RDN REGIONAL ECONOMIC DEVELOPMENT OPTIONS

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RDN Regional Economic Development Options

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For:

Regional District of Nanaimo

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EXECUTIVE SUMMARY

This report has been prepared in support of the Regional District of Nanaimo's exploration of the creation of a regional economic development service. It summarizes the views of several dozen individuals currently working in economic development and related fields in the RDN, as well as examples of other regional models employed in British Columbia. It is intended to serve as a starting point for face to face discussions among invited parties at a regional economic development workshop.

Internal Consultation

A total of 24 individuals representing economic development related organizations that are active in the RDN were interviewed for this study. Their views are summarized under a series of themes:

- **Geographic Coverage** – discussion of the value of a regional function versus each community doing their own thing, as well as the feasibility of a region-wide function in the RDN versus one or more sub-regional functions

- **Structure** – discussion of the value of the "in-house" model of economic development that is internal to local/regional government versus the "arms-length" model that involves contracting a new or existing arms-length organization to deliver the service

- **Funding and Governance** – discussion of how a new regional function would affect current funding programs and the role of politicians in an arms-length agency

- **Primary Roles and Responsibilities** – many examples provided of initiatives and topics best addressed regionally, as well as issues that are better suited to a local focus

- **Other** – issues also raised include possible confusion in the marketplace if another new entity is created and caution about proceeding now given the uncertainty over the City of Nanaimo's approach going forward (currently the subject of a concurrent process)

Overall there are quite divergent views on the best way to proceed with regional economic development in the RDN, but there was strong support among those who were consulted to have a full discussion and openness to hearing alternative viewpoints through a regional workshop.

External Consultation

A further 7 individuals representing economic development organizations in BC were interviewed. Their views were also summarized by theme:

- **Geographic Coverage** – discussion of the various configurations of communities that are in use in regional functions elsewhere in BC and how these configurations evolve over time

- **Regional versus Local Roles and Small Community Satisfaction** – discussion of how roles and responsibilities are optimally divided between the regional and local level and how regional entities ensure that all their community members, particularly smaller ones, receive value from the service

- **Governance and Structure** – discussion of the role of elected officials, the value and type of business board members, and the importance of reporting and communication to local funders

Strategic Options

The RDN will choose its preferred economic development structure along two main dimensions: (1) Internal or Arms-Length, and (2) Region-wide or Sub-regional.

- **Option 1 – Internal/Region-Wide** – requires the creation of a new regional economic development service and the hiring of new RDN staff. The exact shape of this function in the RDN is contingent on what the City of Nanaimo chooses to do with its own economic development function.

- **Option 2 – Arms-Length/Region-Wide** – similarly requires a new regional service and discussion with the City of Nanaimo, plus the creation of a service contract that establishes the roles and responsibilities of the arms-length agency, which could be an existing organization or a new entity created by the RDN. A sub-option, called **Option 2A – Arms-Length/Region-Wide (Outside the RD)**, would mimic the South Island Prosperity Partnership structure in metro Victoria as a membership-based organization that would interact directly with each municipality and the RDN on behalf of the rural areas.

- **Option 3 – Internal/Sub-Regional** – an expansion of the current RDN system with the Northern Communities and Southern Communities Economic Development services. Those interviewed from the Northern Communities part of the region are particularly supportive of this option, but the structure of the Southern Communities portion of the region requires further discussion. Both Lantzville and Gabriola Island are currently pursuing their own initiatives, along with Nanaimo.

- **Option 4 – Arms-Length/Sub-Regional** – same geographic split as Option 3, with the Northern Communities clearly existing as a sub-regional bloc and further discussion required for the Southern Communities.

- **Option 5 – RDN Coordinating Function Only** – consultation suggested there is a real need for greater regional collaboration and inter-community networking on economic development. The RDN is the logical home for this type of forum but requires a staff person (new or existing) to have regional economic development coordination as one of their responsibilities.

- **Option 6 – Status Quo** – The RDN is not committed to undertaking any new initiatives in economic development and may choose to continue with the status quo. Each community would continue to be responsible for its own economic development activities, if any.

In addition to consideration of the options presented above, the following are also recommended:

1. **First Nations should be invited to participate in any option** that is pursued, at whatever level they choose and whenever they are ready to become involved.

2. Under all options, **tourism marketing and economic development will continue to be funded and operated separately.**

3. **The RDN should work closely with the City of Nanaimo** as they explore their preferred approach to economic development and ensure that the choices made by both organizations are complementary.

1 INTRODUCTION

This report has been prepared in support of the Regional District of Nanaimo's exploration of the creation of a regional economic development service.

As stated in a staff report dated June 12, 2018, the RDN Board's interest in considering this option was "in response to local economic trends, initiatives by private sector and business groups, changes to existing RDN economic development services, the collapse of the Nanaimo Economic Development Corporation and the desire to examine how to best promote sustainable growth and resilience in our region."[1]

This report provides a summary of the views of several dozen individuals currently working in economic development and related fields in the RDN, as well as examples of other regional models employed in British Columbia. The information provided here is intended to serve as a starting point for face to face discussions among invited parties at a regional economic development workshop.

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[1] RDN Staff Report to Committee of the Whole, "Regional Economic Development," dated June 12, 2018.

