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ECONOMIC DEVELOPMENT STRATEGY: PARKSVILLE-QUALICUM BEACH REGION

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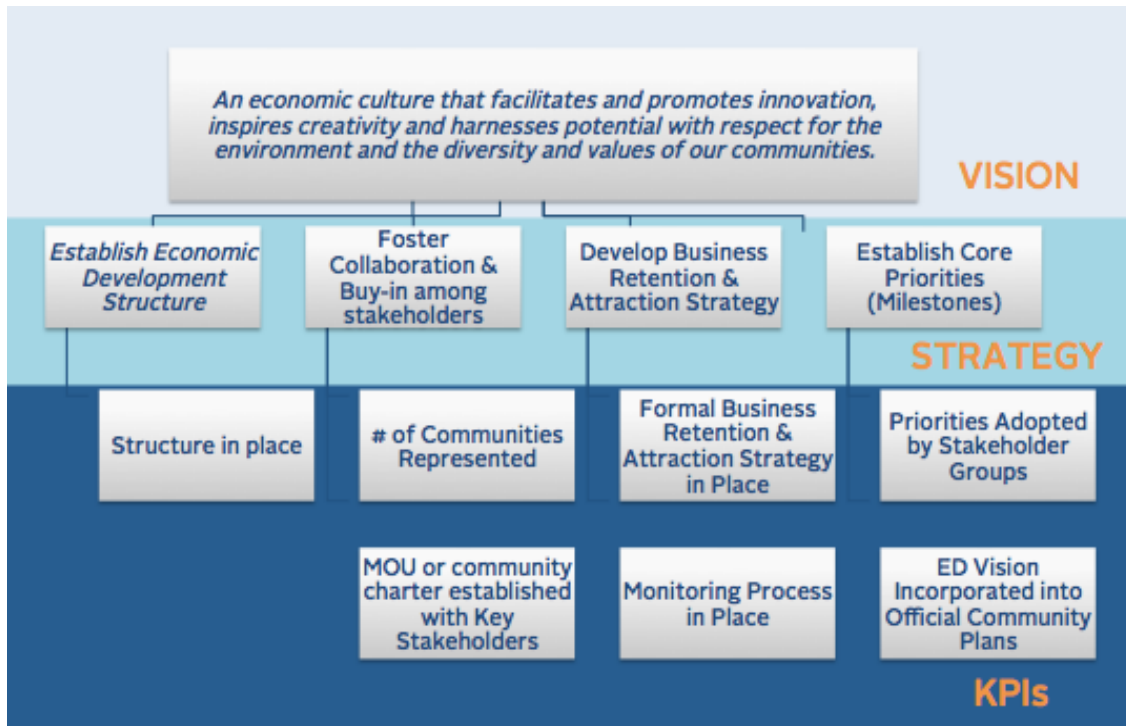
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EXECUTIVE SUMMARY

Oceanside Initiatives was formed in 2009 as a regional coalition of government, education, and business organizations to focus on regional economic development initiatives.

In 2012, they commissioned a Competitive Assessment of the Oceanside Economy, which provided a detailed economic and statistical analysis. In November 2014, this was followed up with a Request for Proposals for the development of an Economic Development Strategy for the region, and in January 2015, Wazuku Advisory Group Inc. was awarded the task. Through a thorough examination of relevant documents and a series of community consultations, the consulting team has prepared this Economic Development Strategy.

The strategy can be summarized in the following figure:



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INTRODUCTION

In 2004 the Parksville & District Chamber of Commerce entered into a partnership with the City of Parksville, the Oceanside Tourism Association, and the Oceanside Film Commission to establish The Parksville Collaborative Economic Development Office. This coalition ceased in 2009. Since that time there has been a focus on regional economic development through the formation of Oceanside Initiatives a regional coalition of government, education and business organizations.

