

**FINALIZED MBEDC BUDGET AND
ORGANIZATIONAL FOCUS
FOR THE NEXT 4 FISCAL YEARS (APRIL 01, 2018 TO MARCH 31, 2023)
AS DEVELOPED BY THE MBEDC BOARD OF DIRECTORS
March 2018**

MBEDC Corporation By-Laws –excerpts from the MBEDC by-laws that focus on the membership components and dues for participation in the organization.

“Membership

17. The membership to the Mattawa Bonfield EDC shall consist of the five partnering municipalities of Bonfield, Calvin, Mattawa, Mattawan & Papineau-Cameron. The Board of Directors will hold office for a period of three (3) years and will coincide with the Municipal elections as per the Municipal Elections Act.

If there is any change in the head of council or Mayor during or after the Municipal election, the new elected Mayor will become that respective Municipal representative on the Board of Directors.

The Board of Directors retains the right to increase the number of Directors or representatives from any other community or business organization in addition to the five partnering municipalities. However, this will be limited to a maximum of four (4) new Directors.

Members may resign by resignation in writing which shall be effective upon acceptance thereof by the board of directors. Upon resignation of the representative from the partnering Municipality, he/she shall be replaced by another elected representative from the same partnering Municipality.

In the case of resignation, a member shall remain liable for payment of any assessment or other sum levied or which became payable by the resigning Municipality to the Corporation prior to acceptance of its resignation.

Each member in good standing shall be entitled to one vote on each question arising at any special or general meeting of the members. Corporations, partnerships and other legal entities may vote through a duly authorized proxy.

Each member shall promptly be informed by the Secretary of his/her admission as a member.

Members shall remain in good standing only if they have paid any initial fee as may be from time to time designated by the board as such annual membership fee as may be designated by the board.

Mattawa-Bonfield Economic Development Corporation



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Dues

18. Each partnering Municipality shall pay a fixed amount on an annual basis to the operation of the Mattawa Bonfield EDC and from time to time may be requested for additional funding. The annual funding and any subsequent funding will be subject and confirmed by a vote of the members at an annual or other general meeting. Initiation fees and dues payable by members may, if fixed by unanimous vote of the board of directors, be on a sliding scale based upon criteria to be determined by unanimous vote of the board of directors, which vote shall become effective only when confirmed by the vote of members at an annual or other general meeting.

The Secretary shall notify the members of the dues or fees at any time payable by them and, if any are not paid within thirty days of the date of such notice the members in default shall thereupon automatically cease to be members of the Corporation but any such members may on payment of all unpaid dues or fees be reinstated by unanimous vote of the board of directors.

WHAT BROUGHT IS HERE:

- There are no formal agreements between MBEDC and its member municipalities which binds them to the MBEDC or its by-laws. This has yet to be addressed by the board.
- The organization's formal strategic plan, conceptualized in its formative years expired in 2015. This plan is the current board of director's response to this item.
- The organization relies on municipal contributions to ensure its continued existence. The contribution level has not increased since MBEDC's inception. It was never sufficient to support the organization's operating costs. Revenues generated from the sale of the former Tembec site, along with municipal contributions have together supported the full operating costs of the organization. A dwindling balance of those funds from the former site sale resulted in a small municipal contribution in the 2017-18 fiscal year. It was meant to carry the board to the end of that fiscal year. This plan is the current board of director's response to the need for a budget that will allow the organization to continue to operate beyond the 2017-18 fiscal year.

NB Prior year financial statements, board of director meeting minutes including staff reports document the detail for the MBEDC board arrived to this point today. This presentation summarizes those activities and board decisions.

WHAT IS BEING PRESENTED HEREIN

A 4-year strategic plan (designed to overlap municipal Council terms) beginning April 1, 2018 that identifies the areas of activity focus and operating budget required to ensure the on-going operations of the MBEDC.

Operational Budget: Per capita based on most recent census. \$222,500 per year. 2% annual increases. Except for staffing amounts where salary and benefits lines are inaccurate as individual line items, but good as a total, the board reviewed, discussed and agreed to the recommended budget presented by BDO.

Note: The new budget is not an increase in MBEDC expenditures.

According to audited financial statements the MBEDC has, since 2012 incurred annual deficits averaged out at \$35,000. The organization has relied on funds realized through the sale of the former Tembec property and municipal contributions which have never increased, to support its operations.

