

It's Community That Matters!

Tracking Social and Economic Transformation of
Kitimat, BC, 2011-2016: Executive Summary

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Previous reports about this project include:

- Tracking the Social and Economic Transformation Process in Kitimat: Interim Summary Report #4 – May 2016;
- Tracking the Social and Economic Transformation Process in Kitimat: Interim Summary Report #3 – January 2015;
- Tracking the Social and Economic Transformation Process in Kitimat: Interim Summary Report #2 – January 2014;
- Methodology Report: January 2013;
- A Review of Socio-Economic Characteristics in Kitimat: January 2013;
- Tracking the Social and Economic Transformation Process in Kitimat: Interim Summary Report #1 – January 2013; and
- An Inventory of Community and Economic Development Strategies and Plans: January 2013.

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Laura Ryser and Greg Halseth
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Availability

Copies of this report have been provided to the Kitimat Public Library, the District of Kitimat, the Kitimat Chamber of Commerce, the Kitimat Snowflake Seniors' Centre, and the Kitimat Community Development Centre. Copies of the report have also been provided to all participants. Reports have also been posted on the website of the Canada Research Chair in Rural and Small Town Studies: <http://www.unbc.ca/greg-halseth/canada-research-chair-rural-and-small-town-studies>.

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IT'S COMMUNITY THAT MATTERS: EXECUTIVE SUMMARY

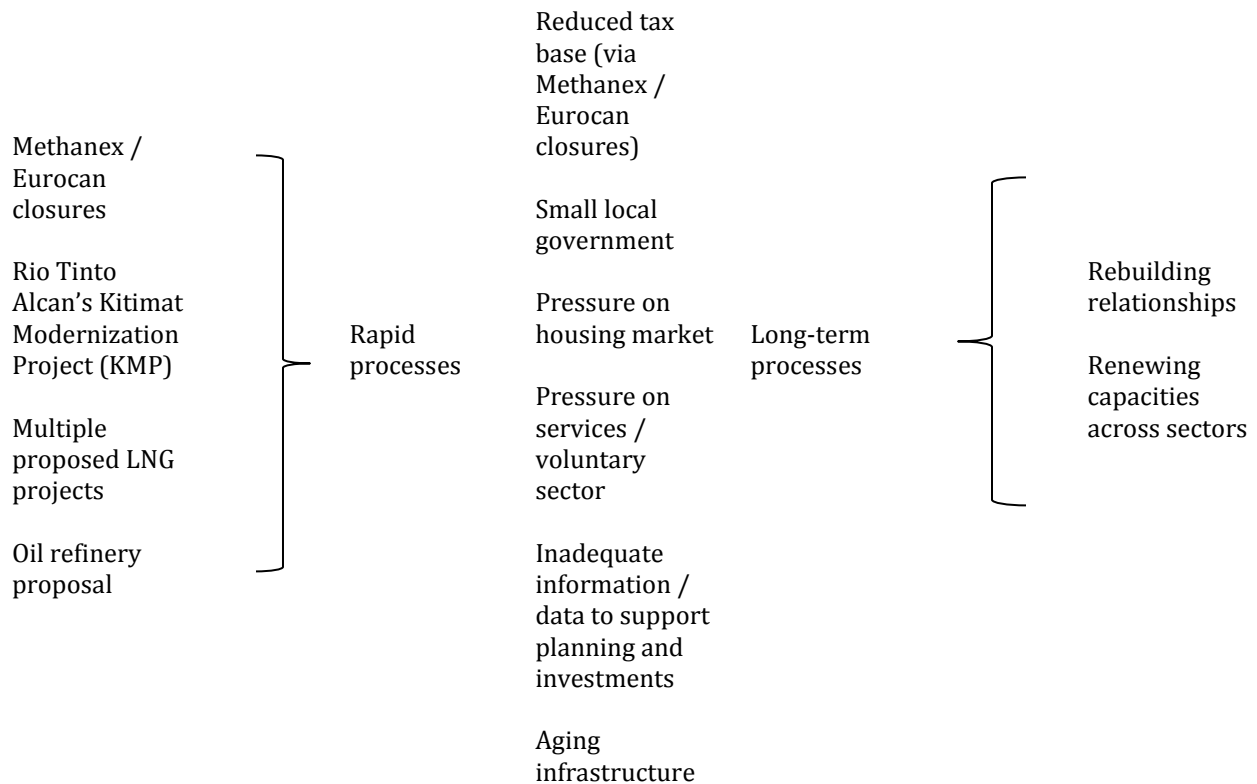
Kitimat is a community with a long history of industrial investment. With several large-scale industrial projects being constructed or proposed in Kitimat, there have been several longstanding concerns for this suddenly rapidly growing community:

- How to maximize the benefits and long-term legacies from large-scale industrial investments in order to better position their community moving forward;
- How to mitigate the pressures for residents during construction periods; and
- With limited resources, how is the local government, business sector, and other community organizations going to secure the resources needed to support development.

