

August 21, 2019

Attn: Mayor and Council, City of Nanaimo
By email to mayor&council@nanaimo.ca

Re: Recommendations for Future Economic Development in Nanaimo

Dear Mayor and Council,

As promised at the Governance and Priorities Committee Meeting of July 29th, 2019, please find a brief history of Community Futures as a pan Canadian network, Community Futures Central Island and our contributions to economic development in Nanaimo, along with our recommendations as to the future of economic development for the City.

Community Futures: Who are we?

As a national network:

Community Futures (CF) supports entrepreneurs through small business exploration, start up, retention, expansion and succession throughout Canada. Each of our 267 not-for-profit organizations are led by a local board of directors, who volunteer their time, knowledge, and passion to guide a team of professional staff in providing a wide array of business and community economic development services. These services fall under several categories that strengthen and diversify our local economies, which include Business Development, Training and Counselling, Community Economic Development and Small Business Financing.

Community Futures, a valuable asset to the business community; works collaboratively with partner agencies to support the needs of entrepreneurs in their region. Committed to ensuring small businesses have the tools, resources, and expertise entrepreneurs need to succeed. We also focus on injecting capital into emerging, entrepreneurial communities.

In 2008, the International Organization for Economic Co-operation and Development (OECD) called 'Community Futures' one of the most innovative and successful rural oriented policies anywhere in the world." The OECD went on to say that the program's success "is due in no small part to the fact that it is locally run and suited to local conditions."

They OECD stated that, "Across all developed countries that having a suitable business idea and securing necessary financing are the most important considerations for starting up or taking over a business"; Community Futures, by investing in local communities, expanding access to credit, and assisting entrepreneurs, continues to bolster the region's micro and small business community across Canada.

At a regional level:

Community Futures Central Island began its humble roots in 1975 as Nanaimo Community Employment Advisory Society (NCEAS) and was the trail blazer and model for the Community Futures program today, leading the way for our 267 sister organizations across Canada. A 1980 pilot project – one of two in the country – provided the framework for what would later become Community Futures. It was the first federally funded employment project aimed at encouraging members of the local business community to participate in

stimulating private sector employment. Don McMillan, known as the “grandfather of Community Futures” in British Columbia, was the driving force behind NCEAS at the time.

For more than 44 years in Nanaimo, Community Futures Central Island has successfully helped local entrepreneurs by providing business advisory services and financing. Whether an entrepreneur wants to start a business or expand their current operation, we can assist. Our loan funds can be used to apply new technology to enhance productivity, upgrade facilities and/or equipment, or facilitate the purchasing of a business.

Small businesses (less than 50 employees) are the backbone of the economy, representing 98% of all businesses in the province of BC, employing half of our province's private sector workforce and creating nearly two out of every three new jobs.

Since our inception, our Nanaimo office has lent \$41 million to 2,700 + small businesses in our region, leveraging \$60 million in our community and creating/maintaining 5,466 jobs.

Specializing in loans that meet the needs of small business, we offer customized re-payment schedules that work for our clients and their business. Our goal is to fill their financial gap and maximize assets or funds so that their entrepreneurial dreams become reality. As developmental lenders, we work collaboratively with banks and credit unions as well as other Community Futures offices in our network to create a financing plan that works for the business owner.

We are completely focused on the needs of our clients, local businesses, and region's economy. From our Nanaimo location, we assist entrepreneurs throughout central Vancouver Island from Ladysmith to Bowser, Whiskey Creek to Gabriola and Lasqueti Island and points in between. Community Futures is the only non-profit organization throughout rural BC with a mandate for small business and community economic development.

Historical Success and Contributions

Over the years, Community Futures Central Island has demonstrated their ability to establish partnerships and leverage resources on behalf of their communities. We understand the unique challenges and opportunities our communities face, and can respond quickly to changing circumstances.

The focus of Community Futures is to build community economic and entrepreneurial capacity, with an emphasis on long-range strategic planning and results. CFs are proactive, locally autonomous and non-profit organizations that are working hard to mobilize their communities to achieve stronger, more sustainable futures.

Community Futures, through their strategic planning, determine the role they will play in CED in their communities. For example, they may decide to be the leaders; or the facilitators; coordinators; partners, etc. CF has many “tools” which they can use to affect CED within their area. These tools can include such resources as a loans portfolio, technical support, business counselling, training programs, strategic planning for organizations/communities and project development and access to grant capital.