The goals of Oceanside Initiatives are:

- Improving the non-residential tax base of The City of Parksville, The Town of Qualicum Beach and the surrounding unincorporated areas
- Supporting appropriate and planned growth strategies
- Generating more business and wealth
- Creating a diverse and sustainable economic base
- Competing effectively for good jobs and increased employment opportunities to improve the Parksville-Qualicum Beach live/work balance

The current stakeholder partners in Oceanside Initiatives are:

- The Town of Qualicum Beach
- The City of Parksville
- The Regional District of Nanaimo
- The Qualicum Beach Chamber of Commerce
- The Parksville & District Chamber of Commerce
- The Parksville Downtown Business Association
- The Parksville Qualicum Beach Tourism Association
- School District 69
- Vancouver Island University

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The first project initiated by Oceanside Initiatives was to conduct a competitive assessment of the region, and in 2012 a contract was awarded to Vann Struth Consulting Group to prepare one. The final report contained a very detailed economic and statistical report of the region comparing Oceanside to eight similarly-sized BC communities (including the central municipality or municipalities plus surrounding rural areas): Cranbrook, Penticton, Vernon, Salmon Arm, Campbell River, Courtenay/Comox, Port Alberni and Duncan). Armed with the data from the Competitive Analysis, Oceanside Initiatives determined that their next step would be the preparation of an economic development strategy. In November 2014 they issued a request for proposals to create overarching strategies that generate and implement actions at the regional level. This includes Electoral Areas E, F, G, & H, The Snaw-Naw-As First Nation, The Qualicum First Nation, The City of Parksville and The Town of Qualicum Beach. The following objectives were outlined in the RFP:

- The economic development strategy should include a concise vision statement outlining the desired future state of the economy of Parksville-Qualicum Beach in the year 2018
- Conduct an Environmental Scan and identify the Strengths, Weaknesses, Opportunities, and Challenges of the region as they relate to economic development
- Identify Key Economic Development Issues including:
 - Key economic development strategies
 - Key regional economic sectors for The Parksville Qualicum Beach Region
 - Regional issues/barriers to economic growth
 - Opportunities in existing sectors
 - Opportunities in new sectors
- Actions and Implementation Plan to Address Key Issues

Wazuku Advisory Group Inc. was chosen to lead Oceanside Initiatives in the development of its Strategic Plan.

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The consulting team has worked closely with members of the Oceanside Initiatives management team and economic development working group. Members of these two groups included the following:

Management Team:

- Kim Burden, Executive Director, Parksville Chamber of Commerce
- Paul Thorkelson, CAO, RDN
- Fred Manson, CAO, City of Parksville
- Daniel Sailland, CAO, Qualicum Beach
- Blain Sepos, Executive Director, Parksville-Qualicum Beach Tourism
- Melissa Mills, Volunteer, Parksville Chamber of Commerce

Working Group:

