

SECTION 5 RECOMMENDATIONS

Nanaimo City Council wishes to increase the level of support for the City's economic development function. To ensure that any new investment is focused, effective, and supported by the community, Council initiated an economic development service model review. Neilson Strategies Inc. was retained in late May, 2019, to conduct the review. The consultant was asked, specifically, to advise the City on two points:

- the scope of services that should be included in an enhanced economic development function
- the preferred service model through which the function should be delivered

This *Final Report* has presented the findings of the consultant's work. The evolution of the City's economic development function since its inception has been outlined, as have changes over that time to the service delivery model used. The broad range of other economic development agencies in the community, and the specific services they provide, have also been outlined. An initial scope of services to consider for the City's new, enhanced economic development function has been presented. Alternative service models through which the function could be delivered have been outlined and assessed.

This final chapter of the report presents the consultant's recommendations for the City to consider. The recommendations were informed by the research and consultation undertaken for the review, and the July 29, 2019, discussion with Council's Governance and Priorities Committee on the *Interim Report*.

RECOMMENDATIONS

Scope of Services

Chapter 3 of the report identifies and comments on the scope of services that the City could consider including in its enhanced economic development function. The list of services in Figure 3.1 focused on service gaps and opportunities that emerged from a review of the City's existing function, discussions with economic development agencies in the community, a review of the agencies and their activities, and research on functions elsewhere.

Figure 3.1 was reviewed with Committee at the end of July. Based on the information presented in Figure 3.1, and the input provided by Committee members, the following recommendation on scope is presented in Figure 5.1.

Figure 5.1
Service Scope Recommendation

- > *THAT Council endorse an initial scope of services for the City's new economic development function that includes:*
 - *the development, implementation, and maintenance of a new Nanaimo Economic Development Strategy*
 - *the formulation of Nanaimo-specific economic reports on economic activity, performance, trends, opportunities, and needs*
 - *the provision of advice and assistance to existing and prospective businesses that must navigate City Hall to obtain permits, licenses, and other permissions or information*
 - *management of the City's service contract with Tourism VI, as well as future economic development-related service contracts with external agencies*
 - *the provision of input into the formulation of City policies by departments and Council aimed at facilitating economic activity and investment*
 - *the coordination of organizations with roles to play in the community's ongoing economic development*
 - *business attraction efforts, including the promotion of opportunities in Nanaimo, under a single Nanaimo brand*

It was noted earlier in the report that the City does not seek to duplicate or displace the efforts of existing agencies in Nanaimo. The City recognizes that, in many cases, existing agencies have the expertise, and have made the investments needed, to fulfill their respective mandates. The recommended scope reflects this point.

It is important to clarify that recommended scope represents the *initial* scope of services. It is not possible at this point to identify all gaps and opportunities in the economic development service landscape. In the coming years, it is expected that the scope will evolve as gaps, needs, and opportunities become better understood. The potential to establish and manage an investment fund — a service that has been left out of the recommended initial scope — would be revisited at a future point.

Finally, it must be emphasized that the recommended scope focuses solely on the question of "what" should be provided initially by the City in terms of economic development. The recommended scope says nothing about "how" the services should be delivered, or "who" should deliver them. These questions are addressed under the recommended service delivery model, which is examined next.

Service Delivery Model

Chapter 4 of the *Interim Report* identified, outlined, and assessed five service delivery model options for the City to consider. Based on this information, and on

the Committee discussion in late July, recommendations on the preferred service delivery model are presented in Figure 5.2.

Figure 5.2
Service Delivery Model Recommendations

- > *THAT Council endorse the In-House/City-Owned Agency Hybrid Model for the delivery of the City's new Economic Development Function.*
- > *THAT Council, in accordance with the In-House/City-Owned Agency Hybrid Model, divide the scope of services between an in-house economic development group, operated by City staff, and an arm's-length Nanaimo Prosperity Agency, incorporated and owned (primarily) by the City of Nanaimo, governed by an autonomous Board of Directors, and operated by its own staff.*
- > *THAT Council assign the following initial scope of services to the in-house economic development group:*
 - *the development of a new Nanaimo Economic Development Strategy*
 - *the formulation of Nanaimo-specific economic reports on economic activity, performance, trends, opportunities, and needs*
 - *the provision of advice and assistance to existing and prospective businesses that must navigate City Hall to obtain permits, licenses, and other permissions or information*
 - *management of the City's service contract with Tourism VI, as well as any future economic development-related service contracts with external agencies*
 - *the provision of input into the formulation of City policies of other departments and Council aimed at facilitating economic activity and investment*
- > *THAT Council assign the following initial scope of services to the City-owned Nanaimo Prosperity Agency:*
 - *the implementation and maintenance of the Nanaimo Economic Development Strategy (once developed)*
 - *coordination of organizations with roles to play in the community's ongoing economic development*
 - *business attraction efforts, including the development and embodiment of a single Nanaimo brand*
- > *THAT Council establish the Nanaimo Prosperity Steering Committee to oversee the creation of the new Nanaimo Economic Development Strategy, and to fully develop the ownership, funding, governance, staffing, and other elements of the City-owned Nanaimo Prosperity Agency.*

There are two key points to highlight in the Figure 5.2 recommendations. The first concerns the preference for a City-owned agency over an independent contract organization. In the consultant's view, a City-owned Nanaimo Prosperity Agency would be more inclusive than an independent contract organization, and would, as a result, allow for a stronger sense of shared ownership. The use of a City-owned agency would also represent a tested approach that works well in other large cities, and would be viewed as a more legitimate representative of the community in target markets. In the consultant's view, the City-owned agency would receive greater support than the independent contract organization in Nanaimo's economic development community.¹¹

The second point concerns the recommendation to establish a steering committee — the Nanaimo Prosperity Steering Committee. It is envisioned that this Committee would be comprised of a variety of community leaders, including those with experience in economic development and corporate governance. It would be appointed by Council, would report to Council, and would be supported by City staff.

The Steering Committee's mandate would be twofold in nature:

- *Nanaimo Economic Development Strategy* — The Steering Committee would govern, on behalf of Council, the development of the new Nanaimo Economic Development Strategy through an inclusive process.
- *Nanaimo Prosperity Agency* — The Committee would develop a blueprint for the establishment of the City-owned Nanaimo Prosperity Agency. Key success factors would need to be considered and incorporated into the Agency's structure. A strong governance model, with clear roles and responsibilities for the Board and City Council, would be a critical factor, particularly given difficulties that were encountered under the NEDC. Other factors for the Steering Committee to address would include:
 - the Agency's ownership structure, which it is expected would provide for primary (if not sole) ownership by the City, and the possibility of part ownership or investment by other interests¹²
 - funding, both for core functions and key initiatives
 - Council's role — and limitations imposed on the role — in appointing Directors to the Agency's Board, and in overseeing the Agency
 - the preferred qualifications for Directors, with consideration given to skill sets and the need for broad representation
 - the need for and level of City representation on the Agency's Board
 - mechanisms for ensuring appropriate accountability to Council
 - the Agency's staffing needs

¹¹ This conclusion is based largely on consultations with existing agencies.

¹² The creation of different classes of shares represents one mechanism that could be used to allow for buy-in by others.