

The background features a large, stylized graphic in shades of blue and red. It consists of several concentric, overlapping arcs that create a sense of depth and movement. In the center, there is a stylized figure that appears to be a person or a character, rendered in a simplified, geometric style. The overall composition is dynamic and modern.

## **Economic Development in Saint John:**

- Response to Questions Posed by Council**
- Opportunities to Enhance the Current Model**

**October 20<sup>th</sup>, 2008**  
**Enterprise Saint John**

## BACKGROUND

In September 2008, Saint John Mayor and Common Council identified a list of priorities and objectives guided by the following principles:

- We are a City that draws people – they want to live here.
- We are in the top five of places to live in Canada.
- We have revitalized neighbourhoods that are safe, vibrant and attractive.
- We have clean, safe drinking water.
- We have strategic/coordinated planning, development and maintenance of municipal facilities and infrastructure.
- We have City services that are delivered efficiently and effectively at an equitable tax rate.
- Our citizens/ratepayers consistently recognize municipal services as being effective at a supportable cost.

Enterprise Saint John can play a significant role in achieving these objectives in their efforts to attract People, Ideas and Investment to Saint John.

Council's Priority # 10 is listed as:

"Establish an economic development function within the City's administration."

In response to this priority, Common council met with Enterprise Saint John to discuss the current model of economic development. It was agreed that a second meeting would take place where a series of 14 questions posed by council would be answered, and ways to enhance the current model of economic development will be discussed.

Following are the fourteen questions posed by council:

1. What are the quantitative benefits from ESJ to the City of Saint John?
2. What are the Line Items for the city's \$408,000 investment?
3. Could you provide case files specific to Saint John, outlining hours spent, how the priorities are set?
4. Could you provide benchmarking data focusing on Saint John as compared to other cities?

5. Where specifically are the investments made by the City of Saint John spent ?
6. What impact on ESJ would a reduction of \$200,000 funding have?
7. How would a newly appointed Economic Development Officer work in conjunction with ESJ ?
8. What suggestions would you make regarding the City's internal staff more effectively in terms of economic development?
9. Do you review the CEO's position at ESJ ?
10. What improvements would you suggest to ESJ?
11. Can ESJ produce a document showing value for money?
12. Could there be more communication between ESJ and Council? A minimum of three times be year?
13. What percentage of their revenue do other cities provide to their economic development agencies?
14. How is the municipal funding component arrived at?

The questions generally follow three themes and have been categorized as follows:

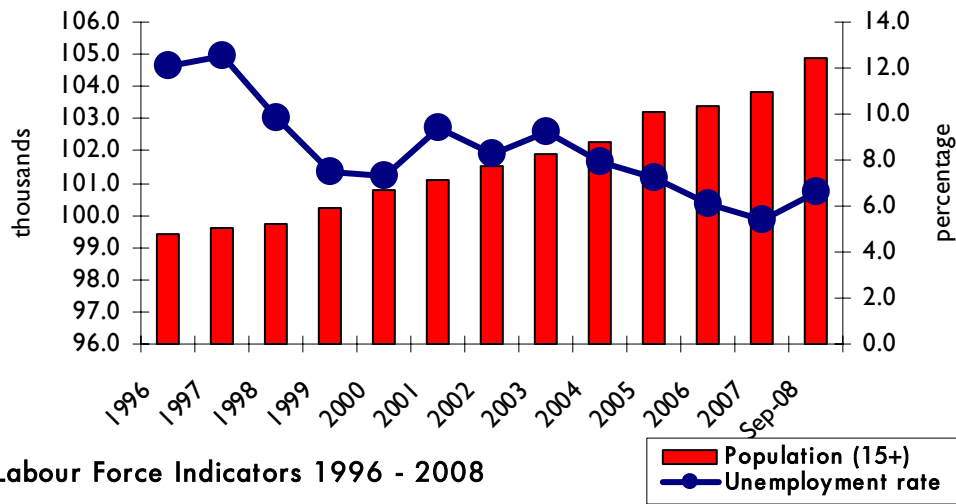
- SECTION 1:           STRUCTURE (Questions # 2,3,6,9,14)**  
**SECTION 2:           RETURN ON INVESTMENT (Questions #1,4,5,11,13)**  
**SECTION 3:           SUGGESTIONS TO ENHANCE THE CURRENT MODEL**  
**(Questions # 7,8,10,12)**

## **ECONOMIC DEVELOPMENT**

Economic development is the development of economic wealth of regions for the well-being of their inhabitants. From a policy perspective, economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base.

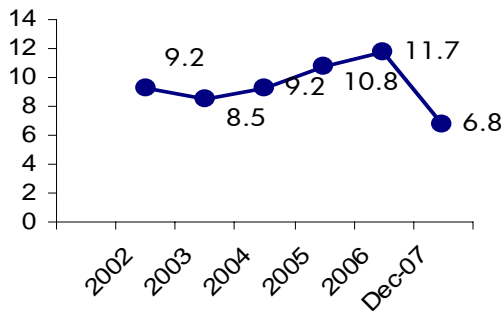
The term "economic development" is often used in a regional sense as well. In this sense, economic development focuses on the recruitment of business operations to a region, assisting in the expansion

or retention of business operations within a region or assisting in the start-up of new businesses within a region.<sup>1</sup>



Source: Statistics Canada

### Commercial Real Estate Vacancy Rates 2002-2007



Source: Turner Drake Office Market Survey December 2007

For decades Saint John had been perceived as a “blue collar” town – with much of the economy based in industry, shipbuilding and manufacturing. Unemployment rates were very high; population was declining and marked by a definitive out-migration of our youth. Commercial vacancy rates were high, and generally

<sup>1</sup> [http://en.wikipedia.org/wiki/Economic\\_development](http://en.wikipedia.org/wiki/Economic_development)

speaking, this economic climate resulted in an excellent value proposition for the attraction of business and investment to Saint John. There was lots of available labour and real estate, as well as incentives for relocation available from Provincial and Federal governments. In the past, cost-based factors (labour cost, taxation levels, real estate vacancy etc.) were the primary driver of site selection decision making.

In 2001-2002, the Community identified and prioritized four growth sectors (ICT, Health Sciences, Energy and Advanced Manufacturing and Tourism). The implementation and strategic focus on these sectors has delivered results. Labour availability has decreased, real estate has been absorbed, and it was recognized that the focus had to shift from the attraction of BUSINESS to the attraction of PEOPLE, in order to sustain this growth and diversification.

Strategic priorities were aligned with our efforts as a community to attract a skilled labour force through retention, attraction, repatriation and immigration. As the population grew and the unemployment rate reaches unprecedented lows, decisions are now increasingly being made on labour-based factors.

The economy in Saint John has significantly diversified in the past decade as a result of carefully planned and executed economic development strategies.

#### Change in Employment – Selected Occupations (1996-2006)

	<u>Total</u> <u>1996</u>	<u>Total</u> <u>2006</u>	<u>#</u> <u>Change</u>	<u>%</u> <u>Change</u>
Total labour force	61,410	64,175	2,765	+5%
Increasing:				
Customer service, information and related clerks	585	2,450	1,865	+319%
Computer and information systems occupations	615	2,130	1,515	+246%
Auditors, accountants and investment professionals	780	1,225	445	+57%
Other technical occupations in health care (except dental)	245	590	345	+141%
Human resources and business service professionals	185	510	325	+176%
Decreasing:				
Electrical trades and telecommunications occupations	1,015	655	-360	-35%
Labourers in processing, manufacturing and utilities	725	450	-275	-38%
Industrial electricians	420	175	-245	-58%
Longshore workers	315	80	-235	-75%
Janitors, caretakers and building superintendents	1,365	1,120	-245	-18%

For the CMA. Source: 1996, 2006 Census using Standard Occupational Classifications.

An excellent example of this diversification is the emergence of the Information Technology industry.

**Persons employed in computer and information systems occupations**

	<b>% Growth (1996-2006)</b>	<b># Per 1,000 employment (2006)</b>
Toronto	115%	44.1
Calgary	129%	36.6
Kitchener	139%	34.4
Fredericton	66%	33.6
Vancouver	163%	33.4
<b>Saint John</b>	<b>246%</b>	<b>33.2</b>
Regina	68%	33.2
Montreal	104%	32.9
Moncton	298%	30.6
<b>Canada</b>	<b>117%</b>	<b>26.6</b>
Halifax	137%	26.0
Winnipeg	87%	25.6

Source: Statistics Canada

Demand for skilled labour is increasing globally. Communities must now ask themselves:

- Do we have a track record of attracting talent from other parts of Canada and beyond?
- Do we have an innovative mechanism in place to attract people?
- Are we an attractive location for people to move to?
- Are the municipality and related stakeholders addressing the issues impacting our ability to attract and retain people (recreation, arts, culture, infrastructure, etc.) ?