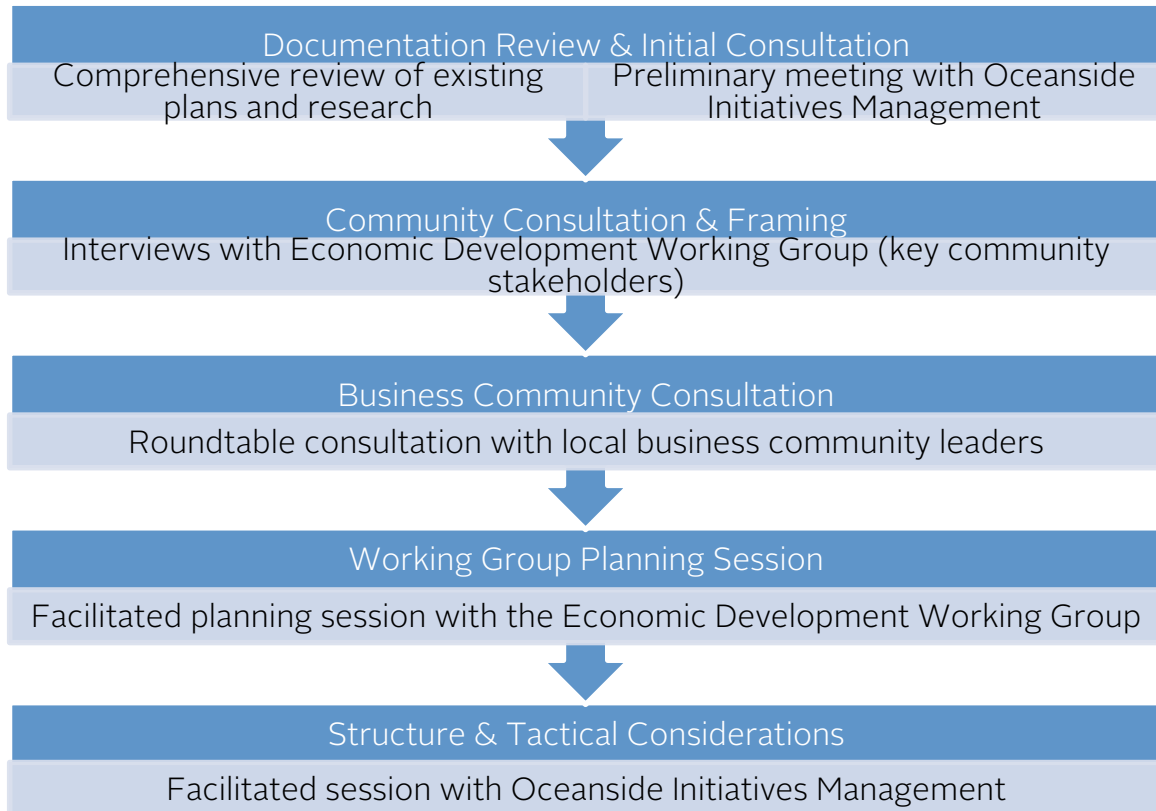
- Kim Burden, Executive Director, Parksville Chamber of Commerce
- Mayor Marc Lefebvre, City of Parksville
- Anne Skipsey, Councilor, Qualicum Beach
- Chief Michael Recalma, Qualicum First Nation
- Paul Thorkelson, CAO, RDN
- Chris Midgely, Manager, Energy & Sustainability, RDN
- Fred Manson, CAO, City of Parksville
- Daniel Sailland, CAO, Qualicum Beach
- Evelyn Clarke, President & CEO, Qualicum Chamber of Commerce
- Robynne Shaw, President & CEO, Parksville Chamber of Commerce
- Jean Malltesen, Dean, Academic & Career Preparation, VIU
- Pamela Bottomly, ED, Parksville Downtown Business Association
- Julian Fell, Director, RDN
- Mark Stephens, Director of Operations, Nanoose First Nations
- Rick Roberts (at large)
- Blain Sepos, Executive Director, Parksville-Qualicum Beach Tourism

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METHODOLOGY

In January 2015 the consulting team embarked on plan preparation following a methodology outlined below:



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The first task for the consulting team was to conduct a comprehensive review of all relevant documents to become familiar with the current business and social climate in the region. These documents included:

- The “*Competitive Assessment of the Oceanside Economy*” prepared by Vann Struth Consulting Group Inc. in December 2012
- “*Making Culture Count: Town of Qualicum Beach Cultural Plan*” prepared by Patricia Huntsman
- “*Recommended Strategies for Youth and Young Families Retention and Attraction: Town of Qualicum Beach*” prepared by Neil Smith
- “*Age Friendly Transportation Plan*” for the Town of Qualicum Beach
- “*Economic Development Strategy Update: City of Parksville*” prepared by Harris Consulting Inc., Eric Vance & Associates, and Vann Struth Consulting Group Inc.

The documentation review was followed by a meeting via teleconference with the Management Team the purpose of which was to frame the discussion and develop the details of the process.

Phase II of the process involved one-on-one telephone interviews with members of the Working Group. In all, thirteen individuals were interviewed in the first two weeks of February 2015. The key themes that emerged from those phone calls were summarized in a report and discussed in a teleconference with the Management Team. This information was used to develop the agenda for future phases.

A round-table session with local business owners was scheduled for Feb. 11 in Phase III to identify:

- Critical success factors for local businesses
- Impediments and barriers to growth
- Gaps in the local business community and supply chain
- Local values
- Desirable growth sectors
- Potential policy initiatives to attract new businesses and help existing business sectors grow

The results of the roundtable were summarized and presented to the Management Team in advance of the next phase.

