

Socio-Economic Impact Assessment of the CPC Closure



Nichols Applied
Management Inc.

Management and Economic Consultants

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Introduction

- Nichols Applied Management Inc.
- Established in 1973
- Experts in socio-economic impact assessments, growth analysis, and municipal finance.
- Previous closure experience includes:
 - Agrium Phosphate Mine – Kapuskasing, Ontario
 - Vale Nickel Mine and Smelter – Thompson, Manitoba
 - Luscar Cheviot Mine – Hinton, Alberta
 - Shell Waterton Complex – Pincher Creek, Alberta



Study Approach

- Identify the current contribution of the CPC to the Town;
- Quantify the loss to the Town if the CPC relocates:
 - Population
 - Economic activity (GDP, jobs, income)
 - Housing
 - Education
 - Municipal fiscal effects
 - Social infrastructure



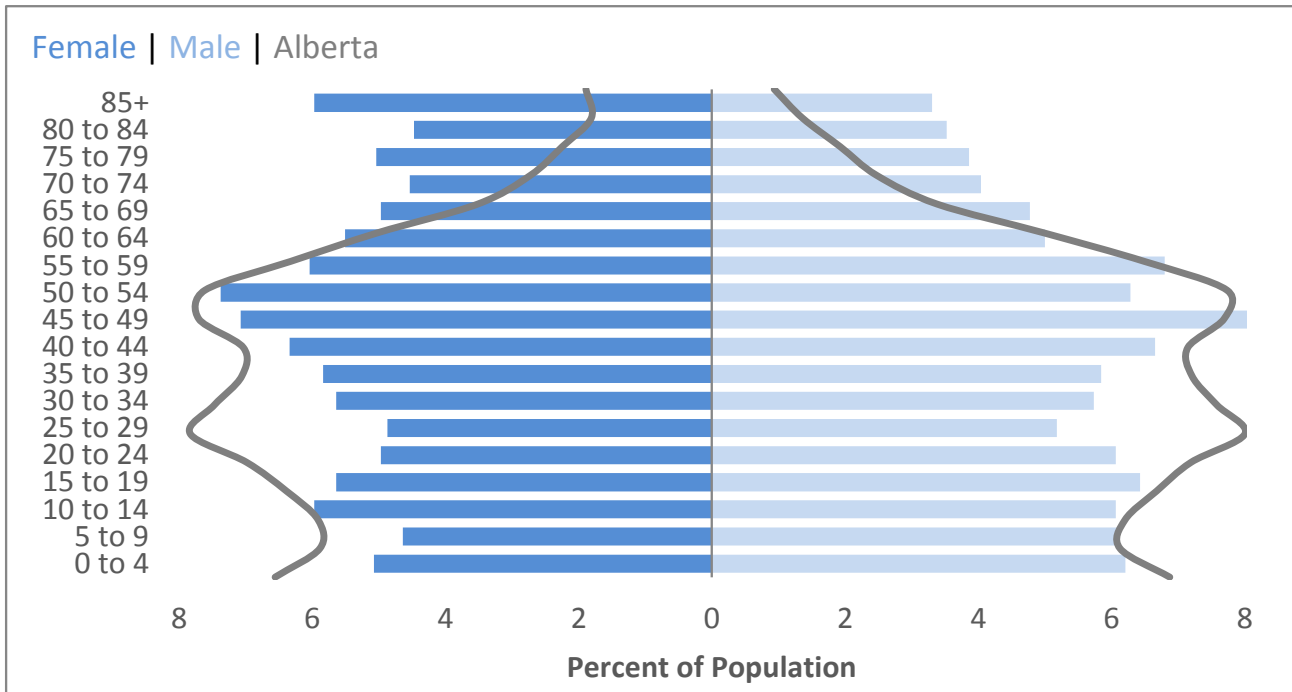
Key Findings

- Employee survey to understand demographics and propensity to relocate
 - 2 scenarios:
 - 1) 29 relocate, 26 commute, 140 remain:
Population impact of 100 people
 - 2) All those not involved in agriculture relocate:
Population impact of 420 people



