



Socio-Economic Impact Assessment of the CPC Closure

For the Town of Vegreville
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Executive Summary

The Immigration, Refugee, and Citizenship Case Processing Centre in the Town of Vegreville is one of the community's largest and most stable employers. Currently, the facility employs approximately 236 people, the loss of which will impact the socio-economic conditions in the Town.

The population and labour force dynamics that will materialize following the closure of the facility are complex and subject to some uncertainty. The Study Team surveyed current CPC employees and, on this basis, estimate that the impact on the Town could be:

- the out-migration of approximately 100 individuals;
- a large increase in unemployment related to those CPC employees who choose not to move;
- a reduction in home prices in the order of 10%;
- the loss of approximately \$12.7 million of GDP and \$11.6 million of labour income;¹
- the loss of approximately \$406,000 in municipal revenues annually; and
- an erosion of the quality of life of the affected families.

Should a more severe out-migration occur (see Appendix B), the impacts on the Town could be:

- the out-migration of approximately 420 individuals;
- a reduction in home prices in the order of 30%;
- the loss of approximately \$12.7 million of GDP and \$11.6 million of labour income;²
- the loss of approximately \$1.2 million in municipal revenues annually; and
- an erosion of the quality of life of the affected families as well as those who remain in the community following the exodus of people in search of employment.

¹ Estimated net effect adjusted for those who remain in Vegreville and commute to Edmonton.

² IBID

1. Introduction

The federal government has recently made the decision to close the Immigration, Refugee, and Citizenship Case Processing Centre (CPC) in the Town of Vegreville (the Town) and relocate the facility to Edmonton. The CPC employs approximately 236 people making it one of the largest employers in the Town, the loss of which could have an impact on the socio-economic conditions in Vegreville.

The Town engaged Nichols Applied Management Inc. (Nichols) to conduct a socio-economic impact assessment of the CPC closure on the community.

The purpose of this assessment is to inform all interested parties with respect to the:

- socio-economic impacts of the ongoing operation of the facility;
- social and economic linkages between the facility and the local community;
- socio-economic impact of facility closure.

This information can be used to inform discussions between the federal government, community members, and other stakeholders. The balance of this report provides:

- a summary of our understanding of the CPC current operations, the relocation opportunities available to current employees, and the timing of the closure;
- an overview of the methodology used; and
- a discussion of the anticipated impacts of the closure on the Town.

2. The CPC Facility

There is little publically available information regarding the current operation of the CPC. Therefore, the Study Team interviewed members of the Public Service Alliance of Canada (PSAC) and other knowledgeable stakeholders to compile information regarding current staffing levels and operating expenditures associated with the facility. This information was relied upon to estimate a number of the economic impacts outlined in section 4.2.

The CPC has been operating in the Town of Vegreville for the past 23 years and over this time, it has become a prominent employer in the region. As of early 2017, the facility employs 236 people, 226 of which are on a full-time basis and 10 of which are part-time. Additionally, the annual operating expenditures of the CPC total approximately \$13.4 million dollars, the majority of which constitutes wages and salaries to employees. A detailed breakdown of the 2015-16 operating expenditures is provided in Table 2.1 below.

Table 2.1: CPC Operating Expenditures

Cost Description	Dollar Value (2016)
Rent	\$520,000
Janitorial Services	\$150,000
Electricity and Heating Fuel	\$120,000
Ground Maintenance	\$10,000
Sewer and Water Service	\$10,000
Salaries	\$11,400,000
Other	\$1,200,000
Total	\$13,410,000

Note: figures rounded for presentation purposes.

In addition to the expenditures outlined above, the federal government paid approximately \$94,212 in property taxes to the Town in 2015.

3. Methodology

The closure of a prominent employer in a small urban centre has the potential to affect the community by eliminating local employment opportunities which subsequently may cause changes to the resident population that manifest in various aspects of the community.

In an effort to identify, delineate, and quantify the impact of the CPC closure on the Town, the Nichols Study Team relied on a number of analytical tools and data sources, including:

- a survey of CPC employees and stakeholder interviews;
- an integrated labour force and age-cohort survival model to calculate the anticipated population impact associated with the closure;
- an input-output model of the provincial economy to estimate the economic activity currently supported by the facility which may be lost as a result of a closure; and
- municipal fiscal analysis.

A more detailed explanation of each analytical approach is provided in the balance of this section.

3.1 Survey of CPC Employees and Stakeholder Interviews

The behaviour of CPC employees, particularly with respect to the possibility of relocating to Edmonton, is fundamental to accurately understanding the potential impact of the CPC closure on the Town. With cooperation from the PSAC, Nichols developed an on-line survey which current employees were invited to complete. The survey was focused on collecting information regarding:

- the choice of employees to relocate or retire;
- the specific demographics of employees who may relocate (family structure, number of children, age);
- the current housing situation of employees (own versus rent, type of dwelling);
- the employment status and industry of a spouse or partner; and
- current place of residence (in Town, surrounding county, out of region, etc.).

