



## Committee of the Whole Agenda

The agenda for the **Freestanding Committee of the Whole (Corporate Services Committee – Development Corporation and Economic Development)** meeting to be held in the **Council Chambers** of the Municipal Hall, 8645 Stave Lake Street, Mission, British Columbia on Monday, April 14, 2014, commencing at 3:00 p.m.

**1. CALL TO ORDER**

**2. ADOPTION OF AGENDA**

**3. CORPORATE SERVICES**

- (a) Operational Considerations for the District of Mission Development Corporation and Economic Development Function Page 2

**4. ADJOURNMENT**



Corporate Services Department  
Staff Report to Council

**DATE:** April 14, 2014

**TO:** Mayor and Council

**FROM:** Ken Bjorgaard, Chief Administrative Officer, Stacey Crawford, Economic Development Officer, and Kris Boland Manager of Finance

**SUBJECT:** **Operational Considerations for the District of Mission Development Corporation and Economic Development Function**

**ATTACHMENT(S):** Appendix A: DRAFT Business Plan – District of Mission Economic Development & Land Management Department  
Appendix B: DRAFT Business Plan – District of Mission Development Corporation

**RECOMMENDATION(S):**

That Council provide staff with operational direction regarding the District of Mission Development Corporation and the economic development function by considering the following options:

1. The District of Mission Development Corporation (Corporation) be dissolved with the economic development office becoming responsible for providing property management, land development and core economic development services, with the definitive purpose and mandate of the combined activities to be determined or;
2. The Corporation be maintained and the economic development function be absorbed into the Corporation to provide property management, land development and core economic development services on behalf of the District, with the definitive purpose and mandate of the combined activities to be determined.

**EXECUTIVE SUMMARY:**

This report, together with the related business plans (Appendix A and Appendix B), distinctly outlines the potential operational considerations of both the economic development office and the District of Mission Development Corporation (Corporation). This is based on the Council resolution of January 22, 2014 (see below), where direction was given to provide two distinct business plans for both a combined economic and land development function within municipal operations of the District, as well as a business plan combining the economic development function under the auspices of the Corporation.

The Council resolution of January 22, 2014 is as follows:

COW 14/002  
JAN. 22/14

**District of Mission Development Corporation and Related Economic Development Function**

A report dated January 22, 2014 from the Chief Administrative Officer, the Economic Development Officer and the Manager of Finance regarding the future of the District of Mission Development Corporation was provided for the committee's consideration.

The committee discussed the issue and it was:

COW14/003  
JAN. 22/14

Moved by Councillor Hensman, and

RECOMMENDED: That the District of Mission Development Corporation and the Economic Development Office be combined to provide both land development and core economic development services on behalf of the District, subject to Council approval of a business plan.

OPPOSED Councillor Stevens  
Councillor Tilbury

CARRIED

Further discussion ensued, with some members of Council expressing a desire for additional information on alternate scenarios in order to better assess the aforementioned business case.

COW14/004  
JAN. 22/14

Moved by Councillor Stevens, and

RECOMMENDED: That a second business plan be prepared for an alternate scenario (to Committee Recommendation COW14/002) that would examine the feasibility of dissolving the District of Mission Development Corporation and integrating all economic development activity within municipal operations.

OPPOSED Mayor Adlem  
Councillor Hensman

CARRIED

**PURPOSE:**

The purpose of this report is to provide Council with an operational perspective in the form of two distinct draft business plan options in terms of the future direction of the Corporation and the related economic development function and, based on these options, to have Council determine an operational model for economic and land development activities undertaken on behalf of the municipality.

**BACKGROUND:**

Important to achieving the community economic development objectives of Council and the municipality, the ongoing discussion associated with both the municipal economic development and Development Corporation functions are major considerations requiring direction on their mandate, objectives, management and operational structure.

While the merits and limitations of both approaches have been presented and explored during several meetings, there remains uncertainty as to the approach that is most beneficial to the interests of the municipality.

As the discussions to date are well documented, this report responds to Council's request for the development of two distinct summary business plans attached as: Appendix A: DRAFT Business

Plan – District of Mission Economic Development & Land Management Department and; Appendix B: DRAFT Business Plan – District of Mission Development Corporation.

The business plans provide a summary of the two different models addressing the identified advantages and disadvantages, financial and budgetary differences, staffing resources and other operational considerations for each approach.

### **DISCUSSION AND ANALYSIS:**

Regardless of the operational model selected, it is anticipated the combined function would focus primarily on priority designated lands, such as the downtown core or waterfront lands but could, where opportunities arise, also develop commercial, residential or institutional lands where the potential for capital gains and/or net profits from the development of such lands are projected or where other community objectives are met through the development of the land by the Corporation or municipality.

Within each of the two models, it is also anticipated the overall function would absorb both the land and economic development priorities to allow for a more efficient and focused service-delivery model that incorporates the fundamental elements of land development and economic development services. In other words, in addition to the present core economic development activities, it is anticipated that the overall function would also be engaged to analyze market opportunities, create relationships and make recommendations to Council with respect to the acquisition of strategic parcels of land in the District for the purpose of allowing the municipality to develop such lands to achieve its mission.

The combined overall function could create value through the development (i.e., rezoning, subdividing and servicing) of District owned land and could either partner with or sell the developed land to others to build upon or create additional value by constructing buildings upon the land for the purpose of either selling or leasing the finished buildings. It would also provide proactive leadership and serve as a catalyst for local business growth as a result of information and referral services for start-up, expansion and retention of business. The function would be proactive in identifying and promoting opportunities that diversify our economic base and would also market these opportunities.

### Options for Consideration

As stated, within both options, the land development and traditional economic development services and activities are not mutually exclusive and both options propose that the future model will provide land development, business attraction, business retention, and employment and business and tourism services as elements of their operational mandate.

1. In Option 1 (see Appendix A), the Corporation is dissolved and the assets transferred to the District of Mission, where Council would utilize the transferred land assets as well as other District real estate assets, firstly, for the purposes of a municipally operated economic development and land development function.
2. In Option 2 (see Appendix B), the Corporation is maintained and the economic development function is absorbed into the Corporation to provide property management, land development and economic development services on behalf of the District. Again the existing land and real estate assets would be used to firstly finance the overall function.

The key considerations for each Option are highlighted below and outlined in the attached draft business plans.

Governance Considerations for Option 1:

If the delivery of these combined services were retained within the authority of the municipality, it is important to recognize that the “natural powers” of a municipality have increased over the last 10 years, thus increasing the District’s ability to engage in a greater range of business activities that were not previously allowed under legislation. For example, a municipality may act as a land developer now, which was restricted in the past. These changes have made a municipality’s privileges more comparable to an incorporated business.

Under Option 1, in terms of governance, Council has the advantage of control over the budget, mandate and objectives of the function, as well the advantage of retaining direct linkages to other municipal departments. The most notable disadvantages are related to the time required for operational decisions to be made, flexibility to partner and assist business and development interests, and staffing costs. Decision making will require Council involvement in order to comply with municipal legislative requirements under the Local Government Act and Community Charter. Partnering and working with development interests, while possible, may be limited in nature due to restrictions on assisting business. Staffing costs will likely be higher due to union and pension considerations.

Governance Considerations for Option 2:

Particularly as it pertains to land development activities within the Corporation model, it is recognized that there is concern associated with a function of this nature that does not have direct Council control as the governing Board. From a governance perspective, the following table presents the strengths and weaknesses of the combined function with delineation between a “Council Board” and a “Non-Council Board”:

Council Board of Directors		Non-Council Board of Directors	
Strengths	Weaknesses	Strengths	Weaknesses
Council Board of Directors to guide strategic objectives	Constrained by local government legislation that prohibits offering anything to a company that might confer an advantage relative to other companies	Increased pace of response to investors/ developers and in property acquisition scenarios	Less direct involvement with Municipal departments limiting information sharing and coordination of activities
Increase efficiency of process in the utilization of land, property and local investment markets	Subject to public scrutiny due to partnering with investment interest and businesses	Support of the local government, the business community, and the public at large	Reliant on Council to set objectives and measures via Bylaws/ Constitution and Partnering/ Shareholder agreements
Council has ability to set objectives and measures via Bylaws/ Constitution and Partnering/ Shareholder agreements	Greater potential for political influence and control over economic development activities	Less public scrutiny when partnering with investment interest and businesses	Need for senior staff / Council feedback and approvals can slow response time to business demands
Provides business community with direct access to decision-makers	Potential for less involvement in peripheral economic development activities (business services, film and tourism)		

Further to the governance perspective is legal counsel’s caution that steps be undertaken to ensure that the Corporation is distinct and independent from the District and that the Corporation should not have a majority of staff or elected officials as Directors. The rationale provided is that the Corporation must be acting at arm’s length with all of its transactions. This arm’s length relationship is maintained when the majority of Board members are not related to the District of

Mission. Nonetheless, Council still has extensive control through reporting requirements, the Articles of Incorporation, partnership and operational agreements.