2 CURRENT SITUATION

FIGURE 1. POLITICAL BOUNDARIES IN REGIONAL DISTRICT OF NANAIMO (RDN)
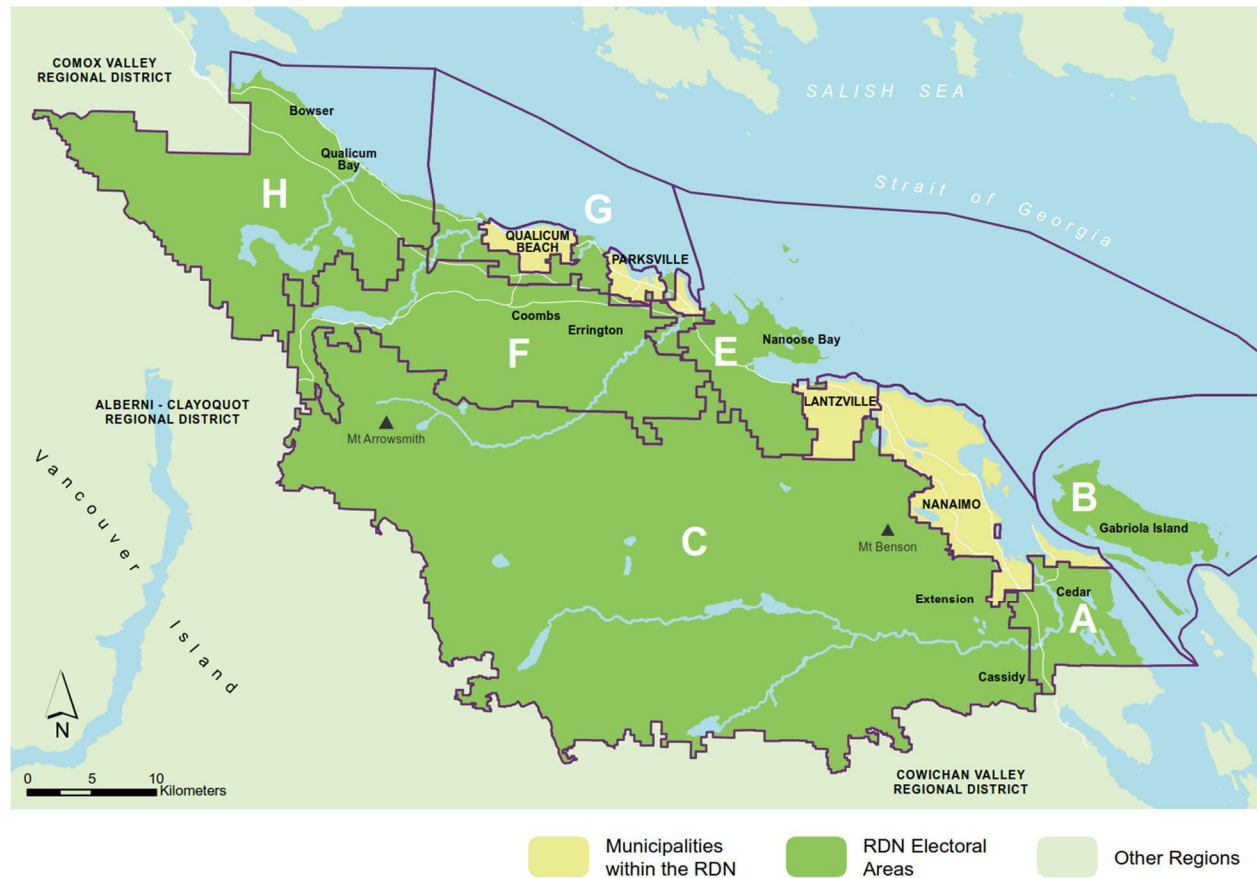
A short description of the organizations involved in economic development in the RDN, either directly or tangentially, can be found in the Appendix.

In short, the current regional economic development landscape in the RDN is characterized by:

- A municipal economic development function in the City of Nanaimo, consisting of a single staff person. This is expected to be an interim arrangement following the collapse of the arms-length Nanaimo Economic Development Corporation (NEDC) in 2016, which was funded by the City and the RDN (on behalf of Areas A, B and C) as well as Lantzville. The NEDC combined both economic development and tourism marketing for Nanaimo and the southern part of the region.

   Prior to the establishment of the NEDC, the City of Nanaimo had a multi-person economic development department (with 4 staff) that took an informal leadership role in regional economic development, including through convening a roundtable of organizations (BC Ferries,

banks, Harmac, Malaspina University-College [now VIU], Port Authority, Airport, Chamber of Commerce, etc.) and would work with this group on strategic directions for economic development in Nanaimo and beyond.

- Tourism marketing and economic development have been separated again in Nanaimo, with the City committing to a five-year contract with Tourism Vancouver Island to operate Tourism Nanaimo on a contract basis. The Nanaimo Hospitality Association represents accommodation providers who pay the Municipal and Regional District Tax (MRDT), or the "hotel tax," designed for tourism marketing and product development. They also contract Tourism Nanaimo to implement much of their marketing.

  The tourism marketing function has always been separated in the Parksville/Qualicum Area through the Parksville Qualicum Tourism Association.

- Since the NEDC's demise, the RDN service that funded it (the Southern Communities Economic Development, or SCED) has continued only for Area B (Gabriola Island). The Gabriola Island Chamber of Commerce has supplemented this funding with several strategic planning grants from Island Coastal Economic Trust and a significant, multi-year grant from the BC Rural Dividend Program to support implementation of their strategy, including the hiring of a community economic development officer.

- The District of Lantzville has similarly used an ICET grant for the creation of an economic development strategy and has received Rural Dividend funding to support implementation and the hiring of an economic development staff person.

- There are currently no economic development initiatives underway covering Areas A and C.

- The City of Parksville does not currently have an economic development role. The Mayor takes the lead in attending meetings with investors, with a nominal budget. The Parksville & District Chamber of Commerce receives funding from business license revenue to provide visitor services and has previously been funded to undertake economic development initiatives on behalf of the city (and often in partnership with other entities as the lead of the Oceanside Initiatives partnership). City funding for economic development has varied over the last 15 years, including periods with a staff EDO and other periods of more regular funding support to the Chamber.

- The Town of Qualicum Beach does not currently have an economic development function and has previously participated in initiatives on a sub-regional level (often through Oceanside Initiatives and lead by the Parksville Chamber) but has never had a dedicated staff position.

- Parksville, Qualicum Beach and the four northern Electoral Areas (E through H) are part of the Northern Communities Economic Development (NCED) service at the RDN. This provides approximately $50,000 per year on an annual basis for a grant program to support a variety of organizations and initiatives with worthwhile initiatives. They have participated in Oceanside Initiatives over time, but it is not currently active.

- All three of the First Nations on whose territory the RDN resides are active with economic development and business development initiatives.

In addition to the local governments in the region, many non-governmental organizations are collaborating on specific initiatives (Chamber, Port Authority, Airport, VIU, etc.), including through their financial support of the business-led Mid-Island Business Initiative (MIBI), which arose following the closure of the NEDC, and through broader regional initiatives like Vancouver Island Economic Alliance (VIEA).

