

Project Charter: Full-Cycle Economic Development Services

PREPARED BY:

Limestone
PARTNERS

LITTLE CURRENT | THUNDER BAY

LimestonePartners.ca



RED ROCK
a superior treasure

PROJECT BACKGROUND AND PURPOSE

Background

Red Rock is a beautiful community of just under 900, located one hour from the City of Thunder Bay, Ontario, Canada. Formerly a hub for pulp and paper, Red Rock has been without a major industry for fifteen years. With major advances in the tourism and remote work economy, the conditions are prime for strategic economic development in the region.

Project Purpose or Justification

The purpose of this project is to compile the relevant research, in order to develop effective marketing tools and tactics, to attract new entrepreneurs, tourists, and residents. The current guiding document for economic development, “*Adjusting our Sails*”, was published in August 2007, by the Township of Red Rock, but it has now lost much of its relevance. New strategies now need to be based on data, and evidence, to identify innovative opportunities that include a strong understanding of the locale, and the particulars that drive competitive advantage, not on strategies that build on common themes.

At the same time, there are some key drivers of change in the local economy to be considered, including:

- **Remote Workers:** Many business firms are now working almost fully remotely, resulting in an increasing number of people that have begun moving from Ottawa and Toronto, to places like Thunder Bay. This poses as an opportunity, with some infrastructure development, to market Red Rock as being an exciting destination for remote workers.
- **Higher Educated Population:** The census data in Thunder Bay, Ontario, shows one of the strongest areas of growth in the northern region, when compared to other provinces. Hundreds of mid-career professionals are moving to this region, in pursuit of entrepreneurial opportunities. This presents an opportunity to Red Rock to attract these entrepreneurs, who are looking for affordable options, to start in a smaller, supportive community.
- **Northern Newcomers Pilot Program:** Red Rock’s employment rate has declined significantly in recent years, due in part, to an aging population. Whether from elsewhere in Canada, or around the world, communities in northern Ontario, like Red Rock, have the opportunity to welcome outside investment from first-generation immigrants, or those looking for a quieter lifestyle.

Through a well-defined methodology to be used throughout the course of this project, the opportunities for Red Rock will be examined, analysed, developed, and effectively implemented, including a complementary communication program that supports the development enhancements.



OBJECTIVES

The overall objectives of this project are to position Red Rock as a welcoming, world-class destination, where new businesses, tourists, and residents can grow and prosper.

This includes:

- **Development of Evidence-based Strategies:** Evidence-based data is needed to drive strategic development. Potential entrepreneurs, the Municipal government, and government funding partners need this data, in order to approve business cases that are sound, and add value to the community. Accordingly, the creation of a new, strategic, economic development plan is a necessity in Red Rock, as the current plan is over fifteen years old. To be current with the times, this new plan must include new digital, and research-based strategies, to support the business cases, and funding.
- **Support Potential Infrastructure Development:** Subject to a strong business case, infrastructure enhancements would include the development of better internet, or a work-hub, to facilitate remote workers and their communications needs, support the requirements of a hotel and conference centre, promote the growing market for special events in the Thunder Bay District, including Red Rock, and the development of light industrial land, including the deep seaport.
- **Development of Innovative, Inclusive Marketing Campaigns:** New marketing campaigns would be designed to target specific market segments that include tourists, and new entrepreneurs and residents, by building on upcoming trends, which includes promoting affordability, a supportive community, and a better work-life balance, that is more achievable in Red Rock.

Specific, Measurable Objectives:

- **March 8, 2021** - First of several targeted, data-driven marketing brochures to be completed, to support outreach efforts to new entrepreneurs in a variety of sectors, with activities to be reported each quarter.
- **March 31, 2021** - New community profile to be completed, featuring all relevant community statistics.
- **April 2021 to January 2022** - New marketing campaigns to be initiated, targeting investment, tourism, and residents, to be reported quarterly, building on the tools identified above.
- **April 2021 to January 2022** - Ongoing research to support ongoing government relations, community consultation, financial analysis, communications, developer liaison, and funding applications, related to development, to be reported quarterly, build on the above activities.
- **July 31, 2021** - New, evidence-based, economic development strategy to be completed

“Economic Development is about enhancing the quality of life of a Municipality, and its residents.”