In this new era of industrial development, the concern is that small towns are being asked to assume more of the costs of supporting massive industrial projects that will contribute to the provincial and national economy for many years to come. Below, we recognize that it is the strength, capacity, and resilience of the community that matters as an analogy for the pressures stakeholders faced during the social and economic transformation of Kitimat. In essence, there were many rapid pressures and processes taking place in a context where stakeholders must concomitantly work through long-term processes of rebuilding relationships, as well as working to renew their assets and capacities. The early stages of this rapid growth were forecast in a context where the community was experiencing a population loss from the closure of the Methanex plant and the Eurocan pulp and paper mill. In addition to Rio Tinto Alcan's (RTA) Kitimat Modernization Project (KMP), however, there were several LNG, pipeline, and oil refinery proponents engaged in project planning and site preparation work.

This period of rapid growth from 2011 to 2016 prompted a complex set of pressures for community stakeholders. With a reduced tax base and a small compliment of staff, the District of Kitimat was faced with difficult challenges to keep pace with the demand for development permits and inspections, meetings with industry proponents and investors, renewing physical infrastructure, renewing policies and processes, and responding to work with an overwhelmed social service and voluntary sector. The immediate need for a large, high skilled labour force prompted a rapid influx of mobile construction workers. Even though several work camps were put in place, housing pressures (both rental and real estate prices) increased rapidly, leading to renovictions, an increase in at-risk and absolute homelessness, and an out-migration of residents. At the same time, there was limited senior government investments to renew key aging infrastructure assets to support heavy industry traffic. There has also been a lack of adequate information and available data to support strategic planning and investments in the community.

Impacting Community Capacity to Respond to Rapid Growth



Despite many of the pressures that have been experienced throughout this period of rapid growth, key actions have helped to better position the community moving forward. By the end of the first wave of new industrial investment through the KMP, Kitimat has been able to renew and diversify its housing stock, renew some recreational amenities to improve the quality-of-life for residents, fund and complete infrastructure studies, improve the skills and experiences of the local workforce, and renew several critical policies and programs. These changes have been hard fought by committed stakeholders with limited support from senior government agencies and stakeholders. Below, a brief summary is provided about the key actions and issues identified for different stakeholders throughout the tracking study.

Local Government

- Adopted new bylaws to reduce property taxes for renovated commercial buildings.
- Renewed fire bylaws and inspection processes in preparation for future large-scale industrial development projects.
- Several actions were undertaken to address housing pressures, such as the development of the Advisory Housing Committee, the completion of a Housing Needs Assessment, the development of an emergency cold weather response shelter, the adoption of a secondary suite incentive program, and the adoption of a density bonusing scheme to obtain amenity contributions for an affordable housing fund.
- Developed a \$200,000 emergency fund for community social service agencies.

- Industry use of recreational facilities for worker activities and industry meetings increased revenues during the peak construction of the KMP.
- Upheld plebiscite results to oppose the Enbridge Northern Gateway Project based on the Joint Review Panel's (JRP) findings and recommendations.

Community Organizations

- Community organizations faced an increased demand for supports from an influx of unemployed people looking for work, as well as from long-term residents who struggled to keep pace with the rising cost of living.
- Increased demands for supports to address housing, poverty, employment, childcare, immigration, and safety pressures were experienced throughout the tracking period.
- The service sector played a vital role to develop and engage in the Tier Two dialogue group that largely consists of non-profit leaders and service agencies to identify and monitor emerging issues and engage with industry, local government, and senior government stakeholders.
- Many groups coordinated supports and expanded activities through the Interagency Committee and Kitimat's Advisory Housing Committee.
- Community organizations struggle with staffing issues as they were unable to compete with industry wages in recruiting / retaining new professionals. High housing costs are also impacting the ability to recruit new labour.
- More investments are needed to support the training and development of service sector professionals to support long-term development and quality-of-life.
- Strategic social infrastructure investments are needed to support the coordination and resiliency of community groups.
- Accordion (flexible) funding is needed to support community organizations through boom and bust periods.