At this point in time, the retention and attraction of the labour force has emerged as our region's biggest economic challenge. It is apparent that the City is making a shift in strategy (ie. The attraction of people), based on the objectives identified by council in September 2008.

Enterprise Saint John plays a very important supporting role in the promotion of our community as a place to live "Life on Your Terms". Initiatives like the Life on Your Terms Community Information Portal project are essential to positioning the Community innovatively in order to attract and retain new residents, and are critical to future success.

## SECTION 1: STRUCTURE

(Questions # 2,3,6,,9,14)

### SAINT JOHN'S EVOLVING MODEL OF ECONOMIC DEVELOPMENT

- **1976** – The Fundy Region Development Corporation was established as a part of a provincial network of economic development agencies. FRDC was responsible for the regional economic development between Sussex and St. Stephen, including Saint John.
- **1994** - Enterprise Saint John was established as a commission of the City of Saint John, with a primary focus on investment attraction.
- **1998** - Enterprise Saint John was established in its current structure as the Greater Saint John Economic Development Commission, Inc.. The newly formed Commission was incorporated to assume the responsibilities of the former Enterprise Saint John and the Fundy Region Development Commission for Greater Saint John. It retained the name Enterprise Saint John. Funding was provided from the municipalities (City of Saint John, Grand Bay-Westfield, Quispamsis and Rothesay), the Province of New Brunswick and ACOA. The mandate of the Commission was:
  - a. Develop and Implement the Community's Economic Development Strategies
  - b. Investment Attraction
  - c. Business Development
  - d. Entrepreneur Development
- **2002** - The Province of New Brunswick changed the model of economic development agencies in the Province, using Enterprise Saint John as a model for the 15 community economic development agencies (CEDA's) in the Province.

### THE DEVELOPMENT OF THE REGIONAL STRATEGIC ECONOMIC DEVELOPMENT STRATEGY

- 1998- "Imagine the Possibilities" session where hundreds of community stakeholders were invited to share their dreams and ideas of a Saint John in the future.
- 1999 - "Imagine the Possibilities – For Youth". By beginning with identifying our community goals and visions, we had the foundation on which our strategy for growth was established.
- 2001-2002 – Four key Growth Sectors identified.

- 2004, the Mayors of the regional municipalities embraced and endorsed the philosophy of True Growth.
- 2006 - “Life on Your Terms” as the key method of communicating our community’s assets to the rest of the world was developed.
- 2007 – Benefits Blueprint was produced as a roadmap to maximizing the social, economic, cultural and environmental benefits to the citizens of Saint John.
- 2008-2010 – Enterprise Saint John three year Strategic Plan developed and initiated.

Enterprise Saint John has been recognized as a leader in the engagement of stakeholders, the business community, and the community at large when it comes to the identification and pursuit of regional strategic priorities. In 2007 , the organization was recognized by Site Selection Magazine as one of the top economic development groups in the country.

### **THE GREATER SAINT JOHN ECONOMIC DEVELOPMENT AGENCY INC. (ENTERPRISE SAINT JOHN)**

The Greater Saint John Economic Development Agency, Inc. (Enterprise Saint John) is a not-for-profit agency, funded by the City of Saint John and the municipalities of Grand Bay-Westfield, Quispamsis, Rothesay, and St. Martins, the Province of New Brunswick and the Atlantic Canada Opportunities Agency (ACOA). The Agency’s mandate and core services are:

- Develop and Implement the Community’s Economic Development Strategies
- Investment Attraction
- Business Development
- Entrepreneur Development
- Workforce Expansion

## **LEADERSHIP**

### **Board of Directors**

The volunteer Board of Directors of Enterprise Saint John is comprised of sixteen individuals representing a broad spectrum of industry and community interests, ensuring there is representation from key sectors of interest. Nominations are received from the City of Saint John (5), Province of New Brunswick (4), ACOA (4), Quispamsis (1), Rothesay (1) and Grand Bay-Westfield (1). The Board is currently chaired by City of Saint John appointee Mr. Bob Manning.

## Board Members

Robert Manning – Chair  
Darren Bishop – Vice Chair  
Tony Gogan – Treasurer  
Stephen Sherlock - Secretary  
Don Bonnell  
Rick Brown  
Arthur T. Doyle  
Gerry Pond  
Nathalie Godbout  
Jeff Landry  
Dr. Laurel Reid  
Dr. Robert MacKinnon  
Dora Nicinski  
Darryl Wilson  
Mary Keith  
Anita Punamiya

Owens McFadyen Group  
Bishop's Windows and Doors  
Grant Thornton  
CIBC Wood Gundy  
Aliant  
Master Mechanical Contractors Inc.  
Patterson Palmer  
Mariner Partners  
Lawson Creamer  
Irving Oil Ltd.  
Tourism Synergy Inc.  
UNB Saint John  
Former CEO, AHSC  
Alternatives  
J.D. Irving Ltd.  
Comprecultures

## Appointed/Nominated By

City of Saint John  
Town of Quispamsis  
Province of New Brunswick  
Town of Grand Bay-Westfield  
City of Saint John  
Province of New Brunswick  
ACOA  
Town of Rothesay  
City of Saint John  
Province of New Brunswick  
ACOA  
City of Saint John  
Province of New Brunswick  
ACOA  
Province of New Brunswick  
City of Saint John

## Ex-Officio

Mayor Ivan Court  
Mayor Bill Bishop  
Mayor Murray Driscoll  
Mayor Grace Losier  
Mayor James Huttges

City of Saint John  
Town of Rothesay  
Town of Quispamsis  
Town of Grand Bay-Westfield  
Village of St. Martins

## Question # 9 - Do you review the CEO's position at ESJ?

The organization is led by the CEO. The CEO is directed by the organization's By Laws & Strategic Directions, CEO job description and annual objectives. The CEO is to ensure that any practice, activity, decision, or organizational circumstance undertaken is lawful and aligned with commonly accepted business and ethical practices.

Accordingly, the CEO is guided by leading practices in the areas of:

- Service to clients
- Communication to the public
- Communication and support to the Board
- Human Resources Management
- Financial planning, monitoring and reporting
- Risk management
- Protection of information
- Emergency CEO succession
- Emergency Issues that may have impact on Organization's strategy
- Regular engagement with community stakeholders

An effective relationship between the Board and the CEO is facilitated by open discussion, clear process and direction. The CEO's performance is evaluated annually. Led by the Chair, the Board formally assesses CEO performance by soliciting feedback from all Board members and selected staff and partners. The assessment is based on the Board policies, as well as the CEO job description and annually agreed to objectives.<sup>2</sup>

(APPENDIX A – CEO PERFORMANCE EVALUATION TEMPLATE)

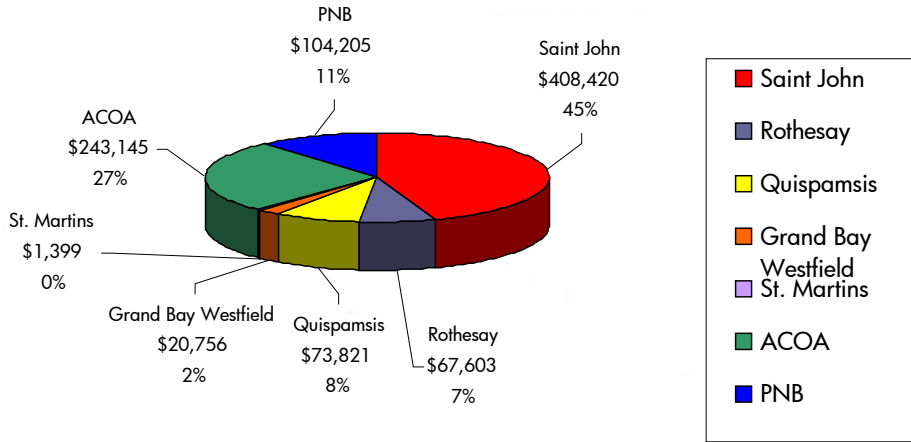
## FUNDING

Enterprise Saint John receives core funding from the 5 regional municipalities, the Province of New Brunswick and ACOA. The 2007 core operating budget was \$919,349. In addition, a total of \$50,000 is received from each of the municipalities, based on tax base figures, for the implementation of the Workforce Expansion Initiative. This core funding enables ESJ to leverage significant additional funding from other sources to implement priorities.