This information informed the analysis of population and labour force changes related to facility closure. In total, 104 union member employees participated in the survey – approximately 44% of the current workforce. The information collected from this sample was used to form

assumptions regarding the demographics, behaviour, and preferences of the entire CPC workforce. A copy of the survey questionnaire can be found in Appendix A. The responses for individual questions are not provided in order to maintain the anonymity of participants. Assumptions based on survey data are noted in the balance of this report.

When appropriate, the Study Team also spoke with local experts and stakeholders to better understand key aspects of the local community.

3.2 Integrated Labour Force and Age Cohort Model

Population growth within a community is driven fundamentally by the local:

- fertility rates;
- mortality rates; and
- net-migration (in-migration less out-migration).

Nichols developed an integrated age-cohort survival and labour force model that layers the net migration associated with increased or decreased economic activity on top of the natural population growth driven by the Town's demographics.

Historic fertility and mortality data were collected from Alberta Health and combined with federal census data from 1991 through to 2016 to establish a natural rate of population growth in the Town. Subsequently, the out-migration associated with CPC closure, based on the survey of employees (section 3.1) was introduced into the analysis and its impact quantified. Monte Carlo simulations were used to capture the uncertainty with respect to future fertility and mortality rates.

3.3 Input-Output Model

The Study Team used the Alberta Finance Provincial Input-Output (IO) model to generate an estimate of the economic activity that will be lost should the facility close. Conceptually, this model allows an analyst to quantify the economic impacts of a particular activity or project as the spending (or reduction in spending) associated with the activity ripples through the economy due to the interconnected nature of various sectors and markets. The model aims to capture the interdependencies between industries by linking forward (sales) and backward (purchases) transactions across industries and with the final demand sector. Specifically, an IO model considers the:

- direct impacts of project expenditures on goods and services;
- indirect impacts of project expenditures as suppliers to the project and related industries expand their output to meet the needs of the project; and

- induced impact of the project as the additional income paid to employees of the direct and indirect sectors is circulated through the economy.

Together, the direct, indirect, and induced impacts constitute the full economic impact of a project or activity at a provincial level. The Study Team subsequently developed regional weights that were applied to the provincial figures to determine what portion of provincial activity could be reasonably expected to accrue to the Town of Vegreville.

3.4 Municipal Fiscal Analysis

In conjunction with the Town, the Study Team evaluated the fiscal position of Vegreville with and without the closure of the CPC – most notable the impact of diminished population on municipal taxes and grants. Data were collected from publically available sources or provided by the Town.

4. Socio-Economic Impacts of CPC Closure

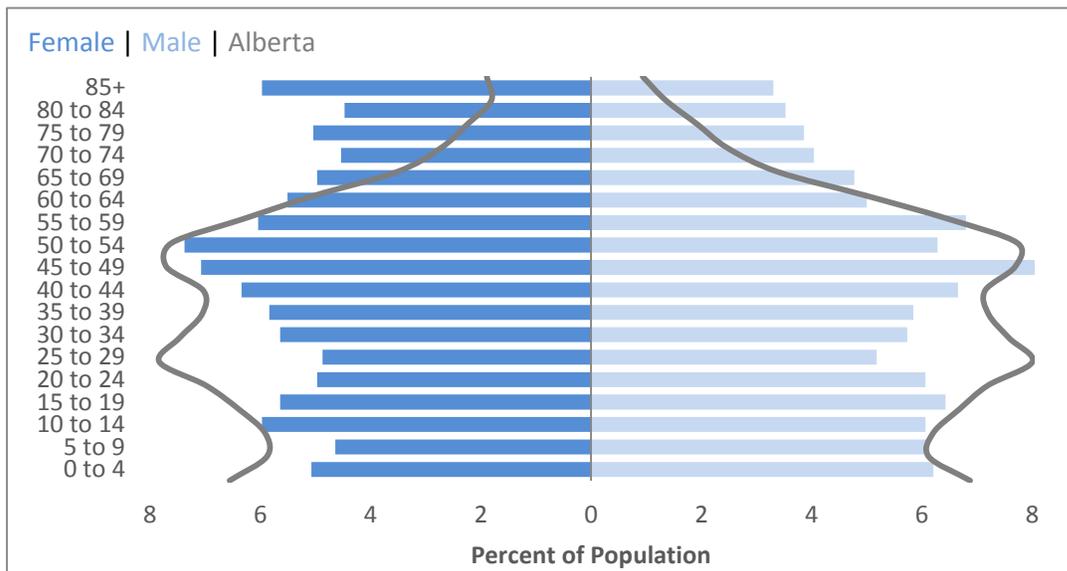
The balance of this section provides a summary of the key socio-economic impacts of CPC closure.