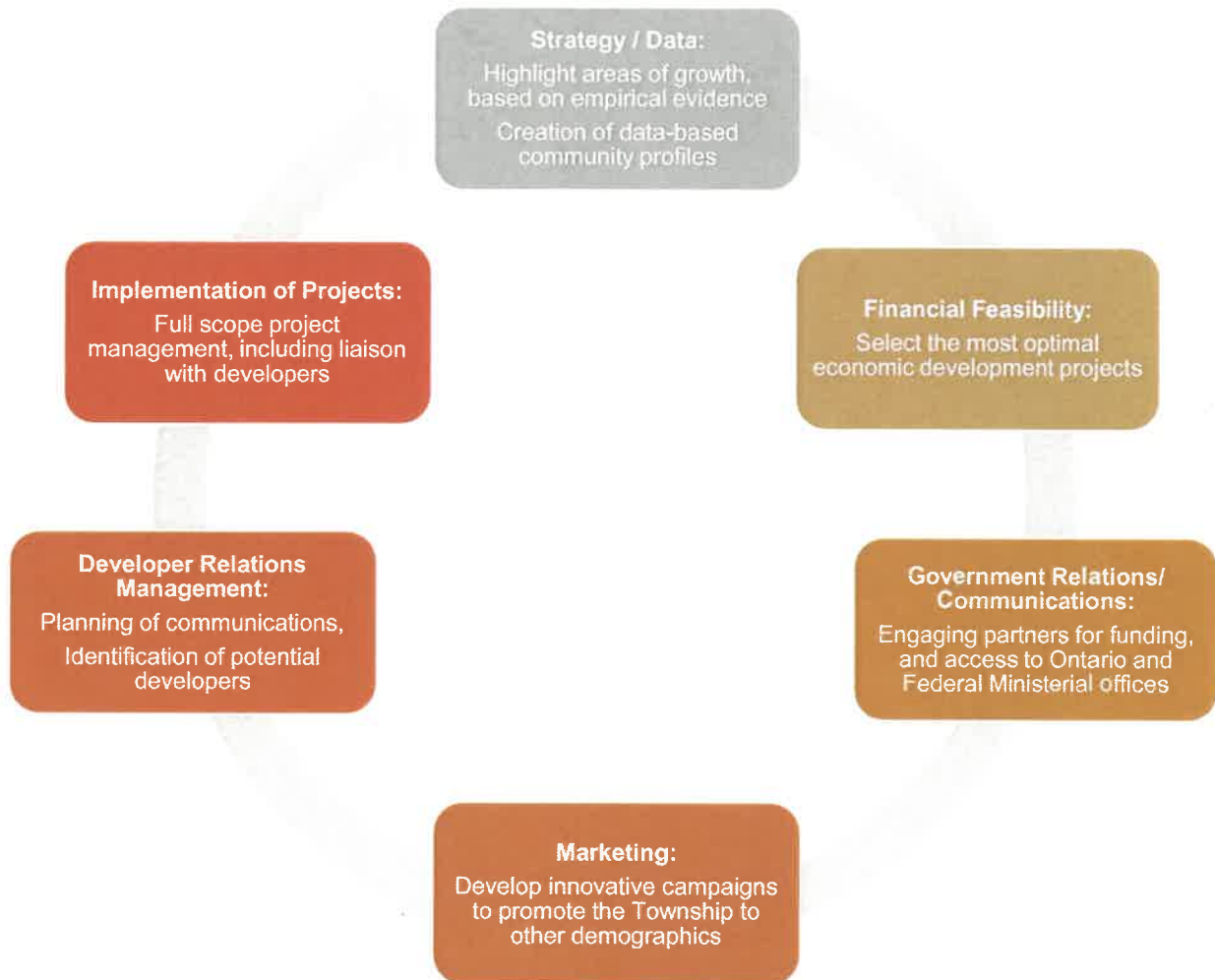
This project will ideally result in economic developments that will:

- Attract new residents and businesses to Red Rock,
- Increase the working population of Red Rock, through the creation of new jobs,
- Bolster the tax base, to lessen the tax burden on current rate payers, and provide more services,
- Enhance of the quality of life for all residents of Red Rock,
- Support an economically productive lifestyle, and community resiliency,
- Attract new economic investments from entrepreneurs, tourists, residents, and government,
- Support current jobs, and the growth of existing local businesses.

SCOPE

The scope of this project is to provide a continuous cycle, full-service economic development program, as depicted below.

This includes the following areas of coverage and competency, for the period of one year, from February 1, 2021, to January 31, 2022.



Out of Scope:

- Formal Marketing and Business Plans for specific, private businesses.
- Activities pertaining to other development projects, not defined in the above scope.
- Studies for examination of the efficiencies at the municipal office.
- Third-party feasibility studies for the RV park.