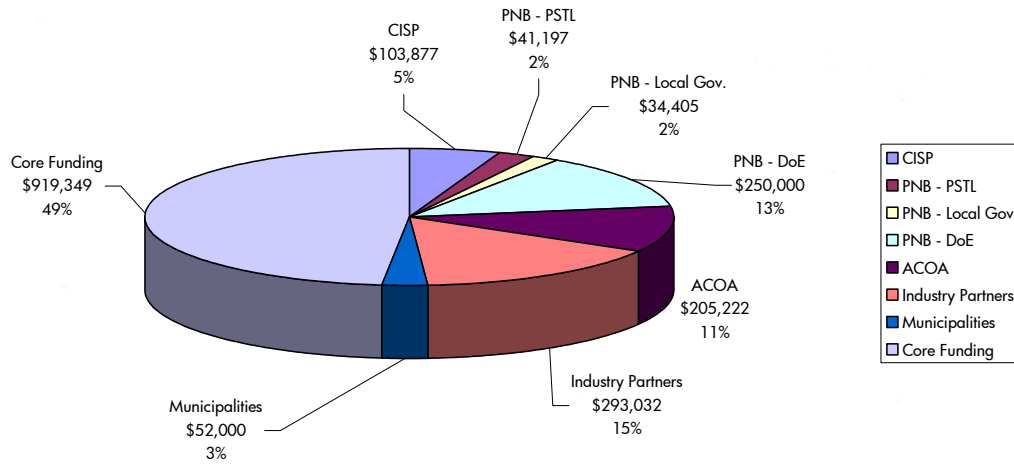
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<sup>2</sup> Enterprise Saint John Governance Policy Manual

**Enterprise Saint John  
Core Operational Funding (2007)  
(\$919,349)**



**Enterprise Saint John  
Core and Strategic Projects Funding 2007**



**Question # 14 – How is the municipal funding component arrived at ?**

The municipal contributions to both the operating budget and workforce expansion initiative are calculated based on the tax base figures of the preceding year. The figures shown below represent the 2008 fiscal year. These numbers are subject to annual changes in the tax base.

**MUNICIPALITIES - BASE FUNDING**

	<b>Tax Base 2007</b>		
Saint John	\$5,048,713,797	70.30%	\$ 402,116
Rothesay	\$856,957,879	11.90%	\$ 68,068
Quispamsis	\$1,003,627,400	14%	\$ 80,080
Grand Bay – Westfield	\$254,544,128	3.60%	\$ 20,592
St. Martins	\$16,784,827	0.20%	\$ 1,144
<b>Total</b>	<b>\$7,180,628,031</b>	<b>100%</b>	<b>\$ 572,000</b>

Source: Enterprise Saint John 2008 Budget – APPENDIX C

**MUNICIPALITIES – WORKFORCE EXPANSION INITIATIVE**

	<b>Tax Base 2007</b>		
Saint John	\$5,048,713,797	70.30%	\$ 35,150
Rothesay	\$856,957,879	11.90%	\$ 5,950
Quispamsis	\$1,003,627,400	14.0%	\$ 7,000
Grand Bay – Westfield	\$254,544,128	3.60%	\$ 1,800
St. Martins	\$16,784,827	0.20%	\$ 100
<b>Total</b>	<b>\$7,180,628,031</b>	<b>100%</b>	<b>\$ 50,000</b>

**Question #2 - What are the Line Items for the city's \$408,000 investment?**

**Question # 5 – Where specifically is the investments made by the City of Saint John ?**

Line Item	2007 Expense	% City Funding Allocated	\$ City Funding Allocated (est.)	Description
Salaries and Benefits	\$468,393	45%	\$211,000	Includes the CEO, Manager, Business Development EDO's and admin staff, as well as co-op students
Client Services	\$96,502	70%	\$68,000	Client proposals and meetings, travel, consulting support and studies, hosting prospects, and follow-up
Communications	\$74,603	70%	\$52,500	Community promotion, advertising, website, public relations, proposals, printed materials etc.
Office and Admin	\$169,377	45%	\$76,500	Rent, office overhead, computers and MIS, general operating expenses, printed materials etc.
<b>TOTAL</b>			<b>\$408,000</b>	

**Question # 6 - What impact on ESJ would a reduction of \$200,000 funding have ?**

Funding Partner	Current Contribution to Operational Funds	\$200K Reduction (49%)
City of Saint John	\$ 408,420	\$200,126
Other Municipalities	\$163,580	\$80,154
ACOA/Province	\$347,350	\$347,350
<b>TOTAL</b>	<b>\$919,349</b>	<b>\$627,630</b>
<b>NET DECREASE</b>		<b>\$291,719</b>
Additional funding leveraged in 2007	\$927,733	
Reduced by a potential 75%	\$-695,799	
Net Potential Leveraged Funds	\$ 231,934	
<b>NET POTENTIAL REDUCED E.D. BUDGET</b>	<b>\$ 859,564</b>	

- A decrease of \$291,719 in operational funding would require the reduction of management, staff, communications and client service activities.
- This reduction would also seriously impact the organization's ability to leverage and manage additional funding by an estimated 75%.
- Thus reducing the Economic Development budget from \$2,368,722 (2007) to \$ 859,564.

## STRATEGIC PLANNING

Enterprise Saint John Board, Management and staff completed a three-year strategic planning exercise in 2007 and identified the following six strategic priorities:

1. Workforce Expansion
2. Core Service Delivery
3. Energy Hub
4. True Growth and True Growth Initiatives
5. Partner Networks
6. Governance and Administration

Workforce development was identified as the organization's most important priority and has become a core client service function. The traditional core program areas of entrepreneurship, small and medium-sized enterprise and investment attraction services remain a fundamental strategic priority for Enterprise Saint John. Moving forward there will be a particularly strong focus on entrepreneurship and targeted niche investment attraction services.

Enterprise Saint John will continue its proactive support of the four emerging growth sectors, with a particular emphasis in 2008-10 on the development of a diverse and sustainable local energy hub. As the regional economy continues to evolve, Enterprise Saint John will be responsive to emerging business and investment opportunities.

**Question # 3 - Could you provide case files specific to Saint John, outlining hours spent, how the priorities are set ?**

Every case file is different. There is no set procedure for response to inquiries as each company has different needs and requires varied levels of assistance.

Every lead is considered to be a priority until it is determined that the value proposition is not a fit with the project, or the project comes to fruition.

Examples of recent investment files :

**NY Thermal Inc.**  
(Partner referral)

Kevin Dennison of NY Thermal Inc. was referred to Enterprise Saint John. The owners wanted to expand as a result of development of the "Matrix", an all in one heating, cooling, and ventilation appliance. The owners couldn't find a suitable location near their existing facility in Sussex and required access to natural gas so were considering new options.

Facilitated meetings with:

- Mayor of Saint John
- City Manager
- Planning Commissioner for the City of Saint John
- Minister of Business New Brunswick

- BNB staff
  - Minister of Energy / DoE Staff
  - Director of Efficiency NB
  - Enbridge Gas
- Assisted the company with a government loan application which resulted in a \$1.5 million forgivable loan for training for 209 new and incremental jobs created; also a \$1.5 million term loan to finance capital costs.
  - The Company originally established in the McAllister Industrial Park but is currently constructing a new, \$3 million, 67,000 square foot building in Drury Cove that will house production, training and research.
  - In March 2008 the company was awarded the *eKOMFORT* Award by Natural Resources Canada for not only meeting but exceeding the CSA standard codes in energy efficiency. The company has also been nominated for a New Brunswick Innovation Award which will be awarded in October.
  - Ongoing assistance is provided.

Approximate total hours spent: 120 HOURS AND ONGOING

### **SHAWMUT Equipment of Canada Inc.**

(Proactive contact)

As a part of the Top 25 Initiative, Shawmut was identified as an American company looking for a presence in Atlantic Canada. Shawmut Equipment of Canada Inc. is a distributor for the Manitowoc Crane Group, including Crawler cranes, mobile hydraulic cranes, boom trucks and self-erecting tower cranes.

- Contact referral by Irving Oil (part of the proactive Top 25 initiative)
- Shawmut was proactively contacted to discuss Saint John as an option. They had other areas under consideration.
- Provided extensive community information in response to detailed questionnaire from the company.
- Invited company representatives to Saint John – provided community orientation and tour.
- After their other site selection visits in Atlantic Canada, the Company chose Saint John based on the value proposition offered by the community.
- Shawmut secured a location in the Spruce Lake Industrial Park
- Enterprise Saint John worked very closely with them during their start-up process on a number of issues (Human resources, legal issues)
- Continuing support in the areas of human resources, labour, and provision of information

Approximate total hours spent: 50 HOURS AND ONGOING

## **AECON Fabco**

(Partner referral)

- First had contact with the company in October 2007 – referred by a provincial Minister
- Company was considering two locations, Saint John and Pictou, NS
- Had numerous meetings with officials of the company including the VP; Comptroller; Marketing Manager and Business Unit Manager
- Provided ongoing assistance including information on Labour Force; Economic Indicators; Major Projects
- Facilitated and attended meetings with the Mayor
- Scheduled and attended several meetings with each of the following organizations –ACOA; BNB; PETL; Minister of Energy and Minister of RDC
- Identified potential real estate options
- Facilitated meeting with local developer
- Facilitated meetings with the Saint John Port Authority
- Provided contacts for local realtors as well as real estate information from internal sources
- Provided contacts and referrals for labour unions/construction association
- Ongoing resource for the company; numerous meetings over the period of 8 months (at least on a monthly basis)
- After much deliberation the company decided to go with the Pictou option due to significantly lower start-up costs.
- Ongoing contact continues with the company on other potential projects.

