

Town of Beaumont Niche Market Study

Executive Summary

Presentation to Town Council

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Introductions

- ❑ **Nichols Applied Management (NAM)** is an economic and management consulting firm based in Edmonton, Alberta.

- ❑ The consulting team has many years of hands-on experience and expertise in economic strategy development, implementation and execution at the municipal level.
Lead Consultant: Shane Pospisil, Principal, Economic and Business Strategy

- ❑ **Working Group Members (February 2011):**
 - **Camille Bérubé, Mayor**
 - **Marc Landry, Chief Administrative Officer**
 - **Shaun Green, Economic Development Officer**
 - **Dean McCartney, Municipal Planner**
 - **Gilles Prefontaine, Manager – Finance and Administration**
 - **Terry O’Flynn, Business Leaders Roundtable Member**
 - **Ashley Robbins, Business Leaders Roundtable Member**
 - **Doris McCloskey, Beaumont Business Association Member**

Strategic Objectives

- ❑ Call to action? Context for undertaking this initiative?
 - **Sustainable Economic and Community Development**
 - **Fiscal and Financial Sustainability**
- ❑ As the economy begins to pick up momentum in the aftermath of the recent global recession, many Alberta communities are becoming more proactive (and, in some cases, much more aggressive) in promoting and pursuing economic development.
- ❑ In most cases, there is a strong fiscal dimension involved – **the need to grow the commercial and industrial assessment base to maintain a stable assessment mix across all ratepayer categories.**

Strategic Objectives

- ❑ A recent cost of service analysis undertaken by NAM for a range of urban, suburban and rural Alberta municipalities indicates that for every dollar of revenue from non-residential developments, the range of municipal service-based expenditures was only between \$0.20 and \$0.60.
- ❑ In comparison, the analysis found that for every dollar of revenue from residential developments, the range of municipal service-based expenditures was typically in the range of \$1.10 to \$1.20.
- ❑ Even though these are aggregated figures across 44 Alberta municipalities, they still underscore the importance of attracting new commercial and industrial development (and assessment) for communities such as Beaumont.

What are we trying to accomplish?

- ❑ Three primary objectives for the Niche Market Study:
 1. Identify potential niche markets and businesses which fit Beaumont's existing core competencies, competitive strengths and community values.
 2. Develop business case frameworks and investment attraction "rationale" for the most promising opportunities, including retail and commercial services.
 3. Develop an overall implementation plan aimed at delivering results (i.e., increased commercial assessment) and enhancing the longer term fiscal/financial sustainability of the community.
 - Business Retention
 - Growth and Development of Existing Businesses
 - New Business Attraction (New Jobs and Investment)
 - Future Directions in Business/Industrial Attraction

Community Consultations: A Key Component of the Study

- ❑ Retail/Commercial Expenditure Pattern Survey and Analysis (326 Respondents)
- ❑ Niche Market Study Workbook and Feedback (102 Respondents)
- ❑ Business Leaders Roundtable – Ongoing Member Feedback/Input
- ❑ Beaumont Business Association – Ongoing Member Feedback/Input

“Ownership: The economic and business development strategy which results from the Niche Market Study will ultimately be “Your Strategy” and it is important that you view your role as an active, accountable and fully engaged participant in the process.”

Town of Beaumont Niche Market Study Community Consultations Workbook
(March 2011)

Retail/Commercial Development: Opportunities and Challenges

- ❑ Three concepts:
 - Local Retail Expenditure “Capture” and Retention
 - Retail Expenditure In-Flow
 - Retail Expenditure Outflow and “Leakage”

- ❑ Total household consumption expenditures of Beaumont’s 4,113 households were estimated to be between \$290 million and \$310 million in 2010. On a per capita basis, this is one of the highest levels of total household consumption expenditure activity in Alberta.

- ❑ Although these total (or aggregate) household consumption expenditure levels are truly impressive by any measure, it must also be noted that overall expenditure leakage across all retail categories, excluding shelter, is estimated at about 55.5% - one of the highest retail leakage rates among comparable-sized suburban communities in Alberta.

Retail/Commercial Development Opportunities

□ Key drivers include:

- Strong Population Growth
- Family Incomes and Affordability
- Forecasts for Continued Strong Population and Income Growth
- Strong Family Formation Consumption Drivers
- Mid-Quartile Retail Productivity

Retail/Commercial Development Challenges

- Key challenges include:
 - Strong Regional Competition
 - High Retail Out-Flow in Several Key Retail Categories
 - Large Commuter Workforce
 - Batch Shopping
 - Well-Entrenched Shopping Preferences and Habits
 - Lower Retail Productivity
 - Promotion and Awareness

High Potential Growth Areas

Eight industry/sectoral clusters have been identified as having significant growth potential for Beaumont over the next 10 years. These have been identified based on Nichols Applied Management's proprietary ***Business Competitiveness Location Model***, complemented by a series of in-depth interviews with key industry leaders and decision-makers across a range of industry/sectoral clusters.

1. **Retail and Commercial** – challenges yes, but there are numerous niche market opportunities available which will need to be prioritized and pursued.
2. **Small Business and Entrepreneurship** – this will remain the heart and soul of the Beaumont economy and must continue to be given a high priority.
3. **Service, Supply and Backroom Operations Supporting the Region's Increasingly-Diversified Hydrocarbon Processing Sector** – Beaumont's location relative to Alberta's Industrial Heartland and the Capital Region's major service/supply centre resident within the Nisku-Leduc County and south Edmonton business/industrial parks is clearly an advantage to be further leveraged for investment attraction purposes.