In summary, there are certain advantages within the Corporation model; however, they are subject to less scrutiny if Council does not represent a majority of the Board of Directors. With the model remaining under municipal authority, there is similar potential to engage in a greater range of business activities regarding land development; however, these activities may be limited due to restrictions on a municipality assisting business.

#### Budget Considerations (see attachments within respective business plans)

Due to uncertainty around potential objectives and the delivery model for this function, many assumptions have been made to develop a forecast that demonstrates the financial impact on both models. The following highlights the most significant impacts, and notes and comments within each spreadsheet within the business plans provide additional insight.

#### Municipal Fee for Service

Under both models the current fee for service currently being provided to the economic development office is maintained. Subject to Council approval, it is scheduled to increase by \$35,000 to \$357,500 in Y2015. For the Corporation, this amount is not budgeted to reduce in the first five years; however, this may be a consideration thereafter, along with the potential of dividends to the municipality to lessen operational dependence.

#### Human Resources

Staffing capacity is also marginally different as a result of differences in pay scales and benefits between private sector and municipal employment structures. While the budget reflects similar expenditures for staffing in each scenario, the capacity within the Corporation is marginally increased for the marketing position. For the internal model, this equates to an adjustment in staffing capacity that is reflected in reduced marketing capacity, both in personnel and marketing expenditures.

#### Operating Budget and Real Estate Activities

Additionally, the budgets for both are presented with a distinction between the operating budget and all real estate activities. As a result, both models are presented as a balanced operational budget within the scope of the fee-for-service agreement, with the exception of a notional amount contributed to revenues from real estate activities to offset contributions from staff to these activities as well as to balance the operational budget.

While both budgeting scenarios utilize the property holdings of the Corporation to capitalize operations through the disposition of land, this only utilizes approximately \$3.49M of \$4.7M in the Corporation's available assets. As such, it should also be noted that the spreadsheets reflect a forecast, rather than a balance sheet perspective. However, while a portion of the land holdings are originally utilized for capitalization, this new function is also purchasing property, which is adding back to the balance sheet.

In summary, the operational budgets of both models are comparable with a slightly higher operational cost reflected in the internal model (Option 1). This is due primarily to differences in the salary market for public and private institutions. Additionally, differences will be noticeable for operational costs for audit, bookkeeping and legal expenditures.

#### Interim Considerations

Should Council determine that further discussion or details are warranted and the issue is deferred, the economic development office will continue its review of current operations and will pursue an increase in staffing capacity. This action was approved as a component of the

incremental increase in the budget over the past three years; however, has been delayed due to the exploration of the economic development function.

**SUMMARY AND CONCLUSION:**

The strategic interests of the municipality must be the guiding focus for activities of both options and, while there are advantages and disadvantages to both the municipal function and the Corporation, both are intended to address priorities that allow for a more efficient and focused service-delivery model that incorporates the fundamental elements of land development and economic development services.

Staff will also provide a brief presentation to Council on the report.

**FINANCIAL IMPLICATIONS:**

The financial implications associated with this report will be determined and presented to Council once direction is provided on the option desired and the scope of delivery defined.

**COMMUNICATION:**

No communication action is required.

**SIGN-OFFS:**



Ken Bjorgaard, Chief Administrative Officer



Stacey Crawford, Economic Development Officer

**APPENDIX A**

**DISTRICT OF MISSION  
ECONOMIC DEVELOPMENT &  
LAND MANAGEMENT  
DEPARTMENT**

**DRAFT Summary Business Plan  
2014 – 2018**

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## Part 1 – THE DEPARTMENTAL PLAN

### Description of the Department

The mandate of the District of Mission managed Economic Development & Land Management department will become more active in land development to stimulate commercial, industrial and other strategic land development interests within the municipality, while also continuing to provide core economic development services including business retention, expansion and attraction services, as well as tourism development and film production services.

### Mission:

The District of Mission Economic Development & Land Management Department exists to:

- Provide services and support for local business growth and expansion needs;
- Accelerate business-related and land development activities in the District of Mission;
- Act as a catalyst for creating market interest and investment in priority areas of the District of Mission;
- Recommend and support land acquisition in support of the Districts' vision for strategic areas of Mission;
- Leverage and add significant value to District owned real estate prior to its sale and/or lease;
- Act as a liaison between various District of Mission departments and the business and development community.
- Generate an annual revenue stream to the District of Mission from its profits realized through capital gains, leases and/or property management revenues that meet or exceed market rates of return, and;
- Diversify the tax base of the District of Mission through its business activities, resulting in increased job opportunities and annual revenue from new residential, commercial and industrial property taxation.

### Strategy:

The District of Mission will provide core economic development services that support the efforts of attracting, retaining and enhancing businesses, enhancing the local labour force and supporting the entrepreneurial spirit to assure Mission is a globally competitive community.

With the dissolution of the District of Mission Development Corporation<sup>1</sup>, the Economic Development & Land Management department will also play an active role in identifying parcels of District-owned land (or parcels of land that should be acquired by the District)

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<sup>1</sup> Assumes that the District of Mission Development Corporation is dissolved and all remaining assets are utilized for the identified purposes.

that can be rezoned, subdivided, serviced and/or built upon so as to achieve Council identified land development objectives within the municipality.

The Economic Development & Land Management department will develop a real estate investment and disposal strategy for endorsement by Council that will guide decisions about the development of land and the construction of buildings on land and whether the completed development will be sold or leased.

### **Operational Model:**

The District of Mission Economic Development & Land Management department will create value through a balanced economic development work plan that provides resources to support the growth and expansion of the existing business community, as well as dedicating resources towards the attraction of new investment to the community.

The core service areas include:

1. Marketing and Attraction
2. Business Retention and Expansion
3. Business and Entrepreneur Support Services

The department will also engage in land acquisition and land development activities of District owned land and will either partner, leverage or sell the developed land to others to build upon or will create additional value by constructing buildings upon the land for the purpose of either selling or leasing the finished buildings.

These land development activities may include some or all of the following:

1. Property Management
2. Remediation
3. Rezoning
4. Subdividing
5. Servicing
6. Construction
7. Property Management

All land assets already owned or to be transferred to the District via the Corporation will remain the property of the District.

The Economic Development & Land Management department will focus primarily on priority areas of interest designated by Council, including the historic downtown and waterfront lands but may, where opportunities arise, also develop residential and/or institutional lands where the potential from the development of such lands meets the strategic priorities of the District's long-term growth objectives.

The department will analyze market opportunities, create relationships and will make recommendations to Council with respect to the acquisition of strategic parcels of land in Mission for the purpose of allowing the department to develop such lands to achieve its mission.

With a Council directive, the department may enter into partnerships with other public sector and/or private sector entities in relation to achieving its mission.

### Services:

As an economic development function, the Economic Development & Land Management department will provide local business and entrepreneurial support services, marketing and attraction efforts, and be involved in the development and construction of buildings on District owned lands for the purpose of creating commercial, industrial, institutional and/or residential development.

### Location:

The Economic Development & Land Management department office will be re-located to municipal hall or, if deemed of strategic importance, an external location within a prioritized development area within the community. The latter is reflected in the budget. All land development activities of the department will be focused on the development of District owned real estate, or real estate that is to be acquired, within the boundaries of the District of Mission.

### Reporting Structure:

The Economic Development & Land Management department is an existing function that will be expanded to include land development activities. The department will report to the Director of Development Services.

The department will manage and report on:

- the annual work plan;
- annual budget;
- expenditures and acquisitions over a stated amount and;
- property sales/leases over a stated amount.

The department head is responsible for overseeing the business affairs of the Economic Development & Land Management department in accordance with direction from the Director of Development Services and Council.