Industry and Business

- Some commercial assets were renovated. Small businesses and contractors also started to develop succession plans and long-term development strategies.
- Business leaders are now better positioned to anticipate key challenges stemming from staff turnover and customer volumes and demands.
- The local workforce has gained experience working for different contractors. This experience has better positioned them to engage with future industry projects locally, regionally, and abroad.
- Rio Tinto Alcan and LNG Canada entered partnerships with local and regional institutions to provide opportunities for trades training.
- Bechtel provided workers with information packages to promote physical and mental health wellness.
- Investments must continue to strengthen the development of the next generation of trades workers.

- Despite a number of successful joint ventures between local businesses and the Haisla or non-local companies, a number of local businesses are still challenged to engage in this new era of industrial development due to the extent of operating capital, labour, and scale of work required by these large projects.
- Businesses need to invest in legal structures to pursue joint ventures and benefit from large-scale industrial development.
- Small businesses continue to struggle to compete with industry wages.
- Distant head offices of industry and business do not always understand the pressures associated with the high cost of living and competition for labour in Kitimat.
- Rio Tinto Alcan allocated a cruise ship to alleviate housing pressures in the community.
- Difficulties remain in nurturing the development and attraction of new businesses due to aging infrastructure, competition for labour, and high lease rates.
- There was an influx of unemployed people looking for work who did not understand industry hiring requirements and hiring processes.
- Rio Tinto Alcan has provided with District of Kitimat with 156 acres of waterfront land to support future development.

Senior Government

- The Province of BC leased Crown land to the Haisla to support industry development through the Haisla Framework agreement.
- The Province sold the former hospital lands in Kitimat to the Haisla to support economic development opportunities.
- BC Housing provided support for the emergency cold weather response shelter.
- The Homeless Outreach Program was equipped with flexible criteria to enable a range of housing needs to be addressed.
- The Ministry of Innovation, Science, and Economic Development / Western Economic Diversification Canada provided federal funding to upgrade Kitimat Valley Institute (KVI) facilities.
- BC Skills for Jobs Blueprint provided funding for a mobile training unit.
- Investments have been made to improve the Northwest Regional Airport.
- Despite funds for infrastructure planning, there has been limited funding to upgrade and replace key infrastructure assets (i.e. the Haisla Bridge, port) in Kitimat to support construction activities.
- Local and regional transportation investments need to be improved to support broader workforce and residential needs.
- Lengthy processes mean that many senior government responses are delayed; leaving community stakeholders without urgent support during the early and middle stages of rapid growth.

MOVING FORWARD

With one major industrial project completed, and several others potentially to come in the future, Kitimat has experienced rapid ‘boomtown’ development, change, and transition. The arrival of several thousand temporary construction workers for the KMP as well as those engaged with early site preparation work for some of the pipeline and LNG terminal projects has meant a range of community pressures.

The business community has gained experience and developed a stronger capacity to work on future large-scale industrial projects both in Kitimat and around the Northwest region. Despite some reservations about the overall scale and capacity of small local contractors and businesses to have the capital and resources necessary to benefit from opportunities associated with large-scale industrial developments, the KMP and the development of joint business ventures has provided stakeholders with the scale and confidence needed to bid and support industry contracts. Initiatives to renovate commercial infrastructure and attract new franchises and professional services has also helped to diversify the local economy. As the community prepares for the next period of large-scale industrial development, business development could be further nurtured by strengthening import and export strategies. There is also a need to continue to renew aging commercial infrastructure, engage in succession planning, and further diversify economic development.

The training and work experience obtained through the KMP and early developments in other resource sector projects is also helping to better position Aboriginal and non-Aboriginal residents for employment prospects with future industry projects. Industry is continuing to pursue highly skilled labour locally, regionally, and globally. With the influx of mobile workers and temporary foreign workers during the rapid construction period of the KMP, local leaders are monitoring actions to maximize employment benefits for residents with future developments. Business leaders noted that they were better positioned to anticipate the issues during future periods of rapid growth, including having a better understanding of the impact of high staff turnover and customer volume on operations. More attention, however, is needed to address the skills training needed for the next generation of trades workers and service sector workers to support long-term employment and development. Moving forward, there is an interest to focus on exposing youth to future job opportunities in trades for both the construction and operations of large-scale industry projects. There is also support to continue to broaden opportunities for financial literacy and financial planning.