3 INTERNAL CONSULTATION SUMMARY

3.1 List of Consulted Individuals

A total of 24 individuals representing economic development related organizations that are active in the RDN were interviewed for this study:

- Dan Brady, Executive Director, Nanaimo Hospitality Association
- Kim Burden, Executive Director, Parksville and District Chamber of Commerce (also representing Oceanside Initiatives)
- Ronald Campbell, Chief Administrative Officer (CAO), District of Lantzville
- Anne Dodson, Chief Executive Officer (CEO), Qualicum Beach Chamber of Commerce
- Anthony Everett, President & CEO, Tourism Vancouver Island

- Jolynn Green, Executive Director, Community Futures Central Island
- John Hankins, CEO, Mid Island Business Initiative
- George Hanson, President, Vancouver Island Economic Alliance
- Mike Hooper, President/CEO, Nanaimo Airport Authority
- Keeva Keeler, CAO, City of Parksville

- William Litchfield, Associate Vice-President, University Relations, Vancouver Island University
- Amrit Manhas, Economic Development Officer (EDO), City of Nanaimo
- Ian Marr, President and CEO, Nanaimo Port Authority
- Calum Matthews, Director, Destination Development, Tourism Nanaimo
- Cheryl McLay, Regional Manager, South Vancouver Island/Coast, BC Ministry of Forests, Lands, Natural Resource Operations and Rural Development

- Joan Miller, Film Commissioner, Vancouver Island North Film Commission (INFilm)
- Carrie Powell-Davidson, Director, The Lighthouse Country Business Association (responses provided by email based on discussion of interview questions at an association board meeting)
- Line Robert, CEO, Island Coastal Economic Trust
- Bob Rogers, Director, Regional District of Nanaimo (representing Northern Communities Economic Development)
- Luke Sales, Director of Planning, Town of Qualicum Beach

- Blain Sepos, Executive Director, Parksville Qualicum Beach Tourism Association
- Kim Smythe, CEO, Greater Nanaimo Chamber of Commerce
- Julie Sperber, Community Economic Development Office, Gabriola Island Chamber of Commerce, Economic Development and Tourism
- Graham Truax, Interim Executive Director, Innovation Island

In addition to those listed here, invitations to be interviewed were offered to the Snuneymuxw, Snaw-Naw-As and Qualicum First Nations.

The interview subjects were promised anonymity for their specific views and thus all responses are amalgamated under a series of relevant themes.

The intent of the summary is to accurately represent the full range of views that were expressed, but also to indicate, where relevant, if a particular viewpoint is widely held or represents a minority opinion. The views expressed below are those of the interview subjects – any comments or clarification by the consultant are indicated in [square brackets].

3.2 Geographic Coverage

- Concern that a region-wide function does not work in the RDN because Nanaimo is so much larger than any other community. Smaller communities and organizations get "swallowed." Regional functions work best when each partner community sees clear value – this is challenging in the RDN given the sheer size of Nanaimo relative to the rest of the region.

- Business and investment opportunities are different in Nanaimo compared to the Oceanside area. Given the demographic profile of Oceanside, any business requiring a significant workforce, particularly a lower-wage service-type workforce, will be drawn to Nanaimo because that's where the people are.

- Ideally the City is folded into a regional function.

- For tourism, strong sense that the product and the needs of the Nanaimo market and the Parksville/Qualicum market are quite different and should be kept separate. There are some natural linkages between Nanaimo and both Gabriola Island (Area B) and the rural areas to the south (Areas A and C), which are too small to effectively market on their own but could partner with Nanaimo. This justifies once again consolidating regional tourism funding for the southern area with the Nanaimo tourism function. Similarly, in the northern part of the region, the rural areas like Coombs can benefit from partnerships with Parksville Qualicum Tourism and reach a much larger audience more effectively.

- A regional function can work but must show tangible benefits and deliverables for the smaller communities. These smaller areas can benefit from the magnetism of Nanaimo and anyone interested in Nanaimo from a business perspective would naturally have interest in surrounding communities too.

- There is far more "bang for the buck" in dropping political boundaries and focusing on business development for an entire market area, rather than individual communities doing their own thing.

- There is a history of collaboration within the northern part of the region (corresponding to School District 69), including for other functions like emergency planning and NCED. The "Oceanside" identity appears to be waning but there is a sense that this is a natural area to collaborate on a sub-regional economic development function.

- The problem with a multitude of organizations representing smaller areas is they devolve into rivalry with each other – better to have a common organization for a larger area.

As a general observation, the individuals who are not part of local government in the region are most in favour of regional economic development. Those who are part of local government are more in favour of each community maintaining their own function.

3.3 Structure

- Arms-length is preferred because it can function "at the speed of business" and is not mired in bureaucracy. This can happen while still being accountable back to the funding government(s). The NEDC was not truly arms-length as the City still exerted considerable influence.

- Ideally should be a stand-alone organization that contracts with the RDN to provide the service – such as a non-profit society or development corporation – that reports back to the RDN. There is a role for limited staff liaison, such as providing support on accessing property or tax information to support investment decisions.

  The contracting organization could be an existing organization (Chamber of Commerce, Community Futures) rather than a new entity.

- "For a lot of elected officials, talking about investing money in something they can't control is a challenging thing to wrap their heads around, but they need to understand if they do control it, it won't work." The fear of lack of control can be answered through the contractual arrangement – government determines the budget and sets the terms of reference, but they release the contract to be executed without having direct control.

- It was noted by multiple organizations not directly involved in economic development that arms-length organizations often feel pressure to show successes and there has been a tendency [not necessarily within the RDN] to attempt to claim credit for successful initiatives of other organizations in areas that exceed their core mandate. It was observed that in-house functions do not appear to feel this same pressure and are better able to stay within their mandated areas of focus.

- Advantages of the internal model include significantly lower costs, the ability to coordinate across all municipal departments, being part of the municipal team rather than viewed as an outsider, and closer oversight of operations and budgets.

- It is dangerous to assume that just because there is a perception of a gap in service that the gap is real - often this is because of lack of awareness of what other organizations are doing.

It is often better to double-down on support of existing organizations rather than trying to create something entirely new.

- There is great value in a regional district providing a coordinating function on areas of common interest, even if individual communities within the RDN have their own functions. Hosting quarterly meetings of regional economic development professionals and related organizations would have great value in sharing information and allowing potential areas of collaboration to emerge over time.

- There could be a "pay-to-play" model for regionwide initiatives, similar to the model for the Vancouver Island/Coast Economic Development Association (VICEDA) technology attraction strategy. If an individual community is not interested in a particular regional initiative, they are not obligated to participate.

- The role for the RDN could be less than a full-time person, but there needs to be a clearly appointing staff person with the regional economic development portfolio among their other responsibilities.

- "It doesn't really matter how the organization is established, as long as you can keep the political rivalries out of it." There needs to be oversight but done by laying out guidelines and determining how to measure the return.

- The success of economic development programs is mostly based on the person or people leading the initiative, not the structure. A successful initiative can be either internal to local/regional government or arms-length. There are certain advantages in flexibility with the arms-length model, but also the need for a new governance layer, including the time to manage a volunteer board.

3.4 Funding

- There is concern that if a new regional function is created, current funding opportunities (through NCED) will vanish, which would negatively impact organizations that have accessed this funding in the past.

