

# **City of Opportunity: Powell River After the Mill**

**by**  
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## **Abstract**

Powell River's economic fortunes have been tied to the pulp and paper mill since the city's founding in 1911. After nearly a century of assured work and revenue, the mill began to reduce operations, which had a negative impact on the city's prosperity. The mayor of Powell River called together an Economic Revitalization Task Force in 2013, to create a plan for economic development in the city based on ideas put forward by him and the Powell River Regional Economic Development Society (PRREDS). The Task Force, composed of members of PRREDS, city councillors and citizens of Powell River, assessed the costs and benefits of those ideas, and developed concepts of their own, ultimately providing the city with a list of 85 activities to pursue. This thesis explores the background of the city and the Task Force, and examines the social and economic environment that led to the final recommendations.

**Keywords:** small city economic development; governance and decision making; citizen engagement; single-resource economies; pulp and paper mills

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## List of Acronyms

|        |  |
|--------|--|
| SFU    | Simon Fraser University                            |
| LAC    | Library and Archives Canada                        |
| PRREDS | Powell River Regional Economic Development Society |
| PRSC   | Powell River Sliammon Corporation                  |

## Chapter 1. Introduction

In 2013, a longstanding issue reached a climax in Powell River B.C. and served as my introduction to governance and decision-making in the City. Beginning in 2011, City Hall conducted a series of public consultations and information sessions for residents of the city to provide input on the design and location of a new library. The new facility would replace the existing library that had opened in 1962 and had not been updated since the mid 1980s. Based on a report by the regional library board, among the 71 libraries in British Columbia, Powell River's ranked 61<sup>st</sup> in volumes-per-capita and 70<sup>th</sup> in square-footage-per-capita, despite ranking 9<sup>th</sup> in terms of borrowers-per-capita in 2009 (Kregal, 2009). It seemed evident to me that a new library was not only desirable, but necessary, and I could not immediately understand why there was conflict between residents on this issue.

Costs for the library project were to be shared between the federal, provincial and municipal governments, and Powell River was expected to pay \$3.5 million towards the new development. Upon wide-release of the results of the City's consultations, a segment of the city's population mobilised to protest the proposed site, as well as the cost to the City. The anti-library contingent declared that the anticipated mill-closing and the City's diminished financial resources made borrowing money to build a library not only fiscally imprudent, but foolish. After months of volatile debate between different citizen factions, City Council abandoned the library plan.

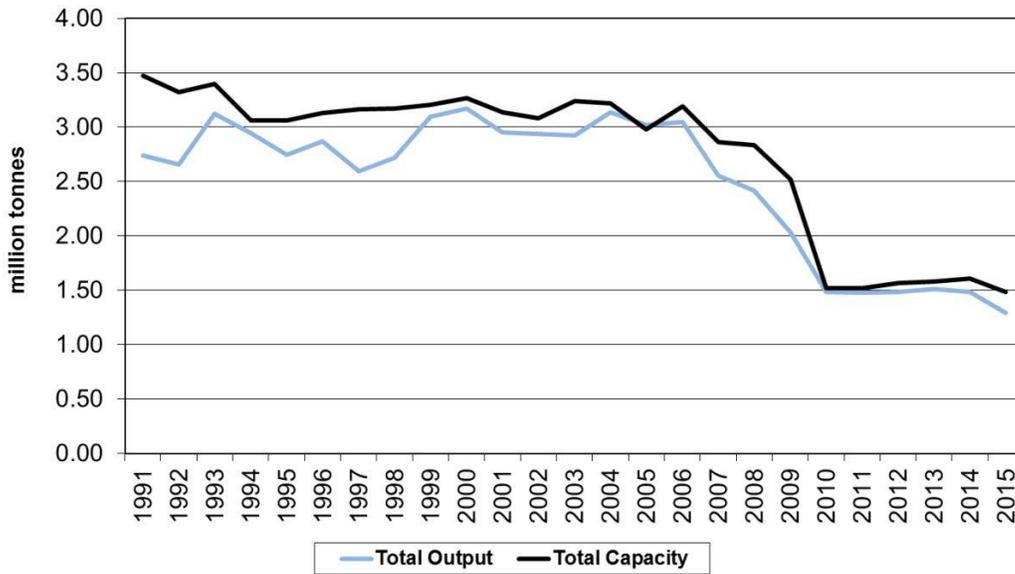
This episode piqued my interest in single-industry town governance, as did the palpable tension between the residents who were looking forward to a future of possible new economic opportunities and those who believed that the mill (or mine or other dominant industry in another place), as the primary source of both employment and infrastructure capital, was still the best and most important community pillar. Expanding on that thought, the question arose of how (or even if) single-resource towns can pre-emptively create or attract new employment opportunities to counteract the effects of the loss of their primary industrial base. What other places have been impacted by declines in the forestry and other resource-related sectors, and what are some of the ways in which economic decline can be minimised, if not averted?

I knew that Powell River had recently created a “Mayor’s Task Force for Economic Revitalization” and thought that I could conduct a case-study on the development and recommendations of this group. I thought that talking to the people who had been a part of the Task Force would provide insight into the way in which one particular place, Powell River, was trying to mitigate the job and economic losses related to the reduced operations of its pulp and paper mill. In order to get a better understanding of the context for the establishment of the Mayor’s Task Force and the economic history of Powell River, I needed to look at the history of the pulp and paper industry of British Columbia.

## **1.1. Pulp and Paper Mill Towns in British Columbia**

In 2004, there were 23 pulp and 11 paper mill operations in B.C., run by 16 different companies, a setup that had not changed much going back to at least 1990, the first year for which data is available. While some of these mills were integrated facilities, meaning that some or all of the pulp they produced was used in their internal paper production operations, they were categorised as distinct entities by the provincial government (Ministry of Forests, 1991; Ministry of Forests and Range Economics and Trade Branch, 2005). By 2015, there were 17 pulp and 6 paper mills run by 13 different companies (Ministry of Forests, Lands and Natural Resource Operations, 2017). In volumetric terms, there was a 38% reduction in estimated annual pulp production and a 54% reduction in estimated annual paper production between 1990 and 2015 (Ministry of Forests, 1991; Ministry of Forests, Lands and Natural Resource Operations, 2017), with most of the decline occurring after 2005, as shown in Figure 1.

According to the British Columbia Ministry of Forests, Lands and Natural Resource Operations, paper mill capacity fell by 53% between 2006 and 2010, and both capacity and output were particularly hard hit by the worldwide economic recession during that period. Since 2010, capacity and output have remained relatively stable, as can be seen in Figure 1 below:



**Figure 1: B.C. Paper mills capacity and output (Ministry of Forests, Lands and Natural Resource Operations, 2017, p. 25)**

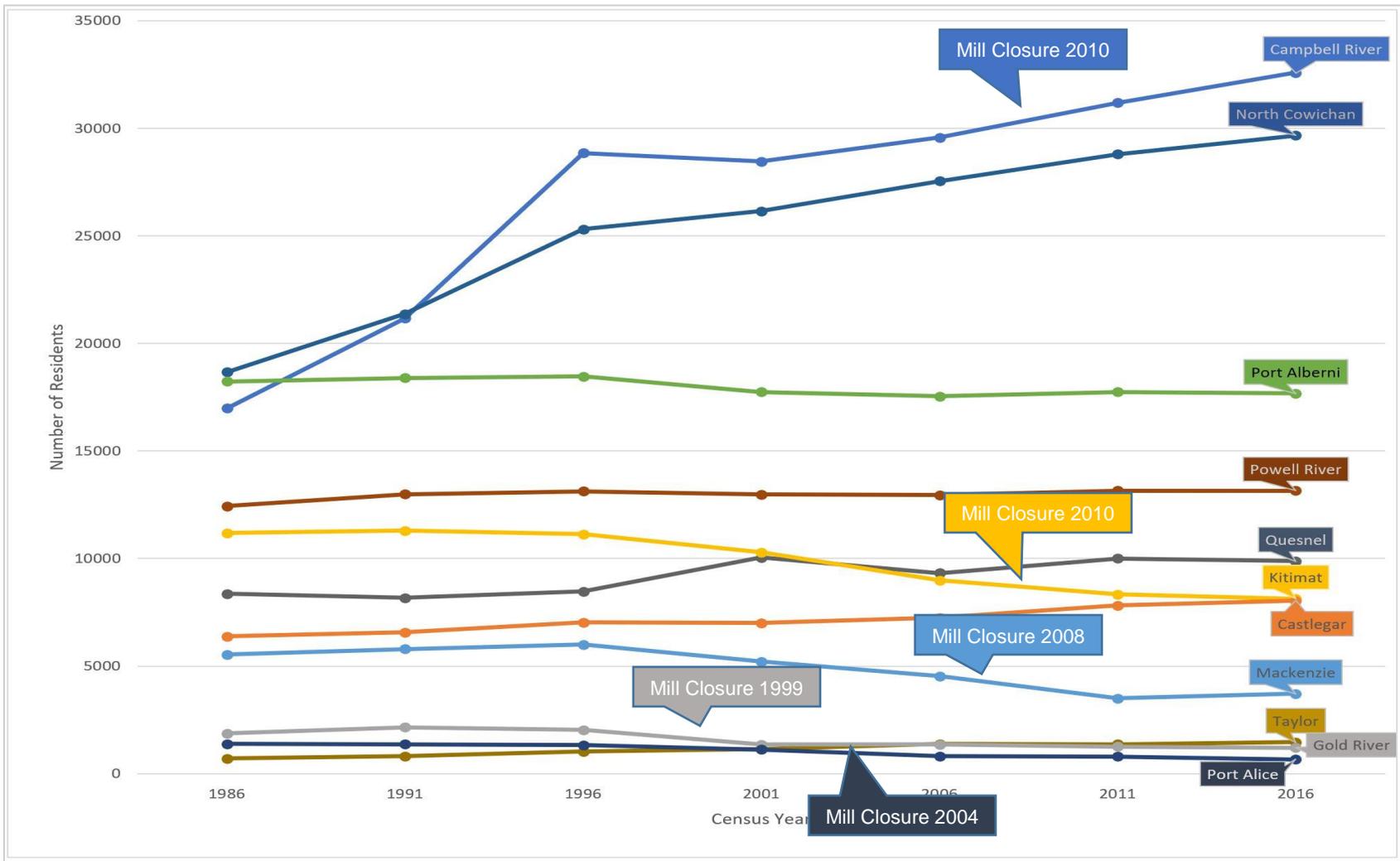
Population shifts that occurred in communities affected by the forest sector decline are a study in contrasts. While several of the smaller mill towns lost numbers, others, like Campbell River and the North Cowichan Municipal District continued to attract residents, as seen in Figure 2. Of the communities with pulp and paper operations, only North Cowichan experienced a population increase in every census, which is likely in part due to its location halfway between Victoria and Nanaimo, making it both easily accessible and close to amenities. The other community to experience substantial growth during this period was Campbell River, despite their mill closing in 2010, the reasons for which will be presented shortly. Of the communities profiled in Figures 2 and 3, only three (Powell River, Port Alberni and Crofton) still have operating pulp and paper milling facilities.

Another lens on the same communities is shown in Figure 3, which shows the increase or decrease of population by percentage between census years. For comparison, the change in population of the province and the city of Prince George have been included in Figure 3 as well. With regards to Powell River, one aspect of note is that the city, along with Port Alberni, experienced very little population change over this thirty-year period. The relative stability of Powell River’s population – an absence of

decline or growth – sets the context for the analysis of community participation in strategic economic planning that makes up the bulk of the research I conducted.

Figure 3 also highlights a few of the different experiences of each place. Starting with 1986 as the base census year, the percentage change in population is shown period over period for each community. Pulp and paper mill closures happened in Gold River in 1999, Port Alice in 2004, Mackenzie in 2008 and Kitimat in 2010, and each community had experienced a population decline by the following census. Paradoxically, the closure in Campbell River in 2010 was followed by its highest population growth since 1996.

One can infer from these graphs that no two communities are alike, and that there is not a universal solution to the problem of industry and job loss. The only other apparent consistency, aside from the stasis in Powell River and Port Alberni, is that two of the largest communities grew in size. This growth could be related to the urbanization of populations across Canada, and is a pattern that has been observed around the world. According to a United Nations report, the rural population across the globe is expected to peak in 2020 before beginning to decline as more and more people move to urban centres (United Nations Department of Economic and Social Affairs, 2014).



**Figure 2: Population change by census year for selected pulp and paper mill communities in British Columbia 1986-2016 (Author's interpretation of data from Ministry of Technology Innovation and Citizens Services, n.d.)**

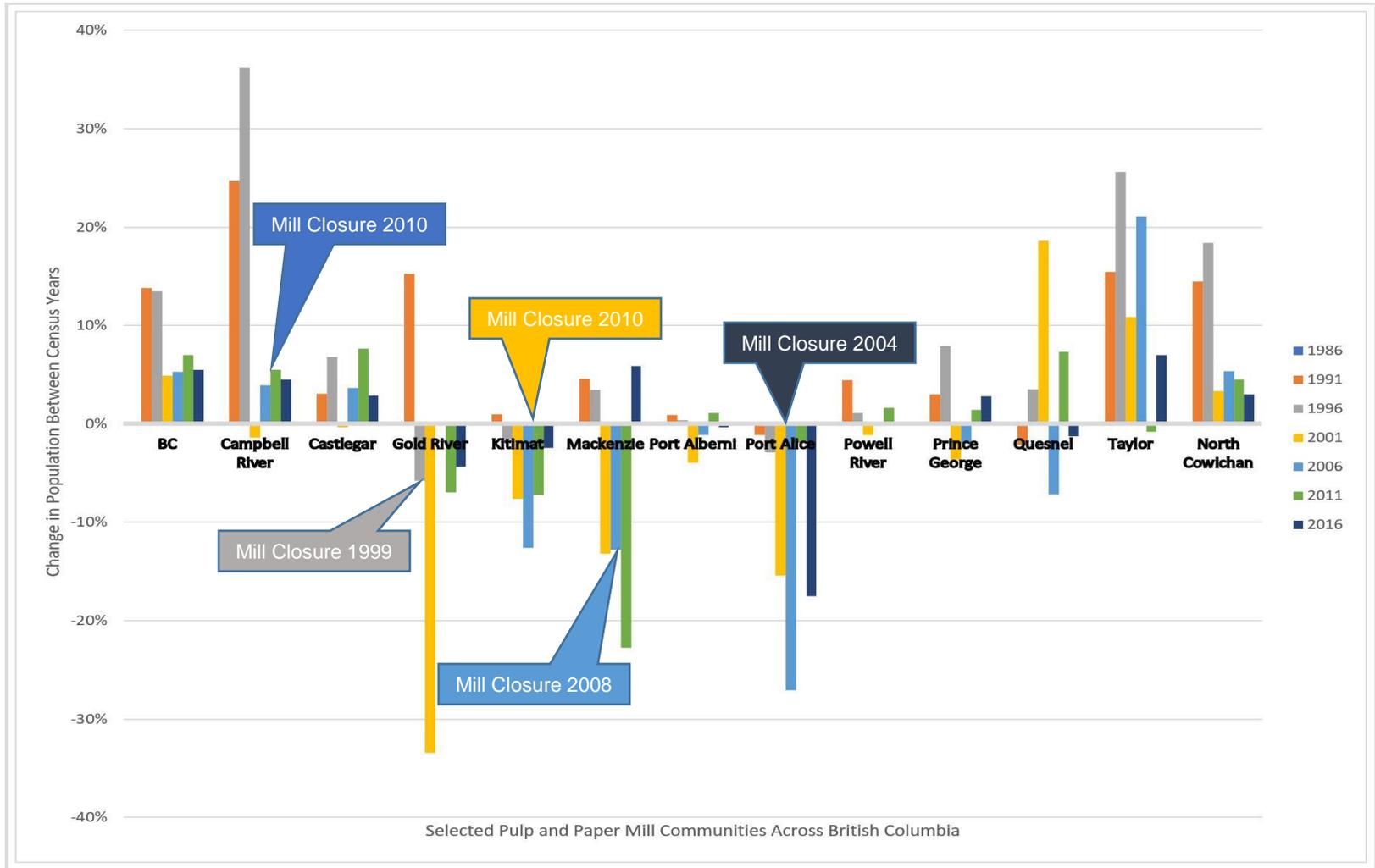


Figure 3: Percentage change in population between census years of pulp and paper mill communities across British Columbia (Author's interpretation of data from Ministry of Technology Innovation and Citizens Services, n.d.)

As mentioned, Powell River is one of the cities that maintained its pulp and paper mill through to present day and although the city’s population has remained steady, production at the mill has declined. The reduction of pulp output capacity has been more drastic than that of paper, which is divergent from the provincial decline seen in Table 1.

**Table 1: Change in output capacity of pulp and paper from mills in British Columbia and Powell River between 1990 and 2015**

| Year of estimate                    | Provincial Estimated Pulp Capacity in '000 tonnes | Provincial Estimated Paper Capacity in '000 tonnes | Powell River Estimated Pulp Capacity in '000 tonnes | Powell River Estimated Paper Capacity in '000 tonnes |
|-------------------------------------|---|--|---|--|
| 1990                                | 8,094.7   | 3,220.7  | 671   | 598.6  |
| 2004                                | 7,692   | 3,218  | 350   | 413  |
| 2015                                | 5,853   | 1,487  | 282   | 324  |
| <b>Percent decline 1990 to 2015</b> | 27%   | 54%  | 58%   | 46%  |

Author's interpretation of data from (Ministry of Forests, 1991; Ministry of Forests and Range Economics and Trade Branch, 2005; Ministry of Forests, Lands and Natural Resource Operations, 2017)

This decrease in capacity was directly related to a worldwide decrease in demand for pulp and paper products and is not expected to reverse. Like other B.C. mill towns, Powell River’s municipal government has had to embark on a mission to diversify and develop its economy because of a persistent and severe loss of jobs in the city.

The next section delves into how Powell River came to exist, and how it compares to other communities with similar economic bases.

## 1.2. Background

In Section 1.1, the recent history of the pulp and paper industry in British Columbia was discussed, but how did Powell River end up in its current situation? The recent changes in resource economies can now be used to explore the specifics of Powell River’s history. From its establishment as a company town in the early 20<sup>th</sup> century, to shifts in demographics and economic opportunities that have contributed to the decisions made by the city’s public officials, I now present a brief outline of Powell River.

### 1.2.1. History of Powell River and the Mill

Powell River is a “Small Population Centre” as categorised by Statistics Canada in the 2011 census (Government of Canada, 2011b). The term “Population Centre” replaces the previously used “Urban Area” to avoid the potential for confusion as the latter was used to describe sparsely populated as well as less-dense areas. Small Population Centres are defined as areas with between 1,000 and 29,999 residents and a density of 400 people or more per square kilometre. Rural Areas (those too small or too spread out to be included in the definition above) and Small Population Centres accounted for approximately 30% of the Canadian population in 2006 and 2011 (Government of Canada, 2011b). Nonetheless, these smaller centres have not been a major focus of academic research (Hall & Hall, 2008).

The original Powell River town site was built in the 1910s in the Garden City style by the pulp and paper mill owners to house their employees and their families (“Development of Powell River Townsite,” n.d.). The site selected for Powell River had been the home of the Tla-Amin village of Tees’kwat until the 1870s (Osmond, 2018a), when the Government of British Columbia appropriated a large parcel of land that included the village. The appropriation occurred amidst requests from the Tla’Amin for the Province to conduct a survey of their territory, on which they had lived for 4000 years, to prevent just such an action. Some records suggest that the government stalled on the requests because of the high value of the timber on the lands (Osmond, 2018b). Ultimately the lands were granted to the Powell River Paper Company in 1909 (“Sliammon First Nation and City of Powell River,” n.d.), and construction of the mill began.

Powell River and its mill prospered for many decades. At one point in the 1960s the mill could boast that one in every 20 newspapers in the world was printed on paper from Powell River, and it was the largest producer of newsprint in the world (“Powell River Paper Pioneers,” n.d.). In its heyday, almost one fifth of the city’s workforce, approximately 2500 people, was employed at the mill. However, as demand for newsprint decreased, so did mill operations, and a series of layoffs has occurred since the 1980s. At the time of this research, in the Autumn of 2016 and Winter of 2017, an estimated 200 to 300 employees were working at the Catalyst pulp and paper mill, and only three of twelve paper machines were in operation. During a visit to Powell River in

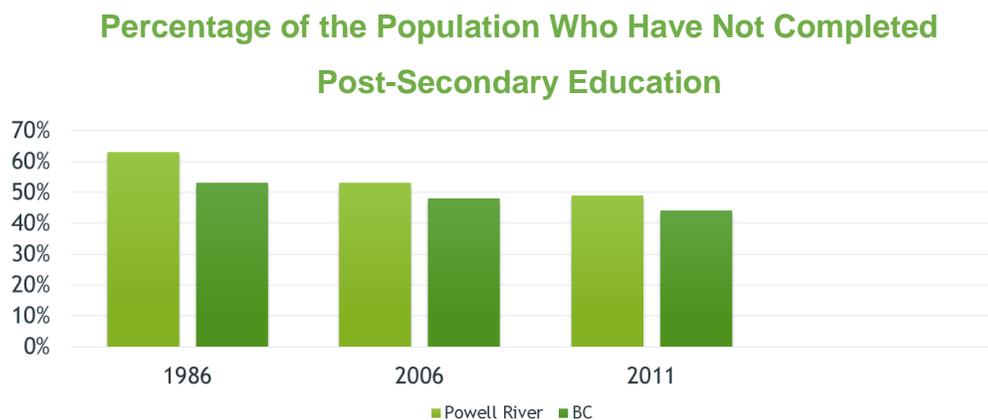
2016, I was told that the mill had recently shifted focus to the production of food-grade paper; there was hope that this would keep the mill running for the foreseeable future and may even increase the hours of operation, but all can agree that the mill is no longer the economic driver for the city that it once was.

A long-time Powell River resident illustrated this for me with an anecdote from the 1990s, during the most severe period of layoffs at the mill. She told me that there was concern amongst citizens that Powell River would turn out to be the next Ocean Falls, a city further up the coast that became a virtual ghost town when the mill owner decided that it was too expensive to continue operations in the 1970s. Like Powell River, Ocean Falls was carved out of the forest for the employees in the early years of the 20<sup>th</sup> century and was inaccessible by land. However, Powell River was not to follow suit, likely due to its closer proximity to both Vancouver Island and the Metro Vancouver area, and the infrastructure that had been built to connect it to its neighbouring cities. One might expect that the population of the city would have dwindled due to the lack of employment opportunities, as people left to find work elsewhere, and as happened in several other small single-industry towns in British Columbia, but that was not the case in Powell River.

As the population has held steady, so has the cost of housing. House prices in Powell River have remained low compared to similar communities in the surrounding areas. This could be due to the isolation of the region and the difficulty in finding employment. In 2006 for example, the average single-family home in Powell River was worth \$269,050, while in the Comox Valley – a ferry ride away on Vancouver Island – a similar house was worth \$329,280. (VannStruth Consulting Group, 2008). As prices across the province have risen dramatically in the last 30 years, the increase has been less severe in Powell River.