Based on their experiences from the KMP, the local government and community stakeholders will continue to streamline their communication with industry through interagency meetings and a central point of contact with local government staff. There is a strong interest, however, to also obtain more direct information from senior levels of government to guide timely and effective planning and investments to support future projects. The local government is also continuing to pursue a more progressive and positive approach to strengthen relations with

First Nations as a foundation for both communities to collectively move forward with development initiatives. The transfer of the old hospital lands to be developed by the Haisla was highlighted as an important example. While some key investments in physical infrastructure have been delayed until final investment decisions, there are concerns that such delays will only increase the costs of those initiatives. It is urgent to address infrastructure deficiencies before the next period of rapid growth.

Despite changes in transportation infrastructure to better position the community for future periods of rapid growth, construction activities for industry could be hampered without strategic transportation investments, most significantly concerning improvements needed to the Haisla Bridge. Work shuttles have impacted the potential demand for local transit and regional bus service; however, strengthening these local and regional transportation options are important to support a broader workforce and range of residential needs.

The next generation workforce and long-term residents are going to look for high quality amenities and recreational opportunities. Aging recreational assets will need to be upgraded and expanded to provide diverse cultural and entertainment opportunities for residents with different interests and physical mobilities. The District is also looking to expand its campsite capacity. Building upon transportation infrastructure needs, expanding the marina capacity, developing a marine location for repairs, and developing more infrastructure for small aircraft would support both industry and recreational activity.

Over the last several years, the community has developed a greater awareness of housing issues that can develop quickly during periods of rapid growth. This awareness was strengthened through the Advisory Housing Committee and the process of developing a new Housing Action Plan for Kitimat. The Housing Committee, housing workers, and local government have been able to develop stronger relationships with rental property owners and managers. The overall capacity of the community to address housing pressures has improved with a greater variety of accommodations, accommodation prices, and housing supports. New bylaws are redirecting industry / work camp contributions to support future affordable housing investments. There are some concerns, however, that the collective capacity to manage housing pressures remains vulnerable. This is in part due to the limited human and fiscal resource capacity of churches and service clubs to manage non-profit housing investments. Housing developments can also have extensive timeframes that require consultations and environmental impact assessments, making them less responsive to rapid growth pressures.

Despite the considerable progress that has been made to improve the quality and diversity of the housing stock, more work must be done in this area. This includes attention to the expansion of subsidized housing, streamline housing application procedures, and securing stable funding to support the extreme weather shelter in advance of future industrial developments. With an aging workforce and growing retirement population, there was also interest to ensure that more affordable seniors housing is developed to retain retirement income within the community. As the community moves forward, stakeholders are discussing the potential policy need to ban living out allowances that were deemed to drive increases in

rental and renovation rates in favour of managing worker housing through on-site accommodations. There was also a sense that housing subsidies need to be in place to support community service and retail sector staff before the next boom. Housing subsidy programs, however, can have some limitations and generate unintended consequences. Most notably, there are concerns that an increase in housing subsidy rates will only further exacerbate housing pressures and restrict the number of beneficiaries due to limited housing subsidy budgets.

During our tracking study, community service agencies were concomitantly confronted with the challenges of responding to the decline in the forest sector while preparing to respond to the pressures associated with rapid growth. As service agencies prepare for the next cycle of industrial growth, many are advocating for flexible, or 'accordion' funding to provide the necessary resources for community service agencies through boom and bust periods. In preparation for any future periods of rapid growth, mobile health care services can better position the community during large-scale construction periods, but should be supported by expanded services for mental health, addictions, as well as ensuring that a walk-in clinic is in place to handle the increased demand for minor health care services. As the community continues to promote the retirement sector as part of its economic diversification strategy, more work is needed to ensure that services are well supported for that strategy.

A number of voluntary groups are better situated to assist vulnerable residents and improve the local quality-of-life for residents through in-kind support, financial donations, and donations of supplies and equipment provided by industry, contractors, and small businesses. As construction companies depart Kitimat following the completion of KMP, there are concerns about the difficulties this may pose for voluntary groups during this transition period. Future investments also need to explore opportunities to ensure that non-profit and voluntary groups have the space they need to deliver supports throughout the community. There is also interest to use volunteer fairs in order to support the recruitment and development of a more resilient volunteer base.