DELIVERABLES

The deliverables for this project are as follows:

1. Updated Economic Development Strategy

An economic development strategy is a document that is based in evidence, which will include strategies to grow and develop the economy in Red Rock. Currently, the guiding strategy is over a decade old, and while well-written, does not adapt to the changes in the modern economy, new technologies, nor does it suggest relevant areas of re-directed focus. A sound strategy examines relevant market data, to pinpoint key areas of focus for economic development, that are optimal for a Municipality to pursue. They are often used to support further funding applications, and are used by the municipality to guide actions.

The new strategy to be developed will start with a thorough situational analysis of the macro-environment, to examine trends in the regional economy. This analysis will include the political, economic, social, technological, legal, and environmental drivers of change in the marketplace. Research will focus on the economies of Canada, Ontario, the Thunder Bay District, and the Nipigon-Red Rock region. After the identification of the key drivers of change, selected focus industries will then be brought into the analysis, by using Porter's Five Forces, to examine industry attractiveness. This model examines the levels of competition in an industry, and identifies key success factors required in order for a Municipality to compete.

The industrial analysis will be summarized using a GE-McKinsey Matrix, which will compare industry attractiveness, with market strength, as applied to the Red Rock region. This analysis will expose those industries where investment should be grown, held or maintained, or divested. Special consideration will be given to the growth or decline within an existing area of business, at the mezzo (business cluster) level, and accordingly, a list of high-potential industries will be targeted, where they may be poised for growth.

GE-McKinsey Matrix

| | | | | |
|--|------|-------------------------------|----------------------------|------------------------|
| | | | | |
| | HIGH | Improve or ally | Maintain and improve | Invest / Grow |
| | | Consider improvements | Selectively participate | Maintain position |
| | LOW | Harvest or divest | Consider transitioning out | Benefit while it lasts |
| | | LOW | | HIGH |
| | | Level of Competitive Strength | | |

Following the GE-McKinsey analysis, a thorough internal analysis will be undertaken in the form of a VRIO analysis, which examines competitive advantage of Red Rock's resources, over the long-term. Cumulatively, the data is then synthesized into a TOWS matrix, to provide actionable strategies that can be used to guide economic development. Ideally, all viable strategies will flow directly from the analysis.

TOWS Matrix

| | Opportunities | Threats |
|------------|---|--|
| Strengths | Strategies that leverage strengths, to capture opportunities | Strategies that leverage strengths, to defend against threats |
| Weaknesses | Strategies that mitigate weaknesses, to capture opportunities | Strategies that work on underperforming areas needed to be developed, for defense against strength |

Community consultations will be used extensively during these analysis processes, to ensure all recommendations are guided by the community vision for economic development.

2. Community Development Profile, and Package

The community development profile provides a data package, and related plan, to potential investors, to provide an objective analysis of the key statistics and trends in the Red Rock region. Key statistics are important for many generic business decisions, such as gauging employment rates, and average income.

In addition, new material will be developed that is targeted towards new entrepreneurs, in a wide range of industries, to showcase the relevant market data, and related statistics, relevant to the community. As an example, the tourism strategy recently developed, shows a solid business case for further the development of an accommodation strategy, given that the highway corridor from Marathon to Thunder Bay has the highest hotel occupancy rate in the province, and a higher than average nightly rate in the top three of eighteen regions in the province. As such, some categories of focus would be accommodation development, and the attraction of light industry and small business. Red Rock would be a solid alternative for these expansion opportunities, given that the highest tax rates in the province of Ontario are seen one hour away, in Thunder Bay, which allows for a lower cost of living and working in the region, and access to a relatively underserved local population.

3. Marketing Campaign Development

Marketing campaigns promote the community to tourists, and new entrepreneurs and residents. Accordingly, a range of digital products will be created, and B2B and B2C strategies developed, in order to target, reach, and convert individuals considering Red Rock as a business or residential destination.

4. Strategic Developer Identification, Establishment of Relations, and Management

This stage is important, as it allows for the significant capital and expertise required to develop the strategies related to infrastructure expansion. Building on the identified strategies, developers will be identified, and engaged. All stages of communications will be considered, from target marketing, raising their awareness, consideration, negotiation, and conversion.

5. Financial and Economic Analysis of Projects

Financial and economic analysis will confirm the feasibility of any specific strategy, and ensure that resources are optimized, to build a strong business case for presentation to government. All analysis will be specific to Red Rock, with accurate projections and modelling of any new activity, in terms of spin-off labour, GDP effects, and jobs gained and lost in the region. This provides objective data on the economic costs and benefits for any project, and is highly specialized, especially in the context of northern Ontario.