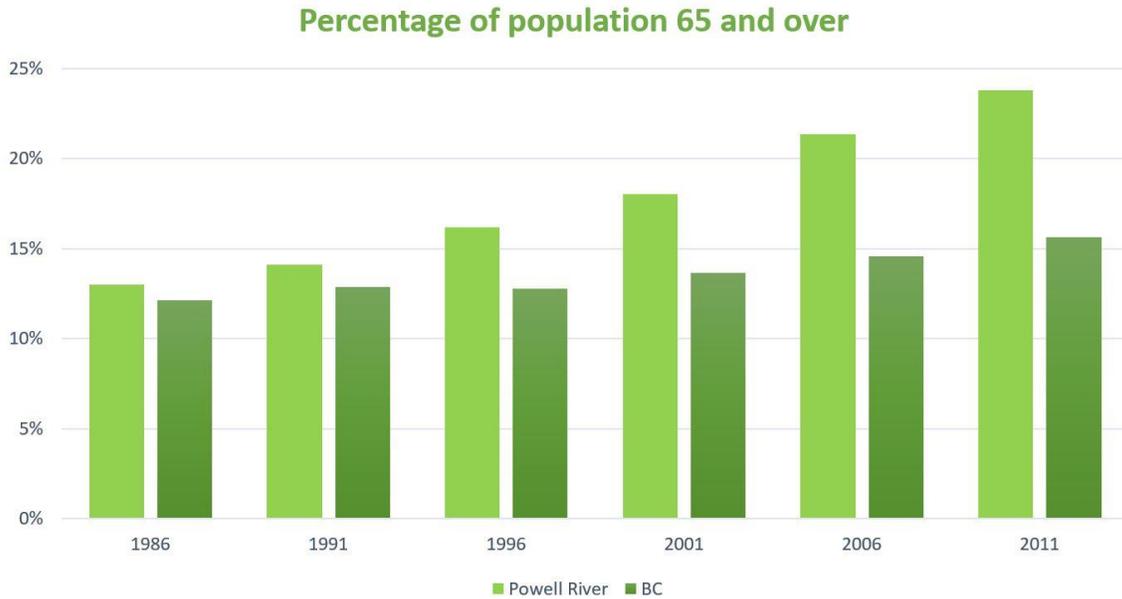
As mentioned, population numbers have remained stable in the region in the past few decades, with minor fluctuations between census years. Since the 1990s, there have been approximately 13,000 residents in the city, 16,500 in the Census Agglomeration area and 20,000 in the regional district, and this is an indication that there is something in the region that is enticing (enough) people to stay, and/or is attracting them to move there, to maintain the population base. Despite the relatively static number of people in the city, the demographic makeup has changed over the same

period. One example of this is displayed in Figure 4. According to data from B.C. Stats and Statistics Canada (Government of B.C., n.d.; Government of Canada, 2013), 64% the Powell River population indicated that grade 12 was their highest level of education in 1986, compared to 54% for the province as a whole. By 2011, the percentage had dropped to 49% in Powell River compared to 45% across British Columbia. This indicates that the level of education amongst the city's residents has increased more rapidly than in the province and is a sign of a changing populace. As a result, the education levels are converging with the rest of the province.



**Figure 4: Author's interpretation of data retrieved from Statistics Canada and B.C. Stats (Government of B.C., n.d.; Government of Canada, 2013)**

Another sign of the changing demographic makeup of Powell River is the increase in population aged 65 years or older. Over the same time period (1986-2011), this age group nearly doubled its representation amongst the city's residents, from 13% in 1986 to 24% in 2011. While the percentage of seniors as part of the provincial population has also increased over the same period, it can be seen in Figure 5 that the provincial increase has been much more gradual than in Powell River. This data will be used later to highlight demographic shifts in other mill towns as well.



**Figure 5: Author's interpretation of data retrieved from Statistics Canada and B.C. Stats (Government of B.C., n.d.; Government of Canada, 2013)**

The mill and Powell River have been intertwined since their earliest days, with the fortunes of the resource sector being reflected in the fortunes of the city. At the same time, demographic changes mean that new people with new perspectives and different life experiences are exerting some influence in city matters.

### 1.2.2. Connections to Other Places

The changing economic landscape and demographic fluctuations have created challenges for the city, but the issue of *how* to plan for the future is not unique to Powell River. There are many small cities grappling with the decline of their primary industry, often due to forces outside of their control. What is unique though, is the way in which each place addresses the loss of economic activity. The city government in Powell River has recently sought to jumpstart economic development through a series of policy changes. This process began in 2012, when City Council made economic development a City priority. Whereas previous councils had opted to make economic development the responsibility of the Powell River Regional Economic Development Society (PRREDS), an at-arms-length non-profit organization, the newly elected council wanted to be more involved. Leaving economic planning to an independent organization seems

counterintuitive, but in looking at smaller cities I discovered that it is not all that uncommon.

Smaller urban centres with one primary economic activity, usually resource or industry based, have not received the same attention from researchers as their more populous counterparts, and this will be discussed further in Chapter 2. Small population centres and rural places were home to 10.5 million people in 2011 (Government of Canada, 2011a, 2016), and the ability of these communities to sustain themselves is limited by a number of factors, not least of which is a reliance on outside markets to purchase the products that keep the citizenry employed and the municipal coffers full. In the case of industry towns such as Powell River, they are at the whim of global markets over which they have no control. Their responsibility is to meet the demand for the product they produce at a price determined by the market. When the market no longer demands the product – for Powell River it was newsprint – these once thriving places are left to fend for themselves. The problem that this research addresses is that small city decision makers are forced to confront complex issues that span economic, social and environmental realms, but often they do not have the resources or capacity to adequately do so. Economic planners look to experts from outside their region to prescribe solutions for small cities to compete with each other to attract investment or industry in order to create jobs, provide a corporate tax base and to sustain the population.

Powell River is one of three municipalities in British Columbia that are home to mills run by the Catalyst Paper Corporation. Catalyst is headquartered in Richmond, British Columbia and at the time of the research, operated a distribution centre in Surrey, two other mills in Port Alberni and Crofton, and facilities in the states of Maine and Wisconsin (Catalyst Paper Corporation, n.d.). A fourth facility, the Elk Falls mill located in Campbell River B.C., was closed in 2010. Like many other forestry focused companies, the ownership of Catalyst Paper has changed hands several times in the preceding decades. Catalyst itself is an agglomeration of predecessor companies that have a longstanding history in the forestry sector including the Powell River Paper Company, MacMillan Bloedel, Fletcher Challenge, Crown Zellerbach and Norske Skog. The company acquired its current moniker after a decision by shareholders in 2005 to change its name to “allow the company to do business under our unique identity, one that clearly differentiates us with customers and that accurately reflects our capital

structure” (Catalyst Paper Corporation, 2015). The primary shareholder of the public company is Third Avenue Management, a hedge fund management company based in New York City.

At the time of the creation of the Mayor’s Task Force for Economic Revitalization in 2013, there were only six remaining pulp and paper mills in the province. One factor in the shift in economic policy in Powell River was certainly the closure of the mill in Campbell River in 2010, despite being the largest pulp and paper operation in the province. Before that closure was announced, it was rumoured that Catalyst Paper intended to keep the Elk Falls mill in Campbell River open and to close the Powell River site, and there was genuine concern amongst the population of Powell River that they would wake up one day to find the whole facility shuttered.

After the closing of the operation in Campbell River, the three remaining Catalyst pulp and paper mills were left as the largest in the province. Powell River’s mill holds second place, behind that of Crofton and ahead of the one in Port Alberni. It is pertinent to explore the kinds of economic diversification efforts that have taken place in those other communities as a comparison for the activities being pursued in Powell River for several reasons. Due to the ownership structure of the Catalyst Paper Company, it is feasible that any one of these operations may close if shareholders vote to invest in other ventures. All three communities are situated on the south coast of British Columbia, and each town could consider the others as competitors trying to corner the market of a product that they each supply but for which demand is dwindling. Both Port Alberni and Crofton have made some efforts to explore economic development options, but as described in more detail shortly, I found little evidence that much in the way of urgency is on display in either community. In the next section I will look more closely at four other coastal mill towns in British Columbia and provide some points of comparison between their approaches to industry shift and that of Powell River.

### **1.3. Other Places, Other Priorities**

In early 2015, there were 97 mills of various types operating on Vancouver Island and along the south coast of British Columbia, from Pemberton to Chilliwack (Operations, n.d.). Only seven of these facilities processed pulp and/or paper, and they are listed in Table 2.

**Table 2: Pulp and paper mills on the south-west coast of B.C., 2015**

| <b>Company</b>                      | <b>Location of Mill</b> | <b>Type</b>  |
|-------------------------------------|-------------------------|--------------|
| Catalyst Paper                      | Crofton                 | Pulp & Paper |
| Catalyst Paper                      | Powell River            | Pulp & Paper |
| Catalyst Paper                      | Port Alberni            | Pulp & Paper |
| Howe Sound Pulp & Paper Corporation | Port Mellon             | Pulp & Paper |
| Nanaimo Forest Products             | Cedar                   | Pulp         |
| Neucel Specialty Cellulose          | Port Alice              | Pulp         |
| Kruger Products Ltd.                | New Westminster         | Paper        |

(Author's interpretation of data from Fibre & Mill Information, Operations, n.d.)

A brief examination of economic diversification and development in three of the communities from Table 2 follows, to provide context for the research I conducted. I have also included Campbell River as a comparison city because it is the closest city to Powell River with a similar economic history. Furthermore, its mill was operational until 2010 so Campbell River has had to deal with the recent loss of its primary industry. Information has been culled from the websites of the respective municipalities, a source that also provided an indication of the importance each local government places on economic diversification.

### **1.3.1. Profile of Four Coastal Paper Mill Communities**

#### **Campbell River:**

Located north-west across the Salish Sea from Powell River on Vancouver Island, Campbell River is a coastal community with a city population of 32,000, and, like Powell River, is the largest population centre in its regional district. The largest employer in Campbell River during the second half of the 20<sup>th</sup> century was the Elk Falls Pulp and Paper Mill, which was owned by the same company as the mill in Powell River. Campbell River's economy differs from the other communities described below in that it services a larger population and acts as a regional hub for approximately 60,000 people. This access to a broader market base has facilitated some economic diversification and a burgeoning service sector.

According to the Campbell River city website, the types of economic activity the city is best equipped for are: Aerospace, Aquaculture, Forestry, and Technology

“Campbell River Key Sectors including Aerospace, Aquaculture, Forestry and Technology,” n.d.).

A major shift in demographic makeup in Campbell River took place during the period of decline leading to the closure at the mill (2006-2010), and the percentage of the population aged 65 and older increased from 14% to 25% over that period (Government of Canada, 2016). Of the four communities profiled in this section, Campbell River has experienced the largest growth in the ratio of population over 65, as seen in Figure 6 on page 19. Figure 6 provides a visual comparison of the population changes of the four communities profiled here for the years 1986-2011. Specifically, the figure shows changes in the overall number of residents, as well as the change in the number of residents aged 65 and over as a percentage of the total population.

### **Port Alberni:**

Port Alberni, the self-described “[...] most affordable city on Vancouver Island with a hospital” (“5 things to know about Vancouver Island’s most affordable community,” 2017), is a city of 18,000 located at the end of the Alberni Inlet, due west of Nanaimo on Vancouver Island – about a 90 minute drive from Campbell River. According to the Catalyst Paper Company, the mill employed 317 people in 2013 and produces a variety of specialty papers for telephone directories, catalogues, magazines, brochures, inserts and flyers (“Port Alberni Mill,” 2013). Port Alberni’s history with lumber dates to 1860, when the first sawmill in the region opened, and this community is as connected to natural resource-based activities as Powell River; the challenges they have both faced in recent decades related to supply and demand of pulp-based products are similar.

It is not clear from my cursory exploration of its governance how much of an emphasis Port Alberni has put on economic revitalization and diversification, or how decisions are made with regards to this subject. An economic community profile is available on the City’s website (City of Port Alberni, 2013), but like many documents of this nature, it is primarily a marketing document to encourage investment in the city and region. Monthly reports to council by the Economic Development Officer have listed six priority economic sectors, similar to those listed above of Campbell River: Aerospace; agriculture; forestry; marine; technology, and tourism (“Reports to Council | City of Port Alberni,” n.d.). A strategic plan for Port Alberni’s City Council also emphasizes the

importance of economic growth and revitalization, but the only specific goals listed are to develop a plan for the replacement of the aquatic centre, and to support streetscape and traffic improvements along the Johnston Road corridor (City of Port Alberni, 2017). It is likely that other activities are taking place in Port Alberni, but I interpret the lack of profile given to economic development on the City's website as evidence that it is not currently as highly prioritised as it is in Powell River.

As mentioned earlier, the population of Port Alberni has remained relatively stable since the 1980s, and the percentage of seniors has increased steadily. In many ways it is the place that most resembles Powell River.

### **Crofton:**

Crofton, located south of Nanaimo on Vancouver Island, is the third and final British Columbia coastal community that was still home to Catalyst operations at the time of this research. In 2013, Crofton's mill was the largest of the three, with 591 employees ("Crofton Mill," 2013). Home to a population of just 2500, Crofton is heavily reliant on the mill for jobs, the opening of which restored the vibrancy of the community in the 1950s after the smelter that had been the impetus for the original settlement was shutdown in 1908. Economic diversification in the town is the responsibility of the broader municipality of North Cowichan, and some specifics for Crofton include "the creation and implementation of sustainable and effective residential and commercial land use policies which promote private and public investment, infill development and sustainable greenfield development" ("Crofton Local Area Plan Bylaw," 2015).

The ideas for development presented in the cases above are similar to some of the initiatives being pursued in Powell River, such as the amendment of land-use policies, and the attraction of aerospace and aquaculture industries. The fact that these priorities are present in the neighbouring coastal communities is indicative of the shortage of options that many small towns feel are available to them for both economic diversification and development, and this will be discussed further in Chapter 2.

### **Port Mellon:**

One other pulp and paper facility on the south coast was in operation until mid-2015 in Port Mellon, when the paper production facility was shut down by the Howe

Sound Pulp and Paper Corporation to focus on pulp. This closure left just one newsprint producing facility in British Columbia, in Crofton (Hoekstra, 2015). The company had invested \$1.3 billion in the 1990s to upgrade their newsprint paper facility to meet the demands of the Japanese newspaper market but was unable to recoup its investment because of the continual decline in demand for newsprint, the mill's primary product ("Howe Sound P&P – Paper Excellence," n.d.). Port Mellon itself is a small village, with few full-time residents, but the mill serves as an important employer for the lower Sunshine Coast. Due to its isolated location and lack of municipal government, there is no economic planning underway in Port Mellon.

These selected profiles show that the worldwide decline in demand for wood fibre-based products has had an undeniable impact on communities along the south coast of British Columbia. Despite being impacted by the same loss of demand for their major industry, there are drastically different responses at play. Geography, population and access to other markets have all contributed to the municipal governments' planning process, or lack thereof.

In Powell River, the local government has been talking about the potential closure of the mill since the late 1990s, but what has it been doing to address this possibility?

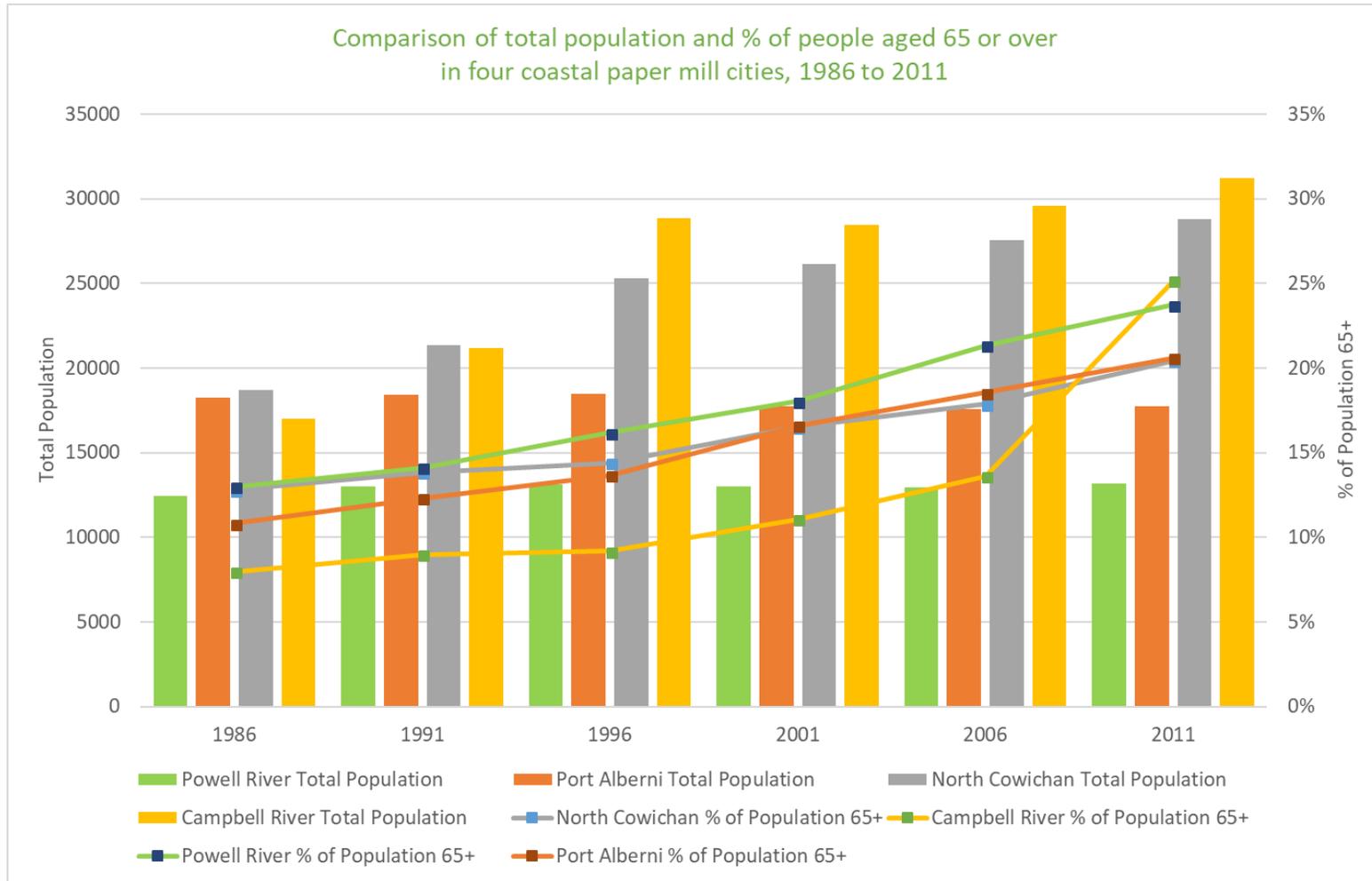
## **1.4. Research Question & Relevance**

Based on the general situation facing single-resource towns in southwestern B.C., namely the decline in demand for their primary products, the research conducted will answer the question: *What economic and social factors contributed to the adoption of the Powell River Development Strategy in 2014 and how was the decision reached to focus on economic activities that diverge from the city's traditional path as a mill town?*

This question has been designed to critically examine the decisions leading up to recommendations by the Mayor's Task Force on Economic Revitalization and the Mayor's Economic Advisory Committee in 2014 through an improved understanding of the environment in which they were made.

While my research was focused in Powell River, I believe that the findings will be of interest to other coastal and single-industry/resource cities that are facing many of the

same issues, as well as to researchers studying local economic diversification strategies. The options available to a municipality are limited to those industries that can either be attracted to it, or that can be supported internally, and there is much to examine on this front. My research contributes to the knowledge base on small cities transitioning from single-resource or industrial economies, specifically the decision-making process that precedes transition efforts, and shows whether or not a city government can direct the kind of economic activity that occurs within its borders despite having a history of meeting the demands of international markets.



**Figure 6: Author's interpretation of data retrieved from Statistics Canada and B.C. Stats (Government of B.C., n.d.; Government of Canada, 2013)**

### **1.4.1. What Follows**

The following chapters will explore the research question in full, beginning with a review of relevant literature in Chapter 2. The literature review focuses on research conducted in small cities, with discussion of opportunities and problems identified therein, beginning with economic development in small and single-industry communities, moving on to government and governance in small cities. Chapter 3 outlines the methods applied in the data gathering and analysis phase of the research. Chapter 4 offers a recent history of Powell River's economic and governmental activities and changes, and begins the discussion of the importance of including citizens in municipal decision-making processes. In Chapter 5, I analyse the data gathered through the emergent themes of the project and discuss the importance of healthy working relationships between governments, city staff and citizens, and how a lack of trust and transparency can act as a driver for change, particularly around election time. Also in Chapter 5, the findings based on the data collected are presented, showing how the inauguration of the Mayor's Task Force for Economic Revitalization was an innovation in Powell River that produced some unexpected results. Finally, in Chapter 6, those findings are connected back to the research question. Chapter 7 outlines the limitations of the research undertaken for this project and follows with some opportunities for further study.

## **Chapter 2.**

### **Literature Review**

The themes of small, single-resource city economic development, small city governance and citizenship engagement have been explored as most relevant to this research. Specifically, I sought out literature that examined the effects of resource-based industry dependence in small and rural cities in North America, and different approaches taken to adapt to the loss of that industry. I also wanted to review what had been written about the capacity of local governments to act as drivers of change in their communities, especially regarding economic diversification efforts. Finally, the interaction between citizens and their civic leaders emerged as an important topic because of the dynamic that exists in small cities, where everyone knows everyone else. I wanted to know if there was a high level of engagement amongst city residents or if other researchers had found that residents left decision-making up to their elected leaders. One overarching aspect of the literature with respect to this research project is the repeated mention of the need for more on-the-ground case study research in small cities. While there are reasons for this gap in the existing research, such as accessibility of data and the remote geographic locations of these cities, and the absence of research institutions within them, it nonetheless speaks to the fact the small cities are overlooked when it comes to issues of governance and policy making.

#### **2.1. Small Single-resource City Economic Development**

A set of qualities related to single-industry towns is outlined by Halseth and Sullivan, and these qualities are relevant to the early history and development of Powell River:

First, the community is typically isolated. Second, it most often has a very small population. Third, a single company or industry provides at least 80 percent of basic employment. Lastly, the managers of companies are expected to provide the bulk of the employment, houses, and services for residents. (Halseth & Sullivan, 2000, p. 3)

While modern day Powell River does not tick each of these boxes, this description provides a useful frame for the development and evolution of the city. The

original townsite of Powell River was built by the mill managers. Powell River, while not exactly isolated, is surprisingly difficult to reach despite being only 170 kilometres from the metropolitan area of Vancouver, British Columbia. The mill operations no longer provide the sole employment base for the city, but this development is what has given rise to the need for strategic economic planning. As North (1955) observed about American cities, "Settlement in new regions and their subsequent growth were shaped by the search for and exploitation of goods in demand on world market[...] a basic objective was to exploit the land and its resources to produce goods that could be marketed 'abroad' and would bring in a money income" (North, 1955, p. 245). Growth, in the form of European-rooted settlements along the west coast of British Columbia, was explosive and occurred where natural resources were plentiful. Settlements similar to Powell River developed throughout B.C., spurred by the abundant natural resources that from an industrialist viewpoint were just waiting to be extracted and sold, particularly in areas where the resources were close to access points for international markets along the coast.

In the period following World War II the British Columbian government invested heavily in resource extractive industries. The government partnered with industry to spread work to new areas around the province, and to invest in infrastructure and amenities in established resource communities (N. Young & Matthews, 2007). This investment strategy was seen as a massive Fordist experiment, "characterized as comprising stable and structured national and international systems of governance and production" (Hayter, 2003, p. 709), and was responsible for unprecedented economic growth across the province. This activity had repercussions later, once the resources were tapped out, or demand for the output decreased to a point where it was no longer profitable to continue producing, as will be discussed in the next section.

### **2.1.1. Loss of Industry**

There are many cities around the world that have had to grapple with issues related to economic and social decline due to the loss of leading industry (Barrios & Barrios, 2004; Catlaw & Stout, 2016; Erickcek & McKinney, 2006; Markey, Pierce, Vodden, & Roseland, 2005; Mayer & Knox, 2010; Siegel & Waxman, 2001; Stern & Hall, 2015; Trautman, 2016). Reviewing this research helped me to understand the historical context of the challenge facing Powell River, and also to get a sense of the scope of

economic diversification options that exist in different places. According to Siegel and Waxman there are six challenges specific to small industrial cities that inhibit their ability to compete in a modern environment:

- out-of-date infrastructure;
- dependence on traditional industry;
- transformation of their human capital base;
- declining competitiveness within their regions;
- weakened civic infrastructure and capacity; and
- more limited access to resources.