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On February 23, 2015, the eighteen member Economic Development Working Group took part in a full day planning session facilitated by Wazuku Advisory Group. Building upon the themes developed in the previous phases, the session developed:

- A SWOC analysis for the region
- An economic development vision for the Parksville–Qualicum Beach Region
- A set of strategic imperatives or broad goals of the economic development strategy; those things that must absolutely be done right in pursuit of the Vision over the next two to three years
- Key performance indicators (KPI's)
- Tactical considerations to be considered in developing the tactical roadmap to be followed over the next twelve to eighteen months in pursuit of the Strategic Imperatives

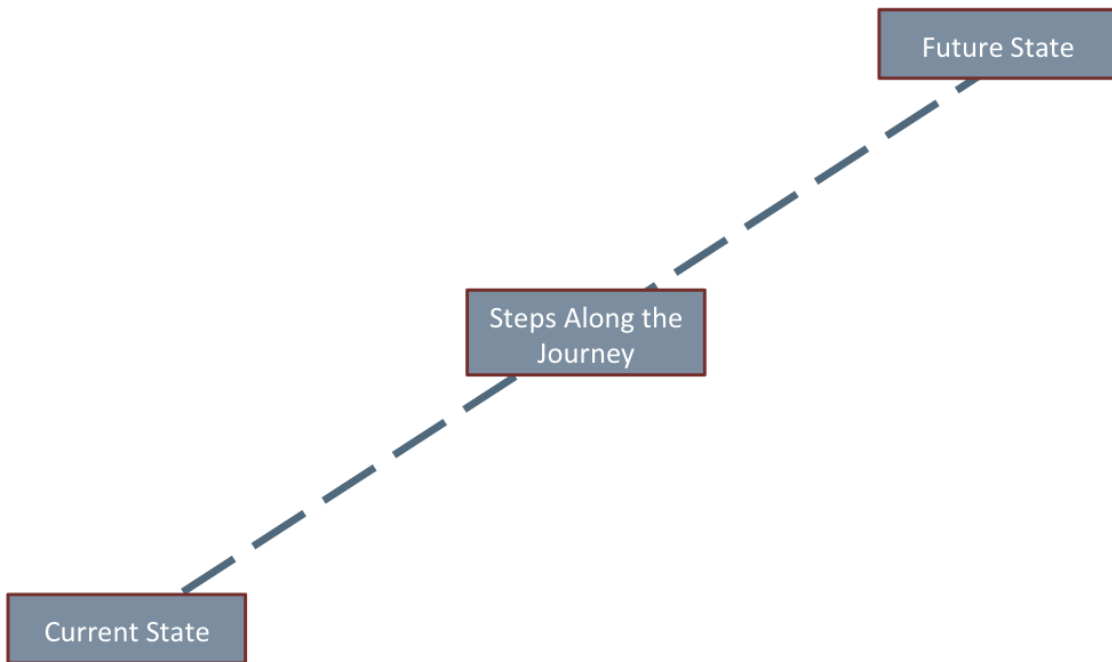
The final consultation phase was a facilitated half-day session with the Management Team on March 13, 2015. The purpose of this session was to further develop what was determined by the Working Group to be the most important Strategic Imperative, the establishment of a structure for the Economic Development Body for the Parksville-Qualicum Beach region. During the final two weeks in March, the consulting team gathered all of the information obtained from the consultations, and prepared a draft Economic Development Strategy for submission to the Management Team for their consideration. This document represents the outcome of that process.

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THE STRATEGIC PLAN

Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. Effective strategic planning articulates not only where an organization is going and the actions needed to make progress, but also how it will know if it is successful.



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Once completed, the strategic plan will have:

- A well-articulated Vision Statement –the Future State
- A series of broad goals or Strategic Imperatives – the Steps Along the Journey. These are those things the organization must do well in pursuit of the Vision
- A Tactical Roadmap – detailed activities for each Strategic Imperative that are assigned to individuals in the organization with fixed completion dates
- Key Performance Indicators – a set of quantitative and qualitative metrics to determine when success is achieved



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CURRENT STATE

The first step is to determine the current state of the organization.