### Operating Principles:

The following operating principles will be followed in the management of the Development Corporation:

- Manage properties in a professional, ethical and conflict free manner ensuring compliance with legal requirements and best practices;
- Manage the property portfolio in a prudent manner to minimize specific property and portfolio risk exposures;
- Operate under sound control practices;
- Provide timely, accurate and understandable information to Council on financial and other matters relating to the on-going operation of the department; and
- Comply with all legislative requirements in relation to the operation of and reporting on activities of the department.

### **Management/Staff Structure:**

The staffing requirement is described below:

#### ***Manager, Economic Development & Land Management:***

This position will be the senior management position in the department. The person occupying this position will be responsible for:

- The overall management of the department including implementation of the operational strategy, preparation of reports and background information for Council meetings, development of annual work plans and related capital and operating budgets, development of operational policies and procedures, day-to-day operations management;
- Market analysis and opportunity identification in relation to the mission of the Economic Development & Land Management department;
- Communications and marketing for the purpose of business development; and
- Communications with the District in relation to Council direction and identified objectives.

The person occupying this position will be a seasoned professional with experience in the private and/or public arena at a senior management or Director level. They will possess knowledge of operations, marketing and finance as it relates to community economic development and real estate. The person will have experience with development, a clear understanding of asset management, property management and subdivision development as well as industrial and commercial real estate.

#### ***Coordinator, Development Services:***

This full-time position will be responsible for:

- The development of project specific “pro forma” statements consistent with the annual work plan and budget, presentation of projects for consideration, direct oversight of development projects from the conceptual design stage through to project completion, project budget control, construction management and consultant management;
- Preparation and management of subdivision, zoning and permit applications;
- Managing the sale and/or lease of property; and
- Property management.

The person occupying this position will preferably have a professional designation related to land use planning and/or land development and construction management (MCP, MCIP, RPP, P. Eng., Reg. Arch., etc.) and preferably experience in property management.

#### ***<sup>2</sup>Coordinator, Marketing & Communications:***

The half-time responsibility of this position will be to:

- Develop and execute an annual marketing plan within budget to support the Corporation's strategic direction;

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<sup>2</sup> While described in the business plan, the budget reflects a hold on this position until resources improve.

- Lead the development and utilization of marketing materials and channels including online and direct marketing, advertising campaigns, events, public relations and creative services to maintain a consistent brand and enhanced organizational image.
- Provide guidance and direct the development and creation of communications content/copy that will carry the District's key messages to external market interests, as well as coordinating media relations activities and information requests.
- Special projects and participation as required, including responsibility for developing and responding to strategic proposal submission opportunities.

The person occupying this position will hold Public Relations, Marketing or Communications designation and have demonstrated experience in marketing, strategic writing, business communications and proposal writing.

***Administrator:***

This full-time position will be responsible for:

- Reception (phone coverage, greeting walk-in traffic);
- Assisting the manager and coordinators with clerical and administrative support;
- Processing invoices, A/P and A/R;
- Filing, faxing, scanning, copying;
- Records management;
- Arranging meetings;
- Minute taking;
- Day to day office management; and
- Other similar duties as assigned.

This position will provide administrative and clerical support to the staff and the Board of the Corporation. The person occupying this position will have strong general secretarial, clerical and minute-taking skills and experience and will preferably have experience as a senior administrator in a professional real estate environment.

***Other staff/contractors:***

With Council approval, additional staff/contractors will be hired as required in support of the department when required and for the term required, such as:

- Architects, Engineers, Legal and Environmental Consultants are examples of other potential contracted services.

## Part 2: THE MARKETING PLAN

### General Overview of Marketing Strategy

The staff of the Corporation will identify marketing opportunities for targeted sectoral marketing and attraction efforts, as well as promoting land development and investment opportunities aligned with the growth objectives of the municipality. These efforts will include:

1. General Marketing and Communications: enhanced website; monthly newsletter; advertising; earned and purchased media; print collateral; photo bank; social media and other digital strategies to generate investment interest and demand for products that are, or could be, made available through the activities of the Corporation that fill a demand identified in the current market;
2. Networking and Presentations: with industry and investment representatives as such networking and presentation opportunities present themselves;
3. Targeted Sectoral Marketing and Attraction: continued focus on efforts to attract complimentary businesses in manufacturing, information and communications technology, advanced energy and post secondary education;
4. Real Estate Promotion: create market awareness to maximize the value of District and Corporation owned assets;
5. Market Assessments and Monitoring: of regional/provincial/national real estate statistics and trends in the industrial/commercial/residential sectors in consideration of real estate that is already held by the District or Corporation; and
6. Professional and Industry Memberships and Partnerships: maintain professional memberships with EDABC, EDAC, Linx BC, Invest North Fraser; Chamber of Commerce and the Urban Development Institute.

Development opportunities made available through the activities of the Corporation will be marketed by various means including, where appropriate, contract real estate sales professionals.

## Part 3: THE OPERATIONAL PLAN

Council, Development Services and the Economic Development & Land Management department will formalize a strategic vision and initiate a work plan on September 1, 2014. The department will take all necessary actions in relation to working with the support of staff in various departments in delivering economic development services and land development services that support economic development opportunities that align with Council's vision. This strategic alignment of traditional economic development services and land management activities will allow the department to maintain the current economic development services connection with local businesses, the community, region and the Province to provide targeted business support and investment attraction to the District of Mission.

The department will provide leadership and align the work plan with the District's strategic business services and development objectives, with a generalized focus on the activities previously identified under the sub-heading "Operational Model". These may be summarized as:

- Core economic development services in support of business retention, expansion and attraction efforts;
- Remediation, rezoning, subdividing and providing coordinated development services, including negotiation of incentives, to District owned land;
- Obtaining Development Permits for buildings for the purpose of adding value to the District owned lands;
- Constructing buildings on District owned lands and/or;
- Leasing and property management of buildings on District or Corporation owned lands.

The department will also scan opportunities throughout the District and will determine where it is advantageous to the District to become directly involved in the development or redevelopment of lands so as to achieve the objectives established. The department will make recommendations to Council in this regard from time to time.

## **Implementation Strategy (Activities and Timing)**

### **The Short Term: 2014 – 2015**

The immediate activities of the Economic Development & Land Management department will be the continuation of the previously identified core economic development services within the 2014 economic development work plan, including tourism and film development responsibilities. The hiring of appropriate staff will also commence.

Additionally, communication of the new operating model for economic development will be marketed and communicated where appropriate, along with existing development incentive material.

The immediate activities will also involve the dissolution of the District of Mission Development Corporation and transfer of assets to the District to unlock the market value of held land assets to meet the capitalization requirements. Specific land holdings of the District of Mission Development Corporation and the District of Mission have been identified in Figure 1:

### Property to Be Sold for Initial Capitalization Purposes

Owner	Roll	Civic	Size	Zoning	OCP	Assessed	Market Timing			
							Immediate	Medium Term	Long term	
DOMDC	251316000	Berg Ave.	4.27 ac	RR7	Rural Residential	\$ 418,000		x		
DOMDC	251337000	Berg Ave.	4.27 ac	RR7	Rural Residential	\$ 418,000		x		
DOMDC	251358000	Berg Ave.	4.27 ac	RR7	Rural Residential	\$ 418,000		x		
DOMDC	251379000	Berg Ave.	3.96 ac	RR7	Rural Residential	\$ 408,000		x		
DOMDC	791892001	7708 Blott St.	5,349 sf	R558	Urban Residential	\$ 178,000	x			
DOMDC	791893001	7707 Swift Ave.	5,177 sf	R558	Urban Residential	\$ 184,000	x			
DOMDC	701987103	8742 Cedar St.	.95 ac	S36	Urban Residential	\$ 625,000	x			
DOM	690397001	32702 Best Ave.	6,964 sf	R558	Urban Residential	\$ 184,000	x			
DOM	690397002	Best Ave. (above)	3,444 sf	R558	Urban Residential	\$ 91,000	x			
DOM	700909001	8037 Clegg St.	7,965 sf	R558	Urban Residential	\$ 446,000	Rental		x	
DOM	702301000	33100 Dalke Ave.	7,803 sf	RC372	Urban Res. Compact	\$ 117,000			x	
						<b>Total Market Value</b>	<b>\$ 3,487,000</b>	<b>\$ 1,262,000</b>	<b>\$ 1,662,000</b>	<b>\$563,000</b>

Figure 1: Property to Be Sold for Initial Capitalization Purposes

Those five (5) properties identified as “Immediate” under the heading of “Market Timing” are those properties scheduled to be sold within the first 6 months of enacting the new workplan due to their internal staff assessment of being most market-ready. The resultant capitalization is anticipated to be approximately \$1,262,000. These resources, in addition to the existing cash holdings and other assets to be transferred from the Corporation, which totals \$4.7M in its entirety, will be utilized to leverage additional resources to achieve the early stage objectives of Council.