Key Findings

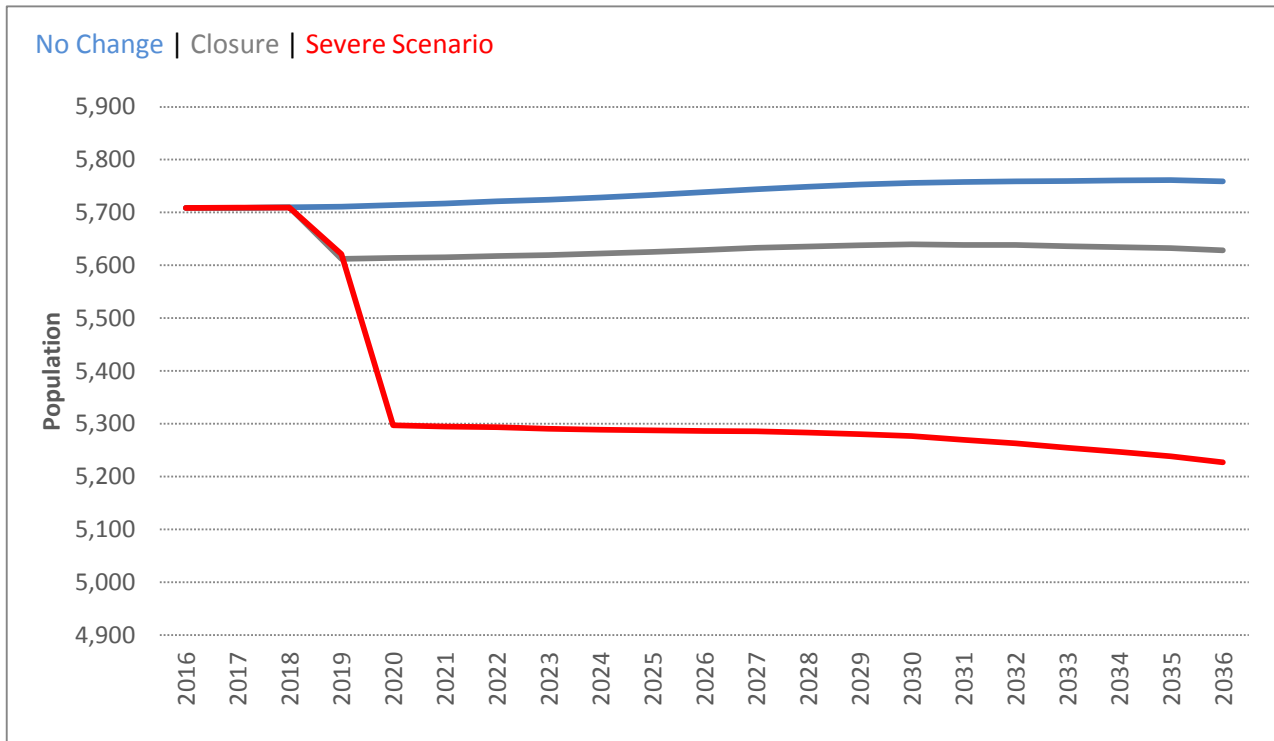
- Historic population growth (1991 to 2016) of 0.42%
 - Largely on the strength of in-migration
 - Vegreville's population is older than the provincial average.





Key Findings

- Both scenarios will reduce the permanent population of the Town in the long run.
- When combined with the demographics of the community, the impact is negative growth in the long run (scenario 2).





Key Findings

- The CPC currently spends roughly \$13.4 million per year to operate – mostly on wages/salaries.
- Economic Impact, loss of:
 - \$12.7 million in GDP
 - \$11.6 million in labour income
 - 240 jobs
 - Scenario 1: large increase in unemployment (15%)



Key Findings

- Housing impacts:
 - Drop in prices due to sale of homes
 - **Scenario 1:** 10%
 - **Scenario 2:** 25% to 30%
- Financial implications to the municipality.



Key Findings

- Municipal Fiscal Impacts
 - Assessment and Taxation
 - Grants
- Property Taxes:
 - **Scenario 1:** Reduction in revenues of \$384,000 or increase mill rates by roughly 5%
 - **Scenario 2:** Reduction in revenues of \$1.15 million or increase mill rates by roughly 16.45%
- Grants:
 - **Scenario 1:** Net reduction of \$22,000
 - **Scenario 2:** Net reduction of \$94,000



Key Findings

- Education
 - **Scenario 1:** 40 students, funding of \$275,000
 - **Scenario 2:** 130 students, funding of \$900,000
 - Impact of funding loss is unclear, depends on school boards.



Key Findings

- Social Infrastructure
 - Didn't find any one industry/service likely to be severely diminished
 - Discussion with FCSS representatives
 - Primary concerns relate to quality of life and family cohesion
 - Less time for activities, family
 - Possible increase in before and after school care programming
 - Loss of volunteers in the community