6. Government Relations and Community Consultation

Using the significant contacts and expertise of the Limestone partners, government relations will be ongoing, throughout the course of the project, to investigate and establish new opportunities for funding, at both the provincial and federal levels, to accelerate the probability of project success.

Community consultations will be expansive, to ensure all activities support the overall community vision.

PROJECT MANAGEMENT

Accountability

A presentation will be given on a quarterly basis to the Council of the Township of Red Rock, to update the Council on progress made on all economic development initiatives.

A detailed list of tasks will be provided to the CAO quarterly, and progress on those tasks will be presented during any meetings of Council.

Communication

As and when required or requested, Limestone will maintain regular communication with the CAO, Council, and all interested stakeholders, as to the status of the engagement.



Process Management

Limestone will monitor the overall progress of the project, from initiation to reporting, through a defined process of updates with the Project Authority, to review the results of the project to date, and address any issues that may impact the quality or timing of the deliverables. Our quality assurance processes are based on the proper and timely alignment of resources, combined with the implementation of an active system of oversight, which guides our engagement team throughout each phase of the project, as per the best practice methods developed by the **Project Management Institute** (PMI).

For interviews, we will follow guidelines from the ***Social Sciences and Humanities Research Council (SSHRC)***, including anonymizing data where appropriate, informing participants of the reason for their interview. Responses are saved on a secure USB drive, and stored in a locked drawer, at the office of ***Limestone Partners Canada Inc.***, for a period of two years.

All deliverables such as draft reports or analyses, will be thoroughly reviewed by our team, prior to their release to the Project Authority, or the Council of the Township of Red Rock.

As part of any project, Limestone supports a formal project closeout process. This allows us to self-assess our experiences encountered throughout the project, by highlighting areas that worked well, as well as areas where there could have been some improvement. Limestone is also committed to receiving input from the Township, including their views related the project process, the outcomes, and the performance of the Limestone engagement team. This post-project feedback will then be summarized, and included in our quality assurance files for future reference and evaluation. We will also have a formal meeting with the Project Authority, to discuss pros and cons encountered throughout the project, and finalize any administrative activities at the conclusion of the project. Provided the Project Authority, Township staff, and the Council of the Township of Red Rock are fully satisfied with the services provided by Limestone, throughout the course of this project, Limestone would hope to receive a positive recommendation from the Township.

Communications Management

Limestone believes in keeping an open channel of communication between all stakeholders, that acts as a control mechanism, to ensure engaged participation, and a full understanding by all parties, with respect to the scope and mandate of the project. This also ensures that all interactions and communications are respectful, effective, and add value at all times.

Project Governance and Conflict

We embrace conflict as an opportunity for innovative problem solving. Accordingly, we will deal with contentious issues as soon as they become evident, as we want to build our relationship with Red Rock, based on trust and transparency. If conflict develops, we believe it is better to address it head on, and we will then facilitate an open discussion, with all concerned parties, to arrive at a resolution.

SCHEDULING PROCEDURES

Scope Management

The Lead Engagement Partner is responsible for adhering to the scope of the project, as defined by the Agreement, and the Project Charter. Any changes to the scope must be made through a written change request, preferably made via email, subject to the approval of the Project Authority.

The project schedule is an important document, and if used properly, defines all aspects of the planning, execution, monitoring, and communications related to the project, with the primary object being to deliver the resulting recommendations to the Project Authority, and Council, on time. In this regard, Limestone manages this process through the use of a scheduling chart that provides all of the details of the project elements, with milestones, task assignments, and timelines included.

Time Management

The lead engagement partner will also be responsible for managing and reporting on the timeliness of each aspect of the project. Where it is determined that a deliverable may be required to be provided late to the Township, where the increase in any time requirement is one day or greater, the Project Authority will be notified. This would be communicated through a change request, initiated by the lead engagement partner. Project timing updates will be provided on a bi-weekly basis, or sooner, if needed.

The entire project team will be responsible for validating the time commitments to the project, and for any changes made to the schedule, although the Project Authority must review and approve the final schedule for it to become the baseline for evaluation, and again each time it changes by one day or greater.

Integration Management

The lead engagement partner will manage all inter-related processes, to ensure the project plan is consistent and coherent, and to ensure the appropriate allocation of resources, coordination of dates, and completion of all assigned tasks. Should there be changes of any kind, these would be appropriately communicated to all parties, to ensure these are considered by all team members, and are entered into the project scope worksheet.