Competitive Analysis

Oceanside Initiatives engaged Vann Struth Consulting Group in 2012 to conduct a Competitive Assessment of the region to better understand its current economic situation. The final report contained a very detailed economic and statistical report of the region comparing Oceanside to eight similarly-sized BC communities (including the central municipality or municipalities plus surrounding rural areas): Cranbrook, Penticton, Vernon, Salmon Arm, Campbell River, Courtenay/Comox, Port Alberni and Duncan). Highlights of the analysis include:

- Parksville-Qualicum Beach has had the fastest population growth over the last 25 years and is projected to have the 2nd fastest growth rate over the next 25 years
- The population growth has been driven by the highest rate of net migration among the group of communities. Oceanside attracts residents from elsewhere in British Columbia and Canada and around the world
- Parksville-Qualicum Beach has the 2nd highest average income, but the lowest percentage of income from employment. The average employment income ranks 2nd lowest
- Parksville-Qualicum Beach has the highest median age among the comparison communities
- Due to having the oldest population, the labour force participation rate in Parksville-Qualicum Beach is lowest. The working-age population has among the highest rates of post-secondary education, including both university and apprenticeship/trades training. The adult population also has the highest rate of post-secondary credentials in science, math and computer science among the similar-sized communities, but a lower rate than BC overall
- Parksville-Qualicum Beach has the highest average housing prices on Vancouver Island outside of the Victoria metro area. There is significant variability within Parksville-Qualicum Beach, however, with some areas significantly more affordable than the overall regional average

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SWOC Analysis

The competitive analysis provided an economic and statistical picture of the current state of the region.

The community consultation phases of the strategic planning process led to the development of a SWOC analysis (Strengths, Weaknesses, Opportunities and Challenges) to provide a picture of where the community saw the current state of the region in more qualitative terms. The results are summarized below:

Strengths

- *Safety:* Oceanside is a safe community with an extremely low crime rate, making the region an attractive place to live.
- *Beach Access:* the Oceanside region has direct beach access, making the region an attractive place to live and work.
- *Road, Water & Air Access:* with road, water and air transportation routes, the Oceanside region is accessible to larger community's centers without the big community feel. Transportation accessibility enables residents to commute to larger urban centers for work should they chose to do so.
- *Walkability:* the Oceanside region is connected by a trail system, making the region attractive for active lifestyle residents.
- *Housing Affordability:* the cost of residential land and housing in the Parksville-Qualicum Beach region are considered to be highly affordable. In addition, residential and commercial property taxes in the Parksville-Qualicum Beach region are considered to be low. These factors make the region an attractive place for residential real estate investment.
- *Lifestyle:* the Oceanside region is a destination of choice for outdoors and recreation.
- *Business Climate:* the business community is supportive of each other (e.g. networking and referrals).
- *No Single Dominant Employer:* the Parksville-Qualicum Beach region is not reliant on any one large-scale employer. This factor mitigates the community's economic risk on sectorial swings.
- *Seniors Demographic:* with an aging populating, opportunities exist for businesses that provide services to seniors (e.g. health care).

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- *First Nations:* First Nations in the region have a vested interest in and a capacity for regional economic development.

Weaknesses

- *Economic Leakage:* the close proximity to major urban centers such as Vancouver and Nanaimo can lead to economic leakage. Once participant referred to economic leakage in the region as “the Walmart effect”.
- *Transportation System:* gaps exist within the transportation system.
- *Ferry System:* long waits, rising costs and reductions in service can drive down tourism.
- *Local Promotion:* it was identified that there is a lack of awareness of products and services that are available locally. This factor is a significant contributor to economic leakage.
- *Availability of Rental Property:* there is a gap in availability of rental options and land leases on both the residential and commercial side in the region. As a result, prospective residents and businesses are driven away from the region.
- *Lack of Diversity:* the Oceanside region lacks business and cultural diversity. Failure to attract new immigrants to the region could result in a decline in real estate values.
- *Entertainment Gap:* limited entertainment options exist in the region, which could negatively impact retention and attraction (e.g. no nightclubs, no movie theaters, etc).
- *Exclusive Business Climate:* the business community in the Parksville-Qualicum Beach region is very tight-knit – it can be challenging for new businesses and/or business people to enter the market.
- *Aging Population:* the population is aging rapidly, which could create widespread social and economic implications (e.g. conservative spending habits, dependence on health care system, etc).
- *Retention of Younger Demographic:* limited career opportunities exist for the younger demographic. As a result of this factor, many young people leave the community to pursue professional careers (and higher income jobs).