- Rather than creating a new function, consider increasing funding to groups that are already active in economic development

- [Views on the current NCED funding program are mixed. On one hand is feedback that it is working well and providing seed funding for initiatives from a variety of organizations. Another comment is it's not really economic development, while another says the year-by-year nature precludes any long-term planning of initiatives in the region that might access this funding.]

3.5 Governance

- The Board that oversees an economic development function should be clear of any conflicts of interest (real or perceived)

- The Board (assuming an arms-length organization) must be completely separate from government (no elected officials at the table), perhaps a few senior staff as ex officio members. The board should be drawn from the business community. Politicians who get involved have pet projects.

3.6 Primary Roles and Responsibilities

- Promotion of regional opportunities. For example, there is believed to be an opportunity to collaborate with the Port Authority, Airport, industrial parks etc. to promote the region as a logistics and goods trans-shipment centre that can relieve over-crowding and high costs of Metro Vancouver, and also to promote the opportunities these facilities present to Island businesses to expand their geographic markets.

  A similar example is the promotion of investment opportunities within the region to relevant regional Ministries, such as the Ministry of Jobs, Tourism and Skills Training, which is focused on promoting BC opportunities internationally. Another example is engaging with provincial agrologists regarding agricultural development in the region. There is considerable interest in the food and beverage sector even within municipalities, which would often be the location for processing and/or selling local agri-food products.

  Yet another example is supporting the development of the aboriginal tourism sector and creating greater linkages between urban tourism and aboriginal tourism in the rural areas.

- Focusing on various cross-regional workforce initiatives, such as skills development, given disconnect between number of local students pursuing post-secondary education and the requirement of emerging jobs in an evolving economy to have post-secondary training.

  Other issues identified as common throughout the region include business succession, transportation (for goods and people), tourism product development (with a focus on off-season activities and events), and industrial land initiatives (creating inventories, ensuring supply, promoting availability, etc.).

- Sector-specific initiatives such as promoting the technology industry are more sensible to do on a regional basis rather than by individual community. Tourism and film also mentioned as naturally fitting best on a regional basis.

- Tourism is a regional issue. But skill sets and required Board expertise are both very different for tourism marketing and economic development and they function best when separated.

- That being said, much of the region needs more tourism product development and that is better aligns with the economic development realm.

- Economic development is such a broad field – taking in many issues, including land development. Challenge to effectively provide all these services at a regional level to each individual community [which supports the notion of having a clearly defined set of responsibilities at the regional level and not trying to be all things to all communities and partners].

- Given the many different components to business development, the ideal approach is a model that carries through from strategy to operational, with a clear focus on a specific resource discipline or business discipline rather than trying to do all possible things. Ideally this approach directly linking strategy to operations happens at a Vancouver Island level, then the RDN and other regional groups under the Island-wide umbrella pick up the specific discipline that fits them best.

- Those focused on supporting and attracting business at a local level (such as a specific downtown area) are doubtful of the value of a regional function to provide value across multiple such areas in the region.

- The primary focus of economic development should be supporting existing businesses and removing local barriers to success (such as transportation access, worker housing, etc.). This focus lends itself to a local or sub-regional focus rather than a regional focus. Attracting outside businesses and investment is more uncertain and less sure of payoff.

- There has been a breakdown of networking within the RDN around economic development and a sense that RDN staff are not involved (or not aware) or many regional economic development initiatives. There is no one watching for topics of common interest across the region and no one supporting economic development opportunities in the rural areas (through applying for grant funding for projects in the rural areas, for example).

  On a similar note, there appears to be little engagement from the RDN in municipal-led initiatives that might naturally have regional involvement (e.g., business walks, variety of economic development networking or promotional events).

  [Note this was not a personal criticism of RDN staff, but an observation from multiple people that no one at the RDN appears to have this type of engagement as a responsibility and thus municipalities have no clear contact to secure regional participation.]

- Regardless of the specific model that is chosen, there is a real need for a strategic process that makes very clear what are the areas of responsibility of any new regional entity. It should be a focused list of responsibilities, not all-expansive.

- Funding partners need to recognize that a regional economic development function cannot do local economic development. They are different roles and expecting a regional function to

provide local attention for each sub-area is unrealistic.

3.7 Other

- There is currently confusion in the marketplace with multiple entities promoting and speaking on behalf of the Nanaimo region. Creating another new entity at the regional level may exacerbate this confusion.

- Given the amount of change in the region in recent years, care should be taken to ensure that working relationships and responsibilities for certain functions (e.g. film) are not needlessly changed again.

- Some are sceptical of the value of a regional service based on their experience with regional economic development functions elsewhere. They have not seen value for each community within these regional functions.

- There is a general feeling that the time is not right to create a new regional function given that Nanaimo has not completed its review of its own economic development function.

- Suggestion that RDN should take this slow and supports lots of conversation in the region.

- The RDN is commended for undertaking this initiative, but not commended for their communication on it (was not aware it was happening prior to being contacted by consultant).

- A point emphasized by numerous people is that any structure can be successful if the right person is in the role.

- [As illustrated by the range of opinions expressed, there are quite divergent views on the best way to proceed with regional economic development in the RDN. It is worth noting, however, that even those who were most opposed to the idea expressed interest in having a full discussion with others in the region and were open to hearing alternative viewpoints. There is strong support for the concept of the regional workshop and having a constructive discussion of the issues.]

4 EXTERNAL CONSULTATION SUMMARY

4.1 List of Consulted Individuals

A total of 7 individuals representing other economic development organizations in BC were interviewed for this study:

- Deklan Corstanje, Regional District of Kitimat-Stikine
- Robyn Cyr, Shuswap Economic Development (part of Regional District of Columbia-Shuswap)
- Pat English, Regional District of Mount Waddington
- Dallas Gislason, South Island Prosperity Partnership (a private initiative covering 10 municipalities, several First Nations, and multiple private and institutional funders in the Capital Regional District)
- Amy Melmock, Economic Development Cowichan (part of Cowichan Valley Regional District)

- Kevin Poole, City of Vernon (formerly involved in regional initiatives through the North Okanagan Regional District)
- Terry Van Horn, Lower Columbia Initiatives (a partnership of five municipalities and two electoral areas in the Kootenay-Boundary Regional District)

The comments that follow are also based on the consultant's research and past experience working with other regional economic development organizations in BC, including those in the Comox Valley, Sunshine Coast, Metro Vancouver, Central Okanagan, Thompson-Nicola, Bulkley-Nechako, and Capital regional districts, as well as several region-wide initiatives in the Kootenay region and Vancouver Island.