(Siegel & Waxman, 2001)

Decline in supply and/or demand of a community's primary export and economic driver can be ignored for a time, because efficiencies gained through technological advances can make it cheaper or easier to get products to market (North, 1955). There comes a point however, when steps to attract or create new employment must be taken, such as when a factory shuts down or lays off substantial portions of its workforce. The strategies implemented to address the loss of work and revenue can also impact the development of a city's future plans. Leaders who acknowledge that change is occurring and act to diversify earlier on may be better able to improve a city's resiliency and to minimise the effects of market fluctuations that are outside of its control, but at the very least will have more time to adapt to the change. Those who attempt to preserve the historical economic activities must then react to a crisis when their city is without enough work to support the population and few easily implementable strategies to adapt are available. "Clearly regions that specialize in a few products with high income elasticities will have more violent fluctuations in income than more diversified regions" (North, 1955, p. 250). The specialization that occurs in resource extracting regions undoubtedly exacerbates this problem, because communities and their citizens are ill-equipped to adopt diversification initiatives, especially when secondary economies are not encouraged to develop because the dominant firms are self-reliant (Chinitz, 1961). Furthermore, the wealth gained through resource extraction can make other types of economic activities seem less attractive, particularly in the short-term. As cities and regions become further entrenched in their resource-intensive industries, it becomes more difficult to adapt to the loss of those same industries (Markey et al., 2005; Saxenian, 1994).

With respect to Powell River's main industry, the increased globalization of the commodities markets and the focus on low value-added, high volume exports led to a

loss of demand. Pulp and paper mills in the province found it increasingly difficult to compete in global markets (Burda & Gale, 1998), in part because the province was running out of suitable wood. The high quality old-growth forests on which the industry was built were disappearing and the second-growth trees are of lower quality and take much longer to reach maturity than comparable products in New Zealand and South America.

While the forestry sector in B.C. was facing pressures related to globalization and a reduction in easy to harvest high-value trees, it was also trying to contend with increasing environmental concerns and acknowledgement of aboriginal land title amongst the general public (Burda & Gale, 1998; Hayter, 2003). These factors have contributed to the loss of reliable and stable industries for communities in rural areas, and thus efforts to attract new sources of jobs and income are required.

The processes through which single-resource and industry communities attempt to diversify their economies differ from place to place. One way in which cities try to branch out is by compelling firms to create clusters of various sorts (Feldman & Francis, 2004). Whether it be technology, healthcare, or another industry, city governments look to other jurisdictions that host an economic activity centre and try to incorporate some of the features they believe are lacking in their own city. The end goal of this imitation is to recreate the perceived success achieved elsewhere through the development of an economic activity cluster. Research has shown though, that the cluster model as a conscious policy intervention has not been universally successful. Cluster creation in this way has been criticized for providing an *ex ante* solution to the problem (Glasmeier, 2000), meaning that it is easy to point out a successful agglomeration after it has already been established without looking into the factors that led to its success in the first place. In small cities, the opportunities to build an industry from scratch by competing for firms are very limited. On the one hand, the lack of a specialised labour force in such locations acts as a disincentive to any prospective industry, while the lack of industry, good wages and relevant work leads to an exodus of any skilled labour that exists. It is impossible to ascertain what came first; the shortage of work, or the absence of workers.

At the other end of the spectrum, according to North “the decline of one exportable commodity must be accompanied by the growth of others, or a region will be left ‘stranded’” (North, 1955, p. 254). In this scenario, new commodities for export are

feasible because of reduced transportation costs or technological advancements that result from the growth of the initial export commodity. North posits that a region will continue to grow and mature based on the export economy that expands to include secondary and tertiary goods and services (North, 1955); but there are other outcomes than becoming stranded or diversifying an export market and the continued existence of Powell River is evidence of that. The mill in Powell River, like other pulp and paper mills around it, has continually updated its paper machines to adapt its exportable commodity to meet the whims of the market. Nonetheless, despite the mill operators' best efforts and the support of the City through tax breaks and investments (as discussed in Chapter 4), none of the innovative new products has been able to replicate the successes of the original commodity. There is a continual cycle at the mill in Powell River of machines being upgraded for the newest innovation and then shutdown when demand decreases.

A third strategy is to focus on specialization; cities in depressed economic situations can attempt to overcome economic downturns by exploiting their natural advantage and specializations due to their geographic location and through the repurposing of skills that were essential for the declining primary industry (Martin & Sunley, 2003). While Powell River's local government has been supportive (through property tax reductions) of the mill's efforts to stay up-to-date, City Council has also made attempts to create opportunity from the City's other assets. The serene location, the access to amenities normally found in larger urban centres like a hospital, accessible shopping centres, assisted living facilities, and a large community recreation centre, have all been used to market Powell River as a retirement destination. As seen in Figure 5, Powell River attracted more than its fair share of senior citizens through the 1990s and 2000s, but there are indications that the trend is slowing: in 2016 the median age in Powell River dropped for the first time in 20 years (Anonymous, 2017). While the retirement-focused plan also encouraged residents to remain in Powell River by promoting the advantages of living there, it is not a long-term growth strategy, and has been displaced in favour of other economic diversification strategies.

### **2.1.2. Economic Development**

Single-industry communities that are grappling with economic changes outside of their control can understandably find it difficult to envision a non-industrial future, particularly when the ties between their historical growth, industrialization and the

marketization of their primary resources (North, 1955) is considered. Hayter (2003) and Markey et al.(2005) assert that a combination of resource scarcity, greater focus on ecological matters, and political and cultural changes have brought the continued viability of rural areas into question. The negative impacts of global competition were felt hard in rural communities, and the problems were exacerbated by changes in strategy at the provincial government level. The election of the BC Liberals in 2001 reduced the government's financial support for the forestry sector (N. Young & Matthews, 2007). Previous governments had implemented policies to lower costs for industry despite the evidence that its competitiveness was decreasing (Burda & Gale, 1998). These policies were intended to (and did) create stability, which left many communities unable to adapt to the new globally focussed reality.

This issue connects rural areas across British Columbia as much of the economy is tied to forestry and its related extraction and processing services (Burda & Gale, 1998; Hayter, 2003; Markey et al., 2005). Markey et al. propose a Community Economic Development model, in which a “participatory, bottom up approach” (Markey et al., 2005, p. 2) is enacted to find and create locally based solutions to counter the effects of depressed local economies. This course of action mirrors a similar shift in policy that occurred across the United States to invigorate inner cities in urban centres. Historical responses to industrial loss, including efforts to attract new economic actors or to target training for laid-off workers, have largely failed to address underlying issues of poverty and job loss, and there is evidence that offering incentives to attract firms often costs more than the value of the benefits they bring (Glasmeier, 2000). As a result, new policies to encourage localised and region-wide solutions began to emerge at the end of 1990s, and Glasmeier presents a link between the inner cities targeted by these policies and rural areas: “the problems of inner cities and rural areas are not just the result of market failure. These are places that have literally had the foundations knocked out from under them” (Glasmeier, 2000, p. 574).

Among academics, the idea of attracting firms or creating clusters is not considered a sure bet, but the lack of case study research examining the efforts of small towns makes it difficult to shine a light on policy alternatives. One alternative that has been explored is economic gardening.

Economic gardening is the term given to the practice of nurturing local businesses as opposed to focusing on business attraction strategies (Barrios & Barrios, 2004) and has been described as “an economic development strategy that focuses on growing the economy from the ‘inside-out’ through the support of entrepreneurs and small businesses” (Mayer & Knox, 2010, p. 1560). Economic gardening programs provide targeted support to local businesses to help them succeed in the local economy and to incentivise them to stay once they are established. The idea is that fostering social bonds early in the development of a business will benefit the community more than spending money on expensive and unsuccessful attraction campaigns (Barrios & Barrios, 2004). At the same time, the business will benefit from shared expertise in avoiding common pitfalls faced by small firms and will be better equipped to overcome unexpected challenges.

One of the first cities to experiment with such a system was Littleton, Colorado (Barrios & Barrios, 2004). Like Powell River, Littleton’s economy was tied to one large employer, the aircraft manufacturer Lockheed & Martin, and suffered a fate similar to many single-industry towns when the company started laying off thousands of people in the mid 1980s. Faced with this crisis, as well as an ineffective business attraction and retention program, Littleton city council took a bold approach to create economic opportunities by “focusing on three development tools: (1) provide and improve the area’s basic infrastructure; (2) improve the quality of life by preserving open space, building hiking and biking trails, expanding their libraries, and supporting unique community events; and (3) identify and assist the expansion of local entrepreneurs by providing them with valuable financial and technical information and facilitating connections to similar industries and suppliers” (Barrios & Barrios, 2004, p. 88). Ultimately, these efforts were credited with the creation of 12,000 jobs between 1990 and 2000, while the population of Littleton rose by 4000. Similar approaches have fostered success in other cities across the United States as well.

Economic gardening is a close cousin of the Community Economic Development approach favoured by Markey et al. and is one example of what has been called the “Second Modernity” (Mayer & Knox, 2010). According to Mayer and Knox, the first modernity included the economic advancements of the 19<sup>th</sup> and 20<sup>th</sup> centuries that were supported by Fordism, industrial relations, and the welfare state. During this phase, many small cities were left behind, not able to compete with larger centres as labour

inputs became more mobile, and the foundation of business attraction schemes was to incentivise new business through tax reductions and land transfers. Cities that could no longer rely on their primary industry for jobs and taxes, like Powell River, tried to attract large firms to replace those jobs, but often at severe cost. One city in Colorado was prepared to offer the equivalent of \$200,000 in incentives per job created and was still unsuccessful in attracting the firm (Barrios & Barrios, 2004).

In their 2010 article, *Small-Town Sustainability: Prospects in the Second Modernity*, Mayer and Knox highlight that in addition to missing out on the benefits of globalization reaped by big cities, small towns have suffered many of the negative consequences. Their economies are overrun with external, multinational and national firms that withdraw more funds than they inject into the economy, and that are willing and able to relocate at the first sign of unprofitability (Mayer & Knox, 2010). The reaction of the people in these places has been to create “partnerships and networks among local community groups, local businesses and local governments [that are] often framed in terms of the sustainability of their community, with an emphasis on livability and quality of life” (Mayer & Knox, 2010, p. 1548). Previously unavailable opportunities have stemmed from the loss of the traditional (resource-based) career path in small cities, like entrepreneurship or telecommuting for firms whose offices are based elsewhere; but taking advantage of these new job prospects requires a certain comfort with risk. City governments need to direct support away from business attraction and retention schemes and towards projects that build on their local assets and support their citizens directly.

The need to adapt has contributed to shifting priorities at the city-government level, that Mayer and Knox (2010) term four new “sensibilities associated with small-town development [...]: Food, organic, slow [...] environmentalism [...] entrepreneurship [and] creativity. (Mayer & Knox, 2010, p. 1551)” These four broad categories underline the need for collaboration between disparate groups within a community. The creation of thick social networks also works to strengthen the economic bonds of the locally-grown firms that are supported by the residents (Barrios & Barrios, 2004).

Another challenge to development facing industrial cities of all sizes is the existence of brownfields that remain after the closure of the factory/mill/processing plant that supported the city. Hulking infrastructure takes up valuable real estate, but the

costs of redevelopment are prohibitive, especially when expensive environmental remediation is factored in (Siegel & Waxman, 2001). In small cities this can be especially problematic due to the limited availability of land. In some cases, such as Powell River, it is not only a question of land availability but also desirability. Much of the prime real estate in the city is taken up by industrial uses – the historic neighbourhood of Townsite is dominated by the mill, and other parts of the city’s waterfront are used for the sewage treatment plant, and a fuel storage facility. While certainly costly, remediation of such sites could be a potential source of employment, depending on the extent of remediation that would be required, and if funding for the work can be secured.

The particular challenges facing small cities, and especially those with a single economic engine, are often a matter of capacity. They “do not have a large enough scale to justify the costs of innovative workforce and economic development programs.” (Siegel & Waxman, 2001, p. 22). Programs such as retraining for industrial workers to incentivise residents to remain in the region after the major employer lays them off are expensive and are not sufficient when there is a dearth of good paying jobs for trainees to take-up. A proposed solution to the problem of resources is for municipalities to join together and work as a regional unit for economic development (Siegel & Waxman, 2001). Powell River’s city government may have had the idea of partnering with other jurisdictions in mind with the creation of the Regional Development Society; however, given its somewhat isolated geographic location and the composition of the Powell River Regional District, the City’s resources are more akin to those of a rural area. British Columbia has a formal regional governance system, which is described in Chapter 4. As the only incorporated body within its regional district, partnering with other municipalities is not an option (because there are none nearby), and the City carries the burden of attracting and retaining economic opportunities for the entire Regional District. Powell River’s city government is burdened with the fortunes of 20,000 people in the Regional District, despite being home to just two-thirds of them, and only receiving transfers from the district on an ad-hoc basis.

## **2.2. Small City Governance and Government**

Research conducted on city governance and decision making is, for the most part, restricted to larger centres (Barrios & Barrios, 2004; Catlaw & Stout, 2016; Mayer &

Knox, 2010; Trautman, 2016). Because of this, small cities are challenged by a lack of appropriate examples on which to base their planning decisions, often choosing to replicate policies and processes from larger cities by adapting them to fit the smaller locales. In larger cities where council members are less likely to have personal relationships with all of their constituents, city council decisions are often taken in public, with clear ways for citizens to get involved in the process, whether it be through open houses, public hearings, or through neighbourhood groups. In the existing literature, there is evidence that the same cannot be said of all small cities (Trautman, 2016).

Small cities are not immune to the challenges faced by their larger counterparts when dealing with economic change and loss of industry and these challenges are exacerbated by additional hurdles not encountered in big cities. “The smaller scale of these cities provides an added burden that must be overcome before their economic challenges can be addressed. A smaller population means a smaller market, less capacity, less diversification, and fewer financial and institutional resources that can be leveraged in making the transition from the Old Economy to the New” (Siegel & Waxman, 2001, p. 2). The pressures faced by small city legislators are in some ways more intense, as there is very little separation between the public life of the politician and the private life of the citizen. As a result, there are authors who state that city council members feel the need to make decisions in-camera, so that their neighbours, family members, customers, service providers etc. are not explicitly aware of who decided what (Trautman, 2016). While it is certainly true that politicians in large cities, and at other levels, have ulterior motives and their own competing interests, in a small city, particularly one with limited opportunities for growth, there is perhaps a heightened incentive to use the elected office to advance one’s own interests (Catlaw & Stout, 2016). The perception of a conflict of interest is more likely when politicians are assumed to be benefitting from their decisions, even if those decisions are made in the best interests of the community.

Stern and Hall (2015) conducted a case study of Cobalt, a small town in Ontario that was once the centre of the silver mine boom in the early 20<sup>th</sup> Century. In contrast to the findings of Trautman (2016), Stern and Hall found that small town familiarity increased the transparency of decision-making at the municipal level, in part because in a town of 1100, there was no real possibility of actually maintaining confidentiality. In a place where everyone knows everyone else, it is better to have discussions in a public

venue, to provide those interested an opportunity to express themselves, and to share ideas with each other. The “in-it-together-ness” of a small community creates a platform on which people with divergent views can come together and agree that they want what is best for their city, even if they disagree on what that is. In their study of Cobalt’s town council, Stern and Hall (2015) recall an anecdote where a meeting on a particularly contentious issue was moved to a larger venue so that everyone could participate. The authors also discuss the importance of the informal networks that exist in Cobalt, and the influence that non-elected, informal community leaders can have on the overall support or dissent of critical council decisions. These networks act as a sort of second, albeit unofficial, chamber of government.

In his 2009 MA thesis *B.C. Resource Communities: Assessing Restructuring Processes and Local Responses*, Brandon Young examined the response of eight forestry-dependent communities in central B.C., building on the earlier research of Markey, Pierce, Vodden and Roseland in a book entitled *Second Growth: Community Economic Development in Rural British Columbia* (Markey et al., 2005). Both of these works focus on interior communities, but the cities studied are comparable to Powell River – as Young states, “politicians, local resource managers and business often manipulate facts to achieve the short-term benefits of prolonged staple production” (B. Young, 2009, p. 41) and this behaviour is by no means exclusive to inland communities. Markey et al. make the point that local governments become paralysed by the strong alliances that develop between themselves and industry “in the pursuit of economic growth and expansion” (Markey et al., 2005, p. 55). The symbiotic relationships between municipal governments and the industries they host are necessary to ensure that the city and industry prosper. Resource extracting firms require investment early-on to buildout the infrastructure needed to take advantage of the resources, and then encourage industry-supportive practices that make it difficult for local governments to adapt economically when the resource dries-up or becomes cost-prohibitive to extract. Municipal revenues and population are tied to the continued operation of the major industrial employer, and the transition out of this relationship demands that local governments engage their citizens in the process to ensure that economic diversification efforts are supported by the community. As Markey et al. (2005) explain, local governments are essential to the success of Community Economic Development strategies and “provide the necessary authority, legitimacy and start-up resources to

organize a more structured local development response” (Markey et al., 2005, p. 275) – the role of the local government is to lead citizens in economic diversification activities.

As at all levels of government, elected municipal leaders may not be inclined to include citizens because it can be a challenging and time-consuming process. Governments in power forgo long-term benefits for short-term gains and are focused on policy implementation rather than development (Streib, 1992) because their reputations, and likelihood of being re-elected, depend on current political sentiment. Long-term projects that could be seen as detrimental in the short-term are not worth the risk. In the case of economic diversification, local governments may prefer to take credit for securing a large scale industry player that will reap short-term benefits than to support the development of small locally-based initiatives (Markey et al., 2005), the benefits of which may take longer to materialize, and will not be as impressive.

In fact, Powell River followed this same line of thinking and acting for decades before actively assessing the merits of a more diversified set of economic activities. Up until 2012, city government, through the Powell River Regional Economic Development Society, was focused on replacing the mill operations with some other sort of large-scale development plan. Potential projects ranged from waste incineration for Metro Vancouver on the underused mill property, to a Liquid Natural Gas terminal on nearby Texada Island, which is part of the Powell River Regional District.

### **2.3. Decision Making and Citizen Engagement**

Strategic decision making is usually done in response to some sort of threat, whether direct or indirect, and often requires local actors to become experts in fields with which they are not overly familiar (Streib, 1992). The abrupt transition from layman to expert can undermine the precarious legitimacy of the elected officials. When the citizens do not view their local government as experts (Stoker, 1998) it can be difficult to undertake change at the local level. In small cities, residents often hold a cynical view of the local council’s ability to make decisions on their behalf, partly because they do not believe that their neighbour has a better sense of what to do, simply because he or she has been elected to public office (Trautman, 2016). Integration of the different participants of municipal life: elected officials, city staff, and citizens is not a by-product of strategic decision making but is a requirement for its effective implementation. The

networks formed between officials, staff and citizens in small cities are often complicated and intertwined, and healthy working relationships must already be established in order for teams to achieve the goals laid out for them (Streib, 1992). As with relationships between people, it can be difficult to see where one issue ends, and another begins. The diverse connections between people foster decision-making that is more balanced and takes multiple factors into consideration. By consulting their peers, decision-makers are better informed and can develop more robust responses to complex issues.

Despite the benefits of active civic participation, residents - just as their policy-making counterparts - may not be inclined to publicly divulge their reasons for or against an issue because they do not want their business known all over town (Catlaw & Stout, 2016; Trautman, 2016). There are several studies (Catlaw & Stout, 2016; Mayer & Knox, 2010; Stern & Hall, 2015) that reference the importance of social networks within a community; despite the challenges that accompany increased familiarity in a small city, it is this same familiarity that creates the strong bonds necessary for effective civic participation. The thick relationships between citizens “can produce the kind of ‘we’re in it together’ community spirit that small-town life conjure[s]” and “help[s] the flow of information and increase[s] the likelihood that people will hear the same information from more than one source [...] and actually encourage[s] behaviour change” (Catlaw & Stout, 2016, p. 226). The conversations and other interactions between community members reinforce the validity of actions taken by council and ensure that people have a voice in municipal affairs, even though everyone is not directly involved in the day-to-day decision making.

However, even in places where people are connected to each other in different ways, intentionally including citizens in decision-making is not a common strategy for local governments. The relationship between industry and government described earlier by Markey (2005) leads to top-down governance, while city councils consult with the private sector and makes decisions that will benefit the industry in order to sustain the local economic base. Markey et al. (2005) explain that the local government-industry connection also contributes to a lack of faith in local decision-making capacity that goes both ways between elected and unelected citizens and results in a reliance on outside experts.

Catlaw and Stout assert that “traditional public engagement typically constrains dialogue to serial one-way statements between the public and decision makers” (Catlaw & Stout, 2016, p. 227), and suggest that civic engagement needs to be more purposeful, akin to inclusive practices used in participatory budgeting exercises, including citizen assemblies, citizen juries and study circles. As Sherry Arnstein wrote, “citizen participation is a categorical term for citizen power” (Arnstein, 1969, p. 216), so to include citizens in municipal decision making processes is essential for citizens to feel empowered. Not all forms of participation are created equal, and there is a body of literature describing in detail how simply saying that citizens have been consulted is not enough. Arnstein makes the point that gathering a group of people together under the guise of partnership to then tell them what they think is in fact non-participatory (Arnstein, 1969). Glass (1979) identifies five objectives of effective citizen participation “information exchange, education, support building, decision-making supplement and representational input” (Glass, 1979, p. 182). According to several interviewees, there have been several committees to do just that struck in Powell River in recent years, including working groups on social planning, a youth council, and a communications committee, in addition to the Mayor’s Task Force for Economic Revitalization (Adamson, 2017; Dee, 2017; Medina, 2017).

Siegel and Waxman found that the transfer of ownership of businesses out of small cities between the 1970s and the turn of the millennium has also led to a loss of civic leadership (Siegel & Waxman, 2001). They claim that the traditional source of local public leaders, the “owners of the large, locally owned manufacturing companies and the executives of the locally owned banks, department stores, and non-profit institutions” (Siegel & Waxman, 2001, p. 21), has dried up, and the capacity to lead along with it. This is described to be a unique challenge of small cities and is backed up by interviews with municipal officials in a few cities in the USA. This assertion though is problematic, as it assumes that leadership is a quality only found amongst economically powerful citizens, the so-called Captains of Industry. It is likely that different segments of the population will step up to fill the void and will provide different and beneficial perspective to many of the issues facing small cities. In Powell River, Mayor Formosa is proud to be a local entrepreneur, and believes that his private sector successes provide the qualifications required to lead the city. Nonetheless, he has shown an interest in hearing

from divergent view points, and has been challenged by Powell Riverites who believe there are alternatives to the traditional style of municipal governance.

In the same paper, Siegel and Waxman (2001) discuss the difficulty small cities face in maintaining a paid municipal position for an Economic Officer. There are often financial resource challenges in small cities, due to their limited ability to generate revenue, and as a result they are not staffed to the same levels as their larger counterparts. Non-profit societies are engaged to be the face of the city for prospective investors, to run economic development activities, and conduct outreach with the local business community (Siegel & Waxman, 2001). Ultimately, the decision to incorporate economic development planning into municipal affairs is a matter of priorities though; with limited budgets, city governments must make trade-offs to fund the activities they most value. It can be unappealing to prioritise economic planning when there is not a quick return for politicians seeking re-election and there are no assurances of a successful outcome. Furthermore, the aversion to risk observed by Trautman (2016) could lead city governments to prefer to leave a potentially contentious item like economic development to an at-arm's-length organisation. That being said, the Powell River Mayor and Council responsible for creating the Task Force for Economic Revitalization were elected on a promise of greater transparency and have made efforts to live up to that promise. The closed-door decision making described by Trautman (2016) may be the preference of civic leaders in theory, but it is not practical in real world applications, where citizens rightly demand accountability from their elected officials, as described by others like Stern and Hall (2015) and Markey et al (2005) who are more hopeful for the state of small cities.