The 20% increase in municipal contributions (approx. \$23,000) recommended by the Chair and agreed to by the Board during the current fiscal year was meant to be a temporary solution to bring the organization to fiscal year end 2017-18.

The MBEDC budget allows for the organization to be staffed by one full time person – a director of economic development. Any other position(s) must be project-based (vs core operating); is/are subject to funding application approvals and depending on funder requirements, require a 10-50% cash contribution.

MBEDC has been fortunate to have received several NOHFC approvals to hire youth interns. NOHFC funding (at 90% hourly wage contribution) as with all staffing type positions supported by traditional funders, must be project based and not for the purposes of supporting core operating functions.

While there has been a long history of successful NOHFC intern approvals, the NOHFC funding is subject to new project application approvals. It is not guaranteed.

To date NOHFC funding has supported hiring interns (one- year projects) to carry out such things as tourist attraction web site development and maintenance; tourism sector business marketing.

Currently, the NOHFC intern funding expires in Feb 2019.

MBEDC Budget History Summarized

Source: Prior MBEDC records

2004 – The Township of Bonfield, Municipality of Calvin, Corporation of the Town of Mattawa, Municipality of Mattawan and Township of Papineau-Cameron jointly formed the Mattawa-Bonfield Economic Development Corporation and as required by not-for-profit corporate law developed a detailed list of governing by-laws.

Initial funding for the corporation came from funding agencies, however in the forthcoming years a base municipal contribution formula was needed to sustain the organization and to provide contributing funds for project-based activities. The distribution of contribution amounts from the member municipalities was derived from a diverse set of quantifiable numbers which included population, weighted assessment, DNSSAB current value assessments, North Bay Regional Health Centre Regional Municipal Task Force Assessment among others. These charts and municipal contribution levels have remained un-changed since adoption.

2007 - In late 2006, Columbia Forest Products filed a request for reconsideration to MPAC for reduction to their CVA as their production and revenues declined. Their appeal was for the 2006 as well 2007 and 2008 taxation years. Columbia eventually won their appeal and Calvin had to refund three years of a portion of Columbia's taxes, amounting to over \$81,000, a sizeable amount for a small community. This amount was all due and payable in one year (2008). Columbia was granted a reduction in CVA of over \$2,000,000 from 2006 forward. As you can see this reduction in taxes put a significant strain on the small community of Calvin. Calvin did pass resolution applicable to the 2008 year that they would support the MBEDC and has continued to do so.

2010- The MBEDC with the support of the five-member municipalities sold the Tembec Facility to BioSila Corporation. Unfortunately, BioSila Corporation went bankrupt and thus the committed sale funds were now null and void. The property sale to BioSila resulted in the MBEDC receiving approximately \$500,000 of which \$300,000 was used to pay off the loan to buy and maintain the property, the remainder was utilized for project expenses while \$50,000 was allocated to investments. This \$50,000 term savings was transferred to the MBEDC cash account in September 2015 to facilitate sufficient cash flow to operate the organization.

June 2014 – The MBEDC in the pursuit to fulfill the community desire and strategic economic development component of the 2009 regional strategic plan to see Antoine Mountain re-open committed \$25,000 over a two- year period directed to promotion of the facility. This commitment was made to satisfy the private sector's NOHFC and FedNor financial contribution level application requirements and to show the regional support for the re-development of the ski hill. The MBEDC office supported that re-development in many ways (in -kind staff

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contributions, MBEDC NOHFC intern focused on ski hill activities etc). MBEDC's \$25,000 cash contribution to the ski hill was in addition to \$175,000 municipal cash contributions.

June 2017 – Audit for the year 2016-17 indicates that the MBEDC reserves at year end are \$31827.

Historically, except for the year in which it disposed of the capital asset, the corporation had experienced a financial loss in each year since its inception. Municipal contributions in 2010 were \$117247 and in 2016-17 \$117248.

While the operational costs of the organization had always exceeded total municipal contributions. Even as net assets at fiscal year ends continued to dwindle, these were never adjusted. The operating costs for the organization have to date, been reliant on the availability of funds derived from the sale of the former Tembec site. These funds have now been all but depleted.

Excess (deficiency) of revenues over expenses in the fiscal year ending:

2017 (\$29725)

2016 (\$38587)

2015 (\$41907)

2014 (\$37776)

2013 (\$21303)

2012 (\$40873)

The average annual loss = **\$35,028**.