4.2 Geographic Coverage

- The participants in a regional service will often vary over time and different geographic configurations can be adopted for different purposes. For example, the Shuswap Economic Development function covers the rural areas in the western part of the Columbia-Shuswap Regional District, surrounding Salmon Arm. It formerly included the District of Sicamous, but they recently withdrew. The Shuswap Tourism service includes the same areas, as well as Salmon Arm and several smaller communities in the North Okanagan Regional District (Enderby and Armstrong) and the Thompson-Nicola Regional District (Chase). The Shuswap Film Commission excludes Enderby, Armstrong and Chase but includes Revelstoke (which is also within the Columbia-Shuswap Regional District).

- Economic development has a similar structure in the Kitimat-Stikine Regional District. The two largest municipalities – Terrace and Kitimat – have municipal functions, while the regional service includes all of the electoral areas as well as smaller municipalities (Hazleton, New Hazleton and Stewart). There is a smaller requisition (about 15% of the total) that does include Terrace and Kitimat to support initiatives that are truly regional in nature.

- Small communities tend to focus on competing with each other. Having a regional function takes this away with a focus on a common cause.

4.3 Regional versus Local Roles

- Certain initiatives work best on a regional scale. Workforce development, sector development, and any outward-oriented investment attraction or resident attraction initiative is best done regionally. Working on local business retention and expansion – and the interplay with local/municipal issues like zoning, bylaws, other local policies – is best done at a local level.

- There is often a natural synergy between larger communities and surrounding smaller communities or rural areas. For example, industrial land may be located in one area, agricultural land in another, offices and retail shops in the larger community, etc. These functions work together as a cohesive regional economy and business is largely indifferent to invisible political boundaries.

- A key step is establishing a strategic plan and work plan that clearly defines the work to be completed. This mitigates the challenge faced by some economic development officers of local politicians or directors pushing pet projects on the function.

4.4 Small Community Satisfaction

The challenge of ensuring that smaller members of a regional partnership remain satisfied with the value of the regional function is a widely recognized challenge in regional economic development.

- One approach to this issue is for regional staff to periodically collaborate with a local group on a priority project for them. This helps build capacity at the local level and encourages the local community to look for more opportunities to partner on a regional basis.

- Having a strong business board is helpful in messaging about regional benefits. If any individual community questions the value it is receiving, the board can respond that they are a regional organization and act for the benefit of the entire region.

- It is critical for a regional function to be very clear on what it is trying to achieve and to regularly and consistently communicate this message (this point also applies to overall satisfaction with the function, not just in small communities). The challenge with government oversight of economic development is there is not often a strong understanding of what the function is trying to achieve. Communicating the goals and keeping them realistic within the context of what government can actually achieve is vital.

- Focusing on metrics that are common across the region, such as expanding employment opportunities and raising household incomes, is preferable to focusing on the number of

specific investments or additional tax base generated as those are specific to a given municipality. Employment is regional because people often do not work in the same jurisdiction where they live.

- The South Island Prosperity Partnership in the metro Victoria region addresses this in part by giving each of their members a single vote. Their funding formula charges smaller municipalities a lower fee, but they have the same vote at the Annual General Meeting as every other member (memberships are also held by major institutions, large companies, and other non-governmental organizations). This was cited as one of the advantages for small communities of a structure that is outside the Regional District, which has weighted voting and consequently a smaller voice for smaller communities.

4.5 Governance and Structure

- Economic Development Cowichan has removed several of their permanent committees in favour of creating project-specific advisory groups. This is a nimble approach that ensures the right people are providing input for each project and there is a clear mandate and focus for the committee's involvement. Sometimes these committees stay in place after a project is complete to help guide implementation.

- Regional functions in British Columbia are a mix of those that report to a political board (either the Regional Board itself or a function-specific board or committee that includes politicians) and those that have a business board. Those with a business board highly value the absence of political interference and typically choose board members through a matrix of desirable characteristics (such as areas of expertise, industry sector, etc.) and often advertise publicly for board members. Also critical is to have board members who are business owners and senior decision-makers – this gives greater validity with other stakeholders, including the general public, and allows the board to speak to local government with a great deal of authority.

- Arms-length organizations that are separated from local government sometimes face grumbling that municipalities are unaware what they are doing and how public money is being spent. Reporting to local government funders is a significant and important responsibility and works best 2-3 times per year (experience suggests that once a year is not enough and quarterly is too often). Bringing a Board member to all presentations to local Councils is critical as it lends legitimacy to the activities and each presentation is tailored to highlight how it touches on specific assets of that community (e.g., land, key institutions, local companies, etc.).

- Regardless of the structure, it was noted by one regional EDO that having the trust of the Board is critical. Without being able to manage the political issues, little will be accomplished.

4.6 Other

- A key to success mentioned by one regional agency is to continually focus on renewing or extending service agreements well ahead of time. This allows strategic planning to always have a multi-year time horizon without the uncertainty of whether the function will continue. They never want to be in a position of nearing the end of a service agreement with uncertainty about what comes next.

5   STRATEGIC OPTIONS

Strategic options for a regional economic development service in the RDN have been formulated based on the input summarized in sections 3 and 4 of the report. It is assumed that each of the current organizations active in economic development in the region will continue, including the City of Nanaimo (which may change its operational model, funding and/or staffing commitment through a review process that is ongoing concurrent to this study).

The consultation and research for this study suggests the RDN will choose its preferred economic development structure along two main dimensions:

1. Internal or Arms-Length
2. Region-wide or Sub-regional

There are many other factors to be considered, but these are the two most significant in determining the shape and structure of a possible regional function. These options are illustrated below.

	INTERNAL	ARMS-LENGTH
REGION-WIDE	**Option 1 - Internal/Region-Wide** Examples include Cowichan Valley, Central Okanagan and Mount Waddington Regional Districts	**Option 2 – Arms-Length/Region-Wide** Examples include Comox Valley Economic Development Society and South Island Prosperity Partnership (SIPP) in the Capital Regional District[2]
SUB-REGIONAL	**Option 3 - Internal/Sub-Regional** Examples include the Kitimat-Stikine Regional District and Shuswap Economic Development within the Columbia-Shuswap Regional District	**Option 4 – Arms-Length/Sub-Regional** An example is the Lower Columbia Initiatives Corporation (covering Trail and surrounding communities within the Kootenay Boundary Regional District)

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[2] Technically neither of these examples is currently serving their entire regional districts, but they are designed to serve a region-wide function rather than a sub-regional area. In the Comox Valley, the Village of Cumberland withdrew from the regional economic development service and is funding their own municipal economic development function. SIPP was created outside the regional district system and is a voluntary partnership that includes municipalities.