## **2.4. Efforts Made Elsewhere**

There are examples of other places that have successfully navigated the loss of their primary industry, Siegel and Waxman (2001) list several cities in the United States that have managed to minimise unemployment and maintain a population. Recognising that there is not a one-size-fits-all solution, Siegel and Waxman nevertheless were able to identify some common activities that have been pursued by cities and that seemed to contribute positively to their success:

Enhancing local amenities;

Building on institutions of higher education;  
Engaging in regional collaboration;  
Creating an effective civic infrastructure;  
Promoting diversity as strength.  
(Siegel & Waxman, 2001)

Research in small Canadian cities is not as prevalent as it is in their U.S. counterparts, but a study conducted in the silver mining community of Cobalt, Ontario provides an example of a city that has arguably succeeded in maintaining its unique characteristics and engaged in several of the above activities in the Canadian context. Through extensive ethnographic research, Stern and Hall (2015) examined the ways in which Cobalt adapted to the changing nature of the economic and political landscape brought on by neo-liberal approaches to public service provision. They found that the city's population supported the notion of being "Ontario's most historic city." Municipal representatives have leveraged this designation to secure financial resources that they then used to upgrade a variety of local amenities including a theatre, a library and the town's street lighting. The local government and citizenry create proposals for a variety of projects to secure funds from both the provincial and federal governments and have become adept at coordinating their development goals to match the priorities of the funders to which they apply for grants (Stern & Hall, 2015).

Throughout the history of Cobalt, there have been numerous attempts to collaborate regionally. While some regional initiatives have succeeded, the tension that exists between Cobalt and its neighbours has made it difficult to formalise any sort of regional arrangement (Stern & Hall, 2015). The residents of Cobalt have taken a mostly independent approach to development and are described as fractious by residents of the neighbouring communities. Stern and Hall (2015) argue, however, that the town benefits from a tightly-knit and effective civic infrastructure through which Cobalters are able to have frank disagreements with each other about municipal matters without dissolving their robust community networks. As a result, Cobalt does not need to compromise its development priorities to partner with surrounding communities.

In the British Columbia context, Markey, Pierce, Vodden and Roseland (2005) worked alongside representatives from four communities (Salmon Arm, Lillooet Tribal Council, South Cariboo and Bella Coola) over the course of three years to build a Community Economic Development plan to meet each community's needs. These four communities in particular were selected to "represent a diversity of issues, conditions,

and stages in the local development planning process,” (Markey et al., 2005, p. 48) but each of them had economies historically rooted in the forest industry. Individual communities developed an extensive list of initiatives - tailored to their unique situations - that fit into categories “including (1) business development and support; (2) arts, culture and heritage development; (3) community resource management and land use planning; (4) tourism development; and (5) network building and community relationships” (Markey et al., 2005, p. 240).

Markey et al. (2005) found that the communities, in spite of their distinct geographies and histories, shared several barriers and opportunities, which call back to the findings of Siegal and Waxman (2001) at the beginning of this section:

- Individual capacity
- Access to capital
- Community education and awareness
- Community organizing
- Policy and the role of government
- Resource management

(Markey et al., 2005, p. 271)

Markey et al. (2005) suggest that there can be a benefit to separating the work of economic development from the political process, and that having an at-arm’s-length organization oversee projects is advantageous in certain circumstances. They specifically mention the success of the Salmon Arm Economic Development Corporation (now Society) in working in tandem with the local government.

## **2.5. Summary of Literature Consulted**

In summary, my research in Powell River is connected to what others have found in small single-resource communities in the following ways:

Firstly, small cities both in British Columbia and elsewhere are coping with changes impacting their primary resource; communities have taken different approaches to handling the loss of stable and well-paying primary and secondary employment that comes with resource extraction and related industries. Those approaches are often rooted in a place’s history, as local governments try to attract new firms to replace their lost industry.

Secondly, geography and history play a role in determining what alternative economic activities are available. Cobalt, Ontario has had success in leveraging its history as a mining town to obtain funds from other levels of government to maintain and update infrastructure, and has a very civically minded population. In the United States, several cities have found success through a practice known as economic gardening whereby the municipal government invests in the skills and enterprises of its local population instead of spending their limited budgets on attracting large-scale firms.

Thirdly, governance and government in a small city is complex. Stoker states that the goal of governance does not differ from the goal of government, that both are “concerned with creating the conditions for ordered rule and collective action”(Stoker, 1998, p. 17), but that they are not intrinsically the same. The challenge for small city council members is to distinguish between their personal interests and the overarching interests of the community. One way to make this distinction clear to all is to reinforce social and civic networks in the city. As Stern and Hall (2015) describe, the strength of these networks creates space for healthy conflict. Citizens will engage with their politicians, and thus not be as suspicious of the motives driving decisions. Without these thick network structures, there is a risk that politicians will be inclined to make decisions in-camera, to try and protect themselves from public embarrassment or animosity, or even to maintain the municipal status quo. Many options to involve citizens exist, and surveys have proven to be an effective means of measuring the needs and wants of citizens (Watson, Juster, & Johnson, 1991) but are not likely to be useful if they are employed in isolation of other, more participatory forms of engagement.

Finally, with regards to decision making and civic engagement, whose voices are given priority when city-wide decisions are being made? Through the development of robust social and community networks, decisions and actions are transmitted throughout the city and can be refined through processes that encourage mutual dialogue, such as town halls, working groups and committees. While these are not always accessible to all due to location, time, or costs associated with attending and participating, municipal governments should include as many of their citizens as possible in discussions and attempt to reach out in a variety of ways to encourage participation. Furthermore, local governments need to ensure that they are not merely paying lip service to the idea of public consultation (Arnstein, 1969). Top-down decision-making works well enough when economic activity is secure and tied to a single or a few large employers but

begins to crack when diversification is required. In small cities where the government has worked hand-in-hand with the major industry, steps towards diversification can be particularly challenging because to make progress, municipal officials must first acknowledge that the industry can no longer be the primary focus of the city's economic plan.

Methods of public consultation and decision making have been extensively studied in large urban centres, but research of this nature is lacking in small cities, especially in Canada (Rahman & Seldon, 2016; Siegel & Waxman, 2001; Trautman, 2016; Watson et al., 1991). Watson, Juster and Johnson (1991), in an analysis of survey use in Auburn, Texas, found that the often-overlooked method of surveying citizens can provide valuable data, and is especially useful in determining which municipal issues are most important to respondents. Surveys provide a method for checking in with citizens on an ongoing basis, and to ensure that the priorities of council are aligned with the priorities of city residents (Watson et al., 1991). Surveys though, can be logistically difficult to implement, and are an example of Markey et al.'s (2005) one-way dialogue because City Hall decides what questions are asked as well as the possible responses, thus hampering respondents' ability to provide personalised input.

In Powell River, the economic focus areas presented in the 2014 report to City Council were based on recommendations from a task force that was appointed by the Mayor. Building committees to work on municipal issues is another form of citizen engagement, but only of a specific subset of the population. As explained by Trautman (2016), even the best engagement methods in a small city can be of limited consequence as the population who does not participate can and often will mobilise when the outcomes of the engagement phase do not resonate with their ideas of how the City should manage its business. This was the case in Powell River during the planning for the new library, when people who had not participated in the public engagement sessions mobilised to protest the development. In contrast though, the existence of strong community networks provides other avenues for citizens to engage with city hall, even if not directly (Catlaw & Stout, 2016). The accessibility of council members to constituents provides opportunity to speak about their concerns. While likely bothersome at times, this informal feedback mechanism is effective in ensuring diverse ideas are heard. In a large city, it may be possible to ignore a suddenly vocal

minority, but in a place where everyone knows everyone else's business such as Powell River, that simply is not an option.

To fully situate the decisions of the Mayor's Task Force for Economic Revitalization within the established body of literature, I needed to ask three further questions: How were economic decisions in Powell River made previously? How were the members of the Task Force selected? What brought about this change in municipal engagement strategy?

The following chapter outlines the methodology I followed to get a clear understanding of how Powell River's economic development and revitalisation actions compare with and connect to what has been found in other research.

## **Chapter 3. Methodology**

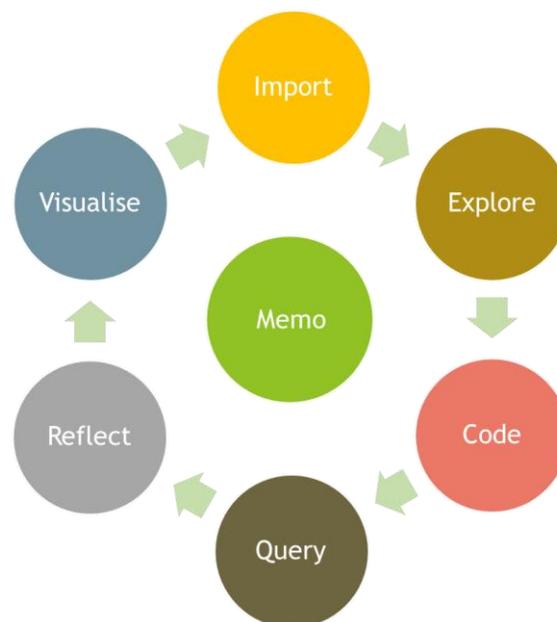
The research conducted was qualitative and incorporated a multi-method approach. As the question I wanted to answer, “*What economic and social factors contributed to the adoption of the Powell River Development Strategy in 2014 and how was the decision reached to focus on economic activities that diverge from the city’s traditional path as a mill town?*” included aspects of civic life as well as government decision-making, it was necessary to use a variety of data sources. I wanted to talk to people about their personal experiences with economic diversification in Powell River, and then to situate their responses within a larger context by consulting historical documents, to show how emergent forms of decision-making through consultation have shifted the focus of policy makers. The collection of multiple sources of data with different perspectives enabled me to confirm evidence retrieved from each source through a process of triangulation. Yin (2009) states that the triangulation of data from multiple sources strengthens the validity of outcomes of research by having each source support the data found in each other source. This insight led me to include three distinct data sources: local media reports, municipal documents, and interviews with people who were involved with economic development groups in Powell River. Each of these sources provided a different lens through which to answer the research question.

### **3.1. City Archives and Other Reports**

The first source of data is the Powell River City document library including City Council meeting minutes, as well as minutes from the meetings of the Mayor’s Task Force for Economic Revitalization, the Economic Development Advisory Committee and the Powell River Regional Economic Development Society. I focused on the meeting minutes of these groups from 2012 to 2014 for analysis because this period begins with a new approach to economic development adopted by City Council and ends with the presentation of a report to Council on the recommendations of the Task Force. Additional relevant documents produced by City staff, the Regional District, and the Powell River Community Foundation such as Official Community Plans, the Powell River Regional District Growth and Development Analysis from 2008, and several Community Vital Signs reports were also included. A content analysis was conducted for each document, based on Babbie & Benequisto’s (2002) description of a system of coding

(selecting relevant text) and memoing (describing and rationalising the selections) to link the documents to the overarching concepts. Additional inspiration for content analysis was drawn from Yin's (2009) suggested methods to organise and analyse data through the use of a matrix that lists themes in rows and data sources in columns. A similar approach was engaged by Friesen (2014) for his research on decision making in the city of Burnaby. The incorporation of a matrix was adapted to suit this research using NVivo as outlined below.

I made use of the Qualitative Research Analysis software NVivo to assist with the analysis as follows, and as visualised in Figure 2. According to Babbie & Benaquisto (2002), qualitative software (such as NVivo) can be effectively used to establish thematic material across multiple data sources. I first read the documents and then imported them into the software to facilitate analysis. I made notes while reading to track the analysis process and selected text that matched the themes extracted from the literature. Using NVivo allowed me to search for specific text across documents, and this was done after the initial coding exercise to find language that was repeated throughout the different data sources. Memoing occurred during each of the other phases, and this process encouraged me to reflect on coding decisions and to track progress along the way.



**Figure 7: Author's graphic, adapted from QSR International and SFU Research Commons**

In addition to the coding and memoing process, direct quotes were taken from the various reports and council and committee meeting minutes to provide evidence and illustration of the ways in which the city government expressed its stated economic development objectives.

The intent of using these documents as data sources was to trace the attitudinal shift of the city government towards economic development between 1998 and 2015. I also sought to understand how the recommendations of the Mayor's Task Force for Economic Revitalization had been influenced by existing policies and directives of City Council. Finally, I wanted to examine the relationship between the final economic revitalization recommendations and the previously stated economic development goals.

### **3.2. Media Reports**

My second source of data for content analysis was the *Powell River Peak*, Powell River's only regular source of local print news, and reviewing this material served two purposes: To provide a local perspective on the economic decisions and actions of the city as well as for me to understand how the progress of strategic planning was communicated to the public.

The analysis of the newspaper articles followed the methods outlined by Carlos Zavarace's *From Growth to Sustainability: Community Discourse on Changing Approaches to Resort Governance in Whistler, B.C.* (2014). Zavarace relied almost exclusively on newspaper articles to understand changes that took place at the municipal level in the resort municipality of Whistler, British Columbia. According to that research's methodology, articles were chosen based on their use of terms identified in the literature review and primary document analysis and were then coded manually. As Zavarace pointed out, context in a newspaper article is equally important to the text it contains (Zavarace, 2014). In newspaper terms, the amount of space allocated to an article or issue is indicative of the perceived importance of the issue discussed. As a result, Zavarace also coded articles based on their length (Short, Standard, Long) and my research followed suit. Other coding groups were created for the type of article (Editorial, News/Report, Opinion/Comment/Analysis) as well as for the tone of the article with respect to its main subject (positive, neutral, negative) (Zavarace, 2014). What was specifically written in the articles was not the only important aspect of the material from

this source; the ongoing reporting of these matters, and changes in reporting tone that occurred over time also provided insight into community priorities and concerns. As the only local newspaper in the city, the *Powell River Peak* was my primary source for media reports on local economic development issues. A brief outline of the newspaper follows.

### **3.2.1. Profile of the Powell River Peak**

Local issues of both politics and economics are covered by the Powell River Peak, a twice-weekly newspaper written and printed in Powell River since 1995. News articles on the topic of economic diversification are frequent, and the newspaper uses its Facebook page to engage readers with the content of the paper, in addition to the comments section on its own website. Every household in Powell River receives a copy of the free paper on Wednesdays, while subscribers receive a supplementary issue on Fridays.

In conversation with the Peak's editor, Jason Schreurs, I learned that the editorial team strives to present different perspectives on local issues, and that the newspaper invites guest columnists to provide counterpoints to particularly hot topics. The newspaper's editorial section is the only place where I found clearly stated positions. Due to the efforts made by the editorial team to provide even coverage, I concluded that the Powell River Peak would make a suitable source of information that was not overtly coloured by the reporter's, or the paper's, own views. During the analysis, I found that articles followed a consistent pattern of introduction to the topic, quotes from people with first-hand experience with the topic and a conclusion that often included recommendations for next steps or provided opportunities for readers to find out more about the topic presented.

## **3.3. Semi-structured Interviews**

To gain direct knowledge of the inner workings of the Mayor's Task Force for Economic Revitalization, I wanted to interview the thirteen members of said Task Force. These thirteen served as my primary pool of potential interview participants. Speaking with as many members of the Task Force as possible meant that I was able to get a thorough understanding of the decision-making processes that occurred over the length of time that the Task Force was active. Out of the thirteen, ten were available for

interviews. I also contacted and secured interviews with three members of the Powell River Economic Advisory Committee, a group convened after the mandate of the Mayor's Task Force for Economic Revitalization had ended. The role of the Advisory Committee was to move the Task Force's recommendations toward concrete action in City Hall. Like the Task Force that preceded it, the Advisory Committee was made up of council representatives and Powell River residents, several of whom were members of both groups. The purpose of my interviews was to obtain firsthand accounts of the discussions and activities of the Mayor's Task Force for Economic Revitalization and the economic and social factors that contributed to the final recommendations outlined in the report to council based on the work of the Task Force. The secondary purpose of the interviews was to corroborate the data extracted from the document analysis portion of the research.

The interviews, most of which lasted approximately 60 minutes, were audio-recorded and transcribed into the NVivo software, to facilitate the identification of themes across the interviews, city documents and media reports. Once transcribed, the process of analysis described earlier in this chapter was used to triangulate the interviews with the documentary data, through the identification of common wording and themes.

Interview data collection and analysis was informed by Mark Friesen's Master of Urban Studies thesis project *Democracy, Governance and Metro Vancouver: Decision-Making and the Regional Growth Strategy* (Friesen, 2014). Friesen stated that research on local government decision-making should include perspectives from city staff, local politicians and members of civic groups who have contributed to the consultation process. The Mayor's Task Force included members of each of those populations, and I was able to interview participants with differing points-of-view.

For the purpose of his study, Friesen (2014) coded his interviews based on the methodology outlined in *Making Sense of Stories: A Rhetorical Approach to Narrative Analysis* (Feldman, Skoldberg, & Horner, 2004) and my research incorporated the same framework. By using the themes extracted from the literature as a guide to code the interviews, I was able to get a sense of the overarching story (Friesen, 2014).

For further insight into the interview process please see the set of questions used to guide participant interviews in Appendix A. The next section provides some general information on the interview participants.

### **3.3.1. Profile of Research Interview Participants**

Several of the interviewees were born and raised in Powell River, but few of them have remained in the community their entire lives. There was also a segment of the group that had moved to Powell River later in life, to start families, or to retire. The age range of the Mayor's Task Force on Economic Revitalization is mid-30s to early-70s. All but one consented to being identified for this research. According to qualitative researchers Herbert and Irene Rubin,

In topical studies, naming your interviewees when anonymity has not been promised adds credibility because responsibility for what you say shifts to the interviewee. Readers who are curious can check with your sources to see if they did say what you said they said (Rubin & Rubin, 2005, p. 266).

As my research focused specifically on the workings of the Task Force, I wanted to be able to include names of interviewees where appropriate to increase credibility of my work, but also to reduce the opportunity for rumour and innuendo to circulate as a result of this project.

**Table 3: Interviewees, their roles in the community, and residence history**

| Interviewee      | Task force member      | Role at the time of Task Force                   | How long have you lived in Powell River? |
|------------------|------------------------|--|--|
| Dave Formosa     | yes                    | Mayor  | Born and raised (left for studies)       |
| Participant      | no                     | Powell River Citizen                             | Between 50 and 60 years                  |
| Claudia Medina   | yes - applied to join  | Film Maker                                       | Born and raised (left for studies)       |
| Chris McNaughton | yes                    | Councillor                                       | 12 years                                 |
| Arlette Raaen    | yes                    | VIU President                                    | 40 years                                 |
| Scott Randolph   | yes - provided support | Manager of PRREDS                                | 14 years                                 |
| Jay Yule         | yes                    | School Board Superintendent                      | 17 years                                 |
| Jason Zroback    | yes - applied to join  | Real Estate                                      | Born and moved back (left for 10 years)  |
| Dan Devita       | no                     | Real Estate                                      | Born and raised (left for studies)       |
| David Morris     | yes                    | ED Model Community Project                       | 12 years                                 |
| Lyn Adamson      | no                     | ED PR Employment Society                         | 30 years                                 |
| Marty Cattermole | yes                    | First Credit Union VP<br>Credit Union Operations | Born and raised (left for studies)       |
| Debbie Dee       | yes                    | Councillor                                       | since the 1970s                          |

Those that had moved away and returned described their experience outside of Powell River as broadening their horizons, and beneficial to the work of the Task Force because they brought more experience and insight to the table. One participant stated that his experiences in other cities gave him better perspective because he had seen what happens in other places and therefore knew what would or would not work in Powell River.

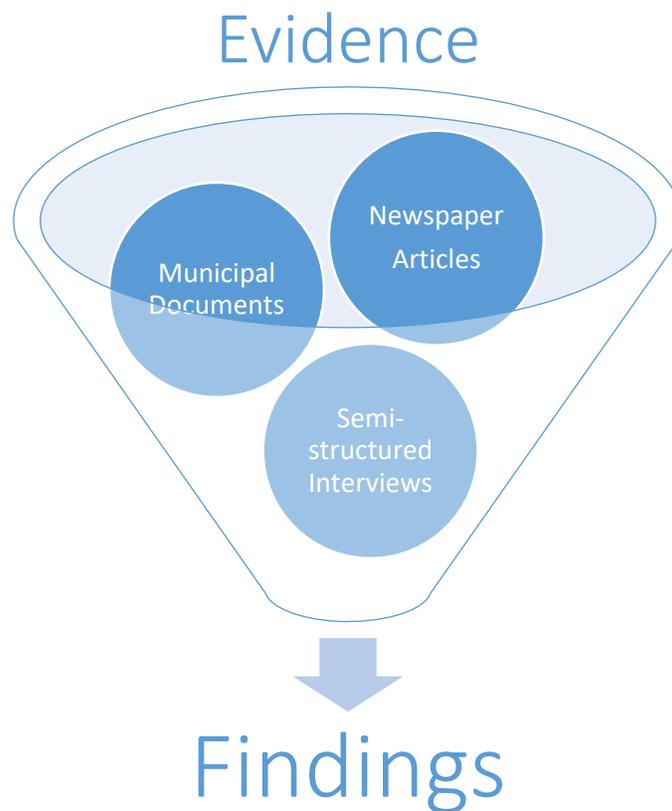
The next section will further describe the theory of data triangulation, and how the process was applied in my research

### 3.4. Triangulation

Yin (2009) states that triangulation of data from multiple sources strengthens the outcomes of research because each source supports the data found in each other source. As evidence of this, Yin presents an analysis of several case studies to show

that using multiple methods of inquiry leads to a higher level of confidence than relying on a single source of information.

It was with Yin's work in mind that I chose to work with three distinct sources of data. Had I relied solely on media reports, I would have run the risk of glossing over the bias from each of the articles' authors, or that of the editor or owner of the newspaper. A similar risk existed with each of the interview participants, but through the triangulation of data, I was able to mitigate the risk of bias, or at the very least able to identify where it existed. Each dataset was used in conjunction with the others to confirm findings as illustrated below in Figure 8, this was done through the process of coding and memoing using consistent themes for each source of data.



**Figure 8: Convergence of multiple sources of evidence, adapted from (Yin, 2009)**

### 3.5. Overall Research Design

The multiple methods of research, including interviews, city document analysis and newspaper article review, combine to create a deeper analysis of the governance and decision-making process than any of them would on its own. Triangulation makes for more robust research and fosters an environment in which conclusions can be made more sound. I selected these three data sources because they complemented each other in the following ways:

- The interviews provided nuanced perspective on the documents obtained from City Hall. Speaking to the people who participated in the meetings provided me with a richer understanding of the meeting minutes, as they contributed context and anecdotal evidence of how decisions were made over the course of the mandate of the Mayor's Task Force.
- The documents from City Hall, including meeting minutes and reports, provided the official record of the Task Force's activities. These documents were the centre point of the research as well as the reference point for the other data sources. While the documents must be considered factually accurate, they did not offer insight into the actions and discussions that led to the decisions recorded within.
- The articles from the Powell River Peak served to validate the interviews and the city documents. Media articles act as a public record of not only activities in the city, but people's impressions of those activities. The articles also provided another lens through which to view the city documents and interviews and provided background details to help understand the motivations of the actors.

Chapter 4 gives the reader a recent history, informed by evidence from the three data sources identified above, of economic diversification efforts in Powell River, focusing primarily on the period between 2004 and when the Mayor's Task Force for Economic Revitalization was convened in 2013.

## Chapter 4. Laying the Foundation

This chapter provides an overview of the activities in Power River relevant to creation of the Mayor's Task Force for Economic Revitalization in 2013. Several events occurred that preceded and contributed to the conception of the Task Force and guided the decisions made therein.

### 4.1. The Push for Active Economic Development

A change in perspective on economic planning occurred shortly after a major round of layoffs at the mill in 1999, which was arguably the first real sign that the boom and bust cycles of the forestry industry might be coming to an end. Through most of the 1990s, the mill in Powell River was operating at full capacity, employment in the city was high and city coffers were full. As a result, there was little incentive for city officials to go out and attract new business; but with structural changes afoot, the business community decided it would be prudent to take a more active role in the economic planning for the city.

Up until the late 1990s, the city of Powell River employed an Economic Development Officer who was also responsible for waterfront development and tourism. Members of the local business community felt that the office was not functioning at a high level and proposed to City Council that a non-profit society be created that would run at arm's length from City Hall. As one Task Force member put it:

"...at the time 17 years ago, City Councillors and the Mayor weren't interested in doing economic development, they didn't feel that that was their job, their job was to do potholes, right. And so it was decided to take it out of City Hall, economic development had been in City Hall, they pulled it out and made its own society so that it could be autonomous and do its own thing without having to answer through the bureaucratic system. At that time with those people and those players, maybe that was the right decision." (Adamson, 2017)

City Council agreed to support this initiative, and the Powell River Regional Economic Development Society (PRREDS) was formed. The PRREDS Board of Directors was comprised of many of the same business people who were lobbying for more active support for economic development. A society manager was hired to carry

out the economic development projects that the Society agreed to support, and whose salary was paid through a grant from the city.