Approximate total hours spent: 200 HOURS AND ONGOING

## **Counsel Corporation**

(Direct Contact)

- Initial telephone discussion with Counsel Corp re: potential in Saint John and welcome to the community.
- Met with representatives from Counsel Corporation and provided community economic overview; answered specific questions about the economy and potential opportunities in particular in Saint John West
- Followed-up with ideas as to opportunities for further development of their property
- Set up a meeting with the Mayor and company representatives
- Participated in meetings in Toronto with company officials, Mayor and other representatives from Saint John

- Ongoing resource for Counsel Corporation with respect to opportunities and community information specific to their needs (i.e., schools in area, demographic snapshot of west side, etc.)
- Verification of market intelligence they had gathered
- Assistance with event to introduce planned re-design of Lancaster Mall to community.
- Ongoing resource for the company as they consider other developments in the region.

Approximate total hours spent: 75 HOURS AND ONGOING

Enterprise Saint John works with a number of partners and stakeholders on both proactive and reactive business development opportunities for the City. Leads are generated from MLA's, MP's, Mayors and Councillors, partners and the business community.

New investment opportunities are categorized as:

- Reactive Contacts – Leads received from partners, direct response to client-initiated contact
- Proactive Contacts – Identified through the Top 25 Investment Prospects List generated by Enterprise Saint John.

The Top 25 Initiative was developed in order to :

- Create a list of business and community leaders to approach re: business attraction opportunities.
- Develop a list of clients to proactively approach re: opportunities in Greater Saint John
- Develop a list of the "Top 25" investment attraction opportunities for the Saint John region.
- Develop and implement a business attraction strategy focused on the "Top 25" list.

Efforts are prioritized by targeting:

- Identified Priority Sectors (ICT, Energy, Tourism, Manufacturing, Health Sciences)
- Emerging Sectors (i.e., Mining)
- Other (i.e., Anchor retail, public sector)

The Top 25 List is established by maintaining excellent ongoing relationships with the business and community leaders and will focus on generating leads through:

- Other divisions,
- Customers,
- Suppliers,
- Partners,
- A company that would move them/industry forward
- Other (friends, contacts)

Economic development in the City involves multiple stakeholders. Enterprise Saint John is the lead agency in the Saint John region but Business New Brunswick and even federal departments/agencies such as ACOA and Industry Canada have impact. The private sector also gets involved in direct economic development funding through projects with Enterprise Saint John.

In addition to Enterprise Saint John's investment attraction activities, Business New Brunswick also provides leadership for national and international business investment attraction activities. It has a team of over a dozen professionals out selling New Brunswick as a location for business. It is imperative for Saint John to have a strong and clearly articulated value proposition for businesses considering New Brunswick.

## SECTION 2: RETURN ON INVESTMENT

(Questions # 1,4,5,11,13)

**Question # 1 - What are the quantitative benefits from ESJ to the City of Saint John?**

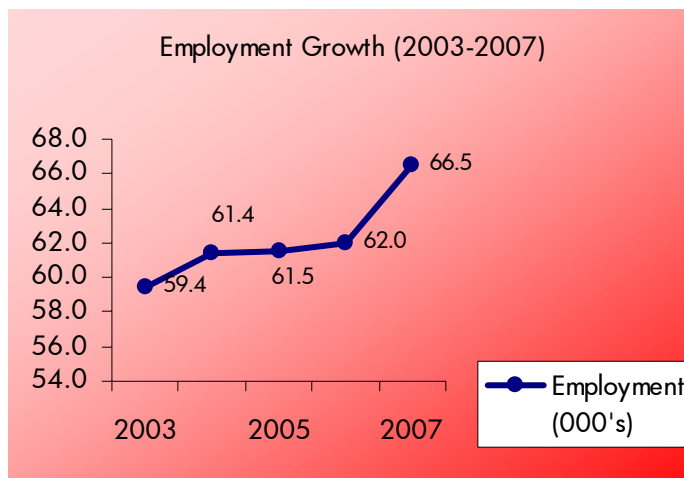
Quantitative benefits from economic development include:

- Job Creation
- Labour Force & Population Growth
- Decline in unemployment rate

- Housing Starts
- Commercial Real Estate Activity
- Increased tax base

## JOB CREATION

- Between 2003 and 2007, the Saint John region saw a net increase of 7100 new jobs.
- In 2007, 47% of the Province's total net new employment growth occurred in Saint John.



Source: Statistics Canada

Enterprise Saint John has been involved in most of the significant projects that have contributed to this growth.

It should be noted that there are numerous organizations that have a role in the attraction of new business investment to the City that work closely as a team.

Enterprise Saint John enlisted the consultative services of Jupia Consultants Inc. for the following economic impact analysis of job creation in the region. Jupia Consultants' senior consultant David Campbell has extensive experience working with over 30 local economic development agencies in the Maritimes, Ontario and the State of Maine. He has conducted economic development benchmarking exercises for a number of economic development organizations including ACOA, Nova Scotia Business Inc. and Enterprise Greater Moncton.

A conservative estimate indicates that Enterprise Saint John has been involved directly or indirectly in some capacity in approximately 1/3 of this job growth, or almost 2400 new jobs and :

- \$3.5 million per year directly to City Hall in the form of residential and non-residential property taxes paid
- \$11.6 million per year in personal income tax and HST paid to the provincial government
- \$67 million per year in new economic activity in the Saint John CMA (not including taxes paid)

### Direct Tax Revenue from ESJ Influenced Job Creation

		<u>Note:</u>
<b>Jobs created directly from projects Influenced by ESJ (2003-2007)</b>	2,400	1
<b>Local Tax Impacts:</b>		
Estimated annual residential property taxes supported from new jobs	\$ 3,721,026	2
City of Saint John (est. 50% of total)	1,860,513	3
Estimated annual non-residential property taxes supported from new jobs	\$ 1,782,289	4
City of Saint John (est. 90% of total)	1,604,060	5
Estimated annual revenue to City Hall from ESJ influenced job creation	\$ 3,464,573	6
<b>Provincial Income/HST Tax Impacts:</b>		
Estimated total income taxes supported from new jobs (provincial portion)	\$ 5,673,024	7
Estimated HST revenue from new jobs (provincial portion)	5,952,225	8
Estimated annual provincial income and HST tax revenue supported from ESJ influenced job creation	\$ 11,625,249	
<b>Est. annual consumer spending in Saint John CMA (not including taxes) from ESJ influenced job creation</b>		9
Food	\$ 9,447,813	
Housing & household operation	18,586,499	
Household furnishings & equipment	2,508,750	
Clothing	3,406,619	
Transportation	13,314,240	
Health & personal care	4,183,321	
Recreation	4,787,596	
Personal insurance/pensions	5,419,832	
Other (not including taxes)	<u>5,257,566</u>	
<b>Total est. consumer spending from ESJ influenced job creation</b>	<b>\$ 66,912,237</b>	

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**Notes:**

1. Enterprise Saint John influenced job creation estimate based on companies that established in Saint John during the five year period 2003-2007. ESJ worked directly on these files to ensure the firms set up in Saint John.

2. Estimated annual residential property taxes paid estimate calculated using the following methodology:

Total Warrant - 2007 (revenue from property taxes) City of Saint John	\$	84,246,996
Total Municipal Tax Base	\$	4,667,998,750
Non-Residential Tax Base	\$	1,301,083,100
Residential Tax Base	\$	2,716,374,100
Tax Rate		1.795
Tax Rate (BIA)		0.16
Residential Taxes Paid	\$	49,024,511.40
Non-Residential Taxes Paid	\$	23,481,656.40
Population - 2006		68,043
Total Employment - 2006 (City of Saint John only)		31,620
Estimated residential property taxes per employed person	\$	1,550.43
Estimated non-residential property taxes collected per employed person	\$	742.62

3. It is impossible to know exactly where the workers in the new jobs live. However, given population and residential construction trends, 50% of the total within the city limits is a conservative estimate.