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- *Business Selection & Hours:* services and retail selection is limited. Many local businesses in the region are considered “hobby businesses”. Furthermore, business hours in the region are restricted to 9am – 5pm.
- *Limited Employment Opportunities:* the job market in the Oceanside region is relatively limited, particularly for higher income jobs. It can also be challenging for couples to secure dual employment.
- *NIMBY-ism:* high level of resistance to change within the community. Many residents don’t see the value of economic development.
- *Education System:* school closures in the region have driven young families away and could create barriers to attracting new families to the area.
- *Transient Population:* a significant number of homes in the Oceanside region are vacation properties. The regions’ transient vacation population contributes to cyclical swings in the summer months.
- *Lack of Succession Planning:* it was identified that, due to a lack of succession planning, many businesses close when their owners retire.

Opportunities

Participants undertook an exercise to identify some of the opportunities to leverage in pursuit of economic growth in the Parksville-Qualicum Beach region. We summarize as follows:

- *Container Port:* there may be an opportunity for the Oceanside region to support the establishment of a container port in Port Alberni.
- *Export Facility:* the Oceanside region is home to a number of local manufacturers (e.g. electric vehicles, pre-fabricated homes, etc). An opportunity exists to enable local products to access international markets by supporting the creation an export facility that leverages the Parksville-Qualicum Beach regions’ ocean front location (access to water for exports).
- *Build Education Link:* an opportunity exists to build partnerships with post-secondary institutions in the region to support the

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development of education programs that are linked to regional demand (e.g, healthcare, natural fiber, etc)

- *Mentorship*: there are many skilled retirees living in the Oceanside region. It was identified that an opportunity might exist to engage young professionals and the skilled retirement community in a mentorship program.

Challenges (Threats)

- *Red Tape*: zoning and building regulations present an ongoing challenge in the region.
- *Growth Management*: the Working Group articulated that growth fosters change and the community must be prepared to manage growth resulting from economic development activities.
- *Buy-in for Economic Development*: session participants articulated that the case for the importance of economic development needs to be built to obtain buy-in from City Council and the broader community. Any economic development strategy must answer the question “What’s in it for me?”
- *Competition*: competition for economic development from other communities is increasing. If action is not taken, there will be consequences.
- *Buy-in for Importance of Immigration*: the Oceanside region lacks business and cultural diversity. Working Group members articulated that the case for the importance of attracting new immigrants must be built.
- *Limited Employment Opportunities*: the job market in the Oceanside region is relatively limited, particularly for higher income (career) jobs. It was articulated that it will be important to develop a strategy to “raise the average wage” in the region.
- *Aging Population*: the population is aging rapidly, which could create widespread social and economic implications (e.g. conservative spending habits, dependence on health care system, etc).
- *Housing Challenge*: if economic development does not take place in the region, there is a risk of dramatic decline in housing values.

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COMMUNITY VALUES

All communities are unique and have a set of local community values that inform its current state and should be in determining a desired future state. Participants undertook an exercise to identify the local community values that are unique to the Oceanside region. We summarize as follows:

- Transparency and social license.
- Community involvement.
- Environmental respect (green/clean).
- Equal access to permitting and services (“no favoritism”).
- Community pride (nostalgia).
- Local procurement (“buy local”).

DESIRED FUTURE STATE

The Competitive Assessment, SWOC Analysis, and Community Values Assessment helped inform the consulting team and Economic Development Working Group of the current economic state of the region.

The next step in the strategic planning process is to envision a desired future state. Part of that process is to imagine the critical economic sectors that are most desirable for the region.