Following the capitalization phase, likely occurring during Q4 -2014 and Q1-2015, the next step in these early stage objectives are identified as the acquisition of key properties in the downtown and waterfront areas that can be developed to the extent that they will serve as a catalyst to encourage additional private investment.

Due to the possibility of limitations of available capital, leveraging the assets to include District financing for properties identified as strategic may be required. Additionally, partnering, such as with educational institutions or private development firms, is favoured early in the process as this lessens capital requirements or provides tenancy to the extent that financial uncertainty and risk is reduced. It is also an objective to acquire property that has a current revenue stream to offset ongoing maintenance and debt-servicing costs while redevelopment is being planned.

Properties of interest during this period, while not specifically identified, are deemed to be properties that are in or adjacent to the historic downtown core and may also include waterfront properties identified as Destination Waterfront, located in the Core Precinct of Phase 1 in the Waterfront Planning – Marketing and Feasibility Study (May, 2011). This small area leading up to the waterfront on either side of Horne St. to Harbour Ave. is deemed to be the catalyst for redevelopment of the entire area.

#### The Medium Term: 2015 – 2017

The medium term objectives can be largely defined as acquiring and preparing land for development or redevelopment and either selling or identifying appropriate partnerships

to develop said land. This could include properties in the downtown core or waterfront redevelopment area and could include properties like the recently purchased Buy-Low building, or problem residential properties, which could be torn down and redeveloped as a low-rise residential tower.

Potential redevelopment projects will include commercial, mixed commercial-residential and residential only projects to the extent that they are appropriate and/or complimentary to the redevelopment objectives of these key areas.

### **The Longer Term: 2018 - 2019**

While any number of development or redevelopment scenarios is possible during the entire duration of this plan, the long-term anticipates a shift to migration assistance of businesses and property owners with industrial designations in and adjacent to both the downtown and waterfront areas.

While some property and land-use realignment is anticipated that would maintain some industrial presence in these areas, it is anticipated that some industrial land acquisition will be required to accommodate a redevelopment shift to commercial and residential presence more akin to the long-term objectives of both downtown and the waterfront. Areas in particular could include all industrial presence on Harbour Ave., Timberlake St. and portions of Thompson and Broadway Ave., as well Mershon St. on the south side of the train tracks parallel to the downtown core.

Migration assistance may also require the acquisition of land and formation of an industrial business park to accommodate relocation of industrial businesses.

## **Part 4: THE OPERATIONAL BUDGET**

The costs of operating the department will initially be static, utilizing the remaining budget of the economic development officer to the close of 2014. Due to the increased scope of the department, in 2015 the District will be required to approve the incremental increase previously provided to the economic development office to address the need for an increase in municipal staff to achieve the stated objectives.

In the full fifth year of operations it is intended that the department will be recovering a greater portion of operational expenses against the sale and/or lease of land and buildings that will be developed and/or constructed by and subsequently sold and/or leased (property managed) by the department. By adding value to the lands through the development and building process, this may offer the potential of increased revenues to the District from the profitable activity of the department.

A Pro-forma Operational Budget 2014 – 2018 for the department is included as Attachment A: Draft Budget – Economic Development & land Management Department.

### ***Expected Targeted Rate of Return on Investments:***

For projects that the department undertakes for the purpose of sale (i.e., recognizing a capital gain), a rate of return of 15% is expected based on the total amounts invested in the projects including the value of the raw land, the costs of approvals, engineering

servicing, construction costs, legal work, consultant costs, development fees and charges, holding/interest costs, and miscellaneous expenses.

For projects that the department undertakes for the purpose of leasing (i.e., recognizing an annual revenue stream), an average rate of return equal to or greater than the current market capitalization rate for similar product is expected based on the amount invested in the projects including the value of the raw land, the costs of approvals, engineering servicing, legal work, construction costs, consultant costs, development fees and charges, holding/interest costs, Corporation expenses, etc. Flexibility on lease rates may be granted where the tenant is a non-profit or educational in nature and is addressing underlying community economic development objectives.

***Annual Costs of Operations:***

It is estimated that the department will have an annual operating budget of approximately \$425,000 per annum once a full municipal staff complement is realized in 2015.

***Office Transition Costs:***

Should the place of business for the department be relocated to municipal hall or another strategic community location, it is estimated that \$2,500 to \$25,000 will need to be spent on tenant improvements, office furnishings and equipment, depending on the location selected. These estimates are not included in the budget forecasts and will require approval of a separate capitalization expense with a source to be determined by the finance department.

***Working Capital for Projects:***

Project capital for land development activities are exclusive of operational capital requirements. The District may be required to allocate additional capital for the purposes of financing the operation of the department to undertake and maintain projects. Nonetheless, once the identified land holdings are liquidated and upon initiation of land development activities, the District will retain all revenues and profits from its operations to maintain capital adequacy requirements.