Option 1 – Internal/Region-Wide

This option requires the creation of a new regional economic development service and the hiring of new RDN staff.

Of the examples cited for this model, both Economic Development Cowichan and the Regional District of Mount Waddington are providing economic development services across their entire regions and no individual municipality in those regional districts currently has their own economic development function.

The Central Okanagan Economic Development Commission (part of the Regional District) does have another EDO in its area, in West Kelowna. But the largest municipality (Kelowna), which is a similarly dominant share of the regional population as Nanaimo in the RDN, does not have economic development staff.

The exact shape of this function in the RDN is contingent on what the City of Nanaimo chooses to do with its own economic development function and would require careful discussion of respective roles in order to avoid duplication and confusion among the public, partners, and clients.

Option 2 – Arms-Length/Region-Wide

Many of the same comments apply to Option 2 as Option 1, as it will also require a new regional service and discussion with the City of Nanaimo. The additional factor with this option is the creation of a service contract that establishes the roles and responsibilities of the arms-length agency (which should be determined through a strategic planning process), with key performance indicators.

The contract to an arms-length agency could be open to existing organizations or a new organization created by the RDN. The latter option would allow for greater control over the governance structure of the new entity.

A sub-option, called **Option 2A – Arms-Length/Region-Wide (Outside the RD),** would mimic the SIPP structure in metro Victoria that is a membership-based organization that would interact directly with each municipality and presumably the RDN on behalf of the rural areas. Other organizations in the region, such as major institutions and large corporations, could also join. This option is likely to require a champion from the business community or other organization outside local government and would not be created by the RDN.

Option 3 – Internal/Sub-Regional

This option is an expansion of the current RDN system with the Northern Communities and Southern Communities Economic Development services.

Those interviewed from the Northern Communities part of the region are particularly supportive of this option as it builds on a history of partnerships between Parksville, Qualicum Beach, and the surrounding rural areas. One challenge with the internal/sub-regional model is the future location of RDN staff responsible for the function, given that RDN offices are located in Nanaimo. There are examples of an internal economic development function having office space outside the regional government building (e.g., Economic Development Cowichan), which may be the preferred option.

The structure of the Southern Communities portion of the region requires further discussion, given that both Lantzville and Gabriola Island are currently pursuing their own initiatives, along with Nanaimo. One possibility is Southern Communities funding from the RDN is once again provided to the Nanaimo function, particularly if Nanaimo moves again to an arms-length model. Alternatively, Areas A and C could combine into a joint function or consider linking with Gabriola Island in a broader southern communities' function.

Option 4 – Arms-Length/Sub-Regional

This option would have the same geographic split as Option 3, with the Northern Communities clearly existing as a sub-regional bloc. The difference is that the function would be structured as a fee-for-service contract. As with Option 2, the contract could be with an existing organization or a new entity.

Similar to Option 3, further discussion is required for the Southern Communities. Given the small size of Areas A and C (which are not currently covered by any economic development initiative), issuing a contract to provide specified services in these areas may be the preferred option if the level of funding is not sufficient for a full-time position.

Note that for both Options 3 and 4, the roles and responsibilities of the sub-regional function can more closely resemble "local" economic development rather than regional. For example, operating a business retention and expansion program, which benefits from regular close contact with local businesses, is more feasible with the sub-regional model than with an RDN-wide model.

Two other options should also be considered:

Option 5 – RDN Coordinating Function Only

The internal consultation suggested there is a real need for greater regional collaboration on initiatives and there would be significant benefit from a regular forum for inter-community networking and idea sharing on economic development. The RDN is the logical home for this type of forum but requires a staff person (new or existing) to have regional economic development coordination as one of their responsibilities. This would include hosting meetings, perhaps quarterly, and providing other functions like coordinating regional grant applications, supporting region-wide partnerships, or serving as the RDN representative on local initiatives like business walks.

If Options 1 or 2 are pursued (the region-wide functions), this coordinating role would naturally fall under the broader regional mandate. But if Options 3 or 4 are pursued, or even if none of the first four options are pursued, there is demand within the region for the RDN to fill this type of role.

Option 6 – Status Quo

The RDN is not committed to undertaking any new initiatives in economic development and may choose to continue with the status quo. Each community would continue to be responsible for its own economic development activities, if any.

Additional Recommendations

In addition to consideration of the options presented above, the following are also recommended:

1. **First Nations should be invited to participate in any option** that is pursued, at whatever level they choose and whenever they are ready to become involved.

2. Under all options, **tourism marketing and economic development will continue to be funded and operated separately.**

3. **The RDN should work closely with the City of Nanaimo** as they explore their preferred approach to economic development and ensure that the choices made by both organizations are complementary.

APPENDIX: RDN ECONOMIC DEVELOPMENT ORGANIZATIONS

CITY OF NANAIMO	
Type of Organization	Municipal with economic development officer (role currently under review)
Description	"The mandate of the Nanaimo Economic Development office is to build a prosperous community through economic opportunity."
Website	www.investnanaimo.com
Staffing	1
Budget	Currently about $160,000 in municipal funding, pending review of the economic development function.
Geographic Area	Nanaimo

DISTRICT OF LANTZVILLE	
Description	Lantzville Beyond is a two-part economic development initiative that includes an economic development strategy with public consultation and place branding.
Type of Organization	Municipality with economic development officer (pending)
Website	www.lantzville.ca lantzvillebeyond.com
Staffing	1 (funded in part by Rural Dividend grant)
Budget	$25,000 municipal share of Rural Dividend grant
Geographic Area	Lantzville

CITY OF PARKSVILLE

Description	Currently no economic development function. A modest budget supports the Mayor's attendance at meetings and events to promote the community and host possible investors.
Type of Organization	Municipality
Website	www.parksville.ca
Staffing	0
Budget	$10,000 (approximate) / $47,000 in business license revenue to fund visitor services through the Chamber of Commerce
Geographic Area	Parksville

TOWN OF QUALICUM BEACH

Description	No economic development function.
Type of Organization	Municipality
Website	www.qualicumbeach.com (Municipality) www.workpqb.com (Business and employee attraction through Oceanside Initiatives)
Staffing	0
Budget	$0
Geographic Area	Qualicum Beach

REGIONAL DISTRICT OF NANAIMO (NCED & SCED)

Description	The RDN Board of Directors established Economic Development as a regional service in 2011, providing services separately to participating Northern RDN and Southern RDN communities. The Northern Community Economic Development (NCED) Program provides grants for eligible projects that "advance the Board's vision for a resilient, thriving and creative local economy" in the communities participating in the program.
Type of Organization	Regional District
Website	www.rdn.bc.ca/northern-community-economic-development www.rdn.bc.ca/economic-development
Staffing	0
Budget	$50,000 (NCED), $65,000 (SCED funding to Area B), additional $85,000 to $95,000 for other SCED communities not currently allocated
Geographic Area	The Northern Community Economic Development program covers the City of Parksville, the Town of Qualicum Beach and Electoral Areas E, F, G, and H. The Southern Community Economic Development covers Electoral Areas A, B and C.