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Critical Sectors

The Economic Development Working Group and the Business Roundtable participants undertook an exercise to identify desirable growth sectors as part of envisioning a desired future state. We summarize as follows:

- Healthcare
- Tourism
- Clean technology (e.g. renewable energy)
- Aquaculture (shellfish)
- Green manufacturing
- Home-based entrepreneurs
- Education
- Medical marijuana
- Retirement community entertainment
- Agriculture and farming (e.g. niche food products)
- Childcare

Vision

A vision conveys the community's future expectations about itself and its surrounding environment. In economic development, the vision provides a high-level sense of direction and is the starting-point for all planning.

As part of the February 23, 2015 strategic planning session the Economic Development Working Group determined that the Vision Statement should contain the following attributes:

- Cohesive regional collaboration
- Regional diversity
- Environmental sustainability
- Resilience (diversification)
- Adaptability and flexibility
- Community integration
- Relevant

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These attributes, along with all of the other work done by the group led to the development of following Vision Statement:

“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.”

STRATEGIC IMPERATIVES – THE STEPS ALONG THE WAY

The Economic Development Working Group identified four critical areas of work – strategic imperatives – necessary to achieve success as defined by the Vision. These can be thought of as those things that the organization deems most important to do well in pursuit of the Vision:

1. Establish Economic Development structure
2. Foster collaboration and buy-in within the stakeholder groups and communities
3. Establish core priorities and milestones
4. Develop a business retention and attraction strategy

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KEY PERFORMANCE INDICATORS

Key performance indicators (KPI) form an important part of the information required to determine and explain how an organization progresses towards its goals. A key performance indicator is a quantifiable measure an organization uses to determine how well it meets its Strategic Imperatives.

The Economic Development Working Group established the following KPIs for their Strategic Imperatives:

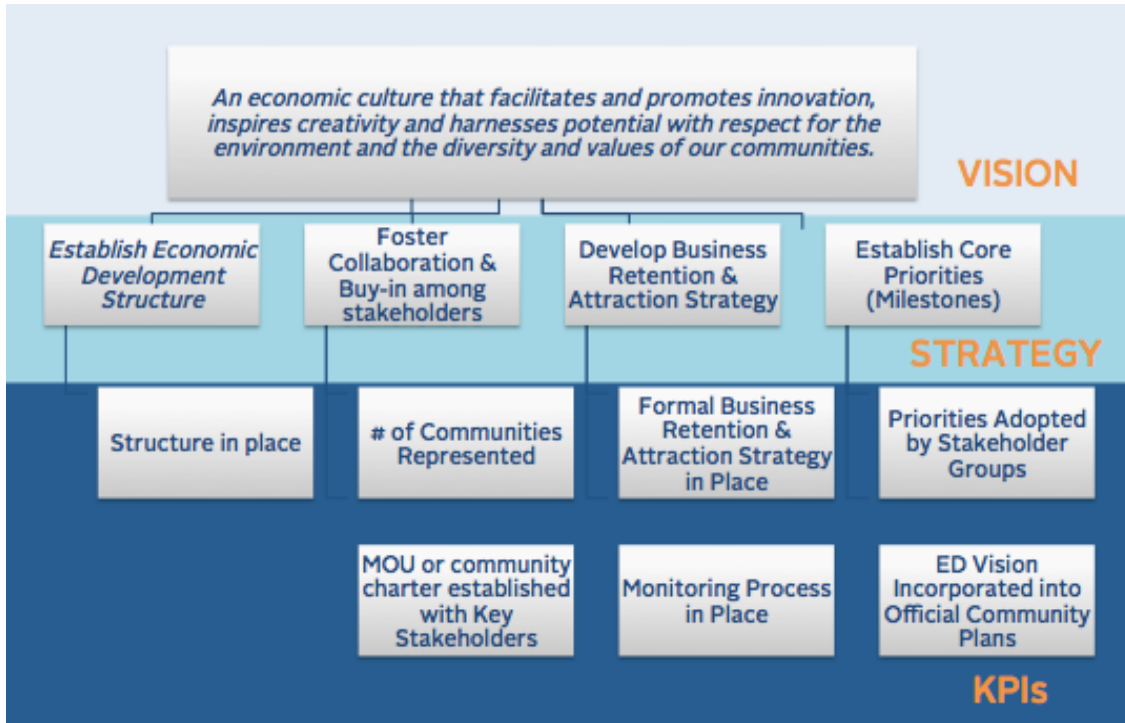
Strategic Imperative	Key Performance Indicator(s)
Establish Economic Development structure	<ul style="list-style-type: none">• Structure in place
Foster collaboration and buy-in	<ul style="list-style-type: none">• Number of communities represented• MOU or community charter established with key stakeholders in the region
Develop Business Retention and Attraction strategy	<ul style="list-style-type: none">• Formal business retention and attraction strategy in place• Monitoring process in place
Establish core priorities and milestones	<ul style="list-style-type: none">• Priorities adopted by key stakeholder groups• Economic vision incorporated into official community plans