While “regional” in name, the group and its activities were funded primarily by the City. PRREDS would apply to the regional government for project-specific grants when the society directors felt that a project would be of benefit to the region, and the Regional District Board of Directors would then decide whether or not to contribute funds to the project.

The particular aim of PRREDS was to guide the City’s efforts to foster economic activities. One of the main focuses of the Society was to try to attract large corporations or operations to the region to exploit resources in and around Powell River; from LNG, to potable water, to run-of-the-river hydro electricity projects, while at the same time working to increase revenues from tourism and fostering a business-friendly climate.

## **4.2. Planning for the Region or the City?**

British Columbia has a system of local government that is unique in Canada. Since 1965, the vast majority of the province’s geography has been divided into Regional Districts by the provincial government (Ministry of Municipal Affairs and Housing, n.d.). The establishment of the regional district system served a few purposes, including the provision of general local government for unincorporated areas of the province. Another major function of regional districts is to provide “services to residents in parts of unincorporated areas, in areas comprised of both municipalities and parts of unincorporated areas, for two or more municipalities, for their entire region, or in adjacent regional districts.” (Bish, Clemens, & Union of British Columbia Municipalities, 2008, p. 45). These services commonly include waste management and water systems. Regional districts in British Columbia also provide voluntary services at their discretion, common examples of these services include economic development, noise regulations, regional parks, and public transit – services that are more efficiently dealt with on a regional scale (Bish et al., 2008).

The City of Powell River is in a unique situation in the province, located in the only regional district that encompasses one city, one Treaty First Nation (Tla’Amin), and a few unincorporated electoral areas (B.C. Ministry of Municipal Affairs and Housing,

2017). This creates a tension within the Regional District in that planning for Powell River is often indistinguishable from planning for the region. The City houses and maintains services that are used by residents of the Regional District, while trying to negotiate reimbursement fees for access to and usage of these services.

The relationship between city and surrounding unincorporated areas, and the tension that goes along with it is not uncommon. There is a feeling amongst the residents of the urbanised core of Powell River that the folks living on the periphery are benefiting from amenities to which they are not contributing their fair share because they do not pay property taxes to the city. In terms of economic development in the Powell River Regional District, Chris McNaughton, Chair of the Mayor's Task Force for Economic Revitalization told me that the Regional District "[doesn't] want to pay for computers or salaries or anything like that [for PRREDS], they just want to have a report or something tangible so that they can say 'This is a result of our contribution.'"(McNaughton & Raaen, 2017). This implies that residents in the Regional District received spin-off benefits from the work that was done by the Society and paid for by the City. There have been tentative steps towards adopting a structure similar to that of the Northern Rockies Regional Municipality, in which the Town of Fort Nelson amalgamated with the broader Regional District to create British Columbia's first Regional Municipality in 2009 ("Northern Rockies Regional Municipality - About the Municipality," n.d.), but no real action had been taken on this front by the time this research had concluded.

The relationship between Powell River and the Tla'Amin Nation has evolved over time. In 2001, there was only a single mention of the Tla'Amin in Powell River's Official Community Plan ("Sliammon First Nation and City of Powell River," n.d.). Since then they have partnered on several economic development projects even though Tla'Amin has not had representation at PRREDS or on the Mayor's Task Force.

After roughly fifteen years of non-profit oversight by PRREDS (City of Powell River, 2014), the election of a more economically minded council and mayor in 2011 sparked a shift in the activities of PRREDS and especially the Society manager at the time, Scott Randolph. With a renewed interest in economic planning at City Hall, Mr. Randolph was often asked to attend meetings with the Mayor or to tour potential investors around the city. Members of PRREDS who spoke about this were generally in

favour of the change, given the passion with which the Mayor was attacking the issue: “We didn't mind, we weren't all about we had to control Scott, if there's somebody else out there working on economic development and putting a lot of hours into it, they probably should have Scott working more directly for them [...] We're all busy people with our own jobs. Yahoo we've got a council that's really running with it, let's let them run and give them all we can including Scott as a guy to work for them.” (Adamson, 2017)

At the same time that Mr. Randolph was being pulled into City Hall, plans were being made to create the Mayor's Task Force for Economic Revitalization. Priorities and strategies were changing in the city.

### **4.3. Tentative Steps Towards a More Inclusive Planning Process**

The change of focus at City Hall was largely driven by Dave Formosa, a local businessperson who served one term as a City Councillor in Powell River before being elected Mayor in 2011 on a platform of enhanced citizen engagement. In 2013, Mayor Formosa created the Mayor's Economic Task Force for Economic Revitalization as a product of that election promise.

Previous councils had been concerned with the day-to-day maintenance of Powell River, as evidenced by, the annual report from 2006 that includes several mentions of road improvements and water and sewer maintenance (City of Powell River, 2006). The municipal election in 2011 brought about substantial change in direction and focus for City Hall in Powell River. The Mayor and Council elected that year were more interested in tackling issues like resident and business attraction, and under the direction of Mayor Formosa, economic development and diversification in particular.

Dave Formosa is well-known in Powell River as a successful entrepreneur and was credited with being the architect of the current economic revitalization in the city in many of the interviews I conducted. While criticized by some residents as a person who values economic growth at the expense of all else, Mayor Formosa has nonetheless been able to unite councillors to pursue his particular brand of development through a combination of charisma and compromise. In my interview with him, Formosa said that

he prides himself on his ability to work with anyone (Formosa, 2017). In a profile from the Powell River Peak, Formosa was described as having "...shown, despite the fact that some regard him as a pie-in-the-sky politician, that his heart is in the right place and he is far from a do-nothing mayor" (Bolster, 2016). Prior to running for local council, Mr. Formosa was integral to the start-up of PRREDS as one of the business leaders who had become frustrated by what they perceived as a lack of progress or focus on economic issues in the Powell River. He is regarded as a tireless champion of Powell River, was named "Person of the Year" for 2016 by the Powell River Peak (Bolster, 2016) and the general impression I received through the interviews I conducted was that he has earned the respect of many who disagree with him through his dedication to improving the economic fortunes of the city. However, through his insistence on being the "deal-maker", he may have hampered the city's ability to continue with projects when he is no longer mayor.

Prior to the establishment of the Mayor's Task Force, the City had explored other avenues of development of growth as well, forming a joint corporation with the Tla'Amin Nation and the Catalyst Paper Company, the corporation that owns the mill, to develop lands that were surplus to mill operational needs. In 2012, Catalyst agreed to sell its shares in the Powell River Sliammon Corporation (PRSC) to Tla'Amin and the City to liquidate assets and avoid bankruptcy while under creditor protection (Anonymous, 2015).

#### **4.4. Interactions between Council, Staff and Citizens**

Powell River's city government, by many accounts, has become very "hands-on" with regards to the running of the City since 2011. Councillors, who make \$17,000 per year for their part-time roles, commonly spend upwards of 40 hours a week on council-related activities. Those who run for council in a small town know the environment in which they work, and that can sometimes negatively influence the number of candidates. In the last municipal election in 2014 however, only Mayor Formosa was re-elected by acclamation, which suggests that people in Powell River are both civically minded and up for the challenge of representing their neighbours.

The small size and community-oriented nature of Powell River mean that councillors are "always on" and are expected to be available at any time to listen to the

concerns of the citizenry. Jay Yule, the school district superintendent, had previously run for School Board. He was not elected, but recounted stories during our interview of people approaching him in the supermarket to ask why such-and-such was being done or to chastise him for decisions that the previous School Board trustees had made. All the people interviewed for this project that hold, previously held, or have run for elected office talked about the difficulty in separating their personal, professional, and political lives. This blurring of lines likely contributes to another characteristic that came out during the interviews: the resistance to leaving the running of the city to the public servants at City Hall.

Mayor Formosa described an incident in which city staff had met with a corporation that was interested in conducting business in Powell River. The staff member had informed the corporate representative of the procedures for the request to proceed, including required permitting and fees, at which point the business decided that Powell River was not the place in which it should invest. As he told me, upon hearing of this meeting in 2012, newly elected Mayor Formosa contacted the corporation and promised to get them whatever they needed within a week to revive the proposal. This example highlights a problem described by Mr. Yule:

“The elected officials get involved in projects and things and to me that makes it difficult. They should be ‘For economic development we’d like to see these three things happen over our term, or whatever that may be.’ And then bureaucrats create that plan and collaborate with them, but they’re not doing the work. They [elected officials] tend to be directly involved, and I think that makes it difficult” (Yule, 2017)

The murky border between political and operational responsibilities of City Hall creates challenges, as city staff do not always receive clear direction from Council and better communication between the Mayor’s office and city staff may have helped to avoid the scenario described above.

That being said, research by others has concluded that the relative inexperience of both small city administrators and elected officials acts as a strength, by reducing the risk of either group attempting to overstep their jurisdiction (Rahman & Seldon, 2016). The heightened visibility of actions taken by City Hall also encourages the implementation of ideas that are popular with the general public, as city staff, like their elected counterparts, do not want to be held responsible for unpopular decisions.

In the lead up to the 2011 municipal elections, a series of stories ran in the Powell River Peak outlining the positions of the candidates for Mayor and Council and reporting on election related events, like the all-candidates forum. In addition to the news items, editorials were published in the paper to provide additional context and perspective. From both the accounts in the participant interviews and the reporting in the newspaper, this was a particularly contentious election. 4-term mayor Stewart Alsgard ran for re-election while also engaging in public disagreements that at times veered into personal territory with several of the sitting councillors who were also running for re-election. The editorial board at the Peak did not pick sides, instead choosing to encourage its readership to vote for the candidates that they felt best represented their interests. In a piece called *Informed Choice*, the Peak laid out its priorities in the final paragraph: “Hopefully, voter turnout will be strong in the 2011 civic election. The differences between candidates should become clearer over the next two and a half weeks as they define their platforms and campaign for support. This is a good time for voters to pay attention.” (Anonymous, 2011). The text was indicative of the generally neutral tone that I found in this publication.

#### **4.5. The Progression from Promise to Process**

At the all candidates meeting held on November 1, 2011, the Powell River Peak reported that “Formosa said he would also work with Tla’Amin (Sliammon) First Nation, tackle rising ferry fares and the need for affordable housing, continue working on creating own-source revenue and attracting new investment and help lead a new approach at City Hall to managing the City, ‘one that is strictly focused on learning to live within our means. Our means are shrinking’”(Walz, 2011a). It is clear that Formosa was keen to revitalize Powell River, and was pursuing many different angles in his eventually successful mayoral campaign.

At the City Council swearing-in ceremony December 2011, newly-elected Mayor Dave Formosa indicated that he intended to follow through on his pre-election promises and “announced he would be establishing a Mayor’s Economic Development Advisory Committee that will bring to City Hall a commitment to encourage and support business development. He will be working with council and various community organizations over the next month to develop the framework of the committee, which he expects to be fully

implemented in the new year.” (Walz, 2011b). Despite best intentions, it would take more time than expected to get the committee up and running.

Over a year later, at the City Council meeting of December 20, 2012, a motion was carried by Council “that a select committee entitled Mayor’s Task Force on Economic Re-vitalization be formed for the purpose of creating an Economic Re-vitalization Plan for the City of Powell River by June 30, 2013 for Council consideration” (Claxton, 2012). Further details regarding the makeup of the Mayor’s Task Force for Economic Revitalization were also confirmed by the newspaper. Walz reported that “Council passed a motion at the same meeting to establish a task force for the purpose of creating an economic revitalization plan by June 30, 2013. Participants in the task force include Formosa, councillors Chris McNaughton and Debbie Dee, members of the Powell River Regional Economic Development Society board and two members of the public, to be determined by council.” (Walz, 2012b) All of those listed were interviewed for this research.

Also in December 2012, City Council released a draft version of the strategic plan - which was prepared following a two-day, closed-door session with a consultant. The plan was “meant to guide city operations for 2013 and 2014” (Walz, 2012b), and listed six strategic priorities:

- Live within our means;
- Governance;
- Economic Revitalization Plan;
- Sustainability;
- Asset Management; and
- Liquid Waste Management

According to the newspaper article reporting on the release of the draft plan, Mayor Formosa stated that the document would “let residents know about the [six priorities] and finding out if they think council is on the right track” (Walz, 2012b). Regardless of the stated intention to include citizens in the decision-making process, the act of creating the strategic plan was conducted in private, and with the assistance of an outside expert.

The economic revitalization section of the draft strategic plan was included in the Peak article and remained unchanged in the final plan. As described in the newspaper, “The first objective is listed as direct flights to oil sands, tourism is second, followed by

community power (the proposed Freda Creek run-of-the-river project), economic development, build out waterfront, smart city technology, twinning/sister city, B.C. Ferries/home port; Townsite revitalization, beautification, airport technology/runway and youth family opportunities.” (Walz, 2012b). When convened in the spring of 2013, the Mayor’s Task Force was charged with advancing several of the same objectives: oilsand flights, tourism, economic development, B.C. Ferries, airport and youth/family goals.

Also in the Walz article outlining the strategic plan, Mayor Formosa explained the vision for the airport expansion: “the idea there is exploring the possibility of using the Powell River airport as a centre to rebuild or repair aircraft or aircraft equipment. ‘One of the things we’re looking at, depending on the size of aircraft that would come in to do that kind of work, is do we need to extend the runway for something like that,’ he said” (Walz, 2012b). In summation of the economic revitalization ideas, Mayor Formosa is quoted “We’re not talking about things that are unachievable, but they take work and we need the community to help us do it.” (Walz, 2012b) During the interviews, one of the suggested roles of the Mayor’s Task Force on Economic Revitalization was to validate the work that PRREDS was already conducting.

Mayor Formosa, despite being an early champion of separating economic planning from municipal government as one of the initial architects of PRREDS in the early 2000s, for all intents and purposes was working to move economic planning back into City Hall.

#### **4.6. The Mayor’s Task Force for Economic Revitalization Begins Its Work**

The terms of reference for the Task Force were released in April 2013, and outlined the following roles and responsibilities:

1. The mandate of the Task Force is to create an economic revitalization plan for presentation to Council by August 31, 2013. In developing the revitalization plan consideration will be given to existing Council policy such as the Corporate Strategic Plan, Official Community Plan, Sustainability Charter, Zoning Bylaw.
2. The Task Force is not a decision-making body and is not responsible for the implementation or management of the economic revitalization plan.

3. Under the direction of the Chief Administrative Officer, staff will provide support to the Task Force to assist the Task Force in achieving their mandate; however, staff remains responsible to the Chief Administrative Officer for their activities.

**(City of Powell River, 2013a)**

At the behest of the Mayor, the board members of PRREDS, brought a list of action items for the Task Force to discuss. These were items of interest that had been percolating at PRREDS for some time, and it was stated by multiple interviewees that the point of the Task Force was to legitimize the activities that were already taking place to attract and retain a variety of businesses in Powell River. As such, much of the initial time of the Task Force was spent reviewing the recommendations put forward by the representatives from the Society.

**Table 4: The six recommended actions for City Hall**

The Mayor’s Task Force developed a coding system whereby they would recommend a policy for the City to follow on economic projects across twelve sectors. The system divided the activities they put forward to City Hall into one of six “levels of action city council should

|                                |
|--------------------------------|
| Participate (Operate)          |
| Support (Legislate or Finance) |
| Research (Investigate further) |
| Advocate (Lobby Government)    |
| Facilitate (Convene)           |
| Encourage (Motivate)           |
| <b>(Randolph, 2013)</b>        |

take” (Randolph, 2013), which are listed in Table 4. These “codes” were meant to guide Council when moving forward on projects. The point was to make better use of City resources by focusing on activities that were within the city’s jurisdiction, as well as to suggest the resources the City should allocate to each activity. The levels of action were developed early in the Task Force’s mandate and were refined with the assistance of City staff.

On display here was the effectiveness of strong relationships described by Catlaw and Stout (2016) and Stern and Hall (2015). The cooperation between politicians, public servants and citizens likely created buy-in at all levels, because staff were able to review the recommendations and ensure that they were categorised

appropriately, and the members of the Task Force gained a deeper understanding of how City Hall works. During my interview with him, Task Force member Marty Cattermole described the collaboration thusly: “the names [of the recommended actions] changed over time, [...] I think we started out “They’re going to fund” and then having staff especially the administrators there, they would say “That’s outside our scope, we do not have a department that could do that” ...so scratch that off. Then they would just sit back and listen to us talk. They probably thought we were idiots at times” (Cattermole, 2017). Despite the friction, the different groups were able to work together to devise an effective list of recommended actions.

As mentioned, the collaboration described above is an example of the work that groups with strong connections can accomplish, especially when the richness of the relationships allows honest discussion about what is and is not possible. Including City staff in the Task Force’s meetings allowed for timely feedback on the recommendations, which resulted in better outcomes overall. Throughout the evolution of the Mayor’s Task Force from election promise to recommending body there are glimpses of people working together effectively. There are also examples of top-down governance as presented by Markey et al. (2005), such as when Mayor Formosa and members of PRREDS arrived at the first Task Force meeting with fully developed ideas for Powell River’s economic revitalization. That style of governance slowed the work of the Task Force for several meetings, as members had to take time to dismantle the notion that they had been convened solely to implement the plans pitched to them.

According to the members of PRREDS who were interviewed, the unstated goal of the Task Force was to get ideas of how to best implement the efforts underway as well as the plans that the Mayor had for economic revitalization: I was able to confirm this unstated goal through the triangulation of data from the City documents and the Powell River Peak, specifically the inclusion of items from the 2013-2014 Strategic Plan in the initial meeting agenda of the Task Force (City of Powell River, 2013b), and the description of the conversation in the minutes from that same meeting: “Mayor Formosa reported on economic development initiatives currently underway and other initiatives he recommends” (Claxton, 2013a). In an interview from the Powell River Peak on April 22<sup>nd</sup>, 2013, on the topic of the Task Force, Mayor Formosa is quoted as saying ““Our mandate is to create a plan and the plan will be, how do we make this all happen” (Walz, 2013a), implying that the actions have already been chosen. There was evidence early

on that the Task Force's work would diverge from what was intended – members asked for a facilitator as well as background materials for all of the projects suggested by the Mayor and those that had failed in the past. (Claxton, 2013a).

In the next chapter I will delve further into the data and present the themes extrapolated from the document analysis.

## Chapter 5. Study Results

### 5.1. Road Map

This chapter presents the themes extracted from the data sources explained in Chapter 3. Each theme is examined using the triangulation of data, to build a robust set of results, that will then be summarised in Chapter 6. The examination of the themes through the triangulation method helps to get to the crux of the matter at hand: what social and economic issues contributed to the recommendations of the Mayor’s Task Force for Economic Revitalization? Comparing the data from each source contributes to more robust findings and helps to distinguish between the experiences of one individual and the group as a whole.

### 5.2. Themes Extrapolated from Data and Literature

Themes emerged through the review and analysis of the city documents, media reports and interview transcripts, and were the dominant themes of the literature as well. Most of the themes listed in Table 5 were present in all three sources of data, including community engagement, governance, strategic planning, and economic activity/development. Loss of work was not specifically referenced in the meeting minutes or reports from City Hall; however, it runs implicitly through all the City documents as job loss was one of the City’s main considerations when Council decided to establish of the Task Force.

**Table 5: Major themes from sources**

|                                       | Source     |            |                |           |
|---------------------------------------|------------|------------|----------------|-----------|
|                                       | Literature | Interviews | City Documents | Newspaper |
| Loss of Work                          | x          | x          |                | x         |
| Geographic location                   | x          | x          | x              | x         |
| Economic Activities & Diversification | x          | x          | x              | x         |
| Local Government & Governance         | x          | x          | x              | x         |
| Decision Making                       | x          | x          | x              | x         |
| Citizen/Community Engagement          | x          | x          | x              | x         |

Each of the themes in Table 5 will be analysed separately in the subsections that follow.

### **5.3. Loss of Work**

A report commissioned by the Powell River Regional District in 2008 (VannStruth Consulting Group, 2008) described a shift away from resource industries towards a service economy that started in the early 2000s. The shift was buoyed by the increase in the population of residents over 65 years of age as well as an influx of tourists. This is an example of Powell River taking advantage of and promoting its assets, including the infrastructure and amenities of larger centres that are found in Powell River because of the spin-off benefits from the mill. As well as the built infrastructure like the hospital and recreation centre, the lakes, forests and other natural resources outside of the city have been marketed to attract tourists and new residents. The service economy, though, does not supply the same kind of wages or job security as mill work; a point not lost on interviewees, who were quick to point out that the arrival of national and multinational firms like Walmart and Canadian Tire should not be equated to creating “good” jobs in Powell River and may not be a result of City Hall’s business campaigns. In my interview with Mr. Yule, he said that “[The large retailers] did their own market research and came because they were going to come here, not because we attracted them” (Yule, 2017). On the other hand, Scott Randolph, the City’s Economic Development Officer cited the “addition of seven national and provincial retailers over the past number of years” (Randolph, 2013) as a sign of relative economic health, as the large retailers would not have invested in a location that would not be profitable for them.

Three of the interview participants identified jobs and/or workforce as being the major issue facing Powell River. Specifically, a lack of good paying jobs that would attract people to move to the region was mentioned, while others said that a shortage of skilled workers discouraged employers from setting up shop in the city. David Morris, a former manager of PRREDS told me that:

We need , obviously, jobs for younger middle-aged family type people. We need to increase that demographic, the working family age. On the other hand, we have a difficult time finding people to work, because we don't have that demographic. So it's sort of like a chicken and egg thing, because you want to attract industry here, and they say "well have you got a workforce to support us coming there?" and we say "well, sort of...no, sort

of yes." But how do you get people to move here if there's no jobs? (Morris, 2017)

From 1991 to 2014 the makeup of Powell River's labour force changed considerably. Not only did the average salary drop, the number of people employed also decreased.

In the period between the mid 1980s to the mid 2000s, the unemployment rate in the district decreased from 15.4% to 6.4%, while the labour force participation rate, after peaking in 1991 at 62.4%, decreased to 56.1% (VannStruth Consulting Group, 2008). The increase in percentage of population aged 65 and over accounts for the decrease in labour force participation, and the transition to service sector jobs contributed to the decrease in wage. According to the same report, Powell River's labour force participation rate has historically been below that of the province, which in 2006 was 65.6% in 2006, almost 10% higher than in the Powell River Regional District (VannStruth Consulting Group, 2008).

Despite the optimism in 2014 that Catalyst Paper would be hiring 20-30 employees for the next 5 to 10 years, employment at the mill has continued to fall, from 420 in 2014, to 320 in 2017 (Bolster, 2017).

One of the primary goals of Powell River's economic diversification efforts has been to increase both the quality and number of jobs in the city. One way that cities, including Powell River, have tried to do this is to create an atmosphere that is friendly to large-scale businesses that require a substantial labour force, but this approach does not guarantee the desired results, nor does it effectively distinguish between high- or low-paying (or -skilled) jobs, as the focus is really on quantity. At the same time, Powell River was also angling to attract other resource extractive industries to replace the mill jobs, but none of these projects came to fruition. By declaring itself as "open for business", Powell River had taken one of the steps that has long been considered essential for cities in economic transition. However, cities need to take a more holistic view than just offering incentives to national and multi-national corporations as was done in Glasmeier's (2000) second wave of economic development. For its efforts between the late 1990s through the 2000s, Powell River had attracted large-scale retailers who offered low pay and in return extracted profits to corporate headquarters located in other jurisdictions. Strategies to create jobs and wealth need to adapt with changing times

and economic landscapes or cities risk repeating past mistakes. Powell River has shown it is willing to accommodate the demands of corporations to retain and build work opportunities; but the job loss, particularly of high-paying work, has not subsided.