2011 \$294772 – Gain on disposition of property this fiscal year \$433287

2010 \$111891

With an annual loss averaged over the last 6 fiscal years of \$35028, and a net asset balance at the beginning of year 2017-18 of \$31827, according to traditional operating costs, there would have been insufficient funds for the organization to operate until the completion of this fiscal year.

In June 2017, the board approved a 20% increase in the current municipal contributions (a total increase of \$23449). This amount was not based on anything else but what the board felt would be an acceptable increase for the municipalities to bare in one year. Even with this increase, unless significant traditional operating costs implemented by staff in the last half of the year prior continued, the organization would not continue to exist beyond the 2016-17 fiscal year. The financial situation also meant the organization could not apply for project funding requiring traditional cash contribution levels or participate in community partner projects requiring

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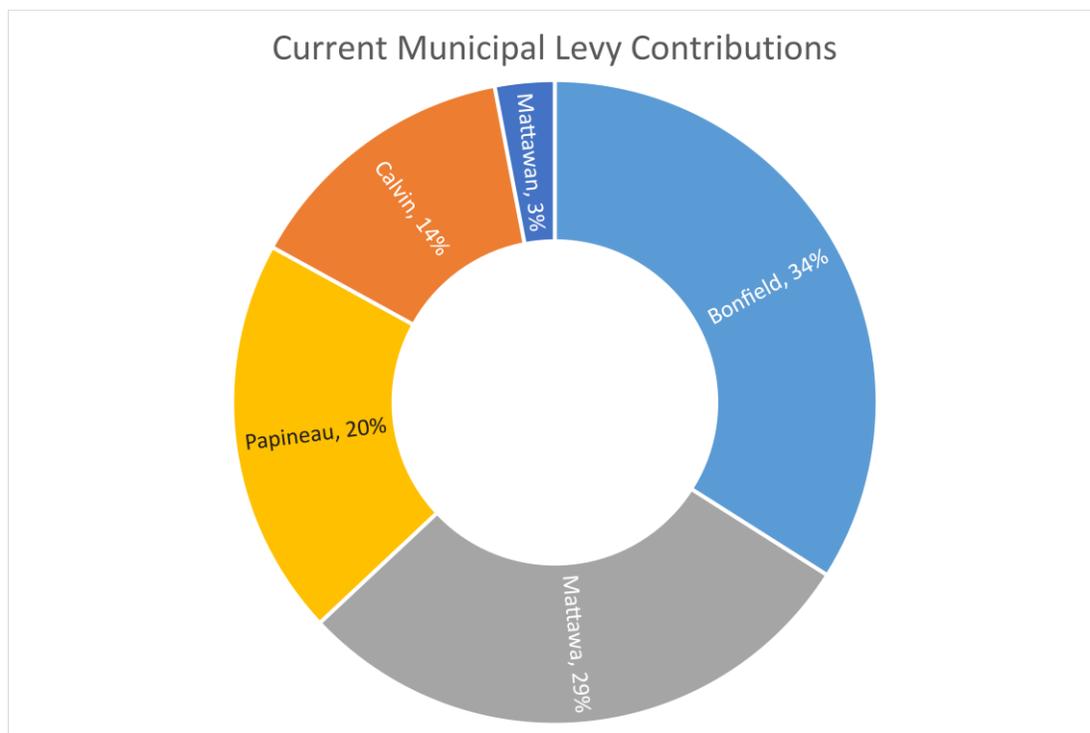
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financial contributions of any significance. New senior staff who came into the organization in Sept 2016 had with the support of the board, by now and since joining and observing the organization’s financial situation, cut several traditional expenses. Some had no impact on the board’s ability to carry out its focus activities; some cuts created grave discontent amongst traditional receivers of MBEDC cash support. More importantly, MBEDC’s financial situation is impacting its ability to apply for project- based funding; staff the organization at an appropriate level and enter into new, impactful local, regional or wider area project partnerships where “pay to play” is a requirement. In essence, to exist and carry out its mandate.

Current Municipal Contributions

Bonfield	34%	47,896
Calvin	14%	19,482
Mattawa	29%	41,090
Papineau	20%	28,611
Mattawan	3%	<u>3,528</u>
Total		<u>140,607</u>



2018-19 fiscal year forward

Municipal Contributions to MBEDC Operating Budget

In order to reach a budget of working order every fiscal year, it was determined that municipal contributions must increase to a total of \$192,028. This represents a total increase of \$51,421 over the previous fiscal year. Additionally, the organization will continue to depend on outside funding to support its operating costs. Both municipal contributions at the proposed rates AND outside funding will be required to support the true operating costs of this organization.