**Attachment A: DRAFT Budget - Economic Development & Land Management Department**

DRAFT

**ATTACHMENT A: DRAFT BUDGET: DISTRICT OF MISSION ECONOMIC DEVELOPMENT & LAND MANAGEMENT DEPARTMENT**

	2014	2015	2016	2017	2018	Notes & Comments
<b>Revenues</b>	(Sep to Dec)					
DOM Fee for Service	\$ 108,200	\$ 357,500	\$ 368,225	\$ 379,275	\$ 390,655	2014 reflects 4-mth remainder of year only for timeframe comparison with Dev. Corp. shift in focus. DOM Fee for Service increases by 3%/yr. tourism related (Destination BC/VCM)
Loans	-	-	-	-	-	
Grants & Other Contributions	-	18,600	18,600	18,600	18,600	
Real Estate Revenue	-	35,000	35,000	35,000	35,000	
<b>Total Revenue</b>	<b>108,200</b>	<b>411,100</b>	<b>421,825</b>	<b>432,875</b>	<b>444,255</b>	
<b>Operational Expenditures</b>						
<b>Staff/Officers</b>						
Manager, Economic Development & Land Mgt.	41,500	135,000	139,000	143,100	147,400	All staff estimates include base salary and muni benefits (total package).
Coordinator, Development Services	-	80,000	82,400	84,900	87,500	
Coordinator, Marketing & Communications	-	27,000	27,800	28,650	29,500	
Administration	15,000	62,500	64,375	66,300	68,300	
Internal Charge-out for Accounting/Admin.	6,500	6,500	6,500	6,500	6,500	
<b>Sub-total Staff/Officer Expenditures</b>	<b>63,000</b>	<b>311,000</b>	<b>320,075</b>	<b>329,450</b>	<b>339,200</b>	
<b>Office</b>						
Office Rental	1,750	5,000	5,000	5,000	5,000	2014 lease paid out and assuming new location downtown at \$0/yr.
Utilities	-	5,400	5,400	5,400	5,400	
Stationary/Supplies	2,000	4,000	4,000	4,000	4,000	
Office Equipment	-	1,500	1,500	1,500	1,500	
Telephone/Internet	2,750	5,500	5,500	5,500	5,500	
Postage/Courier	150	750	750	750	750	
Printing	2,500	11,000	11,000	11,000	11,000	
Travel	3,500	12,500	12,500	12,500	13,500	
Training	1,000	3,500	3,500	3,500	3,500	
Meals & Refreshments	2,000	6,500	6,500	7,500	7,500	
Memberships & Subscriptions	1,200	3,500	3,500	3,500	3,500	
Reference Materials	1,000	4,500	4,500	4,500	4,500	
Marketing/Advertising	9,850	24,700	26,900	31,425	28,905	Impact to marketing budget due to increased staffing for land management activities.
Legal - Corporate	-	4,500	4,500	1,500	5,500	
Insurance	-	4,250	4,500	4,500	4,500	
One-time purchase Office Equipment	17,500	-	-	-	-	With adequate amount of notice, can be accommodated within existing budget.
<b>Sub-total Office Expenditures</b>	<b>45,200</b>	<b>97,100</b>	<b>99,550</b>	<b>102,075</b>	<b>104,555</b>	
<b>Total Operational Expenditures</b>	<b>108,200</b>	<b>408,100</b>	<b>419,625</b>	<b>431,525</b>	<b>443,755</b>	
<b>Net Operating Income</b>	<b>\$ -</b>	<b>\$ 3,000</b>	<b>\$ 2,200</b>	<b>\$ 1,350</b>	<b>\$ 500</b>	
<b>Real Estate Revenues</b>						
Property Sales Income	\$ 1,262,000	\$ 1,662,000	\$ -	\$ -	\$ 563,000	Includes properties identified in the business plan of both options. Placeholder should Prop. Mgt. services be requested/required. Incl. \$20k from Welton and 24k from CSSB. 2014 represents partial year tenancy
Property Management	\$ -	\$ -	\$ -	\$ -	\$ -	
Lease Income	\$ 61,235	\$ 114,000	\$ 114,000	\$ 153,000	\$ 153,000	
<b>Total Real Estate Revenues</b>	<b>\$ 1,323,235</b>	<b>\$ 1,776,000</b>	<b>\$ 114,000</b>	<b>\$ 153,000</b>	<b>\$ 716,000</b>	
<b>Real Estate Expenditures</b>						
Acquisitions	\$ -	\$ 900,000	\$ -	\$ 750,000	\$ -	Maintenance & Capital Improv. calculations at \$1.25/sf annually
Property Maintenance	\$ -	\$ 13,750	\$ 17,875	\$ 17,875	\$ 17,875	
Property Taxes	\$ 9,250	\$ 44,250	\$ 44,250	\$ 56,250	\$ 56,250	
Development Expenditures	\$ -	\$ 45,000	\$ -	\$ 50,000	\$ 500,000	2018 P3 project contribution is land & existing building + \$500K & involves 3rd party developer.
Loan Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	Development exp. includes capital improv./app. fees/permits/rezoning, etc.
Loan Interest Payments	\$ -	\$ -	\$ -	\$ -	\$ -	
Real Estate Commissions	\$ -	\$ -	\$ -	\$ -	\$ -	
Professional Consulting	\$ -	\$ 9,500	\$ 15,000	\$ 15,000	\$ 25,000	Fiscal/economic/market/environmental assessments
Legal - Real Estate	\$ -	\$ 4,500	\$ -	\$ 4,500	\$ 12,500	
<b>Contribution from Real Estate to Operating Exp.</b>	<b>\$ -</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	Contribution to operational revenues to offset staff contribution for real estate activities
<b>Total Real Estate/Land Development Expenditures</b>	<b>\$ 9,250</b>	<b>\$ 1,052,000</b>	<b>\$ 112,125</b>	<b>\$ 928,625</b>	<b>\$ 646,625</b>	
<b>Net Operating Income from Real Estate</b>	<b>\$ 1,313,985</b>	<b>\$ 724,000</b>	<b>\$ 69,375</b>	<b>\$ (775,625)</b>	<b>\$ 69,375</b>	
<b>Consolidated Net Income from Operations &amp; Real Estate</b>	<b>\$ 1,313,985</b>	<b>\$ 727,000</b>	<b>\$ 71,575</b>	<b>\$ (774,275)</b>	<b>\$ 69,875</b>	
<b>Cumulative Cash Flow</b>	<b>\$ 1,313,985</b>	<b>\$ 2,040,985</b>	<b>\$ 2,112,560</b>	<b>\$ 1,338,285</b>	<b>\$ 1,408,160</b>	

Acquisition Assumptions		
Acquisitions	Square Feet	Year
Waterfront	3,300	2015
Downtown (DT)	6,000	2017
P3 Educ. Institution	30,000	2018



# DISTRICT OF MISSION DEVELOPMENT CORPORATION

**DRAFT Summary Business Plan  
2014 – 2018**

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## Part 1 – THE ORGANIZATIONAL PLAN

### Description of the Business

#### Mission:

The District of Mission Development Corporation (Corporation) exists as a wholly owned corporation of the District of Mission to:

- Provide services and support for local business growth and expansion needs;
- Accelerate business-related and land development activities in the District of Mission;
- Act as a catalyst for creating market interest and investment in priority areas of the District of Mission;
- Recommend and support land acquisition in support of the Districts' vision for strategic areas of Mission;
- Leverage and add significant value to District and Corporation owned real estate prior to its redevelopment, sale or lease;
- Generate an annual revenue stream to the District of Mission from its profits realized through capital gains, leases and/or property management revenues that meet or exceed market rates of return, and;
- Diversify the tax base of the District of Mission through its business activities, resulting in increased annual revenue from new residential, commercial and industrial property taxation.

#### Strategy:

The Corporation will provide core economic development services that support the efforts of attracting, retaining and enhancing businesses, enhancing the local labour force and supporting the entrepreneurial spirit to assure Mission is a globally competitive community.

The Corporation will also play an active role in identifying parcels of District-owned land, or parcels of land that should be acquired by the District, that can be rezoned, subdivided, serviced and/or built upon so as to achieve the mission of the Corporation.

The Corporation will develop a real estate investment and disposal strategy for endorsement by the Board that will guide decisions about the development of land and the construction of buildings on land and whether the completed development will be sold or leased.

#### Business Model:

The District of Mission Development Corporation will create value through a balanced economic development work plan that provides resources to support the growth and expansion of the existing business community, as well as dedicating resources towards the attraction of new investment to the community.

The core service areas include:

1. Marketing and Attraction
2. Business Retention and Expansion
3. Business and Entrepreneur Support Services

The Corporation will also engage in land acquisition and land development activities of District and Corporation owned land and will either partner, leverage or sell the developed land to others to build upon or will create additional value by constructing buildings upon the land for the purpose of either selling or leasing the finished buildings.

These land development activities will include:

1. Remediation
2. Rezoning
3. Subdividing
4. Servicing
5. Construction
6. Property Management

With the exception of land already owned or transferred to the Corporation, the Corporation will not own any real estate but rather the District will hold the real estate as bare trustee for the Corporation.

The Corporation will focus primarily on priority areas of interest designated by Council, including the historic downtown and waterfront lands but may, where opportunities arise, also develop residential and/or institutional lands where the potential from the development of such lands meets the strategic priorities of the District's long-term growth objectives.

The Corporation will analyze market opportunities, create relationships and will make recommendations to the District with respect to the acquisition of strategic parcels of land in Mission for the purpose of allowing the Corporation to develop such lands to achieve its mission.

The Corporation may enter into partnerships with other public sector or private sector entities in relation to achieving its mission.

### **Products:**

As an economic development agency, the Corporation will provide local business and entrepreneurial support services, marketing and attraction efforts, and be involved in the development and construction of buildings on District or Corporation owned lands for the purpose of creating commercial, industrial, institutional and/or residential development.

### **Location:**

The Corporation will have an office that is located within the political boundaries of the District of Mission. All land development activities of the Corporation will be focused on the development of District or Corporation owned real estate, or real estate that is to be acquired, within the boundaries of the District of Mission.

### **Legal Structure:**

The Corporation is an existing company that will update its legal obligations for incorporation under the Business Corporations Act of British Columbia. The Articles of Incorporation, once updated, will set out the objects of the company which empower the company to engage in specified activities to realize its mission.

The Articles of Incorporation also require the Corporation to hold an annual information meeting that is open to the public to ensure that the community has an opportunity to observe the activities of the Corporation.

The District will hold all of the shares of the Corporation. As the sole shareholder, the District will exercise its shareholder decision-making powers through Council under a shareholder agreement. The shareholder agreement will require approval by the District for:

- the business plan;
- annual budget;
- expenditures and acquisitions over a stated amount;
- property sales/leases over a stated amount;
- borrowing controls/debt assumption;
- audit requirements; and
- appointments to the Board of Directors.

The Board of the Corporation is responsible for overseeing the business affairs of the Corporation in accordance with direction from the District as sole shareholder under the shareholder agreement.

### **Operating Principles:**

The following operating principles will be followed in the management of the Development Corporation:

- Manage properties in a professional, ethical and conflict free manner ensuring compliance with legal requirements and best practices;
- Manage the property portfolio in a prudent manner to minimize specific property and portfolio risk exposures;
- Operate under sound control practices;
- Provide timely, accurate and understandable information to the Board and Municipal Council on financial and other matters relating to the on-going operation of the Corporation; and
- Comply with all legislative requirements in relation to the operation of and reporting on activities of the Corporation.