Benefactors of Community Futures Central Island in Nanaimo:

• Salmon in the City – \$75k

A three-year multi partner initiative from 1998 to 2000 that designed and constructed fish ways that provide permanent access to the abundant, good quality, spawning and rearing habitats in the Millstone watershed.

To meet this goal, and to harness the educational and economic benefits of a sustainable salmon run through the heart of Nanaimo, the Department of Fisheries and Oceans promoted a new business model by establishing a pivotal partnership with the Community Futures Central Island (CFCI). In support of 'Salmon in the City', CFCI agreed to co-ordinate a round-table of interested community organizations and offered administrative, media, budgetary and program support services (\$25,000) as well as a funding (\$50,000). Total project value \$350,000.

The initial focus was:

- the two fish barriers located in Bowen Park - the plan encouraged co-operative development/construction of fish ways and education/interpretation facilities.
- for areas of degraded or eroding stream banks on private land, the plan recommended joint action between land owners and stream restoration initiatives.
- for the 'Salmon in the City' partnership, initiate Public Meetings, organize media program, and solicit broad membership from interested organizations in the community and develop funding initiatives as appropriate.

• Nanaimo River Fish Hatchery

Community Futures Central Island operated the Nanaimo River Fish Hatchery from its inception in 1979 - until 2004 when the Nanaimo River Stewardship Society was formed. Assisted by a very capable management team of volunteers representing a wide range of community organizations, including Nanaimo First Nation, Nanaimo Fish and Game, Malaspina College (now VIU) and others, the facility has contributed greatly to the maintenance of salmon stocks in the Nanaimo River watershed.

• Vancouver Island University - WestCAPP Funding

Community Futures Central Island provided funding to VIU to assist in the design and construction of two projects:

1) VIU Deep Bay Marine Field Station - \$500K

To design and construct the first aquaculture field station in Canada - the Deep Bay Marine Field Station which will:

- Cluster scientific, environmental, economic and public engagement programming into one facility thereby creating a center of excellence and innovation to support sustainable shellfish aquaculture development
- Achieve LEED platinum green building designation with special purpose venues that can accommodate the simultaneous delivery of multiple shellfish-related programs.

2) International Centre for Sturgeon Studies - \$500K

A multi-partner funded infrastructure project sought to build a state of the art 13,000 sq. ft.

research facility on VIU's Nanaimo campus. The ICSS building was completed in January 2011. With the only white sturgeon brood stock at an academic institution in Canada, the ICSS acts as a "business incubator" by:

- Maintaining a healthy White Sturgeon brood stock
- Forming academic / industrial commerce partnerships to provide a secure source of eggs, fry and juveniles to commercial grow-out operators – to grow an industry
- Building on existing models of collaborative success (e.g. as with Target Marine Hatcheries Inc.)
- Becoming a knowledge and innovation hub to produce, acquire and share the latest scientific knowledge on white sturgeon to BC aquaculture producers and conservation organizations

• **Vancouver Island Conference Centre - 25K**

Community Futures Central Island was an inaugural sponsor of meeting room space at the Vancouver Island Conference Centre. We sponsored the Community Futures Central Island meeting room which is now the Millstone River Room.

In 2004, the City of Nanaimo was approved for the Softwood Industry Community Economic Adjustment Initiative (SICEAI) in the amount of \$ 1 million dollars through Community Future Central Island and Western Economic Diversification; however, with the collapse of negotiations with Front Street Projects Ltd. in October 2003, and with the delay in selecting a new site, project plan and private sector partner, such a Contribution Agreement could not be finalized within the March 31, 2005, deadline for the SICEAI program.

• **Other Initiatives**

Over the years, Community Futures Central Island has supported the local community hosting numerous conferences (a Youth Conference, a Value Added Forestry Conference, and Provincial CF Conference to name a few). It has supported initiatives such as Junior Achievement, Leadership Vancouver Island as well as Start Up Nanaimo. Countless workshops and roundtables, industry studies and strategic planning for not for profits. We were also an active member on EDG (Nanaimo's Economic Development Group) until it was disbanded. Over 44 years, we have served Nanaimo well; not to mention our regional community whose numerous initiatives/projects have not been mentioned.

Historical Involvement with Economic Development in Nanaimo

Community Futures Central Island has been involved with economic development in Nanaimo since the early 1990's. Back to the days of Economic Development Officers, Melinda Entwistle and Tanya McQueen. We were involved with the formation to EDG (Economic Development Group) and actively participated and aided in the procurement of funds for projects and well as contributed leveraging funds. Our record of benefactors and leveraged dollars into Nanaimo is notable.