The creation of the Mayor's Task Force for Economic Revitalization should be seen as an acknowledgement that the old ways of creating economic activity were not working, and that the time had arrived to bring new ideas for economic diversification to the table. For Powell River, it became clear that more needed to be done than to create favourable conditions for outside business. Despite the City's efforts, there were barriers that could not be overcome through tax breaks, including its place on the map.

## 5.4. Geographic Location

*Every meeting that we, we being council, or me as a councillor had with cabinet ministers or government, the conversation always lead to B.C. Ferries...every time (McNaughton & Raaen, 2017).*

From an interview with Chris McNaughton, former City Councillor and member of the Mayor's Economic Task Force for Economic Revitalization

The geography of a place is often cited as a limiting factor in a city's ability to stimulate economic activity (Glasmeier, 1999; North, 1955; Siegel & Waxman, 2001; Stern & Hall, 2015). Siegel and Waxman (2001) wrote that it is one of the biggest issues facing small towns, North (1955) stated that regional growth is impacted by its geography and Stern and Hall's (2015) research took place in a town situated on top of a silver mine that has been trying to capitalise on its historical significance. Powell River's geographic location acts as both a blessing, by limiting competition from other regional players, and a curse, as it is the cause of many challenges to economic development.

The main challenge for economic development in Powell River is the arduous route to Metro Vancouver. It takes a minimum of four and a half hours to travel the 170 kilometres to downtown Vancouver by road, and that is only possible if the vehicle ferries are running on time and are not overloaded. There is no arguing that this severely limits Powell River's ability to attract businesses that require access to a large population centre by land, or easily navigable overland shipping routes.

Four of the interview participants said that transportation and/or ferry access was the most pressing issue that needed to be addressed in order for economic

diversification and community growth initiatives to be successful. Five others also mentioned it as being a principal consideration. Resident Jason Zroback, who grew up in Powell River and returned to raise a family after several years away, described it thusly:

...[W]e're at the beck and call of the ferries to get in or out of here, so that limits the economic viability of this town. So, that to me is a huge driver for economics, attracting companies, basically what that one segment does, limits a lot. [...H]ealth care I think it's fantastic here, crime is fantastic, [...] it's kind of a double-edged sword with transportation, right, because the beauty part of the geographic location of Powell River is: People are here for a reason. It's not a transient community where people are just driving through to get to the next place so therefore it keeps the riffraff out. It's people that either want to be or have to be that are here, so that's a good thing. (Zroback, 2017).

This opinion is supported by City documents, many of which cite ferry service as a barrier to growth.

The general feeling (and the on-the-ground reality) is that there is very little the City can do to remedy the transportation issue aside from lobbying the provincial government for more frequent and lower-cost ferry service. There is also a belief amongst residents that the challenge in accessing Powell River is what keeps it the way it is – for better and for worse. Situated as it is at the “end of the road”, Powell River does not have a large transient population – the people who arrive there do so for a reason, not simply because it is a place to be, or as a stopover to somewhere further down the highway.

Investigating the feasibility of a direct, land-based connection or “fixed-link” to Metro Vancouver has been mentioned in every economic plan the city has released since the 1990s, and for the sort of diversification the city has traditionally pursued - attracting a large industrial operation, AKA smokestack chasing, and increasing tourism, this would certainly be a boon. Focusing instead on local development, and supporting entrepreneurs and small businesses, reduces the reliance on outside markets.

## **5.5. Economic Activities and Diversification**

Siegel and Waxman (2001) identify dependence on traditional industry and transformation of the human capital base “as primary challenges facing smaller cities

and affecting their ability to compete and thrive in the New Economy” (Siegel & Waxman, 2001, p. 11). For much of Powell River’s history, there was no imperative to diversify the economy, or to ensure that there were people outside of the mill who had the necessary skills to participate in light manufacturing or value-added industries. This meant that the human capital found in the mill was unique, and as jobs were lost and ex-mill employees left Powell River to pursue other opportunities, there were few who were willing or able to start these types of enterprises. Further exacerbating this lack of diversity was the fact that the largest consumer of these services, the mill, no longer needed them. Chinitz (1961) suggests that smaller cities with only a few large, self-contained firms are not hospitable to the development of secondary economies, whereas larger places, represented in his study by New York City, have more diversified economies because there are many more firms, of varying sizes, that all make use of secondary services. This division and specialization of tasks creates a more robust and diverse economic region (Chinitz, 1961). In the case of Powell River, what was considered a strength of the mill’s workforce, its ability to manufacture hardware required for the milling process, as well as to build large infrastructure pieces like gas lines and walls, and to repair machinery as it broke down, ended up being a detriment for the city, particularly when the mill started laying people off. Mayor Formosa explains it thusly:

We always had it so good, because we were at one time the largest [...] pulp and paper mill in the world, in one location that was fully...self-contained. Right down to forges and mold making for pipe blooms and you needed a, for a big huge pipe, a joint, and you needed a cast, they made the mold, they casted the part, they were 100% contained and fully, they had their own power dam, they had their own machines, they had lathes the size of this building, they cut their own parts for their machines. They were the largest self-contained pulp and paper mill in the world, 2700 workers. So there was never a need for anything else. (Formosa, 2017)

This information from the interview connects to the literature through a similar situation presented by Saxenian (1994) on the evolution of the high tech region of Route 128, near Boston. Firms along Route 128 were tightly vertically integrated, and privileged self-sufficiency over innovation. Furthermore, the semi-conductor companies in Massachusetts benefited from lucrative federal aerospace and military contracts, and thus had little incentive to innovate. Ultimately the east coast industry lost out to the network focused firms in Silicon Valley who encouraged specialization and shared technology and resources with each other (Saxenian, 1994).

As a result of the pulp and paper mill's independence, Powell River's economy was fully reliant on natural resources and the processing thereof, with no secondary industries. Mayor Formosa continued to explain:

We had a window manufacturer, we had a little saw mill cause our big mills all closed, so we had a shake mill and a little sawmill north of town. We didn't have any secondary manufacturing. Our fishing ended, our logging ended, not ended, but cut way back, for all intents and purposes, mining on Texada left, I mean everything was gone. And you were always duly employed here, and there just wasn't...everywhere you go, every small community you'll see fab shops, metal fab shops and they're fabricating components for the oil patch or for this industry or that. We had very very very little jobs other than the mill. And Danny's little window factory there, so it was a real bugger. (Formosa, 2017)

With all of their eggs kept in the same basket for so long, it is not surprising that economic diversification has been a challenge for municipal leaders in Powell River.

In 1999, a study for the Vancouver Island Economic Developers Association concluded that residents of Powell River “recognised that the contribution of the forestry sector to the local economy [was] diminishing.”(Geoghegan & Vigars, 1999) This same study reports that citizens in Powell River were interested in “smokestack chasing” by building an aluminium smelter.

Powell River's government has been exploring ways to diversify the economy since the Geoghegan & Vigars report in 1999. When it became clear that the City would no longer be able to rely primarily on the mill for jobs and tax revenue, local government began to research several large-scale projects to help offset those losses. Table 6 below identifies several of the projects that had been researched or actioned prior to the creation of the Mayor's Task Force. Several of the projects are still in the feasibility stage or have been abandoned, while others have progressed.

**Table 6: Powell River’s economic diversification ideas prior to the 2013 Task Force**

| Diversification Initiative                       | Status as of 2017   |
|--|---|
| <b>Airport Modification/Development</b>          | <b>Ongoing – runway upgrades completed in 2017</b>  |
| Develop Waterfront                               | Ongoing – plans to develop pedestrian connection between north and south harbours   |
| Toll Road Link to Lower Mainland                 | In 2017, BC provincial government announced it would not proceed after a 2-year feasibility study was conducted           |
| Community Marketing (Selling Powell River)       | Ongoing   |
| Aluminum Smelter                                 | Did not proceed   |
| Value-Added and Light Manufacturing              | Ongoing   |
| LNG terminal                                     | Did not proceed   |
| Resident Attraction Program                      | Ongoing   |
| B.C. Ferries lobbying                            | Ongoing   |
| Land Acquisition and Management Through the PRSC | Ongoing   |
| <b>International Education Initiative</b>        | <b>Stalled after BC provincial government denied request to remove land for school from the Agricultural Land Reserve</b> |
| Food Production / Aquaculture                    | Ongoing, project in development within the city and in the region   |
| <b>Hemp/Medical Marijuana</b>                    | <b>Ongoing – Hemp was not feasible but disused mill buildings have been converted for medical marijuana purposes</b>      |
| Business Retention and Attraction                | Ongoing – strategy to reach out to and work with local business owners is popular   |
| Tourism Assets and Infrastructure                | Ongoing – development of Sunshine Coast Trail, and local interest in developing more accommodation options                |
| Cultural Assets                                  | Ongoing   |
| Entrepreneurship                                 | Ongoing   |

(City of Powell River, 2013b)

In the next section, the three highlighted projects from Table 6 are described to demonstrate some of the economic challenges and successes that have occurred in Powell River:

### 5.5.1. Three Examples of Economic Diversification Initiatives in Powell River

**Airport Modification/Development:** Pacific Coastal Airlines, an independent airline that flies out of 15 wheeled and 40 pontooned airports in the province of British Columbia, has roots in Powell River. The owners of the airline maintain homes in Powell River, and there was a belief reported by many interviewees that if the airport could be upgraded, Pacific Coastal would relocate their head office from Vancouver to Powell River, bringing with it meaningful and well-paid work in terms of both aircraft maintenance and business administration. This would then be leveraged to expand aerospace opportunities by offering maintenance services to other airlines, with the competitive advantage of lower costs associated with Powell River's airport. The idea of an aerospace sector was first mentioned in a document from 1999 and has continued to be a priority of the City's economic diversification efforts since then, despite a lack of perceptible progress.

**International Education Initiative:** The earliest public reference that I found to the desire to open a campus for international students is in an article from the Powell River Peak in January 2013 (Bolster, 2013a). School District Superintendent Jay Yule, discussed a 2012 trip to China to inspect B.C. offshore schools:

We're not in any rush to set anything up [...] It takes huge amounts of money to get an offshore school running, and we're not willing to spend the money. We would rather work to develop some relationships and connections before we go ahead with anything. We don't have an interest in simply sponsoring an offshore school to try to make revenue. It doesn't fulfill the educational need we have (Bolster, 2013a).

The draft Task Force for Economic Revitalization report was released in July 2013 with the recommendation for Council to "support the International Education initiative by providing PRREDS with the necessary resources to work with SD 47 and Vancouver Island University on the project" (Randolph, 2013). By January 2014, the School District, Vancouver Island University and City Hall had formalised a partnership with Sino Bright – an international school headquartered in Vancouver – with the goal of opening an international high school for Chinese students: At that time, Yule was quoted in the Peak as saying "It's imperative for us with our declining enrolment that we'd like to attract more fee-paying students[...]" (Bolster, 2014). Since that time the

project has stalled due to the denial of an application from the City to allow the construction of the school on property that is part of the Agricultural Land Reserve.

**Hemp/Medical Marijuana:** According to past City Councillor Debbie Dee, the municipal support for a medical marijuana facility grew out of her interest in exploring the feasibility of encouraging the production of hemp in the region. During our interview, she said:

As a matter of fact Santé Veritas and the medical marijuana facility in Townsite. That kind of came through because no one, when I first ran, I said what I wanted to do was grow hemp. I thought hemp would be a great little project, it wouldn't make the town rich but it would provide enough... so Dave Formosa and I talked about, because everyone was completely against marijuana and hemp[...] (Dee, 2017)

The logistic and infrastructure requirements of operating a hemp processing facility turned out to be far more intensive than Councillor Dee had imagined, and as a result that particular activity was abandoned after a few months of preliminary research. Medical marijuana was added to the list of opportunities to explore by the Task Force during the meeting of May 27<sup>th</sup>, 2013 (Claxton, 2013b), and in July of that year, an article in the Peak described the council meeting at which Mayor Formosa and Councillor Dee pitched the idea to the rest of City Council, who were supportive (Walz, 2013b). Later in July 2017, Mayor Formosa “conducted his own informal poll of city residents on the issue and found that a majority of those he spoke to supported the idea of medical marijuana and industrial hemp being grown in the city” (Bolster, 2013b). After overcoming several hurdles, Mayor Formosa held a news conference in 2014 to introduce the CFO of Santé Veritas, the company that was planning to open the medical marijuana facility in an unused building that had previously housed administrative services for the mill (Galinski, 2014). Despite not yet having obtained clearance from the Canadian government, Santé Veritas predicted that it would create between 30 and 50 jobs and would sell between 13 and 15 million dollars of product in their first year of operation (Galinski, 2014). This project continues to develop, renovations at the site began in the fall of 2017, and approval from Health Canada is expected in 2018 (Schreurs, 2017). To secure federal approval however, the city will have to agree to further concessions, in the form of an amendment to the terms of the agreement from a ten-year lease to allowing Santé Veritas to purchase the building and adjacent land within 45 days of approval being granted.

By comparing all of the data sources above I found that even though there were efforts being made to change economic planning strategies, the city government was still making compromises to attract outside companies.

### **5.5.2. Planning for the Long Term While Surviving in the Short Term**

The recommendations of the Mayor's Task Force for Economic Revitalization in 2013 included many of the ideas from Table 6, but arguably only the waterfront development has been successfully actioned to date. With regards to the value-added and light-manufacturing goal, the lack of this type of industry is certainly a result of the mill being "self-sufficient" and the inhospitable environment for secondary industries to grow alongside it.

Even though there is acknowledgement that long-term planning and dedication to seeing projects through is required, the ever-present possibility of a mill closure has led to the pursuit of quick wins, or at least to the support of projects that seem like quick wins. "Of the economic development projects he put forward in 2014, only the Santé Veritas Therapeutics proposal has advanced, and even that has yet to start. A problem for Formosa has been that many of the ideas he has championed may take years to be realized, long after his term ends in 2018" (Bolster, 2016). Not everyone agrees on the continued importance of the mill to the economy, nor on the benefit of attracting an equivalent industry to replace it; however, those in positions of authority during the time of the Task Force, such as the mayor, councillors and school board superintendent, all agreed that a sudden mill closure would dramatically and adversely impact the city. In the late-2000s, there was speculation that the mill in Powell River would be shuttered, but as told by locals with knowledge of the situation, City Council had negotiated with the Catalyst Paper Company to continue operations, and as a result, the mill in Campbell River was shut down instead. Mayor Formosa explained during our interview that:

[...] I had heard from a hugely reliable source that our mill was going to be closed. It was a reality, I found out it was a reality and so I thought well who better to fight to keep our community alive than somebody like me who was born here, bred here, has a large capital investment, many employees, children living here. Family living here and who has an expertise that maybe I could lend a hand and try and figure out how to keep that mill here and I thought through local politics I would have a better chance of convincing them to stay[...] (Formosa, 2017)

While ex-councillor Dee described the pressure that City Council was under at the time:

What are we going to get the best bang for our buck as fast as we can for some of these? Because what if the mill closes? That's always that over-looming shadow, and people are going 'well, let the mill close.' and I'm going 'You don't even understand, you don't understand.' (Dee, 2017).

Even those who expressed the belief that a positive change in economic diversification has happened in Powell River seemed unsure that the city was prepared to withstand a complete mill shutdown. Economic Manager Scott Randolph said:

It's not like we are right now, with Damocles' sword hanging over our head, if the mill goes down, what do we do? Mind you, I don't think we're still, I think the work that's been done to date, that reliance on the mill isn't as heavy as it used to be. It's going to have an impact if it goes down in the next year or something, but I think that we're far enough down the road that it won't be a significant impact. (Randolph, 2017)

The City has continued to make compromises to ensure that the mill stays open. According to the Economic Development Strategy Report, “the City took a bold approach to reducing major tax rates for Catalyst Paper Corporation (\$18-million in savings) and in turn made a deal to take ownership of needed lands and assets” (City of Powell River, 2014) That the report frames the loss of \$18-million in corporate tax revenue as a “savings” is indicative of the close-knit relationship between the City and the mill. While the land transfer ensured that the City received something in return, the value of those lands is \$4.5-million, and they are in fact shared with the Tla’Amin First Nation as part of the Powell River Sliammon Corporation (PRSC) (Walz, 2012a).

The reliance on the mill to support the city has waned, but not as much as the faith in its ability to do so. This belief has created an environment in which people are waiting for the other shoe to drop, and the focus remains on sectors or diversification efforts that are readily apparent. Perceived quick wins like selling off the city’s water rights to a bottling company, or attracting tourists and residents through marketing campaigns, or in the case of medical marijuana, capitulating to the demands of a large employer, have captured the attention of Powell River’s government. The attraction of these types of projects is the hope of reaping benefits quickly instead of having to invest

time and money to build capacity within the community. School board Superintendent Yule said:

We've got those two sides on the ledger of change. Everybody wants economic development, there's no question, you could ask anybody in town, but what that is...what that looks like is so vastly different, you've got mill proponents thinking big industry would be great, we've always supported it, to people who want totally green and if it's not totally green we're not interested, we don't want our lifestyle changing that much (Yule, 2017).

The recommendations made by the Task Force came out of a drive to build the economic fortunes of the city, but the projects that have received the most support are those that are most closely aligned with the City's historical approach to economic diversification. Next, I will describe the role of local government in Powell River's economic diversification initiatives.

## **5.6. Government's Role & Governance**

From setting the mandate and convening the Task Force, to following-up on action items at the end of the term, the local government's role in economic diversification efforts should not be underestimated. Nonetheless, municipal governments everywhere are limited in their ability to directly intervene, as they do not have the financial resources available to jumpstart an industry. In Powell River, the local council has at times been tempted to close itself off from its constituents or has backed off from unpopular decisions because councillors wanted to protect their reputations in the community. School Board Superintendent Jay Yule said "in Powell River, like a lot of small places, everybody feels they have an opinion and a say and it's very difficult, it seems, to get a lot done because of that. People not wanting to take those risks and jump out because you kind of know everybody and it becomes sort of personal, and other issues. So if you look at our governance structure, people have good intentions but it's difficult to get things accomplished" (Yule, 2017).

According to Scott Randolph, Powell River's Economic Development Officer and past manager of PRREDS, earlier administrations had been relatively hands-off with economic development matters. There was concern amongst the group of being tarnished by decisions that were likely to be contentious. While avoiding unpopular

actions is one strategy in governance and was presented by Trautman (2016) and others, it is not the only way to confront difficult issues.

The reluctance of earlier Councils to engage publicly fostered a desire for change in 2011 amongst the city's residents, and the pressure felt by candidates to engage with constituents in the municipal election that year led to the campaign promise to convene an economic diversification task force. The demand for accountability in the city ensured that the new mayor, Dave Formosa, would have to be more open than the previous administration to hearing from constituents during the economic planning process, perhaps more than he would have been under other circumstances.

When faced with suspicion that Councillors were making decisions during the 30-minute briefing before chamber doors were open to the public, City Council in 2012 decided to invite people to come and watch the proceedings. Ex-councillor Debbie Dee explained during her interview that:

DD:...the press and the public really thought that we were making the decisions for the night in that half hour pre-council. We decided to throw the doors open, and for the first two times they were there and then they never came. 'What, this is what you do?' 'Yeah, what did you think?' They thought we were trying to convince each other of how we're going to vote and what we're going to do and who's going to make the motion and...

JA: Of course, I guess in an absence of information, you make it up, right?

DD: Exactly, yah exactly. And human tendency goes to the dark side [...] (Dee, 2017)

When asked later about making unpopular decisions, ex-Councillor Dee recounted that she believed she had lost her re-election bid in 2014 because of two unpopular items she had proposed: To ban woodstoves to reduce air pollution, and to install water metres at private residences to encourage conservation. She stands behind the decision in both cases, and suggested that it was a matter of educating the public (Dee, 2017).

Similar to the citizens of Cobalt (Stern & Hall, 2015), Powell Riverites are at times be able to have frank discussions, disagree on issues, and carry on with the business at hand, such as working on economic diversification initiatives. This was somewhat surprising, given the reluctance of City Council to engage directly with citizens.

The Powell River Peak published an article after the first meeting of the Task Force that introduced the members and the role of the group. Based on the description of Mayor Formosa, who was interviewed by the newspaper, the Task Force was convened to complement the work being done by PRREDS. Mayor Formosa is quoted as saying “PRREDS has done a lot of good things in this community and seems to have a lot of the community that doesn’t understand what its role and function is.” (Walz, 2013a). He went on to explain that the Task Force had a strong contingent of PRREDS members to “keep the group in sync” (Walz, 2013a). The article also informs that Formosa had developed a list of projects for the Task Force to work on as follows:

- Partnership with Tla’Amin (Sliammon) First Nation.
  - Transportation, including a new strategy for B.C. Ferries.
  - Airport development, including a GPS system for the Powell River airport, which will allow more flights during adverse weather, such as fog, pursuing an aerospace industrial park at the airport and improving the infrastructure.
  - Exploring the possibility of a bridge crossing Howe Sound, to reduce the number of ferries it takes to get to Powell River from the Lower Mainland.
  - Focus on tourism, including a spotlight on Townsite and the area’s trails.
  - Developing an aquaculture park, a land-based area for raising fish.
  - Freda Creek project, producing power from a run-of-river facility in partnership with Tla’Amin.
  - Sister city relationship with Putian in China.
  - Attracting target groups to move to Powell River; includes direct flights to oil sands.
  - Boutique colleges, schools, trades training.
  - Working with Catalyst Paper Corporation on its hiring plans over the next five years.
  - Data farms.
  - Water as a commodity, investigating the use of excess water from Powell Lake to use in a commercial operation, such as a water bottling plant.
  - Staying engaged in new business attraction.
- (Walz, 2013a)

What is not mentioned in the discussion of the Task Force’s mandate or procedures however, is any substantive invitation for members of the Task Force to bring their own ideas forward. Interviewee responses regarding the earliest meetings of the Task Force confirmed the idea present in the Powell River Peak article above that there was a clear preference to work on the options put forward by PRREDS and the Mayor, and little forethought put into soliciting alternatives from the citizen members of the Task Force. As Mayor Formosa put it “We’re not going to work on these things, but how to work on these things *and new things that maybe you folks come up with that we believe are worthy.*” (Walz, 2013a) (italics for emphasis).

Mayor Formosa's initial intent seemed to have been to carry on with the traditional role of committee guidance and oversight, while inviting community members to participate to mitigate complaints of top-down decision making, even while that was the plan. This strategy is indicative of the lower rung activities of Arnstein's "Ladder of Civic Participation" (1969), in which citizens are engaged as a method of appeasement, and without a true interest in incorporating their ideas into the final outcomes. By the end of the Task Force's mandate however, Mayor Formosa's outlook had changed. An article in the Peak titled "Task force wraps up assignment" provided the most telling quote from the Mayor on the report that was created from the work of the Task Force: "I think we are of the conclusion that we're not going to have one big corporation come into our community and save us and take us off into the sunset,' he said. 'This report gives us a guideline of numerous, different projects, one project at a time, that we can actually undertake'" (Walz, 2013c).

The most critical change to happen in local governance in Powell River as a result of the Economic Task Force was Mr. Randolph's move from PRREDS to the City in the newly created position of Municipal Manager of Economic Development. As explained in a Powell River Peak editorial article, this structural change was not an explicit recommendation of the Task Force, but Powell River's Chief Administrative Officer decided that this was the best way to implement the recommendations of the Task Force, and concluded that the main functions of PRREDS should be moved in-house (Anonymous, 2014).

There was no interest though, in expanding the mandate of the Task Force. Jay Yule said that the work of the Task Force could and should have continued: "I think that's where Dave got cold feet of us wanting to say we want it to be a bit of a watch dog kind of thing that can...he said no it's kind of a one time, and then that's the City Council's job to do that. So I thought that was kind of too bad. I think it could have served a purpose for two or three years to try and do that" (Yule, 2017). According to Mr. Yule, this decision was tied to the hesitation on the part of elected officials to relinquish control to others, for fear that unpopular decisions would be laid at their feet.