### **Management/Staff Structure:**

The Corporation will be initially staffed with the positions described below:

**Chief Executive Officer:**

This position will be the senior management position in the Corporation. The person occupying this position will report directly to the Board and be responsible for:

- The overall management of the business including its overall strategic direction, preparation of agendas and background information for Board meetings and Executive Committee meetings, development of annual work plans and related capital and operating budgets, development of operational policies and procedures, day-to-day operations management, human resources recruitment and management and budget and financial oversight and monitoring;
- Market analysis and opportunity identification in relation to the mission of the Corporation;
- Communications and marketing for the purpose of business development; and
- Communications with the District in relation to its interests as the sole shareholder of the business.

The person occupying this position will be a seasoned professional with experience in the private and/or public arena at a senior management or Director level. They will possess knowledge of operations, marketing and finance as it relates to community economic development and real estate. The person will have experience with development, a clear understanding of asset management, property management and subdivision development as well as industrial and commercial real estate.

**Manager, Development Services:**

This position will be responsible for:

- The development of project specific “pro forma” statements consistent with the annual work plan and budget, presentation of projects for consideration by the CEO and the Board, overall management of development projects from the conceptual design stage through to project completion, project budget control, construction management and consultant management;
- Preparation and management of subdivision, zoning and permit applications;
- Managing the sale and/or lease of property; and
- Property management.

The person occupying this position will preferably have a professional designation related to land use planning and/or land development and construction management (MCP, MCIP, RPP, P. Eng., Reg. Arch., etc.) and preferably experience in property management.

**Coordinator, Marketing & Communications:**

This position will be responsible for:

- Developing and executing an annual marketing plan within budget to support the Corporation's strategic direction;
- Leading the development and utilization of marketing materials and channels including online and direct marketing, advertising campaigns, events, public relations and creative services to maintain a consistent brand and enhanced organizational image.

- Providing guidance and directs the development and creation of communications content/copy that will carry the Corporation's key messages to external market interests, as well as coordinating media relations activities and information requests.
- Special projects and participation as required, including responsibility for developing and responding to strategic proposal submission opportunities.

The person occupying this position will hold a Public Relations, Marketing or Communications designation and have demonstrated experience in marketing, strategic writing, business communications and proposal writing.

***Corporate Administrator:***

This position will be responsible for:

- Reception (phone coverage, greeting walk-in traffic);
- Assisting Directors and senior staff with clerical and administrative support;
- Payroll coordination;
- Processing invoices, A/P and A/R;
- Filing, faxing, scanning, copying;
- Records management;
- Arranging meetings;
- Minute taking;
- Day to day office management; and
- Other similar duties as assigned.

This position will provide administrative and clerical support to the staff and the Board of the Corporation. The person occupying this position will have strong general secretarial, clerical and minute-taking skills and experience and will preferably have experience as a senior administrator in a professional real estate environment.

All staff will be paid a stipulated monthly salary for their services. The contracts may, at the determination of the Board, provide for annual performance bonuses in relation to the achievement of annual objectives of the Corporation.

***Other staff/contractors:***

Other staff/contractors will be hired as required in support of the operation when required and for the term required, such as:

- Accounting and Legal Services:  
The Corporation will hire bookkeeping and accounting services on a contract basis with the exception of the external auditor, which will be appointed by Council.
- Legal services to the Corporation for both corporate and real estate related activities will be undertaken by outside contracted professionals as needed.
- Architects, Engineers and Environmental Consultants are examples of other potential contracted services.

## Board Composition

The initial composition of the Board for the renewed District of Mission Development Corporation will total 12 individuals and will be comprised of the following:

- Mayor and Council
- Chief Administrative Officer (CAO);
- President and Chief Executive Officer (CEO); and
- Three (3) independent members appointed by Council.

It is anticipated the Board will initially convene on a quarterly basis, with the exception of the Executive Committee, which may meet more often to address operational requirements. This is addressed in more detail shortly. In addition to quarterly meetings, the Board is also expected to hold an annual and mid-year strategic planning review.

The Board will be reimbursed travel and accommodation expenses that may be incurred in the course of performing duties as a Board member on behalf of the Corporation.

## Board Determination

### *Eligibility Criteria for independent members*

The independent members of the Board should have a range of experience in real estate, property management, law, accounting, business development, land development and financial management and each should have demonstrated general business acumen, personal integrity and independence of judgment. It is important that the independent members be chosen so as to minimize circumstances where individual members would be required to withdraw from discussions at the Board due to conflict of interest.

### *Selection Process*

A Nominating Committee will provide recommendations to Council with respect to the selection of independent members to the Board. Council has determined that for the initial selection of independent members, the Nominating Committee will include the Mayor, one member of Council and the CAO. For subsequent independent member appointments to the Board, the Nominating Committee will consist of the Chair of the Board, the Mayor, the CEO of the Development Corporation and one other to be selected by the Directors of the Board. Council will make the final decision on all Board appointments.

### *Operation of the Board*

To assist in ensuring effective governance of the Corporation and effective operation of the Board, the principles and practices in the Canadian Coalition for Good Governance publication titled, Corporate Governance Guidelines for Building High Performance Boards, will be followed so far as they are relevant to a “sole shareholder” public corporation.

### ***Executive Committee***

The Articles of the Corporation, once updated, provide for the appointment by the Board of an Executive Committee, which must include the Chair, the CEO and such other persons as the Directors see fit. The initial Executive Committee will also include the CAO and the Mayor. Certain functions and authority of the Board may be delegated to the Executive Committee, which will typically meet on a more frequent basis than the Board to assist with the efficient day-to-day functioning of the Development Corporation.

### ***Appointment of Officers***

It is anticipated that the Articles of the Corporation will also provide that the Directors shall appoint a President and Chief Executive Officer, and such other Officers as the Directors may determine. The Development Corporation will initially appoint the following Officer:

1. President and Chief Executive Officer

## **Part 2: THE MARKETING PLAN**

### **General Overview of Marketing Strategy**

The staff of the Corporation will identify marketing opportunities for targeted sectoral marketing and attraction efforts, as well as promoting land development and investment opportunities aligned with the growth objectives of the municipality. These efforts will include:

1. General Marketing and Communications: enhanced website; monthly newsletter; advertising; earned and purchased media; print collateral; photo bank; social media and other digital strategies to generate investment interest and demand for products that are, or could be, made available through the activities of the Corporation that fill a demand identified in the current market;
2. Networking and Presentations: with industry and investment representatives as such networking and presentation opportunities present themselves;
3. Targeted Sectoral Marketing and Attraction: continued focus on efforts to attract complimentary businesses in manufacturing, information and communications technology, advanced energy and post secondary education;
4. Real Estate Promotion: create market awareness to maximize the value of District and Corporation owned assets;
5. Market Assessments and Monitoring: of regional/provincial/national real estate statistics and trends in the industrial/commercial/residential sectors in consideration of real estate that is already held by the District or Corporation; and
6. Professional and Industry Memberships and Partnerships: maintain professional memberships with EDABC, EDAC, Linx BC, Invest North Fraser; Chamber of Commerce, the Urban Development Institute and others as required.

Development opportunities made available through the activities of the Corporation will be marketed by various means including, where appropriate, contract real estate sales professionals.

### **Part 3: THE OPERATIONAL PLAN**

The Corporation is scheduled to formally initiate the new work plan on September 1, 2014. The Corporation may take all necessary actions in relation to working with the support of District staff in various departments and Mayor and Council in delivering economic development services and land development services that support economic development opportunities that align with the community's vision. This strategic decision will allow the Corporation to maintain the current economic development services connection with local businesses, the community, region and the Province to provide targeted business support and investment attraction to the District of Mission.

The Corporation will provide economic development services to the community under an annual fee-for-service agreement with the District for the first 52 months (4 years and 4 months). For 2014, this support will be pro-rated from September 1 to December 31, 2014, with the remaining four years at the proposed fee-for-service level. Following this period, the fee-for-service will be reviewed for the potential of reduction or dividends payable to the municipality to lessen financial dependence.