MID ISLAND BUSINESS INITIATIVE (MIBI)

Description	"MIBI was formed to act as a catalyst for the future growth of our region. We believe in the immense potential of Mid Vancouver Island as a place to grow and flourish. We engage with businesses to hear the story of their successes, share the advantages of living and working here, and facilitate the present and future prosperity of our region."
Type of Organization	Member-driven business association
Website	mibi.ca
Staffing	1
Budget	Funded by businesses and organizations in the region.
Geographic Area	RDN plus Saltspring Island and Lasqueti Island.

OCEANSIDE INITIATIVES

Description	"Oceanside Initiatives is committed to supporting an economic culture that facilitates and promotes innovation, inspires creativity, and harnesses potential, with respect for the environment, and the diversity and values of our communities." Oceanside Initiatives is not currently active. It was a partnership of local governments, Chambers of Commerce and other entities in Parksville, Qualicum Beach and surrounding rural areas (including First Nations) that has aligned to undertake specific projects. Has been managed in the past by the Parksville & District Chamber of Commerce.
Type of Organization	Partnership of public and private entities to undertake specific projects
Website	www.workpqb.com
Staffing	0
Budget	$0 (currently)
Geographic Area	Parksville, Qualicum Beach and Electoral Areas E (Nanoose Bay), F (Coombs, Hilliers, Errington), G (French Creek, Dashwood, Englishman River), and H (Shaw Hill, Qualicum Bay, Deep Bay, Bowser).
Governance	Project-specific steering committees drawn from the funding members

COMMUNITY FUTURES CENTRAL ISLAND

Description	"We work in partnership with other business lenders, educational institutions, not-for-profits and community governments to grow and diversify our local economy. We are completely focused on the needs of our clients, our local businesses, and our area's economy." Non-profit that offers small business loans and support services to entrepreneurs throughout central Vancouver Island.
Type of Organization	Community Futures Development Corporation
Website	www.cfnanaimo.org
Staffing	3 (based on positions identified on website)
Budget	No local government funding
Geographic Area	Ladysmith, Nanaimo, Gabriola Island, Lantzville, Nanoose, Parksville, Qualicum Beach, Bowser, French Creek, Lasqueti Island
Governance	Volunteer Board of 11 local businesspeople.

VANCOUVER ISLAND ECONOMIC ALLIANCE

Description	"The Vancouver Island Economic Alliance (VIEA) is a collaborative partnership spearheading regional economic development for the Vancouver Island region. VIEA provides opportunities for communities, First Nations, businesses, and other key stakeholders to collaborate on broad-based economic development programs to improve the region's overall capacity for economic vitality."
Type of Organization	Non-government, non-profit society funded by memberships, sponsorships and event ticket sales.
Website	viea.ca
Staffing	1
Budget	No local government funding
Geographic Area	Vancouver Island, Northern and Southern Gulf Islands.
Governance	Board of 14 from public and private sectors.

GREATER NANAIMO CHAMBER OF COMMERCE

Description	"The Greater Nanaimo Chamber of Commerce strives to enhance the quality of life in our community by providing opportunities for businesses to succeed." Member-based organization advocates for local business community and partners with community organizations.
Type of Organization	Chamber of Commerce
Website	nanaimochamber.bc.ca
Staffing	4 (based on positions identified on website)
Budget	No local government funding
Geographic Area	Greater Nanaimo
Governance	Board of 13 members.

PARKSVILLE AND DISTRICT CHAMBER OF COMMERCE

Description	"The Parksville and District Chamber of Commerce is a not-for-profit organization comprised of over 430 businesses, professionals, residents and community groups working collectively to establish and promote businesses and services for economic and social prosperity Parksville and the surrounding areas." Member-based organization advocates for local business, promotes networking, facilitates training and operates the Parksville Visitor Centre.
Type of Organization	Chamber of Commerce
Website	www.parksvillechamber.com
Staffing	5 plus Info Centre staff
Budget	$0 currently for economic development
Geographic Area	Parksville and surrounding rural areas District
Governance	Volunteer Board of 13 members

GABRIOLA ISLAND CHAMBER OF COMMERCE

Description	"The Gabriola Island Chamber of Commerce is made up of a diverse group of entrepreneurs and family-owned enterprises working together for the common good of our island community. We do this by providing services, support and networking opportunities for businesses to succeed." The Chamber developed the Gabriola Economic Readiness Plan to guide sustainable economic growth on the Island. A Service Agreement for Tourism and Economic Development was contracted with Nanaimo in 2017 to implement the plan. In 2018, the Economic Development Advisory Group was formed to provide input and direction to the community economic development officer.
Type of Organization	Chamber of Commerce
Website	www.gabriolaisland.org/chamber-of-commerce-2/community-economic-development/
Staffing	1
Budget	$65,000 (from RDN SCED) – see RDN
Geographic Area	Electoral Area B (Gabriola Island)
Governance	The Chamber has a Volunteer Board of 8 members. The Economic Development Advisory Group advises the community economic development officer.

QUALICUM BEACH CHAMBER OF COMMERCE

Description	"Today the Qualicum Beach Chamber of Commerce has close to 300 members and represents all sectors of business in the community. Our goal is to ensure that the town of Qualicum Beach and surrounding area has a growing successful economy."
	Member-based organization advocates for local business, promotes networking, facilitates training and operates the Qualicum Beach Visitor Centre.
Type of Organization	Chamber of Commerce
Website	qualicum.bc.ca
Staffing	3 (based on positions identified on website), plus Info Centre staff
Budget	$0 currently for economic development
Geographic Area	Qualicum Beach
Governance	Volunteer Board of 11 members

PARKSVILLE QUALICUM BEACH TOURISM ASSOCIATION

Description	"The Parksville Qualicum Beach Tourism Association is the destination marketing organization (also known as a convention and visitors bureau) for the Parksville, Qualicum Beach, Nanoose Bay, French Creek, Lighthouse Country, and Arrowsmith Coombs Country region of Vancouver Island, British Columbia, Canada." Non-profit tourism-industry led organization.
Type of Organization	Destination Marketing Organization
Website	www.visitparksvillequalicumbeach.com
Staffing	3
Budget	$0 for economic development
Geographic Area	Parksville, Qualicum Beach, Nanoose Bay, French Creek, Lighthouse Country, and Arrowsmith Coombs Country region
Governance	Volunteer Board of 15 members (mix of Directors, Appointed Directors and Non-voting Directors)