4. Non-residential property tax uses the same methodology as in 2 above.

5. The bulk of the commercial and industrial activity in the Saint John CMA is in the city proper.

6. This is the annual estimated revenue to City Hall directly from ESJ influenced job creation projects. This is not a one time impact as it recurs in perpetuity until the company ceases or downsizes operations.

7. Based on the 2007 estimated median income for full time, full year workers in Saint John. The tax calculation uses the Ernst & Young 2007 income tax calculator. This figure is the estimate for provincial income taxes only.

Est. Average annual income from new jobs	\$	35,017
Est. Annual new provincial income taxes paid per job	\$	2,364
Est. Annual new income taxes paid per job (federal and provincial)	\$	5,253

8. Based on the average amount of HST collected per employed person from the 2008 provincial budget

HST paid per employed person (provincial portion)	\$	2,480
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9. Derived using Statistics Canada Table 203-0001 - Survey of household spending (SHS) for 2007. Spending levels were adjusted to the median income level for a full time, full year worker in the Saint John CMA.

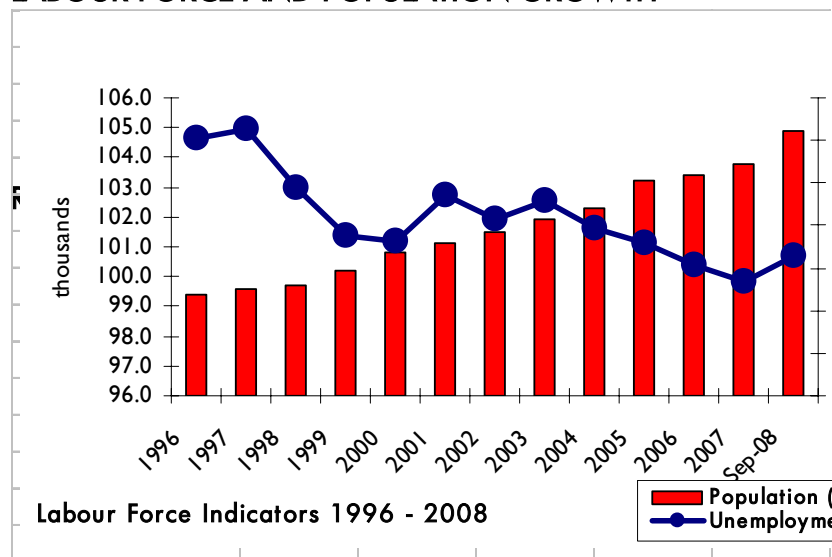
So far in 2008, there have been four companies based outside of New Brunswick that have received support from the Provincial government and have announced new business investments in the province. Three of the four have been in Saint John. Since January 2007, there have been 10 companies that are headquartered outside New Brunswick announce new investments in New Brunswick (with Business New Brunswick support). 40% of these firms chose Saint John for their expansions representing 38% of the total jobs created.

Source: Communications New Brunswick

### Examples of Companies that ESJ has worked with in the past 12 months

- |                               |                      |
|-------------------------------|----------------------|
| TD Insurance                  | Fluor                |
| Floating Pipeline Co.         | Shawmut Equipment    |
| Prudential Consulting Inc.    | Sucor                |
| Teletech                      | Centerbeam           |
| Atlantica Centre for the Arts | Olivier Soap Company |
| NY Thermal Inc.               | Saxby Foods          |
| T4G                           | Brovada Technologies |
| Wyndham Worldwide             | Sitel                |
| Salesbridge                   | Sunwing Airlines     |
| Westjet Airlines              | Indigo/Chapters      |

### LABOUR FORCE AND POPULATION GROWTH



Source: Statistics Canada

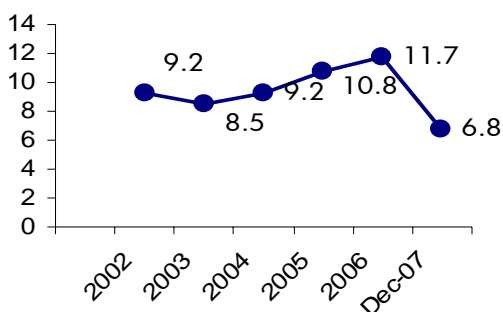
- The population for the region has grown by 3000 people between 2003 and present day.
- The net interprovincial out-migration trend is reversing.
- Saint John had the highest per capita increase (67%) of new immigrants of any City in Canada in 2006.
- The labour force has increased by 3,900 people, indicating that not only are we experiencing population growth but also more existing residents are becoming engaged in the labour force.

## RESIDENTIAL REAL ESTATE

- In the second quarter, single starts in Saint John rose from 133 units last year to 147 units in 2008, bolstered by increased activity in Saint John City proper.
- Semi-detached and row units have gained popularity in the area as they provide a lower cost alternative to the traditional single detached home for consumers seeking new home ownership, particularly in the downtown area of the CMA.
- Saint John leads the province in average home price increases.
- In Saint John city proper, the year-over-year increase in average MLS® price in the second quarter was significant at 23.7 %.
- Total Starts in Q2 2008 for the City of Saint John were 110 (compared with 58 in Quispamsis and 10 in Rothesay)

## COMMERCIAL REAL ESTATE

**Commercial Real Estate Vacancy Rates  
2002-2007**



Source: Turner Drake Office Market Survey – December 2007

Since 2002, there has been a dramatic decrease in the commercial office vacancy rate despite over 400,000 square feet of new construction and renovation. Industrial vacancy rates are not well tracked however anecdotally are very low.

While some people choose to live outside of the City of Saint John and travel to work, it should be noted that many of the people who own residential property in the outlying areas ALSO own commercial property within the City, lease commercial property, or work in the same. The revenue stream from commercial property compared with residential property is compared below.

### Impact of Commercial Properties on Municipal Tax Revenue

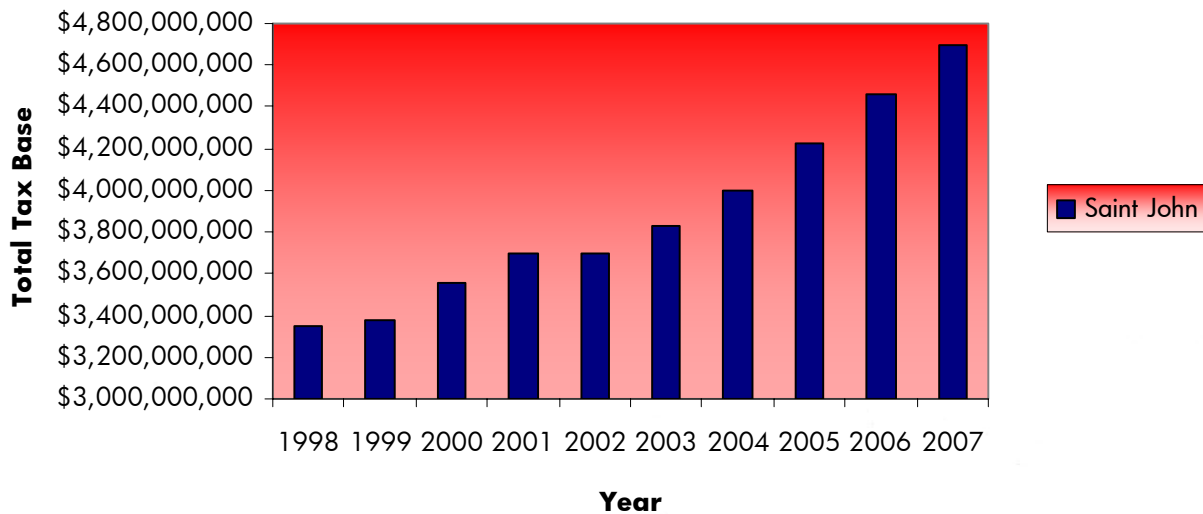
	Residential Property Occupied by Owner		Commercial Property	
	Location #1	Location #2	Location #1	Location #2
<b>Assessed value</b>	\$ 985,400	\$ 560,300	\$ 985,400	\$ 560,300
<b>Tax rate</b>				
Provincial	-	-	0.02250	0.02250
Municipal Assessment charge	0.01795	0.01795	0.02693	0.02693
Commercial rate	0.00020	0.00020	0.00020	0.00020
	0.01815	0.01815	0.04963	0.04963
<b>Property tax</b>				
Provincial	\$ -	\$ -	\$ 22,172	\$ 12,607
<b>Municipal Assessment charge</b>	<b>17,688</b>	<b>10,057</b>	<b>26,532</b>	<b>15,086</b>
	197	112	197	112
	\$ 17,885	\$ 10,169	\$ 48,901	\$ 27,805

Source: Grant Thornton

- 2007 non-residential assessments in Saint John totalled \$1.32 Billion.
- Estimated municipal property taxes on non-residential properties was \$35.5 million, which was approximately 42% of property taxes collected by the City of Saint John as part of its Warrant funding.