## **5.7. Decision Making within the Mayor's Task Force for Economic Revitalization**

The Task Force's sole stated outcome was to "create an economic revitalization plan for presentation to Council by August 31, 2013" (City of Powell River, 2013a) and to meet that goal, the Task Force members spent a great deal of time debating a variety of diversification possibilities. At the end of their mandate however, what they provided was not so much a plan, but a list of suggested activities. The difference being that a plan incorporates actions and timeframes and measurements of success; these are not found in the report submitted to council. Fundamentally, the Task Force was asked to review ideas for diversification brought forward by PRREDS and the Mayor, and suggest approaches to best implement those ideas.

During interviews, participants provided their views on how the Task Force worked as a group and how they developed recommendations. Nearly every interviewee spoke of how each member of the Task Force was given an opportunity to put ideas forward. Once a list had been created, the Committee categorised each idea for further discussion. Ideas that seemed attainable and that were agreed by the Committee to have some economic benefit to the city were kept, while those that were viewed as too complex or could not be shown to contribute to the local economy were put to the side. As has been discussed above, the Mayor and members of PRREDS began the sessions by presenting a list of opportunities that they felt were best for the Task Force to recommend.

Some of those activities, like the selling of water rights to secure a water bottling facility in the city, were ultimately discarded due to the information collected and presented at the Task Force meetings, as described by member Marty Cattermole, the Vice President of Credit Union Operations at First Credit Union and a long-time resident of Powell River:

There was the environmental side of a couple people, which squashed a couple of our ideas, which was good, once they opened up our eyes. Claudia Medina brought in a couple of videos for us to watch on a couple of things. One was the bottled water idea. After seeing and opening up our eyes to the waste. (Cattermole, 2017)

While there was agreement that all members of the Mayor's Task Force were welcomed to present ideas, it became apparent from the interviews that not all ideas were considered equal. Several participants spoke of "green" issues that were suggested and dismissed out-of-hand, either for being "anti-business" or too costly or too challenging to implement. Several people commented that the green or environmental demands of a certain segment of the population were creating extra impediments to Powell River being able to attract business. This focus on environmental impacts was described as being counter to the goals of the Task Force particularly given the extremely competitive business of small cities courting employers from a limited pool of prospective development options. This aligns with the work for Hayter (2003), who identified environmental concerns as an additional obstacle to development for historically resource-extractive regions. As past PRREDS director David Morris put it: "...you're competing against other communities for what is a fairly finite amount of business that will move to a community of this nature. And they want it green, so you throw that into the mix too. If you said, "No, we'll sort of...you've got to adhere to our environmental bylaws and this sort of thing" but it goes beyond that..." (Morris, 2017). This is a reality that is borne out in the literature (Glasmeier, 2000), but the best course of action is then to look at alternatives instead of continuing to compete for business that may go elsewhere despite a city's willingness to compromise.

Scott Randolph, the Economic Development Manager for the City who was the manager at PRREDS during the mandate of the Task Force, described the Task Force during our interview as "an organic approach [that provided] some good views around the table, a diverse amount of views around that table that was able to give us a foundation..."(Randolph, 2017). He made it clear though that he felt that it would have been more effective to create an economic development plan in a more traditional manner; by hiring a consultant to convene citizens, politicians, and city staff, and then to present a report with recommendations. Nonetheless, he was surprised by some of the outcomes from the Task Force and believed that it did serve the purpose it set out to.

The sheer number of recommendations in the final report to City Council suggested that Task Force members were unable to distill the ocean of ideas into a list of actionable items. Based on my discussions with Task Force members, and the instruction that was built into the terms of reference to proceed with consensus, the opportunity for constructive disagreement à la Cobalt did not exist. That is not to imply

however, that the citizens of Powell River are not engaged in local affairs, rather that the mandate of the Task Force was too limited to provide real opportunities for this type of dialogue to take place. Had the Task Force been convened for two or three years, the members may have been able to dive deeper into all the suggested activities and really develop a plan.

The work of creating of an economic diversification plan based on the recommendations of the Task Force was assigned to the Economic Advisory Committee, a group that mirrored the Mayor's Task Force in make-up, and PRREDS in function. Again though, the outcome of this group was a plan for a plan entitled "A path to a Powell River Economic Development Strategy". It seems that despite the efforts of those involved, there was a lack of capacity in Powell River City Hall at the time to actually build a workable strategy, which echoes the words of Siegel and Waxman (2001) that a lack of administrative resources inhibits a city's ability to transition to a new economy. Ultimately, a consultancy firm was hired to finish the work of drafting an economic development strategy in 2015.

Something that was brought up time and time again by the interviewees was the difficulty in reaching decisions in Powell River, and it was often tied to the fear of repercussions in personal or professional relationships. The next section will describe the relationship between City Hall and the citizens of Powell River.

## **5.8. Citizen & Community Engagement**

Members of the Mayor's Task Force for Economic Revitalization exhibited both a sense of ownership for their decisions and a commitment to doing what was best for Powell River, despite their differences of opinion. The best engagement initiatives are useless if nobody participates (Trautman, 2016), and there is certainly room for improvement in this area in Powell River. When asked how city administrators normally engage with citizens, the responses were often vague: Task Force member and independent film maker Claudia Medina said "Umm, it's in a very haphazard and often, you know, there's been public forums for different things...I just don't know how effective they are, and often times they're not as adequately publicised as they could be and tend to bring the same people" (Medina, 2017).

Overall, interview participants felt that the methods used by City Hall to solicit public opinions should be improved. There was much discussion of townhalls and similar events, but questions were raised by the interviewees about the effectiveness of such sessions. Throughout the interviews, the two most-commonly discussed issues with these types of engagement efforts were the inability of everyone to attend because of conflicting priorities and the predilection of certain residents to takeover meetings to complain about what is not being done, or about how the decisions being made were wrong. This behaviour was described by several interviewees as discouraging other residents from participating more fully in civic life.

Ex-Councillor Dee also mentioned that Powell Riverites were most likely to go to civic meetings if they felt the issue at hand was going to directly and negatively affect their life. The research of Trautman (2016) found similar attitudes, as did that of Stern and Hall (2015), who heard that the largest town meeting in Cobalt was on the topic of losing the city's longstanding doctor.

Ex-councillor Dee described the attendance at community consultation events in Powell River thusly:

DD: ...in my 6 years my experience was the same 40 to 80 people showed up at every meeting and that was basically it. One year for presenting our 5-year financial plan there was 4 people in the crowd. The same 4 people that were always there. The same 40 people basically were at every event, and sometimes there'd be 40 more. Sometimes though we'd get 100 or 120 people, that would be a successful event. Depending on what the issue was.

JA: Would it be mostly people that were supportive or people that were trying to change or a mix of people?

DD: The 40 were the ones that were not supportive of our government. The 80 would be a mix, the 120 would be a big mix. Lots of good participation in things. (Dee, 2017)

This detail led me to conclude that City Council decisions made based on input received at townhalls are likely to skew to the negative, as those who were in favour of actions were not present at meetings to voice their support of projects.

Several of the interview participants felt that it would be effective to put together select committees for topics under consideration – people familiar with housing and homeless issues to discuss housing development, students and youth for issues that

affect them, participants from across the city for review of public spaces. Most of the Task Force members felt that their experience with the group was positive and productive, and that the Task Force could serve as a good model for future committees.

## **5.9. Chapter Summary**

A small town's ability to attract firms and to plan for the long run can be greatly impacted by the ongoing loss of work and workforce in its dominant sector as well as its geographic location. In Powell River, the continued reduction of operations at the mill has distracted City officials from their stated goal of building economic capacity locally. The types of projects that get the most attention from civic leaders are those that could be categorized as quick wins - ones that continue the exploitation of the city's and the region's resources.

The local government in Powell River has taken steps to consult more with its citizens, and has talked about investing in the future, but the wherewithal to commit to build off the first tentative steps is not always apparent. This is clear with the Mayor's Task Force, an innovative method of decision-making in Powell River that was given a mandate of four months to develop a plan for economic revitalization, but was not granted the authority to hold the City accountable to its recommendations.

Citizens of Powell River are engaged civically, especially when they feel threatened by proposed courses of action. This has led public officials and civil servants to hesitate in taking action that may be perceived negatively, even if the actions would benefit the city in the long run. There is evidence that there are repercussions for those who stick to their guns: ex-councillor Dee believes that she was not successful in her re-election attempt because of her commitment to two ideas that were environmentally beneficial but required a small sacrifice from citizens. More inclusion and acceptance of ideas from the public, as witnessed by Stern and Hall (2015) in Cobalt, Ontario, may help to alleviate this tension by encouraging people to become more active in their community, and less likely to conflate personal and professional relationships.

Chapter 6 synthesizes the findings above, and I will show how the work of the Mayor's Task Force for Economic Revitalization corresponds to the research of others.

## **Chapter 6. Discussion and Conclusions**

Chapter 5 presented the findings of my triangulated research, and here the paper turns to an explanation of the outcomes from those findings. Chapter 6 mirrors the structure of the preceding chapter, with sections on each of the themes, and ties the findings from Chapter 5 back to the literature presented in Chapter 2. Finally, this chapter details the conclusion to my research, and outlines the economic and social factors that contributed to the adoption of the Powell River Development Strategy, and a path towards greater economic diversification in 2014.

### **6.1. Loss of Work**

The core outcome of the economic revitalization initiative was an effort to prepare the City for a future without a single major employer and revenue generating enterprise. The historical documents made it clear that city governments in Powell River have been grappling with the issue of job loss since the 1990s, and it was the main issue on the minds of every interview participant. Interviewees presented underlying challenges that the city must cope with, such as the lengthy route to Vancouver, but it was evident that what all the participants want is a vibrant future for Powell River, with good-paying jobs for young people. Media reports supported these findings through the frequent articles written about the mill, as well as on potential economic opportunities, often pointing out the number of jobs that each new venture was expected to create.

The real challenge in competing with other cities for firms is to attract jobs that are suited to the skills that already exist, or to attract an employer that is willing and able to train a specialised workforce. Aligning with what Mayer and Knox (2010) wrote, interviewees believed that the jobs that have been brought in by national and multinational firms (Canadian Tire, Walmart, etc.) were not enough to sustain the population on their own, and that they may be lost at the first sign of unprofitability for the company. This idea supports the writing of Glasmeier (2000) as well, in that these types of firms do nothing to address the underlying issues of job loss in an export based economy due to reduced demand or increased competition; these businesses will only remain viable as long as a healthy economy exists. Historically in Powell River, this has meant an economy based on the export of wood fibre based products. If the mill closed

and all that remained were national and multinational firms, laid-off employees would not find suitable work or be able to buy enough goods to sustain the stores, and given the remote location of Powell River, the retail sector could not rely on people travelling to the region to sustain operations. Effective diversification requires that new jobs are well-paying enough that employees can support secondary industries and that secondary industries, such as the retail and the hospitality sectors, are not relied upon to be the main economic engine. The alternative approach, to support the local entrepreneurs who are invested in Powell River, provides work and a stable base from which to grow, as seen in the economic gardening work of Barrios and Barrios (2004).

The urgency with which the City approaches the issue of job loss has sometimes led to compromises being made in other areas, and the initial support of the bottled water plant is a prime example of that trade-off. Civic leaders were willing to sacrifice the environmental assets and Powell River's access to potable water in favour of short-term economic gains. In an earlier time, when there was not so much focus on ecological outcomes, Powell River may have been able to recruit firms, or start new industries by selling off its assets and resources to the highest bidder, but concerned and vocal citizens ensure that the City must take more into consideration than just the immediate economic benefits. As presented from the works of Hayter (2003) and Markey et al. (2005) in Chapter 2, this creates an additional critical hurdle that single-resource cities need to overcome; particularly those like Powell River, whose history including plentiful jobs and full municipal coffers, is tied to resource extraction.

## **6.2. Geographic Location**

The geographic location of Powell River was often cited in interviews and municipal documents as a major impediment to the types of development that the City has historically pursued. The remoteness of the city and difficulty in reaching it by land has likely contributed to the lack of new enterprises, and this is consistent with other findings on the subject (Glasmeier, 2000; Mayer & Knox, 2010; North, 1955; Siegel & Waxman, 2001). While the proximity to a deep-water harbour and vast stretches of timber made Powell River the ideal location for a pulp and paper mill in the 1900s, the current road network and transportation infrastructure has left Powell River cumbersome to reach, and therefore unattractive to large scale industry that would prefer to move cargo by truck or rail. As the City is at the mercy of other levels of government to

expand roadways or to build rail lines, there is little that City Council can do to motivate firms to move operations to Powell River or to compensate for the additional cost of setting up shop there. The residents of Powell River see this as both a blessing and a curse, and the city government is also pulled in different directions: On one hand, councils have wanted to attract major industry in the form of an LNG port or an aluminium smelter, and on the other, have wanted to promote their city as an oasis of natural wonder for tourists.

Powell River is surrounded by nature, and does hold an attraction, even for those who had left the region. Five of the thirteen people interviewed grew up in Powell River, moved away for several years, and then chose to return, citing the suitability of the place to raise children, the sense of community, and the unparalleled access to nature, as their reasons for coming home.

The remoteness of the City provided the Task Force the freedom (as well as the obligation) to be more inventive with their plans. At the time of the Task Force's convening, Powell River was not experiencing high demand for its land or having to turn away major investors, and as a result there was leeway to explore multiple options. At the same time, the lack of demand required decisive action, and that is one of the areas where the Task Force fell short of its goal.

### **6.3. Economic Activities and Diversification**

The final recommendations of the Task Force differed considerably from what its members were presented with at the beginning of their working group. Both the Powell River Peak and documents from PRREDS provide an outline for the anticipated work of the Task Force, but the members adapted and expanded on their assigned portfolio. Resident-participants of the Task Force worked to include a greater diversity of economic activities, particularly ones that did not require attracting a major firm from outside the region. While the final report contains many of the initially proposed elements, due to the consensus guideline in the terms of reference, and the desire for meaningful citizen engagement, the Task Force put forward a diverse list of recommendations for the city to pursue.

Something that sets Powell River apart from other single-industry mill towns in British Columbia is that its pulp and paper mill has not closed. While Streib (1992) and others found that strategic decision making follows a particular crisis, like the sudden closure of a mill, change has occurred more gradually in Powell River, so much so that many citizens are unsure of how many employees currently work at the mill. When discussing employment, figures ranging from 200 to 450 were given. It was surprising to me that there were such divergent numbers stated as the industry is viewed as vital to the community's existence. The Mayor's Task Force for Economic Revitalization was the evolution of a piece-meal planning project that started in the 1990s, when there was real fear that the mill would close. Powell Riverites have been able to revisit and assess the ideas for diversification from that time, without having had to commit to an imperfect solution, because the crisis never actually occurred. The City has been able to adapt and refine plans to find projects that meet the goals of increasing population and employment opportunities for young people, without having to compromise on the ideals of natural beauty, or the strong sense of community that is present in Powell River.

The absence of a crisis connects Powell River and Port Alberni, two cities that are still home to operating pulp and paper mills. These cities have also experienced the least amount of population change - whether increasing or decreasing - amongst the communities presented in Chapter 1.1. Both places have made moves to diversify their economies and have identified similar economic priorities, which makes sense given their similar geographic location and local amenities. Where Powell River and Port Alberni diverge though, is due to the work of the Task Force. Powell River has reaped the benefits of increased citizen outreach to diversify their plans. Thanks to a direct consultation process with its people, Powell River has developed a list of activities with recommended actions for the City to pursue.

## **6.4. Local Government and Governance**

The idea of the Mayor's Task Force for Economic Revitalization was fomented during the contentious municipal elections of 2011. Were it not for the accusations of secrecy levelled at the previous administration, it is entirely possible that this initiative would not have taken root. The work of Trautman (2016) described situations in which municipal governments were motivated to hide their decisions, but in this case study of Powell River, that was not a tenable course of action. With the shift away from a single

industry, Powell River's government quickly encountered resistance from citizens who were concerned about the mill closure and the impacts that it would have on the community. Dave Formosa ran for Mayor and was elected on a platform of economic accountability and transparency, and this Task Force fit nicely in his wheelhouse. The Task Force impacted the governance of the City's economic program by motivating the reintegration of economic planning into City Hall, after several years of that function being handled at arm's-length. Markey et al. (2005) found that the arm's-length setup in Salmon Arm worked well, but in Powell River, the Regional Economic Development Society was seemingly too removed from City Hall to be as effective, because the City did not have enough motivation to be involved. The pulp and paper mill provided well enough for Powell River for decades.

Nonetheless, when Mayor and Council expressed an interest in taking a greater role in economic development, PRREDS played an important part in setting up the work of the Mayor's Task Force. Without the groundwork laid by the Society, it is unlikely that the Task Force would have been able to have such open and thorough discussions in the three months allotted for their project. PRREDS provided a jumping off point from which the Task Force could evolve and work through ideas, several of which had been under discussion in Powell River for many years. It is unfortunate that the Task Force had such a limited mandate, the members were committed to seeing the project through, and would very likely have developed an effective plan had they been allotted more time.

The Task Force members who were not connected to City Hall all indicated that it would have been better if the group had been able to continue its work, or if an at-arm's-length group similar to PRREDS had been created to help City Hall with the implementation of its economic diversification plans. A team was in fact convened, but the tenure of the Economic Advisory Committee was short, and the productive output consisted of a singular report to council that has been described as a "plan for a plan." That this committee did not gather for very long is an indication of the struggle in Powell River to turn ideas into action – an ongoing participatory advisory committee would have struck a balance between the City Hall managed and the arm's-length society models of economic governance and modeled the effective relationship found by Markey et al. (2005) in Salmon Arm. The fact that the Economic Advisory Committee was quickly disbanded indicates that municipal leaders were comfortable including citizens in the

planning and decision-making process, but not with enabling them further. Council took back control as soon as Councillors felt that enough public engagement had taken place.

The members of the local government in Powell River are concerned about their reputations, and the desire to maintain cordial relationships with citizens has led to an aversion to risk that has permeated many of their decisions. Even when small risks were taken, such as the inclusion of citizens in the Task Force, the desire to control the outcome won out, and the ownership of the project was reclaimed by City Council before concrete action was taken.

## **6.5. Decision Making**

While the consensus model worked well in getting Task Force members to provide ideas and discuss the feasibility of recommendations, it did not lead to specific decisions. In other words, the Task Force did not complete its intended goal- there was no economic action plan. This shortfall was only mentioned directly by one interview participant, but others also felt that there was room for improvement. Task Force members spoke of the openness of the group and described an atmosphere in which anyone could put forward ideas, but when pressed for particulars about how decisions were made, details were sparse. Siegal and Waxman (2001) wrote that a lack of leadership capacity impedes a small town's ability to address economic hardships, and the focus on consensus building on the Task Force was an example of just that. The terms of reference for the Task Force ensured that all members were heard, and that any idea put forward had to be supported by all members. The meeting minutes from the Task Force sessions told a story of a group that was highly regimented in the beginning but became more spontaneous over the course of their time working together, and the results bear this out. It is also apparent from the meeting minutes that there was a period of time where it seemed that discussions had stalled, with numerous absences from meetings, and it is difficult to get a sense of progress being made.

Similarly, Powell Riverites do not have a civic culture that encourages open and honest discussion. In Cobalt, Stern and Hall (2015) observed several instances of conflict in city matters that for the most part, did not adversely impact personal relationships in the town. In Powell River, many interview participants expressed the concern that decisions or actions would be used against them at a later date. Perhaps

with more time this feeling will fade, as Cobalters have been working together on municipal projects for much longer than Powell Riverites. Until that time, it is likely that bottom-up or participatory processes will have difficulty providing decisive plans.

The best example of decision making made by consensus through the Task Force was to recommend levels of engagement for City Hall. That was an innovative way to present projects of this nature to city bureaucrats, with a clear indication of what was expected. The final report is enriched for having these actions for each economic opportunity as it sets out the level of effort required by Council and by City staff to pursue said opportunities. The inclusion of non-economically minded people on the Task Force required that a more rigorous system of categorization be developed to sort through outside-of-the-box ideas. As an unintended outcome of the Task Force, the level of engagement matrix shown in Table 4 improved the overall results and made it possible to put forward new opportunities for economic diversification and revitalisation that would have otherwise been discarded. Hopefully local leaders will recognise these successes and will continue to meaningfully engage with their citizens in the future.

## **6.6. Citizen/Community Engagement**

From the very beginning, the Mayor's Task Force for Economic Revitalization was designed to engage with citizens. This aspect of the initiative provided results that were seemingly unexpected by the representatives of PRREDS, the Councillors, and to some extent the residents who participated. According to Mayor Formosa, in interviews with the Peak and supported by details gathered through my own interviews, the Task Force was an opportunity for interested citizens to see what was happening within City Hall, and to provide some input on economic opportunities that he and the members of PRREDS had been considering.

While there was disagreement in the interviews to the question of whether the Task Force accomplished what the Mayor had intended or not, it was generally agreed that convening the Task Force had been a useful exercise. It would seem that the City agreed, as it has launched several similar initiatives in the time since. Markey's (2005) assertion that participatory processes produce results bore fruit in Powell River, and the move away from traditional public engagement has been regarded positively by all

involved, which aligns with Arnstein's (1969) and Catlaw and Stout's (2016) findings that purposeful engagement of citizens leads to better processes.

The Task Force was an effort by a newly elected mayor to engage in a more participatory process, and for that purpose it was a success. Many of the interview participants spoke of the benefits of the process and the outcomes of Task Force. Despite the challenges, the recommendations that came out of the task force process were more robust than they would have been had the existing structure been used, as evidenced by the stagnation of PRREDS, and the transfer of Scott Randolph from that organization to City Hall.

The inclusive nature of the Task Force brought new perspective to those who had historically been the standard-bearers of economic activities in Powell River such as the entrepreneurs and bank executives. Instead of the lack of leadership capacity described by Siegel and Waxman (2001), Powell Riverites have shown an interest in stepping-up and acting for the betterment of their city. However, Powell River has not had to deal with an exodus of business leaders, thanks in part to the quality of life that its citizens enjoy and because the mill has declined rather than closed.

## **6.7. Conclusion**

There is much to be commended in the experiment that was the Mayor's Task Force for Economic Revitalization. Many of the successful outcomes of the Task Force can be attributed to the citizens of Powell River, who demanded greater openness from their municipal leaders. New ideas were considered, and the Task Force was able to crack the mold of civic governance that had existed in the city for at least two decades. Nonetheless, challenges remain. The Task Force fell short of the intended goal for several reasons, including the short time allotted to achieve its mandate and the relative inexperience of the members in drafting strategic planning documents. Given more time or an expanded mandate, the Task Force may have been able to act as an oversight body, to ensure that their recommendations were put into action. Instead, local leaders reverted to a reliance on outside experts to finish the report and took ownership of the project out of the hands of the citizens, thereby reducing the sense of accountability of those involved. The municipal government had challenged itself to foster a diverse and

exceptional economy, but it had a difficult time getting out of its own way on the route to make that a reality.

# **Chapter 7. Research Significance and Opportunities for Further Study**

## **7.1. Research Significance**

The research I conducted in Powell River lends credence to the theories of citizenship engagement put forward in research by Arnstein (1969), Catlaw & Stout (2016) and Mayer & Knox (2010), as well as the importance of strong civic networks as discussed by Siegel & Waxman (2001), and Stern & Hall (2015). Despite the initial goal of the Mayor to dictate the contributions of the Task Force, by including a diverse set of citizens and being open to constructive dialogue, the Task Force was able to set out clearly defined roles for the City to play in a number of fields. While the Task Force was not successful in creating an economic action plan, the City was given a robust list of activities to pursue, and preliminary information on which to base their actions. The significance of Powell River's geographic location and economic history cannot be discounted when assessing the reasons behind the decisions of the Task Force. The efforts of the citizenry to ensure the place they have chosen to call home remains livable for the foreseeable future need also be highlighted.

Mayor Formosa's desire to be more open to citizenship participation than his predecessors set the stage that ultimately allowed the Task Force to succeed in providing recommendations to City Hall. The fact that this group was convened during a relatively stable time in the Powell River's recent economic past meant that the members of the Task Force could consider ideas that might normally have been excluded. A change in government after the contentious campaign in 2011 was the catalyst that sparked the new approach to economic planning. In other comparable jurisdictions, that planning did not occur until after the major employer had shut down.