Upon the dissolution of EDG and then creation of the NEDC, we participated in an advisory and collaborative basis on a management level. Community Futures Central Island board members and management did apply to the board of the NEDC however we were not successful candidates.

The Future of Economic Development in Nanaimo

After review of Allan Neilson's interim report "Economic Development Function Service Review Model" as well as the Regional District of Nanaimo's "RDN Regional Economic Development Options, produced by Vann Struth Consulting Group we have ascertained the following:

1) Economic development strategy first

Currently, the City of Nanaimo has been without a city or delegated corporate driven economic development strategy or department for 2 plus years. Community Futures Central Island feels that it would prudent to first invest in an economic development strategy which would, with community stakeholders, define the future of economic development for the city and how it intends to collaborate with the region on economic development matters.

An economic development strategy, like a business plan, will determine what your product(s) and or opportunity(ies) is/are, who your target audience/market is, who your competitors are, what is your competitive advantage, what are your start-up costs, day to day administrative costs and delivery cost, etc. It will help to determine who is needed on your team to deliver your strategy and what might be the best business model to facilitate the strategy. A strategy can be developed with current expertise and key stakeholders in a short period of time. A gap analysis can determine logistical weaknesses and appropriate models for maximum returns.

Our experience has determined that without a business plan it is difficult to run a successful business – and economic development cannot be achieved without a solid strategy. Community Futures Central Island with our years of experience can justify this argument. We have financed over 2700 businesses in our region and have counselled upwards of 8000. Many on the failed side, who we could not assist, often did not have a business plan in place. Our motto, 'Those who fail to plan; plan to fail'. Our experience throughout the region in economic development is similar. Those who do not have a strategic direction and plan fail to achieve results.

2) Internal protocols and processes clearly define and delegated for optimum results

Secondly, defining and solidifying the role of the city in reporting, navigating city hall, contract management and policy development should be a priority. On page 14 of Allan's interim report, Figure 3.1 Possible Scope of Services, there were eight gap/opportunities cited. The first five of the gaps/opportunities identified are directly linked to the City of Nanaimo, their council and staff. The direction of these gaps/opportunities should be determined, directed and or delivered by council and or staff. All of these functions are internal to the city. Protocols for how and who is responsible for information, communications and delegation of authority should be clearly defined so that if and when a model is determined there are a clear set of guidelines to steer the relationship for optimum productivity, efficiencies and results.

3) Determine best delivery model

After the economic development strategy has been developed and the protocols and processes within City Hall have been clearly defined, then the business model that best delivers the strategy should be determined and implemented. This could be an internal model, a hybrid, or a corporation. At this point, Community Futures Central Island is of the opinion that there has not been enough planning, budgeting or consultation to determine the optimum model that best delivers economic development for the City of Nanaimo.

4) Commitment to the community – long term commitment and investment necessary

Economic development is an investment. Like most investments they gain in value over a length of time. Short term investments as we know can be much riskier and fluctuate in gains/losses. We suggest that the City of Nanaimo determine which model will result in the longevity and sustainability of economic development delivery in Nanaimo in the decades to come - not the years to come. Build a platform that can withstand the changes from political trends and influences. A long term structure will assist long term investment from stakeholders, provide confidence to attract industry and business development while allowing for flexibility to deal with cycles and trends while on a solid footing.

5) It takes a village to raise a child; it takes a community to advance economic development

Economic development is a collaborative and collective approach to building a community's health and vibrancy. It is not just about chasing smoke stacks, one particular sector or the next big thing. It starts with its citizens and how they wish to see their city progress. They ultimately are who fund economic development and will make or break your success at the end of the day. Diversity in sector development provides a balance to deal with economic cycles and creates on-going stability as economic forces ride through inevitable shifts and fluctuation. Diversity in sector development, for example manufacturing, transportation and technology etc., fosters additional buy-in from a broad base of stakeholders and ensures a more stable approach and outcome – a more rounded economic base for the community and region. Social, environmental and economic factors play a key role in the balance of successful economic development.

With that said, Community Futures Central Island does not endorse a 'pay-to-play' approach to economic development. Yes, money does aid in the acceleration of projects but so does expertise, leveraging of relationships and volunteerism.

Conclusion

We are and always have been committed to the economic development of Nanaimo. We wish the best for the City and endeavour to strive for its success.

We thank the Council and Staff for considering our recommendations and look forward to being involved in your next steps.

Yours in community economic development,

Community Futures Central Island

Per:

Jolynn Green

Executive Director

David Mailloux

Chair