As such, the City of Saint John has seen significant growth in the tax base in the last decade.

Growth in Saint John Municipal Tax Base  
1998-2007



Source: PNB – Department of Local Government

**Question # 4 - Could you provide benchmarking data focusing on Saint John as compared to other cities?**

**Question # 13 – What percentage of their revenue do other cities provide to their economic development agencies ?**

## MUNICIPAL ECONOMIC DEVELOPMENT SPENDING

It is difficult to do an “apples to apples” comparison of economic development spending at the municipal level for several reasons. One, most municipalities don’t break out economic development as a separate spending line in the budget. Secondly, what is included in economic development spending tends to vary widely depending on the agency involved.

As such, Enterprise Saint John engaged Jupia Consultants, Inc. to provide the following analysis on economic development spending benchmarks.

In the following chart, the cities compared had a clearly identified economic development budget. It includes both spending inside City Hall and ongoing operational funding for any external economic development agency in the community.

The best measure of comparison is the per capita analysis because it shows the direct spending on economic development adjusted for the size of the population.

In New Brunswick, the other major cities spend directly over \$14 per capita on economic development. They both have an economic development function in City Hall and support the regional Enterprise Agency.

### Municipal Economic Development Spending

<b>Community:</b>	<b>City ED Spending:</b>	<b>% of Budget:</b>	<b>Per Capita:</b>
Dieppe, NB	\$1,000,000	3.7%	\$66.66
Sudbury, ON	\$11,300,000	2.2%	\$71.58
St. John’s, NL	1,886,290	1.1%	\$18.74
Moncton, NB	937,598	0.9%	\$14.62
Fredericton, NB	731,625	0.9%	\$14.48
Chatham-Kent, ON	1,287,736	1.2%	\$11.90
Guelph, ON	1,142,900	0.8%	\$9.94
Thunder Bay, ON	987,800	0.5%	\$9.05
<b>Saint John, NB</b>	<b>408,000</b>	<b>0.3%</b>	<b>\$6.00</b>
Sarnia, ONT	248,000	0.2%	\$3.47

## The Moncton Model

The City of Saint John spends well below the Greater Moncton region Moncton on total economic development spending per capita ( 0.3% of municipal budget compared with almost 1% ) .

Enterprise Greater Moncton	\$ 996,320
City of Moncton	\$ 481,000
Town of Dieppe	\$ 1,000,000
Town of Riverview	\$ 260,000

TOTAL \$ 2,737,320

Enterprise Saint John \$ 969,350

TOTAL \$ 969,350

### Question # 11: Can Enterprise Saint John produce a document showing value for money ?

Enterprise Saint John would be most willing and interested to be subject of a Value for Money Audit (Performance Audit) to assess the value of the organization. Enterprise Saint John has done some preliminary research and has proactively contacted Rafuse Consulting, whose principal has extensive Performance Audit experience with various levels of government and economic development agencies. (APPENDIX C)

A performance audit is a systematic and objective examination and assessment of the performance of an organization's activities against established criteria. Its scope includes the examination of examination of organizational performance and comparison to benchmarking data on:

- economy, efficiency, and effectiveness;
- protection of assets;
- accountability relationships; and

- compliance with authorities.

A performance audit will provides the City with objective information about the organization’s performance, as well as recommendations that can lead to improvement in its operations.

Enterprise Saint John is regularly the subject of Value Audits by our stakeholders. Most recent include:

- In 2007, Enterprise Saint John was subject of an audit by Deloitte and Touche for the Internal Audit Department of the Department of International Affairs and Trade (DFAIT). The audit objectives were to determine that the Project was administered in accordance with the terms and conditions of the agreement; that due diligence was executed with regards to the expenditure of public funds; and that financial reports demonstrated that the funds were used as intended, were used prudently, and that value was received. No exceptions, observations or recommendations were noted.
- In 2006, the Report of the Auditor General for New Brunswick looked at Enterprise Agency funding in New Brunswick as a part of an audit on Business New Brunswick. It was reported that Enterprise Saint John was the most proficient at leveraging core funding into other funding for related projects. In 2005, ESJ raised almost \$1.4 million in other funding over double the level of either Fredericton or Moncton.

### Annual Budget Review – 2005 (New Brunswick Enterprise Agencies)

CEDA	Core Funding			Other Funding	Total Agency Revenue per Financial Statements
	Federal/Provincial Funding Agreement		Municipal		
	ACOA	BNB			
Enterprise South East	\$ 173,700	\$ 74,443	\$ 34,565	\$ 135,039	\$ 417,747
Enterprise Grand Falls	169,920	72,824	27,876	281,435	552,055
Enterprise Greater Moncton	252,538	98,104	558,665	590,361	1,499,668
Enterprise Carleton	169,829	72,784	5,304	12,385	260,302
Enterprise Central	169,796	82,571	9,082	90,013	351,462
Enterprise Chaleur	178,740	76,603	58,826	465,569	779,738
Enterprise Charlotte	188,462	72,883	11,852	195,343	468,540
Enterprise Fredericton	200,319	86,097	198,143	607,924	1,092,483
Enterprise Fundy	183,597	79,584	16,239	28,182	307,602
Enterprise Kent	174,360	74,726	23,515	287,573	560,174
Enterprise Madawaska	169,748	72,766	96,101	706,227	1,044,842
Enterprise Miramichi	153,161	76,437	54,500	442,029	726,127
Enterprise Peninsula	192,225	82,382	44,300	809,510	1,128,417
Enterprise Restigouche	173,340	74,288	27,542	783,010	1,058,180
Enterprise Saint John	233,765	100,185	550,000	1,378,366	2,262,316
<b>Total</b>	<b>\$ 2,783,500</b>	<b>\$1,196,677</b>	<b>\$1,716,510</b>	<b>\$ 6,812,966</b>	<b>\$12,509,653</b>

Source: Report of the Auditor General - Province of New Brunswick - 2006.

## SECTION 3: SUGGESTIONS TO ENHANCE THE CURRENT MODEL (Questions # 7,8,10,12)

Question # 7 - How would a newly appointed Economic Development Officer work in conjunction with ESJ ?

Question # 8 - What suggestions would you make regarding the City's internal staff more effectively in terms of economic development?

Question # 10 - What improvements would you suggest to ESJ?

Question # 12 - Could there be more communication between ESJ and Council? A minimum of three times per year?

Currently, investors, developers, new immigrants, and Enterprise Saint John (on behalf of clients) pursuing development opportunities in Saint John have multiple points of entry to City Hall (Mayor's Office, City Manager's Office, Saint John Industrial Parks, Planning Department, Tourism Saint John, etc.) . There is no one clear path for economic development projects. This has the potential to lead to confusion, and to create a perception that developing in Saint John is difficult.

1. **Economic Development Function** - We suggest that establishing an Economic Development Function within the City Manager's Office that could act as a facilitator or advocate for investors, developers and clients across all City departments. This role would alleviate multiple contacts, creating an efficient and effective process.

This new Economic Development Function would:

- Reinforce the City's commitment to economic development.
- Act as a conduit of information between the City, Enterprise Saint John and other departments.

- Participate actively in hosting investment prospects, streamlining and expediting the process by which developers and investors communicate with the City and move projects forward.
  - Respond to leads generated by Mayor, Council and other City departments and work with Enterprise Saint John to pursue them. Enterprise Saint John could provide the resources to develop strategies, conduct research, implement plans and pursue opportunities.
  - Participate in Enterprise Saint John Board meetings (in addition to the Mayor).
2. **Industrial Parks** - In October 2007, Common Council accepted a report entitled "Recommendations for Enhancing the Viability, Competitiveness and Growth of Our Business and Industrial Parks". We encourage the City to implement the sixteen recommendations, including the establishment of a full time management role.
3. **Communications** – We believe that Enterprise Saint John must enhance communications to Mayor and Council, City staff, partners, and the Community by :
- Becoming an active partner in the proposed Economic Development Committee of Council
  - Meeting more regularly with Council
  - If established, the new Economic Development Facilitator would participate in Enterprise Saint John Board meetings (in addition to the Mayor)
  - Enhance communication capacity to stakeholders and external audiences using tools such as website, customer relationship management reporting, and a more accessible Annual General Meeting.
4. Enterprise Saint John and the City should host regular workshops for developers (both commercial and residential) and stakeholders to explore ways to encourage more development within the City, including priority neighbourhoods.
5. The City, together with other partners, should continue to work together to develop a Welcome Centre for new immigrants and residents.
6. The City of Saint John, Enterprise Saint John, Venue Saint John, Saint John Industrial Parks, and other agencies and organizations promoting Saint John should increase efforts to coordinate messaging and combine resources where possible to send a consistent message to external audiences.