The Corporation will provide leadership and align the work plan with the District's strategic business services and development objectives, with a generalized focus on the activities previously identified under the sub-heading "Business Model". These may be summarized as:

- Core economic development services in support of business retention, expansion and attraction efforts;
- Remediation, rezoning, subdividing and providing coordinated development services, including negotiation of incentives, to District or Corporation owned land;
- Obtaining Development Permits for buildings for the purpose of adding value to the District or Corporation owned lands for which it is acting as the agent;
- Constructing buildings on District or Corporation owned lands for which it is acting as the agent. This activity may be in partnership with third parties; and/or
- Leasing and property management of buildings on District or Corporation owned lands for which it is acting as the agent.

The Corporation will scan opportunities throughout the District and will determine where it is advantageous to the District to become directly involved in the development or redevelopment of lands so as to achieve the objectives for which the Corporation was established. The Corporation will make recommendations to the District in this regard from time to time.

## Implementation Strategy (Activities and Timing)

### The Short Term: 2014 – 2015

The immediate activities of the Corporation will be the continuation of the previously identified core economic development services within the 2014 economic development work plan, including tourism and film development responsibilities.

Additionally, communication of the new operating model for economic development will be marketed and communicated where appropriate, along with newly adopted development incentives.

The immediate activities will also involve unlocking existing District and Corporation owned land assets to meet the capitalization requirements of the Corporation. Specific land holdings have been identified in Figure 1:

**Property to Be Sold for Initial Capitalization Purposes**

Owner	Roll	Civic	Size	Zoning	OCP	Assessed	Market Timing		
							Immediate	Medium Term	Long term
DOMDC	251316000	Berg Ave.	4.27 ac	RR7	Rural Residential	\$ 418,000		x	
DOMDC	251337000	Berg Ave.	4.27 ac	RR7	Rural Residential	\$ 418,000		x	
DOMDC	251358000	Berg Ave.	4.27 ac	RR7	Rural Residential	\$ 418,000		x	
DOMDC	251379000	Berg Ave.	3.96 ac	RR7	Rural Residential	\$ 408,000		x	
DOMDC	791892001	7708 Blott St.	5,349 sf	R558	Urban Residential	\$ 178,000	x		
DOMDC	791893001	7707 Swift Ave.	5,177 sf	R558	Urban Residential	\$ 184,000	x		
DOMDC	701987103	8742 Cedar St.	.95 ac	S36	Urban Residential	\$ 625,000	x		
DOM	690397001	32702 Best Ave.	6,964 sf	R558	Urban Residential	\$ 184,000	x		
DOM	690397002	Best Ave. (above)	3,444 sf	R558	Urban Residential	\$ 91,000	x		
DOM	700909001	8037 Clegg St.	7,965 sf	R558	Urban Residential	\$ 446,000	Rental		x
DOM	702301000	33100 Dalke Ave.	7,803 sf	RC372	Urban Res. Compact	\$ 117,000			x
<b>Total Market Value</b>						<b>\$ 3,487,000</b>	<b>\$ 1,262,000</b>	<b>\$ 1,662,000</b>	<b>\$563,000</b>

**Figure 1: Property to Be Sold for Initial Capitalization Purposes**

Those five (5) properties identified as “Immediate” under the heading of “Market Timing” are those properties scheduled to be sold within the first 6 months of enacting the new work plan due to their internal staff assessment of being most market-ready. The resultant capitalization is anticipated to be approximately \$1,262,000.

These resources, in addition to the existing cash holdings and other assets of the Corporation, will be utilized to leverage additional resources to achieve the early stage objectives of the Corporation on behalf of the municipality.

Following the capitalization exercise, likely Q4 -2014 or Q1-2015, the next step in these early stage objectives are identified as the acquisition of key properties in the downtown and waterfront areas that can be developed to the extent that they will serve as a catalyst to encourage additional private investment. Due to the limitations of available capital, leveraging the assets to include long-term financing for properties identified as strategic will be required. Additionally, partnering, such as with post secondary educational institutions or private development firms, is favoured early in the process as

this lessens capital requirements or provides tenancy to the extent that financial uncertainty and risk is reduced. It is also an objective to acquire property that has a current revenue stream to offset ongoing maintenance and debt-servicing costs while redevelopment is being planned.

Properties of interest during this period, while not specifically identified, are deemed to be properties that are in or adjacent to the historic downtown core. The exception to these non-identified properties is properties that may already be in negotiation as of the drafting of this business plan. Other properties may include waterfront properties identified as Destination Waterfront, located in the Core Precinct of Phase 1 in the Waterfront Planning – Marketing and Feasibility Study (May, 2011). This small area leading up to the waterfront on either side of Horne St. to Harbour Ave. is deemed to be the catalyst for the waterfront development area.

### **The Medium Term: 2015 – 2016**

The medium term objectives can be largely defined as preparing land for redevelopment and either selling or identifying appropriate partnerships to develop said land. This will include properties acquired in the downtown core and could include properties similar to the recently purchased Buy-Low building, or problem residential properties in the downtown core, which could be torn down and redeveloped as a low-rise residential tower. These properties, having been acquired, will be pre-zoned and made development-ready. At such time as is appropriate, these properties will be sold or a partner identified to assist with a design-build with the intent to tenant or sell the building.

Acquiring a key property in the waterfront area and making it development-ready also begins in this phase and may include waterfront properties identified as Destination Waterfront, located in the Core Precinct of Phase 1 in the Waterfront Planning – Marketing and Feasibility Study (May, 2011). This small area leading up to the waterfront on either side of Horne St. to Harbour Ave. is deemed to be the catalyst for redevelopment of the entire area.

Potential redevelopment projects will include commercial, mixed commercial-residential and residential only projects to the extent that they are appropriate and/or complimentary to the redevelopment objectives of these key areas.

### **The Longer Term: 2017 - 2018**

While any number of development/redevelopment scenarios is possible during the entire duration of this plan, the long-term anticipates a shift to migration assistance of businesses and property owners with industrial designations in and adjacent to both the downtown and waterfront areas.

While some property and land-use realignment is anticipated that would maintain some industrial presence in these areas, it is anticipated that some industrial land acquisition via the Corporation will be required to accommodate a redevelopment shift to commercial and residential presence more akin to the long-term objectives of both downtown and the waterfront. Areas in particular could include all industrial presence on

Harbour Ave., Timberlake St. and portions of Thompson and Broadway Ave., as well as Mershon St. on the south side of the train tracks parallel to the downtown core.

Migration assistance may also require the acquisition of land and formation of an industrial business park to accommodate relocation of industrial businesses.

## Part 4: THE FINANCIAL PLAN

The costs of operating the Corporation will initially be subsidized over a 52-month period by the District utilizing the resources previously provided to the economic development office. The balance of operational expenses within this start-up period will be recovered against the sale and/or lease of land and buildings that will be developed and/or constructed by and subsequently sold and/or leased (property managed) by the Corporation.

At the conclusion of the 52 months of operations it is intended that the Corporation will be recovering operational expenses, as stated above, against the sale and/or lease of land and buildings that will be developed and/or constructed by and subsequently sold and/or leased (property managed) by the Corporation. A review will be conducted in partnership with the municipality at this time to determine the financial plan moving forward.

The potential for dividends or a reduction of the fee-for-service agreement from the District may result in further budget savings to the District, while also offering the potential of increased revenues from the profitable activity of the Corporation.

The Corporation will not acquire land but rather the City will hold the lands as bare trustee for the Corporation. The Corporation will add value to the lands through the development and building process.

The initial costs for the start-up and early operations of the Corporation will be funded by way of utilizing existing assets in the Corporation, in addition to the sale of property identified in Table 1.

A Pro-forma Operational Budget 2014 – 2018 for the corporation may be found at the conclusion of this DRAFT business plan and is identified as Attachment A: DRAFT Budget – District of Mission Development Corporation.

### ***Expected Targeted Rate of Return on Investments:***

For projects that the Corporation undertakes for the purpose of sale (i.e., recognizing a capital gain), a rate of return of approximately 15% is expected based on the total amounts invested in the projects including the value of the raw land, the costs of approvals, engineering servicing, construction costs, legal work, consultant costs, development fees and charges, holding/interest costs, Corporation expenses, etc.

For projects that the Corporation undertakes for the purpose of leasing (i.e., recognizing an annual revenue stream), an average rate of return equal to or greater than the current market capitalization rate for similar product is expected based on the amount invested in the projects including the value of the raw land, the costs of approvals, engineering servicing, legal work, construction costs, consultant costs, development

fees and charges, holding/interest costs, Corporation expenses, etc. Flexibility on lease rates may be granted where the tenant is a non-profit or educational in nature and is addressing underlying community development objectives.