After considering, reviewing and discussing at length several contribution distribution models, the board decided the most simple and equitable contribution model would be one that is per-capita based. Source of population data will be the only reliable population data – the latest available Census data.

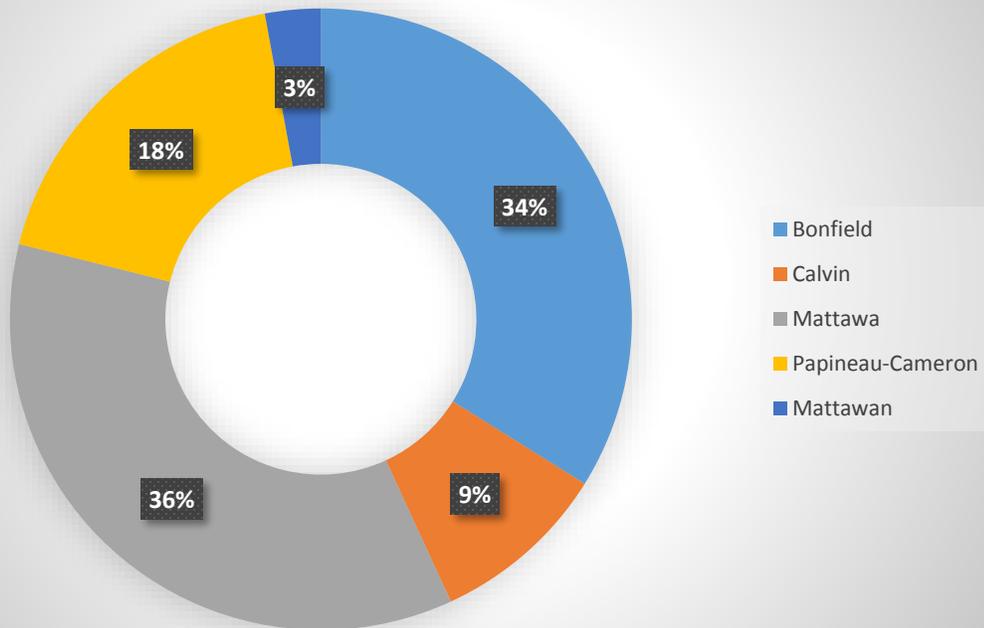
Municipal contributions in this new model, beginning 2018-19 fiscal year:

<u>Municipality</u>	<u>Population</u>
Bonfield	1975
Calvin	516
Mattawa	1993
Papineau	1016
Mattawan	161
	<u>5661</u>

<u>Municipality</u>	<u>Contribution %</u>	<u>Actual Increase</u>	<u>New Contribution</u>
Bonfield	34%	\$ 17,165	\$ 65,061
Calvin	9%	-\$ 1,708	\$ 17,774
Mattawa	36%	\$ 27,561	\$ 68,651
Papineau-Cameron	18%	\$ 6,386	\$ 34,997
Mattawan	3%	\$ 2,018	\$ 5,546
		<u>\$ 51,421</u>	<u>\$ 192,028</u>



Per-Capita Contribution Model



MBEDC ACTIVITY FOCUS FOR THE NEXT 4 FISCAL YEARS

The MBEDC board agreed to carry out its next strategic plan internally vs in the traditional sense of engaging a consultant. Facilitated by BDO, a brain storming session and a subsequent board meeting to put the finishing touches on the plan resulted in the following areas of focus.

These will not be carried out in one year, but over the course of the next 4 fiscal years. The organization's ability to carry out these activities is dependent on the budget the board created and agreed to.

- 1) Improve MBEDC brand awareness and promotional tools and increase promotion of the region
- 2) Work with municipal partners to develop, promote and implement a business attraction incentive program
- 3) Support the promotion of tourist attraction trail systems within the MBEDC area
 - a. VMUTS, Voyageur Cycle Route, Ottawa Valley Rail Trail systems
- 4) Tourism Promotion
 - a. Continue to manage the visitmattawa.travel website
- 5) Continue to advocate for high speed internet service delivery throughout the region
- 6) Carry out a business retention and expansion program to identify and respond to existing business needs
- 7) Inventory, assess, promote the region's existing potential labour force and attract business to match
- 8) Inventory available lands and promote region as prime for establishing agriculture sector businesses
- 9) Promote the region's only industrial park - Mattawa Industrial park
- 10) Facilitate the creation of a business network.