended.

EDO Annual Economic Development Performance Metrics - prepared by EDO

Metric		Notes
Investment Attraction and Investment Aftercare		
Number of investment inquiries	<ul style="list-style-type: none"> • 45 inquiries - email/phone • 170 inquiries related to Feihe 	
Number of investment leads generated and referred to local businesses	<ul style="list-style-type: none"> • Not being tracked 	Tracking in 2017 not in place. Plans to capture this data for 2018.
Number of Investment Leads in sales funnel and conversion rate	<ul style="list-style-type: none"> • 62 Leads in Sales Funnel • 4 Leads Closed-Won 	Lead = qualified opportunity which could result in new investment or jobs
Number and value of new jobs and new investment facilitated that can be attributed to direct EDO assistance with attraction	<ul style="list-style-type: none"> • \$245 million worth of investment from closed-wins 	<ul style="list-style-type: none"> • Frulact - \$15M - Manufacturing facility opened May, 2017 • Feihe - \$225M - building permit in place/ground broken November, 2017 • Ktect Sustainable Building Solutions - \$2.5M • St. Lawrence Business Park Medical Campus - \$2.5M - building permit in place
Business Retention and Expansion and Work with Local Businesses		
Number of visitations with local businesses	<ul style="list-style-type: none"> • 57 Company visits • 174 Consultations with local businesses 	<ul style="list-style-type: none"> • Company visit = onsite visit to a local a business • Consultation = office/phone consult with business
Number of inquiries for services received	<ul style="list-style-type: none"> • 188 Inquiries 	Currently only tracking online submission inquiries. Plans to track all incoming inquiries for 2018.
Number and Value of New Jobs and New Investment Facilitated that can be Attributed to Direct EDO Assistance with Retention	<ul style="list-style-type: none"> • 46 New Jobs • 96 Expanded Jobs • \$3.8 Million New Investment 	<ul style="list-style-type: none"> • Average job wage in Kingston \$44,655 (2016 Conference Board of Canada) • Tracking of exact value of each specific job not in place. One year salary if applicable captured within total investment.

Metric		Notes
Support for Start-ups, Entrepreneurs and Youth Business		
Number of Inquiries received	• 309 Inquiries	Currently only tracking online submission inquiries. Plans to track all incoming inquiries for 2018.
Number of Consultations Provided	• 269 Consultations	
Number of New Businesses Started Who Are Working With the EDO	• 80 New Businesses	
Number of New Youth Businesses Started Who Are Working With the EDO	• 48 Youth Businesses	Summer Company and Starter Company participants (other youth captured in New Businesses Started metric).
Number of New Jobs Created By Businesses Who Are Working With the EDO	• 117 New Jobs	
Youth Entrepreneurship Programming Participation (Such as Summer Company)	<ul style="list-style-type: none"> • 78 Applications Inquiries • 32 Submissions • 30 Participants • 360 Training Hours • 180 Mentoring Hours • \$90,000 Investment 	
Number of Business Planning Programs and Seminars Conducted and Number of Persons that Attended	<ul style="list-style-type: none"> • 56 Public Events January to October, 2017 • 1,502 participants 	Public Events Tracked are not specifically targeted at Start-Ups/Youth. Tracking to be put in place in 2018.
Support for Workforce Development		
Number of Recruitment Event and Activites to Grow Labour Force	• 5 Career Fairs	

Metric		Notes
Support for Emerging Sectors		
Number of Incubation Opportunities pursued	<ul style="list-style-type: none"> • Not being tracked 	Support Canadian Accelerator Incubation Program (CAIP) and Grindspace XL through Queen's University Innovation Park and Innovate Kingston
Number of Incubation Clients Supported by EDO	<ul style="list-style-type: none"> • Not being tracked separately - incorporated into Start-Up/ Entrepreneur/Youth metrics 	Plans to capture metric separately in 2018.
Number of Outreach Activities and Event Participation to Support Emerging Sectors	<ul style="list-style-type: none"> • Not being tracked 	Plans to capture metric in 2018.
Financial Responsibility		
Manage a balanced budget	<ul style="list-style-type: none"> • See Exhibit A, Schedule 3 - 2017 Budget Forecast 	
Engagement / Outreach		
Satisfaction Rate From Stakeholders in the Service and Value of Their Interactions with EDO Based on Annual Survey Results	<ul style="list-style-type: none"> • 39 Survey Responses Received January to October, 2017 • 17 responded as Promoters (Scoring 9-10) • 10 responded as Passive (Scoring 7-8) • 12 Responded as Detractors (Scoring 0-6) 	
Website and Social Media Statistics	<ul style="list-style-type: none"> • See Website/ Social Media statistics 	
Number of Communication Pieces Disseminated	<ul style="list-style-type: none"> • Newsletter - 10 issues • Perspective Kingston - 200,000 copies 	
Number of Outreach Activities, Presence at Events, Open Houses Attended	<ul style="list-style-type: none"> • See Event Listing • 56 Public Events January to October, 2017 • 1,502 participants 	Ten (10) events scheduled to occur in November-December with 115 participants registered at time of submission.

	2017 BUDGET	2017 FORECAST ACTUAL
REVENUES		
Municipal-Kingston	\$ 1,418,542	\$ 1,418,542
Provincial grants	\$ 140,000	\$ 314,806
Federal grants	\$ 50,000	\$ 20,000
Investment and bank interest	\$ 5,000	\$ 5,000
Other revenue	\$ 25,000	\$ 26,900
REVENUE TOTAL	\$ 1,638,542	\$ 1,785,248
 EXPENDITURES		
WAGES & BENEFITS		
<i>Wages</i>	\$ 744,631	\$ 719,148
<i>OMERS Contributions</i>	\$ 573,530	\$ 565,948
<i>Extended Health Benefits</i>	\$ 66,801	\$ 51,900
<i>Payroll Taxes</i>	\$ 59,096	\$ 43,800
	\$ 45,204	\$ 57,500
 OVERHEAD		
<i>Administration</i>	\$ 244,500	\$ 332,800
<i>Boards & Committees</i>	\$ 173,500	\$ 258,300
<i>Human Resources</i>	\$ 7,500	\$ 8,200
<i>Marketing Communications</i>	\$ 34,500	\$ 36,000
	\$ 29,000	\$ 30,300
 PROJECT BUDGETS		
<i>Attraction & Aftercare</i>	\$ 649,410	\$ 733,300
<i>Growth & Expansion</i>	\$ 100,000	\$ 123,100
<i>Start-ups, Entrepreneurs & Youth</i>	\$ 162,500	\$ 288,100
<i>Emerging Sectors</i>	\$ 195,000	\$ 167,900
<i>Workforce Development</i>	\$ 41,910	\$ 55,200
	\$ 150,000	\$ 99,000
EXPENDITURE TOTAL	\$ 1,638,541	\$ 1,785,248
SURPLUS/DEFICIT	\$ -	\$ -