While the impetus for creating an economic revitalization task force was an election promise made at a time when the population of Powell River was feeling particularly cynical about their elected leaders, the benefits of following a more inclusive and engaging process are clear. By including more diverse views, Powell River eventually developed an economic plan that has the potential to set it on a path to self-determination, perhaps no longer having to rely on outside markets to meet its economic needs. While still chasing technology sector developments and airport expansion, there

is a greater appreciation for, and support of, local initiatives. The research shows that involving citizens can produce positive results, and this approach should be embraced in future planning initiatives in Powell River.

The particular circumstances of Powell River – unparalleled natural beauty and access to outdoor activities, cut-off from the rest of the mainland and at the “end of the road”; relatively stable population numbers, and a lower cost of living than many comparable and proximal jurisdictions – certainly contributed to the City’s ability to experiment with new approaches to governance and decision-making. The fact that the mill is still operational provides a sense of security in which city politicians can deliberate and make better-informed decisions than they would be able to if they had had to endure economic collapse, instead of just the threat thereof. At the same time though, there is a tendency to get stuck in the deliberation and not move to implementation, due to that same stability.

A gap exists between the public mandate of the Task Force to create a plan and the final product: a list of suggested activities for City Council to pursue. While there is value in the work that was done by the Task Force, those in charge should acknowledge that it failed to meet the objective set out at the beginning. The Task Force, while keen to work on ideas for economic development, was not equipped to create a plan in such a short time frame. Given a broader mandate, and more time to actualize its recommendations, a similar consulting body made up of engaged local citizens could be very effective in creating a plan for economic revitalization that builds on the strengths of Powell River. Not only that, but such a group could help the civic dialogue in Powell River to mature so that politicians, City staff and citizens would be more inclined to debate openly with one another knowing that those who engage do so with the city’s bright future ahead of them.

## **7.2. Limitations and Opportunities for Future Research**

*It would be great with research to kind of come up with models that are best practice for smaller places. You could make a career out of that, you really could.*

(Interview with Jay Yule, 2017)

This research was not able to develop a list of best practices for other communities interested in economic revitalization or changes to citizenship engagement policies. The specifics of each place ensure that there is not a “one size fits all” solution to the problem of dwindling economic activity in a single-resource/industry area, or to escape economic lock-in and path dependence. Nonetheless, my findings suggest that actively involving citizens in civic decision-making processes will provide positive results. A multitude of voices from active and engaged participants will bring to light opportunities and challenges that might otherwise go unexamined.

One of the limitations of the research I conducted is that I only spoke with people who are proactively engaged in civic life. The voices of people who chose not to participate on the Task Force, or in other aspects of local government have not been included. Out of necessity, I had to limit the number of interview participants, and I chose to speak to members of the Task Force to understand as completely as possible the inner workings of that group. It is also possible that responses I received were guarded, due to the same fear of reprisal that was discussed with participants. The triangulation of data led me to be confident in my results, but I still had to rely on the interviewees for much of the nuance.

There are several opportunities for future research in Powell River alone, starting with the efficacy of the recommendations put forth by the Task Force. My research was limited to the decision-making processes involved in crafting the recommendations and did not investigate the outcomes of said recommendations or assess the feasibility of following through on them. Valuable information could be drawn from a study of the transition from planning to action. It was mentioned in the documentary data sources and supported through the interviews that there is a pattern in Powell River of continual cycles of consultation, with difficulty making the shift when the time comes for implementation. Diving deeper into the reasons for which people have returned to Powell River, and the types of work that are attracting younger residents could be used to measure the efficacy of some of Powell River’s resident attraction programs.

In Canada and elsewhere, the long-term impacts of colonialization have often been ignored in research of economic issues. First Nations-settler relations in the region and the historical implications of the placement of the mill and city on the unceded lands of the Tla’Amin Nation should be explored. Knowing more about these key relationships

would provide insight into the development of Powell River, and would also have relevance for other single-resource communities, particularly in British Columbia.

Research into the similarities and differences in economic diversification efforts between Powell River and Port Alberni would be interesting, in part because of the similar histories and geographies of the two cities. Insight may be gained into how these places came to value the same types of diversification projects, and how their divergent processes have affected their strategic planning initiatives.

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## Appendix A.: Interview Discussion Guiding Questions

- How long have you lived in Powell River?
- What is your favourite thing about this city?
- What do you think is the single most important issue facing Powell River?
- What is your relationship to the local government in Powell River?
- How much involvement have you had with the municipal government?
- How does the city government determine the needs and wants of the citizens? How does it respond to them/incorporate them into plans and actions?
- You were a member of the Economic Development Advisory Committee – how did that come about?
- What was the process for the committee to decide which options to pursue, and which to let go?
- What are some of the challenges you faced individually and within the group in creating the recommendations for City Hall?
- Have you heard about the Mayor’s Economic Task Force as well?
- What were your initial thoughts when you heard about the Mayor’s Task Force?
- What is the difference between these two groups?
- What processes do you think are effective in crafting municipal policy? What about economic policy?
- Who should be included in future discussions about Powell River’s economic goals and activities?
- Are there any documents I should consult, or other people I should talk to for this study?
- Is there anything else you would like to add?

## Appendix B: Recommendations from the Mayor's Task Force for Economic Revitalization

| Sector         | Activity                     | Recommended Course of Action | Recommendation From the Task Force  | Predicted Benefits   |
|----------------|------------------------------|------------------------------|---|--|
| Transportation | Airport Development Strategy | Participate                  | That the City of Powell River provide or access funding for the creation of a Development Strategy for its Airport  | New jobs and tax revenue.  |
|                | Port Development             | Participate                  | That the City provide or access funding to complete a feasibility study and build a strategy to develop a transhipping facility for the transhipment of goods to and from centres such as the Port of Vancouver. That the City of Powell River identify opportunities for the development of new moorage and dry land storage for the recreational and commercial vessel market | To establish itself as a centre for the shipping industry on B.C.'s South Coast. |
|                | Bike trails/hiking           | Participate                  | That the City expands upon its plans to develop an established network of biking and hiking trails within the community's boundaries.   |  |

| Sector | Activity  | Recommended Course of Action | Recommendation From the Task Force  | Predicted Benefits   |
|--------|---|------------------------------|---|--|
|        | Buses – improved service/integration            | Support                      | That the City explore improving bus services with a focus on greater integration with the Regional District areas         | Reduced vehicle traffic and create better access to City based services and businesses for rural residents.  |
|        | Car Share co-op                                 | Support                      | That the City support the development of a Car Share cooperative  | Reduced community carbon footprint as well as provision of a transportation option for people who are not able to afford or wish to own a vehicle. |
|        | Alternative cars, vehicle fuels, road standards | Research                     | That City Staff further research the use of alternative vehicles, fuels and improved road standards                       | To reduce the community's carbon footprint and improve quality of life.  |
|        | B.C. Ferries (fares/service/vessel replacement) | Advocate                     | That the City continue to lobby strongly for a solution to the issues surrounding ferry services.                         |  |
|        | Fixed link to lower mainland (Rail and Road)    | Advocate                     | That the City continue to advocate on behalf of residents to establish a fixed link by road or rail to the lower mainland | To create better and more affordable access to the community.  |
|        | New road to Lund                                | Advocate                     | That the City continue to lobby for improvements to Highway 101 north of the City to Lund                                 |  |
|        | Alternative Water Taxi                          | Encourage                    |   |  |
|        | Expansion of Taxi service                       | Encourage                    |   |  |

| Sector                                   | Activity                                 | Recommended Course of Action | Recommendation From the Task Force   | Predicted Benefits   |
|--|--|------------------------------|--|--|
|  | Development of Pedi-cab service          | Encourage                    |  |  |
| Business Retention and Expansion Program | Business Retention and Expansion Program | Support                      | That the City continue to support the Business Retention and Expansion program by providing the necessary core operating funds to the Powell River Regional Economic Development Society   |  |
| Community, Social and Health Services    | Social Planning                          | Support/Advocate             | That the City forms a Select Committee composed of local stakeholder agencies responsible for the provision of Community, social and health services to develop a plan or strategy for the provision of services into the future. It is also recommended that the City lobby the Provincial and Federal Governments to improve funding of local services |  |
|  | Expanding care for seniors               | Advocate                     | That the City do what it can financially or legislatively to support efforts to increase seniors care in the region. It should also lobby for further support of this sector with the Provincial Government.   | Creation of new jobs in the region as more care providers will be required |

| Sector                  | Activity   | Recommended Course of Action          | Recommendation From the Task Force  | Predicted Benefits   |
|-------------------------|--|---------------------------------------|---|--|
|                         | Expanding of day/child care  | Advocate                              | That the City explore how it can assist in the development of new day care facilities in the community as well as lobby the Provincial Government for an increase in funding for day care spaces. | Attracting young families to the region  |
|                         | Youth Support Services   | Research                              | That the City investigate how it can assist in maintaining and expanding youth support services in the community  | Creates a positive environment that encourages youth to make the City their home in adulthood  |
| Green/<br>Environmental | Powell River as a model of a sustainable community   | Support                               | That the City work with its partners in the Sustainability Charter as well as other stakeholders to the make Powell River a model sustainable community.  | The community will be more resilient to downturns in the provincial, national and international economy, as well as be more attractive as a place to live and invest for younger people seeking higher quality of life |
|                         | Demonstration projects – geo-thermal, recycling, solar house, run of river, solar at complex, municipal in general | Support/Encourage/Facilitate/Advocate | That the City researches its energy consumption needs and the handling of local waste and develop projects to reduce its carbon footprint and spur innovation in the community                    | Reduction of its waste stream and increased use of alternative and greener forms of energy production for its facilities to reduce its carbon footprint and spur innovation in the community                           |

| Sector                     | Activity                                  | Recommended Course of Action | Recommendation From the Task Force   | Predicted Benefits  |
|----------------------------|---|------------------------------|--|---|
| Knowledge Based Industries | Development of Telecommuting Capacity     | Support                      | That the City provide resources and partner with the appropriate stakeholder agencies to develop programs for skilled professionals to become entrepreneurs that can access work outside of the community  |   |
|                            | Boutique College/University/Music Academy | Support                      | That the City continue to work with School District 47 and Vancouver Island University on the establishment of a new centre of learning in that would attract students from outside of the community. The City should also do what it can to work with other stakeholders on similar types of development. |   |
|                            | Trades training                           | Support                      | That the City provide resources to support the efforts of School District 47 and VIU to expand Trades Training programs in the community.  | To attract students from outside the community and establish relationships with industry sectors to fill training needs |

| Sector           | Activity  | Recommended Course of Action | Recommendation From the Task Force  | Predicted Benefits |
|------------------|---|------------------------------|---|--------------------|
|                  | International education/students  | Support                      | That Council support the International Education initiative by providing PRREDS with the necessary resources to work with SD 47 and VIU on the project          |                    |
| Arts and Culture | Implementation of Phase 2 of the Powell River Arts and Culture Initiative Report presented to Council | Participate                  | That the City provide the resources necessary to implement the recommendations and projects presented in the Phase 2 report of the Arts and Culture Initiative. |                    |
|                  | Support for Farmers Market  | Encourage                    | That the City do what it can to support the establishment of a Farmers Market in a central location within municipal boundaries                                 |                    |
|                  | Better use of municipal and community recreation/culture facilities                                   | Participate                  | That the City consider providing the use of its facilities at a lower cost for arts and cultural activities in order to bolster the success of initiatives      |                    |
|                  | Building arts and culture relationships with Sliammon First Nation                                    | Participate                  | That the City use its strong relationship with the Sliammon First Nation to build stronger ties between the arts and culture communities.                       |                    |

| Sector  | Activity  | Recommended Course of Action | Recommendation From the Task Force  | Predicted Benefits   |
|---------|---|------------------------------|---|--|
|         | Arts Academy  | Support                      | That the City do what it can to support the establishment of an Arts Academy within the community   | Attract students from outside of the community and further bolster Powell River's image as an Arts and Culture Centre of Excellence                                    |
|         | Arts and Culture Investment Fund                    | Research                     | That research be done on the feasibility of establishing an Arts and Culture Investment Fund in the community   | The establishment of an Investment Fund dedicated to Arts and Culture initiatives might be a solution to ensuring that the sector continues to thrive in the community |
| Tourism | Sliammon First Nation Tourism Projects              | Support                      | That the City continue to provide Tourism Powell River with the necessary resources or assistance in reaching out to work with the Sliammon First Nation on developing Tourism attractions and product. |  |
|         | Promotion and further development of Townsite Tours | Support                      | That the City continue to provide the necessary resources to Tourism Powell River to market and promote Historic Townsite as well as assist in developing new attractions.                              |  |

| Sector | Activity   | Recommended Course of Action | Recommendation From the Task Force  | Predicted Benefits   |
|--------|--|------------------------------|---|--|
|        | Marine tourism with complementary support industry | Support/Advocate             | That the City work with Tourism Powell River to enhance promotion of the Westview Harbours as a destination for transient recreational boaters. The Task Force also recommends that the City work with PRREDS and TPR to identify marine services that would be an attraction to boaters and work to develop them |  |
|        | B.C. Marine Highway Project                        | Participate                  | That the City continue to provide Tourism Powell River with the necessary resources to continue to participate in the B.C. Marine Highway Project as an effort to better market the City as a destination for transient recreational vessels.   |  |
|        | Conference and business travel coordinator         | Support                      | That the City investigate how it might support having a staff person in place to work on attracting conferences and events to the community   | Increase the likelihood of attracting events to the city thereby generating new spending in the accommodation and hospitality industries |

| Sector      | Activity  | Recommended Course of Action | Recommendation From the Task Force   | Predicted Benefits   |
|-------------|---|------------------------------|--|--|
|             | Theme façade for downtown Marine Avenue                         | Participate                  | That the City work with the appropriate stakeholders to develop and establish a Façade Theme for the Westview portion of the Marine Avenue commercial corridor and develop ways of getting building owners to be part of the program | A façade theme along this corridor would bring a new vibrancy to the former downtown core and make it a destination for customers and businesses alike           |
|             | Cycling and Biking Trails Plan                                  | Participate                  | That the City work with local Biking and Cycling clubs and the Regional District to develop a plan for trails in the region  | Attract more visitors participating in this sport  |
| Tourism     | Truck route off Marine Avenue                                   | Advocate                     | That the City develop a plan to reduce commercial truck traffic on Marine Avenue from the Westview downtown through to Townsite  | Reducing commercial truck traffic along the Marine Avenue corridor would make it safer and more appealing to visitors  |
|             | One way traffic on downtown Marine Avenue and Willingdon Avenue | Advocate                     | That the City further explore the concept of creating one-way traffic on Marine Avenue and Willingdon Avenue in the Westview downtown  | One way traffic on Willingdon Avenue would act as a connector from the seawalk to Willingdon Beach and could lead to a commercial redevelopment of the corridor. |
|             | Hotel tax for marketing revenues                                | Support                      |  | To generate funding to finance marketing programs  |
|             | Accessible tourism  |                              |  | To attract tourists from each of these demographics  |
| Eco Tourism |   |                              |  |  |

| Sector                                   | Activity                                     | Recommended Course of Action                                       | Recommendation From the Task Force  | Predicted Benefits   |
|--|--|--|---|--|
|  | Sport Tourism                                |  | That the City mandate Tourism Powell River to work on the following projects and items and provide the organization with the necessary resources to complete them successfully. | The establishment of a destination resort in Powel River would increase the marketing power of the region greatly due to the tie-ins with a larger company with a larger presence and marketing reach. |
|  | Medical Tourism                              |  |   |  |
|  | Cultural Tourism                             |  |   |  |
|  | ESL tourism                                  |  |   |  |
|  | Unique Tourism Accommodation                 |  |   |  |
|  | Local contractors/management for local parks | Advocate   | That the City lobby the B.C. Government to ensure the management of its parks in the region be contracted to local businesses and organizations                                 | Having the parks managed by local organizations and entities would ensure more care is taken in their up keep and would benefit the region by keeping the jobs local                                   |
|  | Walk on Ferry tourists                       | Encourage  | That the City encourage local organizations and businesses work on  |  |
| Development of better hotels/restaurants | Encourage                                    | That the City encourage local organizations and businesses work on |   |  |

| Sector            | Activity  | Recommended Course of Action | Recommendation From the Task Force  | Predicted Benefits   |
|-------------------|---|------------------------------|---|--|
| Food Production   | Land Based Aquaculture Park                                 | Advocate                     | That the City continue to provide the necessary resources (financial and legislative) to pursue the development of a Land Based Aquaculture Park on the PRSC Limited Partnership marine industrial lands adjacent to the Catalyst Paper millsite.         | The Powell River Aquaculture Park development could create 200 to 400 well-paying technical jobs in the community as well as significantly increase tax revenues to the municipality |
|                   | Bottled Water Industry                                      | Research                     | That council direct staff or an appropriate local agency to further research the issue of selling of City owned fresh water resources to the bottled water industry. Work should also be done to gauge resident support for this type of business venture | The City would partner with an investor to bottle and sell water from its licenses on Powell Lake  |
|                   | Full Circle Farm Initiative                                 | Encourage                    | That the City encourage local organizations and businesses work on developing   |  |
|                   | Agricultural Land Leasing Program                           |                              |   |  |
|                   | Implementation of Economic Development Plan for Agriculture |                              |   |  |
|                   | Programs/Liaison to support local agriculture               |                              |   |  |
|                   | Inspection/Processing                                       |                              |   |  |
| Community Gardens |   |                              |   |  |

| Sector                      | Activity   | Recommended Course of Action | Recommendation From the Task Force   | Predicted Benefits  |
|-----------------------------|--|------------------------------|--|---|
|                             | Wine Production                                  |                              |  |   |
| Community Asset Development | Waterfront Development                           | Support/Encourage/Facilitate | That the City moves to implement the recommendations made by the Westview Waterfront Project Committee when appropriate  |   |
|                             | Former Mill Administration Building and Property |                              | That the City consider redeveloping the property as a multi-purpose facility that generates new streams of revenue, and provides a new centre for cultural activities in historic Townsite | The 30,000 square foot structure has great potential to be used in several different ways. Local stakeholders have expressed a desire to use the building for a centre of learning for a wide range of artistic studies. The museum has interest in relocating to the site, and the building also has the potential to attract investment for commercial and light industrial activities as well. |
|                             | Remediation of environmentally compromised zones | Support/Facilitate           | That the City work as quickly as possible to environmentally remediate its brownfield properties and open them up for new development  | New development of a more environmentally friendly nature (e.g. botanical gardens, tourism infrastructure, etc....)   |

| Sector | Activity  | Recommended Course of Action | Recommendation From the Task Force   | Predicted Benefits  |
|--------|---|------------------------------|--|---|
|        | Community power projects                                | Support/Advocate             | That the City continue to investigate community power opportunities keeping in mind that they should not have a negative environmental impact or pose a considerable financial risk to the municipality. | The projects could generate dividends for the City like those provided by the Powell River Community Forest Corporation   |
|        | PRSC Lands  | Support                      | That the City continue to support its investment in PRSC Limited Partnership and the buyout of Catalyst Paper's shares in the company  | Removing the mortgage and transforming to a public-public partnership will open the door to more funding and financing options to develop some of the properties to a state that will be more attractive to investors |
|        | Conference centre/recreation complex upgrade and market | Support                      | That the City invest in upgrading the Recreation Complex to be a more attractive destination for conferences and that more resources be put into marketing it for those purposes                         |   |
|        | Sliammon Treaty Opportunities                           | Encourage                    | That the City support the Sliammon First Nation in achieving the goals of its Treaty with the Governments of B.C. and Canada   | The finalization of the Treaty will create a wide range of economic opportunities for the nation as it takes control of a vast amount of land and resources within the Powell River region                            |

| Sector   | Activity                            | Recommended Course of Action | Recommendation From the Task Force   | Predicted Benefits   |
|--|-------------------------------------|------------------------------|--|--|
|  | Historic Townsite heritage precinct | Encourage                    | That the City should continue to work with the Townsite Heritage Society to establish a Heritage Precinct in the neighbourhood as well as identifying ways of enhancing this valuable asset wherever possible on an ongoing basis. |  |
| Investment Attraction and Business Development | Sister City Relationships           | Support                      | That the City continue to work on the Sister City initiative with the City of Putian, while also exploring other opportunities for similar relationships with Asian communities where circumstances allow or present themselves    | To build a cultural relationship with the City of Putian for the purposes of exploring investment and trade opportunities            |
|  | Data Centres                        | Encourage/Advocate           |  |  |
|  | Local Investment Funds              | Facilitate/Encourage         |  | To promote the growth of business in the region by providing capital for local business/entrepreneur start-up and expansion purposes |

| Sector | Activity                                   | Recommended Course of Action | Recommendation From the Task Force  | Predicted Benefits  |
|--------|--|------------------------------|---|---|
|        | Cooperatives/ Social Enterprise/C3         | Facilitate/Encourage         | That the City use the incentives it has at its disposal or make legislative changes to support the attraction or development of investment opportunities in the community. In some cases, the City should encourage local stakeholders to champion specific projects. | To generate new streams of revenue to pay for infrastructure and programming. The Task Force believes Social Enterprises and C3's are an excellent avenue to help strengthen the non-profit sector in Powell River while creating economic activity |
|        | Angel Network                              | Facilitate/Encourage         |   | Help to spur economic growth and entrepreneurship in the community  |
|        | Value Added Manufacturing                  | Encourage/Advocate           |   | Create jobs   |
|        | Medical Cannabis/Hemp                      | Support                      |   | Many well-paying jobs could be created in this new sector   |
|        | Water intensive industries                 | Encourage/Advocate           |   | To attract investment   |
|        | Business Incubation/Pop up stores          | Facilitate/Encourage         | That the City encourage or request that other agencies undertake the following projects and programs  | Owners of empty buildings and units to allow start-up businesses to use space rent free for a period of time  |
|        | Innovation Program (Multiple Stakeholders) |                              |   | When people with similar interests, aspirations and desires are drawn together, they can become motivators to Innovation forming fresh creative ideas from which new inventions can then materialize.   |

| Sector                                | Activity                               | Recommended Course of Action | Recommendation From the Task Force  | Predicted Benefits   |
|---------------------------------------|--|------------------------------|---|--|
| Resident Attraction/<br>Human Capital | Resident Attraction Campaign           | Facilitate/Encourage         | That the City consider providing funding and participating in the implementation of a Resident Attraction campaign                              |  |
| Government Policy and Supports        | Own source revenues/revenue generation | Support/Advocate             | That the City continue to investigate the development of 'own source' revenue projects using the Sustainability Charter as a guide              | To generate additional revenues outside of traditional sources in an effort to not further raise property taxes  |
|                                       | Sliammon First Nation Partnerships     | Support/Advocate             | That the City works hard to maintain the strong relationship it has with the Sliammon First Nation.   | It is important that the City maintain its relationship with the Sliammon First Nation if it is to be successful with its Economic Diversification activities                    |
|                                       | Receiving public opinion on website    | Support                      | That the City provide an opportunity for the public to submit input through its website   | To allow a way for the public to provide input through its website as not everyone has the time or ability to attend public consultation sessions, hearings or council meetings. |
|                                       | Incentives for Business Attraction     | Support                      | That the City investigate what incentives it is allowed to provide under the Community Charter and consider using them with potential investors | It is important that the City use whatever incentives are at its disposal to attract new investment and business growth  |

| Sector | Activity  | Recommended Course of Action | Recommendation From the Task Force   | Predicted Benefits                                   |
|--------|---|------------------------------|--|--|
|        | Communications with Ministry of Jobs, Tourism and Skills Training | Advocate                     | That the City continue to maintain the relationship and a constant line of communication on development needs  |  |
|        | Regional District Land Use Regulations                            | Advocate                     | That the City address with the Regional District issues related to businesses that have chosen to locate in the Regional District to take advantage of lower taxes and fewer regulations to adhere to such as zoning |  |
|        | Continuation of Island Coastal Economic Trust Funding             | Encourage                    | That the City support the Trust by lobbying the B.C. Government to replenish its funding to support projects across the Vancouver Island and Coast region.   | Continued benefit from funding provided by the Trust |