7. The City should consider increasing its investment in economic development to the Provincial benchmark as set by Fredericton and Moncton. (Currently, Fredericton and Moncton invest approximately 0.9% of their total budgets, or \$14.48 and \$14.62 per capita respectively, whereas Saint John invests 0.3% or \$6.00 per capita).

## **APPENDICES**

**APPENDIX A – Enterprise Saint John CEO Performance Evaluation Form**

**APPENDIX B – Enterprise Saint John 2008 Budget**

**APPENDIX C– Performance Audit Proposal – Rafuse Consulting Inc.**

PERFORMANCE REVIEW  
CEO ENTERPRISE SAINT JOHN  
2006

Key Elements	Exceeds	Meets	Does Not Meet
<p><b>Work Environment:</b> (evaluation based on staff feedback)</p> <ul style="list-style-type: none"> <li>➤ Achieves support and commitment from management and staff</li> <li>➤ Sets the tone for an ethical, results driven organization</li> <li>➤ Demonstrates desired values and behaviors of the organization</li> <li>➤ Assists others in developing their skills</li> </ul>			
<p><b>Financial Management:</b></p> <ul style="list-style-type: none"> <li>➤ Works within available resources</li> <li>➤ Identifies and pursues opportunities for new funding sources</li> </ul>			
<p><b>Professional Development:</b></p> <ul style="list-style-type: none"> <li>➤ Pursues learning opportunities</li> </ul>			
<p><b>Strategic Directions:</b></p> <ul style="list-style-type: none"> <li>➤ Supports the Board in regular Strategic Planning</li> <li>➤ Develops a plan for achieving strategic directions</li> <li>➤ Monitors and reports progress in meeting strategic directions</li> <li>➤ Aligns actions with strategic directions</li> </ul>			
<p><b>Strategic Relationships:</b></p> <ul style="list-style-type: none"> <li>➤ Develops and maintains productive working relationships with strategic partners. (Evaluation based on strategic partner satisfaction feedback)</li> </ul>			
<p><b>Support to the Board:</b></p> <ul style="list-style-type: none"> <li>➤ Provides Board with accurate, timely information to support informed board decision making</li> <li>➤ Works collaboratively with Board members and committees</li> <li>➤ Provides sound advice to the Board</li> </ul>			
<p><b>Communication:</b></p> <ul style="list-style-type: none"> <li>➤ Articulates the vision of the organization</li> <li>➤ Shares information in an honest, open way</li> </ul>			

<b>Annual CEO/Board Agreed Upon Objectives:</b> ➤ ➤ ➤ ➤ ➤ ➤ ➤ ➤			

**BOARD COMMENTS:**

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**CEO COMMENTS:**

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\_\_\_\_\_  
Signature Board Chair/Date

\_\_\_\_\_  
Signature CEO/Date

Assumptions in the process to be used are:

- All Board members will have an opportunity to use the format to provide feedback on the CEO's performance
- Staff will all have an opportunity to provide feedback on the CEO performance for the Work Environment section.
- Representative Strategic Partners will be asked to participate in providing feedback on the CEO's performance for the Strategic Relationships component
- The results of the Board, Staff and Strategic Partnership process will be compiled by the Executive Committee and documented
- In a private session of a Board meeting, the Board Chair will report to the Board the results of the finalized performance process. During this meeting, new annual objectives for the CEO from the perspective of the Board will be identified
- The Board Chair will meet with the CEO and provide a written and verbal summary of the performance review.
- An outcome of the meeting for performance review will be the agreed to objectives for the CEO for the coming year.
- There will be a process developed to align contract and compensation matters with the performance review outcomes

**Greater Saint John Community Economic Development Agency, Incorporated**  
**2008 Budget**

		2008	2007
<b>REVENUE</b>			
ACOA/Province of New Brunswick- Base Funding		\$ 347,350	\$ 347,350
Municipalities - Base Funding		\$ 572,000	\$ 572,000
SEED Connexion		\$ 66,000	\$ 66,000
True Growth - Workforce Expansion Initiative	\$ 580,000		
True Growth - Other Projects	\$ 340,000	\$ 920,000	\$ 589,376
Emerging Entrepreneurs		\$ 125,000	\$ 125,000
Labour Force Development (moved to Workforce Expansion)		\$ -	\$ 55,000
Miscellaneous Fees and Sponsorships		\$ 18,000	\$ 9,000
<b>Total Revenue</b>		<b>\$ 2,048,350</b>	<b>\$ 1,763,726</b>
<b>EXPENSES</b>			
Salaries & Benefits		\$ 510,000	\$ 491,922
Communications		\$ 65,000	\$ 65,000
Business Development/Client Services		\$ 85,000	\$ 81,000
True Growth - Workforce Expansion Initiative	\$ 630,000		
True Growth - Other projects	\$ 310,000	\$ 940,000	\$ 624,376
Emerging Entrepreneurs		\$ 125,000	\$ 125,000
Labour Force Development (moved to Workforce Expansion)		\$ -	\$ 55,000
Partnership Activities:			
Waterfront Development		\$ 15,000	\$ 15,000
Propelsj		\$ 15,000	\$ 15,000
SEED Connexion		\$ 66,000	\$ 66,000
Professional Development		\$ 12,000	\$ 10,500
Depreciation		\$ 15,000	\$ 20,550
Vehicle Expenses		\$ 25,350	\$ 25,000
Office and Administration		\$ 175,000	\$ 169,378
<b>Total Expenses</b>		<b>\$ 2,048,350</b>	<b>\$ 1,763,726</b>
<b>REVENUE OVER EXPENSES</b>		<b>\$ 0</b>	<b>\$ -</b>

**Greater Saint John Community Economic Development Agency, Incorporated  
2008 Budget**

<b>REVENUE</b>					
				<b>Total</b>	<b>Total</b>
<b>ACOA / PROVINCE OF NEW BRUNSWICK</b>	<b>Population</b>	<b>Per Capita</b>	<b>Subtotal</b>	<b>2008</b>	<b>2007</b>
Core Funding			\$ 210,000		
Population Per Capita	107,783	\$ 1.15	\$ 123,950		
			\$ 333,950		
4% increase added 2006			\$ 13,400	<b>\$ 347,350</b>	\$ 347,350
ACOA - 70%					
Province of NB - 30%					
<b>MUNICIPALITIES - BASE FUNDING *</b>					
	<b>Tax Base 2007</b>				
Saint John	\$5,048,713,797	70.30%	\$ 402,116		
Rothesay	\$856,957,879	11.90%	\$ 68,068		
Quispamsis	\$1,003,627,400	14%	\$ 80,080		
Grand Bay - Westfield	\$254,544,128	3.60%	\$ 20,592		
St. Martins	\$16,784,827	0.20%	\$ 1,144	<b>\$ 572,000</b>	\$ 572,000
<b>Total</b>	<b>\$7,180,628,031</b>	<b>100%</b>	<b>\$ 572,000</b>		
<b>SEED CONNEXION PROGRAM</b>					
Administration Fees			\$ 60,000		
TEA Software			\$ -		
Training Allowance			\$ 6,000	<b>\$ 66,000</b>	\$ 66,000
<b>TRUE GROWTH</b>					
(Appendix A)					
Workforce Expansion Initiative			\$ 580,000		\$ 480,000
Other projects			\$ 340,000	<b>\$ 920,000</b>	\$ 109,376
<b>EMERGING ENTREPRENEURS</b>					
(Appendix C)					
ACOA			\$ 65,000		
Post-Secondary Education Training & Labour			\$ 25,000		
Private Sector Sponsors			\$ 10,000		
CED Fund			\$ 25,000		
				<b>\$ 125,000</b>	\$ 125,000
<b>LABOUR FORCE DEVELOPMENT (incorporated into Workforce Expansion Initiative for 2008)</b>					
PSETL				<b>\$ -</b>	\$ 55,000
<b>MISC. FEES AND SPONSORSHIPS</b>					
HRSDC / SEED - Summer Student Grant			\$ 1,000		
CYBF program			\$ 1,000		
Seminars			\$ 1,000		
Bank Interest			\$ 9,000		
Enterprise Network funding from ACOA			\$ 6,000	<b>\$ 18,000</b>	\$ 9,000