An activity will be considered complete, only after sign-off by the Project Authority, and the lead engagement partner.

Responsibilities in the Schedule Control Processes:

| | Stakeholder relations, and Project management | Developer liaison, and Communications | Economic and strategic research and development | Financial analysis | Approving direction, and providing support where required |
|--------------------------|--|--|--|---------------------------|--|
| Jib Turner | Primary | Support | Secondment | Support | Secondment |
| Tom Ondrejicka | Secondment | Primary | Support | Support | N/A |
| Andrew Ault | Support | Support | Primary | Secondment | N/A |
| Dan Shepherdson | Support | Support | Secondment | Primary | N/A |
| Project Authority | Support | Support | Support | Support | Primary |

RISKS

Overview of Potential Risks and Mitigation Strategy

During the course of the completion of this project for the Township of Red Rock, through 2021, and into 2022, the following assumptions have been made related to various risks that may arise, in terms of accomplishing the requirements of the project, within any time deadlines defined:

| Potential Risk | Risk Level | Mitigation Strategies |
|---|------------|--|
| COVID-19 may physically affect one or more members of either the Township, or the Limestone project team | Moderate | All participants will only travel under strict protective guidelines, and any possible outside interactions will be limited to those allowed by Government directives. The Project Authority, and Limestone, will assign alternate contacts, if necessary. |
| COVID-19 may influence the level of stakeholder participation | Moderate | Province is currently limiting group gatherings, and this may influence participation. Limestone will coordinate alternate meetings or other forms of contact, including conference calls, as needed. |
| Travel to Red Rock for on-site visits may be restricted, due to COVID-19 | Moderate | To mitigate these risk concerns, Limestone will use Zoom, or other electronic meeting servers to the fullest extent possible, and will only travel under strict health directives, based on any regulations issued by any level of government. Consideration would be given for the use of drones or other video services for on-site viewings. |
| Data may become unavailable, or delayed | Low | Throughout the project, any data necessary to complete the project will be identified to the fullest extent possible. Effective project management plans contain clear and timely parameters, as well as key communication component, and all parties will be kept up-to-date as necessary regarding issues with data availability. |
| Team members may not be able to continue, in case of emergency or other family circumstance | Low | We have a team of four capable consultants with complementary and overlapping knowledge, skills, and other abilities in various proficiencies (ie: research, finance, strategy, stakeholder engagement, and project management). In the case where a team member is no longer available for the project, we will reassign our responsibilities to an alternate consultant, or consider engaging an outside consultant, with the approval of the Project Authority. |
| Information could be inaccurate, and result in incorrect analysis | Low | We use objective and reliable sources of data. If data is found to be less than reliable, the project team will fully assess any impacts, and provide additional disclosures of the source, to contextualize the data. If inaccurate data is found, we will adjust the analysis accordingly, within a timely fashion. |
| Access to stakeholders, government officials, or development partners may be affected by restrictive legislation issued, as it relates to COVID-19, or any other matter | Moderate | Limestone partners make every effort to remain current and informed on all relevant directives or policy changes made by government, as it relates to COVID-19, and if changes are discovered, our team will react, and alter the proposed solutions to fit within any new or revised guidelines. |

To further mitigate these risks, should it be required, any suspected delay experienced as a result of the noted risks, or any other, Limestone will ensure there is a plan for full and transparent disclosure and communication to the Project Authority, and the Township. Further discussion with all parties will then establish proposed solutions, methodologies to accommodate, and procedures to move the project forward.

There are no risks associated with going over budget with this project, as Limestone has quoted a single, all inclusive price.

To mitigate these risk concerns, Limestone will consult with all stakeholders, throughout the course of the entire project, in order to ensure their safety, and their level of comfort with the project processes.

BUDGET

The budget for the ongoing requirements, and the completion of this project have been set and established through the execution of the Consulting Services Agreement, signed on February 1, 2021.

APPROVAL AND AUTHORITY TO PROCEED

In conjunction with the prior presentation documents, the Contract Services Agreement executed on February 1, 2021, we agree and acknowledge the requirements as specified in this Project Charter, and approve the project as described herein, and authorized Limestone to proceed as noted herein.

| Name | Title | Date |
|----------------------|--|-------------------|
| Byron Turner | President Limestone Partners Canada Inc. | February 11, 2020 |
| Albert Headrick, CAO | CAO Corporation of the Township of Red Rock | February 11, 2021 |

Approved By:

BYRON TURNER



Date: February 11, 2021

Approved By:

ALBERT HEADRICK, CAO

Date: February 11, 2021