A Tactical Roadmap will need to be developed by the Economic Development Body after its formation. This will outline specific activities assigned to specific individuals or groups with specific completion dates for each of the Strategic Imperatives.

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The following is a visual representation of the vision, strategic priorities and key performance indicators, as crafted by the Economic Development Working Group:



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STRUCTURE OF THE ECONOMIC DEVELOPMENT BODY

The final consultation phase was a facilitated half-day session with the Management Team on March 13, 2015. The purpose of this session was to further develop what was determined by the Working Group to be the most important Strategic Imperative, the establishment of a structure for the Economic Development Body for the Parksville-Qualicum Beach region. The recommendations on the structure of the Economic Development Body are summarized below:

<i>Economic Development Body Structure</i>	<ul style="list-style-type: none"> • A governance structure would be highly preferable but management structure more realistic initially
<i>Representation</i>	<ul style="list-style-type: none"> • Local governments • Education system (school district, VIU, etc) • Parksville and Qualicum Beach Region Chambers of Commerce (tourism) • Local First Nations groups • Advisory panel with representation from various sectors (regional business leaders) • Associations (BIAs, DBA, Vancouver Island Real Estate Board, Oceanside Construction Development Association, etc)
<i>Size</i>	<ul style="list-style-type: none"> • The Board should consist of 7-9 members
<i>Reporting Model</i>	<ul style="list-style-type: none"> • There are several options for this including a department of local government, a committee of an existing organization, or an independent organization. The consulting team committed to providing research on the alternatives. The final model will be determined by the stakeholders.
<i>Accountability Model</i>	<ul style="list-style-type: none"> • Oceanside Initiatives Management team to execute economic development strategy (must identify support required)
<i>Key Considerations for Funding</i>	<ul style="list-style-type: none"> • Having a structure that is independent of government enables the body to have control of investments (a government body cannot freely invest) • Could consider a fee for service (project

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	<p>based) model. Would create investment linked to specific outcomes</p> <ul style="list-style-type: none"> • Real estate associations as potential funding source • Are there creative ways to identify funding sources from municipalities through in kind contributions (e.g. donation of land on reserve)? • BIA and/or NCEDC as potential resource for funding
<i>Funding Scenarios</i>	
	<p><i>Unfunded</i></p>
	<ul style="list-style-type: none"> • Ad-hoc (donated time)
	<p><i>Semi-funded</i></p>
	<ul style="list-style-type: none"> • Project based, with project managers pursuing specific outcomes based on funder expectations
	<p><i>Fully Funded</i></p>
	<ul style="list-style-type: none"> • Open regional Economic Development Office <ul style="list-style-type: none"> ○ Could approach municipalities with ask for seed funding (must come armed with proposed structure and overview of work that has been undertaken to date)

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TACTICAL CONSIDERATIONS

The Management Team developed a set of tactical considerations for two of the Strategic Imperatives. These are outlined below:

Establish Structure

- Contact Victoria Chamber of Commerce re: economic development committee structure
Accountability: Kim Burden
- If independent structure is pursued, incorporate Oceanside Initiatives
- Establish bank account and accounting process
- Identify treasurer and signing authorities

Foster Collaboration & Buy-in

- Review and finalize MOU
- Each member of Oceanside Initiatives Management to provide comments to Kim Burden