High Potential Growth Areas

4. **Office Development** – the medium-term forecast is seen as supporting one to two smaller office complexes in Beaumont if the right developer/tenant arrangements can be facilitated, promoted and put in place. This will not happen on its own and will need to be actively, strategically and tactically pursued.
5. **Eco-Industrial Services and Technology Development** – white and green collar jobs represent the high-paying, value-added jobs of today – and tomorrow. Beaumont will need to leverage its high quality of life/high standard of living brand to appeal to these highly-skilled, knowledge-intensive companies and workers.
6. **Business and Professional Services** – business and professional services (consulting engineering, procurement and construction services, computer software design/development, web-based services, medical and legal services, financial services, etc.) have also been identified as a high potential growth area for Beaumont. Quality of life and strategic location will once again be the key drivers in attracting these types of firms and employees.

High Potential Growth Areas

7. **Transportation and Logistics Backroom Operations** – again, this time related to the Port Alberta transportation and logistics hub emerging in and around the Edmonton International Airport. Beaumont's strategic location and designation as a Capital Region Board Priority Growth Area are both inherent strengths that can be promoted as part of the overall business case for pursuing these types of business attraction opportunities.
8. **Destination Retail, Hospitality and Food and Accommodation Services** – tourism remains one of the Capital Region's largest industries and Beaumont should continue to place a priority on expanding its share of the growing and increasingly specialized/differentiated regional market.

Priorities and Recommended Action Items

The priorities and recommended action items from the study are organized around the following five areas:

1. **Brand Awareness and Effectiveness** (6 Recommendations)
2. **Organizing to Compete and Succeed** (2 Recommendations)
3. **An Attractive Business, Fiscal and Regulatory Climate** (4 Recommendations)
4. **Business Retention, Growth and New Business Attraction** (5 Recommendations)
5. **Municipal Incentives** (1 Recommendation)

Recommended Action Items

1. Brand Awareness and Effectiveness (6 Recommendations)

6.1 Quality of life, affordability, family-friendly neighbourhoods, good schools and a strong sense of community are all significant locational draws for both residential and business development. These attributes need to be more effectively promoted and branded.

6.2 There is no point in chasing every opportunity that is out there, only some will fit within a community's competitive strengths and advantages. Eight industry/sectoral clusters have been recommended as having significant growth potential for Beaumont over the next 10 years. These should remain the key economic development priorities for the community.

6.3 The Town of Beaumont should develop an annual competitiveness and business climate profile to more effectively support targeted business/investment attraction activities.

Recommended Action Items

6.4 Develop a more business-oriented marketing, promotion and branding strategy that effectively communicates the full range of available business development opportunities.

6.5 Develop earned media and social media strategies to more effectively build awareness of the Beaumont business case and strong community of choice attributes.

6.6 Review and assess a range of possible “Shop Beaumont” branding initiatives and incentives aimed at reconnecting local consumers with local retail outlets.

2. Organizing to Compete and Succeed (2 Recommendations)

6.7 A re-mandated “Beaumont Business Advisory Committee” should remain the key vetting and validation group for implementing a more aggressive, proactive and results-oriented economic development strategy.

Recommended Action Items

6.8 Given the seriousness of the longer term fiscal and financial sustainability challenges currently facing the Town, it is recommended that outside expertise be brought in to work with the Town's Economic Development Officer, Town Administration and the re-mandated "Beaumont Business Advisory Committee" to deliver on an aggressive, targeted and results-oriented commercial and industrial investment attraction strategy.

3. An Attractive Business, Fiscal and Regulatory Climate (4 Recommendations)

6.9 Municipal governments, being the closest to the citizens they serve, are in a good position to facilitate, assist and contribute to building an attractive, competitive local business environment. It will be critical that Beaumont continue to place a high priority on maintaining a highly-competitive business, fiscal and regulatory climate.

6.10 Ensure that Beaumont's non-residential taxes and mill rate structures remain competitive with neighbouring municipalities.

Recommended Action Items

6.11 Identify opportunities to more effectively leverage the Capital Region Board Priority Growth Area designation in ongoing investment/business attraction activities.

6.12 Complete the 50th Street corridor upgrades and commercial gateway rebranding as soon as possible.

4. Business Retention, Growth and New Business Attraction (5 Recommendations)

6.13 Establish a multi-stakeholder Niche Market Study Implementation Committee with a Council-approved mandate to coordinate and oversee implementation and to track future performance and results achieved. This should include, either directly or indirectly, members of the “Beaumont Business Advisory Committee.”

Recommended Action Items

6.14 A multi-stakeholder committee be established to assess the specific needs of Beaumont's small business sector, including home-based businesses. This committee would examine the potential role to played by business incubators, other business-mentoring models and/or Business Revitalization Zones in further nurturing small business development.

6.15 Beaumont should establish stronger links with provincial and federally-funded business information/business support services to ensure that these are adequately addressing the needs of local businesses and entrepreneurs.

6.16 Priority should also be given to developing a Beaumont-focused youth entrepreneurship and mentoring program to ensure a strong and vibrant entrepreneurial culture remains one of Beaumont's competitive strengths.

6.17 The Town's Economic Development Officer to assess Beaumont's retail/commercial gaps and associated expenditure leakage and, subsequently, identify specific opportunity areas and initiatives aimed at mitigating these significant retail expenditure out-flows.

Recommended Action Items

5. Municipal Incentives (1 Recommendation)

6.18 The Town to review the potential use of municipal incentives, specifically to encourage and support further commercial and/or light industrial investment.

Transparency and fairness are the core principles and guidelines to be used in undertaking this review and in discussing and evaluating possible municipal incentive structures. Staying true to these principles, and utilizing a facts-based fiscal impact model analysis and “net positive impact” approach to decision-making, will be critical.

Thank You!