**Greater Saint John Community Economic Development Agency, Incorporated  
2008 Budget**

<b>EXPENSES</b>		
	<b>2008</b>	<b>2007</b>
<b>SALARIES &amp; BENEFITS</b>		
Staff: CEO, COO, Manager, Business Development, Economic Development Officers and Administration & Communication Officer and UNB Saint John Co-op students. Benefits include Group Insurance Plan, RRSP, & mandatory CPP, EI & WHSCC. Project staff salaries	\$ 510,000	\$ 491,922
<b>COMMUNICATIONS</b>		
Costs associated with advertising, public relations, special events, website, printed material & Government relations.	\$ 65,000	\$ 65,000
<b>CLIENT SERVICES</b>		
Costs associated with client activities, including proposal and information packages, committee meetings, travel costs, real estate tours, car rentals, room and equipment rentals, catering for client meetings & receptions.	\$ 85,000	\$ 81,000
<b>TRUE GROWTH</b>		
Workforce Expansion Project	\$ 630,000	
Other True Growth Projects	\$ 310,000	
Includes expenses for Workforce Expansion, Community Benefits Blueprint and continued implementation of True Growth initiatives.	\$ 940,000	\$ 624,376
<b>Emerging Entrepreneurs</b>		
Costs associated with salaries & benefits for two part-time youth coordinators, administrative overhead costs, website, promotions such as Entrepreneur markets, business plan competitions	\$ 125,000	\$ 125,000
<b>PARTNERSHIP ACTIVITIES:</b>		
Waterfront Development Partnership	\$ 15,000	\$ 15,000
Propelsj	\$ 15,000	\$ 15,000
<b>SEED CONNEXION</b>		
SEED Administrator, includes cost of Salary & Training	\$ 66,000	\$ 66,000
<b>PROFESSIONAL DEVELOPMENT</b>		
EDAC Conferences/Workshops, inclusive of travel, seminars and workshops	\$ 12,000	\$ 10,500
<b>DEPRECIATION</b>		
Depreciation of capital assets, including computer, furniture and leasehold improvements	\$ 15,000	\$ 20,550
<b>VEHICLE EXPENSES</b>		
Includes mileage for staff, parking & car allowance	\$ 25,350	\$ 25,000
<b>OFFICE &amp; ADMINISTRATION</b>		
	\$ 175,000	\$ 169,378

**Greater Saint John Community Economic Development Agency, Incorporated  
2008 Budget**

<b>APPENDIX A</b>	
<b>TRUE GROWTH - WORKFORCE EXPANSION INITIATIVE</b>	
<b>REVENUE</b>	
Province of New Brunswick (incl LFDO)	150,000
ACOA	30,000
Municipalities	50,000
CED Funding-Jan-March	50,000
CED Funding-Apr-Dec	50,000
Other / Private sector funding	250,000
subtotal	580,000
ESJ Core funding	50,000
	<b>630,000</b>
<b>EXPENSES</b>	
Project manager, LOYT coordinator, LFDO, Business Outreach	225,000
Overhead and administration	30,000
Office and Computer	15,000
Program Delivery / Sector Workshops	40,000
Plan Development, Analysis, Marketing & Communications	320,000
<b>TOTAL - WORKFORCE EXPANSION INITIATIVE</b>	<b>630,000</b>
<b>TRUE GROWTH PROJECTS - OTHER</b>	
Revenue	160,000
(CED Fund, ACOA, CISP, other)	
Expenses	160,000
(Access Atlantica, ICT, Health Science, Energy, Tourism, Mining and other True Growth Initiatives)	
<b>TRUE GROWTH - BENEFITS BLUEPRINT</b>	
Revenue	180,000
(RDC, ACOA, Irving Oil)	
Expenses	180,000
(Consultant, Project Coordination and Translation)	
* Reflects the portion of project Revenue & Expenses for 2008	
<b>TOTAL - TRUE GROWTH OTHER PROJECTS</b>	<b>340,000</b>

## Proposal for a Performance (Value-for-Money) Audit of Enterprise Saint John

### **Background**

Rafuse Consulting is pleased to submit this proposal in response to Enterprise Saint John's request for consulting support in conducting a performance audit.

A performance audit is a systematic and objective examination and assessment of the performance of an organization's activities against established criteria. Its scope includes the examination of:

- economy, efficiency, and effectiveness;
- protection of assets;
- accountability relationships; and
- compliance with authorities.

A performance audit provides the Board of Directors and management with objective information about the organization's performance, as well as recommendations that can lead to improvement in its operations.

### **Our Understanding of the Work**

Enterprise Saint John is a not-for-profit agency, funded by the City of Saint John and the municipalities of Grand Bay-Westfield, Quispamsis, Rothesay, and St. Martins, the Province of New Brunswick and the Atlantic Canada Opportunities Agency (ACOA). Its mandate is to promote business and entrepreneur development, and to develop and implement an economic development strategy for the region.

Enterprise Saint John was established in its current structure in 1998 as the Greater Saint John Economic Development Commission, Inc. This was as a result of combining the mandates of the existing Enterprise Saint John (established in 1994) and the Fundy Region Development Corporation (established in 1976). Prior to 1998, the two organizations worked independently.

Enterprise Saint John is responsible for planning and implementing the regional economic development strategy. It also acts as a key liaison between public and private sectors and the community to maximize the benefits associated with innovative ideas and emerging opportunities for economic growth. Enterprise Saint John also works with partner organizations to support the growth of small and medium-sized businesses in the region.

The Saint John City Council recently posed some questions to Enterprise Saint John. Among these is the question of whether ESJ can demonstrate value for money in its operations. In response, Enterprise Saint John has suggested that it be the subject of the City of Saint John's first value-for-money audit.

## **About Rafuse Consulting**

Bill Rafuse is the President of Rafuse Consulting. Bill worked for the Canadian government for 32 years, most of which was spent with the Office of the Auditor General (OAG) of Canada. Before returning to Nova Scotia in 2003, Bill worked for the OAG in Ottawa where his assignments included Principal, Strategic Planning and Principal, Human Resources. Prior to these corporate appointments he was responsible for various audit portfolios.

Until January 2006, Bill managed the OAG's regional operations in Halifax, Nova Scotia. The Halifax office is responsible for financial and performance audits of federal departments, agencies and Crown corporations headquartered in the Atlantic provinces, as well as Fisheries and Oceans Canada, headquartered in Ottawa.

Bill has recent experience in auditing economic development programs. While with the OAG's Halifax office, Bill led a performance audit of Enterprise Cape Breton Corporation in 2004 and of the Cape Breton Growth Fund in 2005. These audit reports are available on the organizations' web sites. Bill has also carried out audit work at the Atlantic Canada Opportunities Agency.

Since 2006, Bill has been a consultant to various organizations, including the Canada Revenue Agency, Canadian Food Inspection Agency, Office of the Auditor General of Nova Scotia, CCAF (formerly the Canadian Comprehensive Audit Foundation), Inter-American Development Bank, and International Monetary Fund (Caribbean region).

Bill is a business graduate of Acadia University and also holds a Master of Arts degree in public administration from Carleton University. He is a Certified Management Accountant (CMA) and a Certified Human Resources Professional (CHRP).

## **Audit Approach**

Rafuse Consulting has an excellent understanding of Enterprise Saint John's context and requirements. The audit approach will build on this understanding taking advantage of Bill's expertise in conducting performance audits, including performance audits of economic development programs. Bill will maintain open communication with management and the Board throughout the audit and translate performance information into audit results that will be of value to Enterprise Saint John and its stakeholders.

## Audit Costing and Resources

The proposed level of effort to complete the performance audit of Enterprise Saint John is 30 days as outlined in the workplan on page 3. This would require that ESJ staff is readily available to facilitate the collection of necessary documents and information, and to assist in arranging meetings with staff, Directors, and stakeholders.

Bill Rafuse will be the principal auditor and will complete and present the audit plan. Bill will work with associates as necessary in carrying out the examination phase of the audit and in preparing the audit report. The key steps in the performance audit process are also shown in the workplan that follows.

## Audit Workplan

Audit Activity	Level of Effort (days)
Project initiation, familiarization and review	2
Audit planning <ul style="list-style-type: none"> <li>• Conduct risk assessment</li> <li>• Identify lines of audit enquiry</li> <li>• Develop audit objectives and criteria</li> <li>• Design audit programs (nature, extent of testing)</li> <li>• Prepare and present audit plan</li> </ul>	4
Audit examination <ul style="list-style-type: none"> <li>• Collect audit evidence</li> <li>• Conclude against criteria</li> <li>• Determine cause and consequence</li> </ul>	11
Audit reporting <ul style="list-style-type: none"> <li>• Present preliminary audit findings</li> <li>• Prepare draft report, obtain management comments</li> <li>• Complete and present final report</li> </ul>	5
Coordination and travel	3
<b>Total</b>	<b>25</b>

The daily fee is \$1,425 for a total audit cost of \$35,625 excluding HST. Travel costs will be billed in addition to professional fees at actual costs or at rates used by Enterprise Saint John. Any additional services requested by ESJ will be charged at the daily rate.

## Audit Timing

The timing for this audit will be discussed with Enterprise Saint John during the project initiation phase. We are pleased to submit this proposal for your consideration.