TOURISM NANAIMO

Description	"Through industry engagement and outreach efforts, Tourism Nanaimo strives to connect with, and support, as many local tourism partners as possible. We aim to ensure that all tourism operators, products, experiences and business partners in the Nanaimo area are included and/or represented wherever possible in industry programming, such as marketing, social media and destination development opportunities."
	Tourism marketing, destination development and visitor servicing activities for the City of Nanaimo.
Type of Organization	Destination Marketing Organization
Website	www.tourismnanaimo.com
Staffing	5 (based on positions identified on website) + Visitor Centre staff
Budget	$567,000 in Year 1, rising gradually over a 5-year contract
Geographic Area	Nanaimo
Governance	Operated under contract by Tourism Vancouver Island for destination marketing and development services.

TOURISM VANCOUVER ISLAND

Description	"Tourism Vancouver Island is a not for profit association representing the tourism stakeholders within the Vancouver Island region, coordinating over $1.5 million in advertising and promotional campaigns targeted at driving tourism business to the Vancouver Island Region." Destination management and marketing association with the goal of having Vancouver Island recognized as an international destination. One of six regional destination marketing organizations (DMOs) contracted by Destination BC to deliver marketing initiatives for the region.
Type of Organization	Destination Marketing Organization
Website	www.tourismvi.ca
Staffing	12+
Budget	No local government funding (other than specific partnerships and contracts)
Geographic Area	Vancouver Island region, including Vancouver Island, Victoria and the Gulf Islands, as well as a stretch of the mainland coast between Moses and Bute inlets.
Governance	Board of 13 members.

LIGHTHOUSE COUNTRY BUSINESS ASSOCIATION

Description	"The goal of the LCBA is to support the interests and prosperity of our local businesses and of our community through our activities, signage and communication." 150-member business association designed to support and promote Lighthouse Country as a destination.
Type of Organization	Business Association
Website	http://lighthousecountry.ca
Staffing	No regular staff
Budget	No regular local government funding
Geographic Area	Bowser, Deep Bay, Dashwood, Horne Lake, Spider Lake and Qualicum Bay.
Governance	Board of 7 members.

SNAW-NAW-AS (NANOOSE ECONOMIC DEVELOPMENT CORPORATION)

Description	"The Snaw-naw-as First Nation has worked with key advisers, our leadership and our community, to develop a model of business and corporate governance to enable successful economic development. The establishment of the Nanoose Economic Development Corporation to develop community land and businesses for economic purposes is one of the structures implemented." EDC established to develop First Nation community land and businesses for economic purposes.
Type of Organization	Economic Development Corporation
Website	www.nanoose-edc.com
Geographic Area	Nanoose Bay

SNUNEYMUXW (SNUNEYMUXW DEVELOPMENT CORPORATION)

| Description | "The Economic Development department objective is to implement community economic development through strong and professional economic development management."

Snuneymuxw EDC was established to develop First Nation community land and businesses for economic purposes. |
| --- | --- |
| Type of Organization | Economic Development Corporation |
| Website | www.snuneymuxw.ca |
| Geographic Area | Snuneymuxw Territory is located in the centre of Coast Salish territory on the eastern coast of Vancouver Island, the Gulf Islands, and the Fraser River in the Canadian province of British Columbia. |

QUALICUM FIRST NATION

| Description | Qualicum First Nation operates a campground and childcare centre.

Economic development is primarily the responsibility of the Qualicum Chief and Council. |
| --- | --- |
| Type of Organization | First Nation |
| Website | qualicumfirstnation.com |
| Geographic Area | Qualicum Bay |

NANAIMO PORT AUTHORITY

Description	"The Nanaimo Port Authority administers, controls, and manages the harbour, waters and foreshore adjacent to Nanaimo, British Columbia, Canada." The largest public cargo port on Vancouver Island works to build and maintain port resources. They partner with community businesses to promote economic development.
Type of Organization	Port Authority
Website	npa.ca
Governance	Board of 7 members, one from each level of government (Federal, Provincial and Municipal), and four appointed by the Federal Transport Minister on the recommendation of Port users. President and CEO of the Port serves as the Head of the Institution.

NANAIMO AIRPORT AUTHORITY

Description	"Mission: To provide a safe, efficient and financially viable airport, offering excellent services and value to all users while fostering economic development."
Type of Organization	Airport Authority
Website	www.nanaimoairport.com
Governance	Board of 9 members, including five selected by the Nanaimo Airport Commission from among three nominees provided by each of the City of Nanaimo, the Nanaimo Chamber of Commerce, the Town of Ladysmith, Cowichan Valley RD and RD of Nanaimo. The other four are appointed by the Board to represent communities at large.

VANCOUVER ISLAND NORTH FILM COMMISSION (INFILM)

Description	"INFilm provides liaison and location scouting services to the film, television, commercial and new media industry interested in filming on northern Vancouver Island."
	The Commission promotes the area to domestic and international film industry as a prime location for film, TV and commercial productions.
Type of Organization	Film Commission
Website	www.infilm.ca
Staffing	3
Budget	$50,000 from RDN (also supported by other Island regions and communities)
Geographic Area	Island communities from Ladysmith to Cape Scott. (Locations south, from Duncan to Victoria are covered by the Vancouver Island South Film and Media Commission)
Governance	Board of 10 members.

NANAIMO HOSPITALITY ASSOCIATION

Description	"The members of Nanaimo Hospitality Association will do everything they can to make you and your people truly welcome."
	Membership hospitality organization (local hotels and motels) provides grants funded by Municipal and Regional District Tax (MRDT) to support the growth of overnight visitation to Nanaimo.
Type of Organization	Industry Association
Website	www.nanaimohospitality.ca
Staffing	1
Budget	Funded by MRDT
Geographic Area	Nanaimo
Governance	

INNOVATION ISLAND

Description	A regional voice for technology entrepreneurship on the Island, promoting technology and innovation business development through grants, mentoring, and investment attraction. They deliver the Innovate BC Venture Acceleration Program to communities outside of Victoria. Registered non-profit member of the BC Acceleration Network.
Type of Organization	Startup Accelerator
Website	innovationisland.ca
Staffing	3 (based on positions listed on website)
Budget	No local government funding
Geographic Area	Vancouver Island, north of the Malahat.
Governance	Board of 4 members.