***Annual Costs of Operations:***

It is estimated that the Corporation will have an annual operating budget of approximately \$425,000 per annum once it is fully operational. This excludes real estate transactions.

***Corporation Start up Costs:***

To establish a place of business for the Corporation, it is estimated that \$25,000 will need to be spent on tenant improvements, office furnishings and equipment. These estimates are not included in the 2014 pro-rated budget and will need to be approved under a separate resolution by Council.

***Working Capital for Projects:***

Working capital will initially be generated from the time-durated fee-for-service agreement from the District equal to the current economic development budget, in addition to profits as a result of development activities. Notwithstanding, the District may also provide loans to the Corporation or underwrite a line of credit for the Corporation for the purpose of financing the operation of the Corporation and for allowing the Corporation to undertake and maintain projects.

***Profits to the District:***

The Corporation will initially retain all revenues and profits from its operations to maintain capital adequacy requirements, until such time as the Corporation or District request or determine that the Corporation provide a dividend or remit all net revenues/profits from its operations to the District as and when the net revenues and/or profits are realized from any particular project.

**Attachment A: DRAFT Budget – District of Mission Development Corporation**

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## ATTACHMENT A: DRAFT BUDGET - DISTRICT OF MISSION DEVELOPMENT CORPORATION

	2014	2015	2016	2017	2018	Notes & Comments
<b>Operational Revenue</b>	(Sep to Dec)					
DOM Fee for Service	\$ 123,500	\$ 357,500	\$ 368,225	\$ 379,275	\$ 390,655	2014 reflects four months only. All staff in 2014 divided against 2015 4 months)
Loans	-	-	-	-	-	DOM Fee for Service increases by 3%/yr.
Grants & Other Contributions	-	18,600	18,600	18,600	18,600	Received from Destination BC/VCM
Real Estate Revenue	-	35,000	35,000	35,000	35,000	
<b>Total Operational Revenue</b>	<b>123,500</b>	<b>411,100</b>	<b>421,825</b>	<b>432,875</b>	<b>444,255</b>	
<b>Operational Expenditures</b>						
<b>Staff/Officers</b>						
CEO	45,835	135,000	139,000	143,100	147,400	assumes an approx. annual 3% incr.
Manager, Development Services	-	62,000	63,900	65,800	67,750	assumes an approx. annual 3% incr.
Marketing & Project Coordinator (.5FTE or contract)	-	27,000	27,800	28,650	29,500	assumes an approx. annual 3% incr.
Corporate Administration	15,000	45,000	46,350	47,750	49,175	assumes an approx. annual 3% incr.
Director Expenses	500	1,500	1,750	1,750	2,000	
<b>Sub-total Staff/Officer Expenditures</b>	<b>61,335</b>	<b>270,500</b>	<b>278,800</b>	<b>287,050</b>	<b>295,825</b>	
<b>Office</b>						
Office Rental	5,000	5,000	5,000	5,000	5,000	Assumes DOM charges \$1,250/mth - depends on location. Could be \$0.
Utilities	1,800	5,400	5,400	5,400	5,400	Approx. \$450/mth
Stationary/Supplies	4,500	4,000	4,000	4,000	4,000	2014 reflects one-time increase due start-up expense
Office Equipment	10,000	2,500	2,500	2,500	2,500	2014 reflects one-time increase due start-up expense
Telephone/Internet	3,500	5,500	5,500	5,500	5,500	2014 reflects one-time increase due start-up expense
Postage/Courier	150	750	750	750	750	
Printing	2,500	11,000	11,000	11,000	11,000	
Travel	3,500	12,500	12,500	12,500	13,500	
Training	1,000	3,500	3,500	3,500	3,500	
Meals & Refreshments	2,500	6,500	6,500	7,500	7,500	
Memberships & Subscriptions	1,200	4,500	4,500	4,500	4,500	
Reference Materials	1,000	3,000	3,000	3,000	3,000	
Marketing/Advertising	10,000	42,500	42,500	42,500	42,500	
Legal - Corporate	3,500	2,500	2,500	2,500	2,500	2014 reflects Articles/Partnering Agr. set-up expenditures
Audit	1,265	7,000	7,250	7,250	7,500	Pro-rated 4 mths to 2013 muni exp of 3800
Bookkeeping/Accounting	3,900	6,900	6,900	7,250	7,250	
Insurance	4,000	4,250	4,500	4,500	4,500	
<b>Sub-total Office Expenditures</b>	<b>59,315</b>	<b>127,300</b>	<b>127,800</b>	<b>129,150</b>	<b>130,400</b>	
<b>Total Operational Expenditures</b>	<b>120,650</b>	<b>397,800</b>	<b>406,600</b>	<b>416,200</b>	<b>426,225</b>	
<b>Net Operating Income</b>	<b>\$ 2,850</b>	<b>\$ 13,300</b>	<b>\$ 15,225</b>	<b>\$ 16,675</b>	<b>\$ 18,030</b>	
<b>Real Estate Revenues</b>						
Property Sales Income	\$ 1,262,000	\$ 1,662,000	\$ -	\$ -	\$ 563,000	Includes properties identified in the business plan of both options.
Property Management	\$ -	\$ -	\$ -	\$ -	\$ -	Placeholder should Prop. Mgt. services be requested/required.
Lease Income	\$ 61,235	\$ 114,000	\$ 114,000	\$ 153,000	\$ 153,000	2014 represents partial year tenancy
<b>Total Real Estate Revenues</b>	<b>\$ 1,323,235</b>	<b>\$ 1,776,000</b>	<b>\$ 114,000</b>	<b>\$ 153,000</b>	<b>\$ 716,000</b>	
<b>Real Estate Expenditures</b>						
Acquisitions - see "Acquisition Assumptions" table	\$ -	\$ 900,000	\$ -	\$ 750,000	\$ -	Acquisition Assumptions Acquisitions Square Feet Year Waterfront 3,300 2015 Downtown (DT) 6,000 2017 P3 Educ. Institution 30,000 2018
Property Maintenance @ \$1.25/sf	\$ -	\$ 13,750	\$ 17,875	\$ 17,875	\$ 17,875	
Property Taxes	\$ 9,250	\$ 44,250	\$ 44,250	\$ 56,250	\$ 56,250	
Development Expenditures	\$ -	\$ 45,000	\$ -	\$ 50,000	\$ 500,000	2018 P3 project contribution is land & existing building + \$500K & involves 3rd party developer.
Loan Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	Development exp. includes capital improv./app. fees/permits/rezoning, etc.
Loan Interest Payments	\$ -	\$ -	\$ -	\$ -	\$ -	
Real Estate Commissions	\$ -	\$ -	\$ -	\$ -	\$ -	
Professional Consulting	\$ -	\$ 9,500	\$ 15,000	\$ 15,000	\$ 25,000	Fiscal/economic/market/environmental assessments
Legal - Real Estate	\$ -	\$ 4,500	\$ -	\$ 4,500	\$ 12,500	
<b>Contribution from Real Estate to Operating Exp.</b>	<b>\$ -</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	Contribution to operational revenues to offset staff contribution for real estate activities
<b>Annual Dividends</b>	<b>\$ -</b>	Withheld to 2018				
<b>Total Real Estate/Land Development Expenditures</b>	<b>\$ 9,250</b>	<b>\$ 1,052,000</b>	<b>\$ 112,125</b>	<b>\$ 928,625</b>	<b>\$ 646,625</b>	
<b>Net Operating Income from Real Estate</b>	<b>\$ 1,313,985</b>	<b>\$ 724,000</b>	<b>\$ 1,875</b>	<b>\$ (775,625)</b>	<b>\$ 69,375</b>	
<b>Contribution from Real Estate to Operating Expenditures</b>	<b>\$ -</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	Contribution to operational revenues to offset staff contribution for real estate activities
<b>Consolidated Net Income from Operations &amp; Real Estate</b>	<b>\$ 1,316,835</b>	<b>\$ 737,300</b>	<b>\$ 17,100</b>	<b>\$ (758,950)</b>	<b>\$ 87,405</b>	
<b>Cumulative Cash Flow</b>	<b>\$ 1,316,835</b>	<b>\$ 2,054,135</b>	<b>\$ 2,071,235</b>	<b>\$ 1,312,285</b>	<b>\$ 1,399,690</b>	