4.1 Population

4.1.1 Historic Population Growth

Historically, Vegreville has grown nominally at an average annual rate of 0.42% from 5,138 people in 1991 to 5,708 in 2016. However, growth has not been uniform over this 25-year period. The late 1990s through to 2011 were characterized by consistent positive growth – a trend that was reversed between 2011 and 2016 when the community contracted by approximately ten people. This recent stagnation in growth is likely attributable to the demographics of the community which have shifted over time to be heavily skewed towards residents 65+ years old as compared to the province overall (Figure 4.1). The disproportionately few number of men and women of child-bearing age has contributed to a reduction in the natural rate of population growth and, as a result, the community depends a great deal on immigration to support future growth as the natural birth rate of the Town is insufficient to outpace prevailing mortality rates combined with a population so heavily weighted towards those above age 65.

Figure 4.1: Vegreville and Alberta Age Distribution



Note: Age distribution is based on 2011 census. At the date of this writing, the 2016 census results by single age cohort were not available.

If the natural population dynamics of the community manifest as expected and historic levels of migration continue, the Town is expected to grow at an annual rate of 0.5% over the next ten

years. However, positive growth is largely driven by in-migration and a nominal reduction in people moving to the community to replace the aging population will likely result in negative growth.

4.1.2 Impact of CPC Closure

In the event that the CPC does relocate to Edmonton, we understand that government-provided relocation support is available to full-time employees of the CPC but not part-time or temporary contract workers³. Drawing on results collected from the survey of employees and discussion with representatives of PSAC, the Study Team has developed estimates of the number of employees who are expected to relocate or remain in the community. The potential population changes can therefore be characterized as resulting from a combination of the following scenarios where employees:

- 1) lose their CPC job, remain living in Vegreville, and be unemployed; or
- 2) lose their CPC job and leave Vegreville in search of employment; or
- 3) keep their CPC job and relocate to Edmonton; or
- 4) keep their CPC job, continue living in Vegreville, and commute to Edmonton⁴.

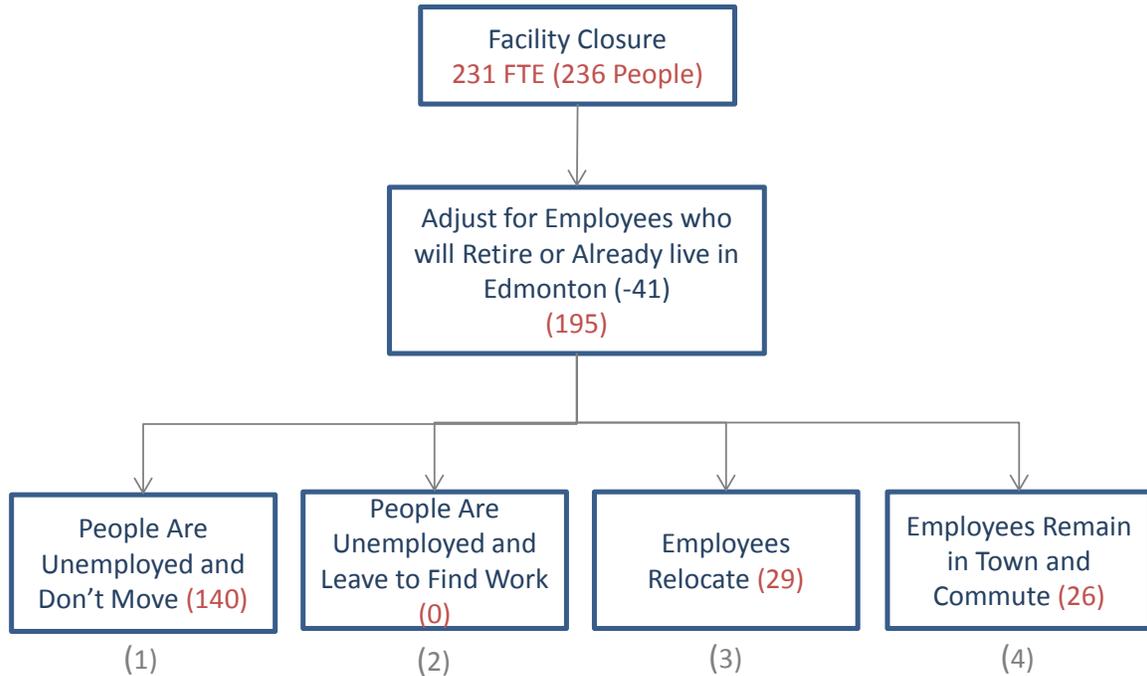
These potential outcomes as well as the estimated number of employees expected to choose a particular outcome (numbers in red) based on the employee survey results are illustrated in Figure 4.2.

³ There has recently been a reclassification of 39 employees from temporary to permanent positions, making them eligible for relocation support.

⁴ We note that approximately 6% of individuals in the Edmonton region commute more than 1 hour to work on a daily basis. Although unlikely, we have considered the possibility that some people may choose to live in Vegreville and commute to Edmonton, particularly those who may be nearing retirement and wish to attain a pension milestone or some other financial goal.

https://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-012-x/99-012-x2011003_1-eng.cfm

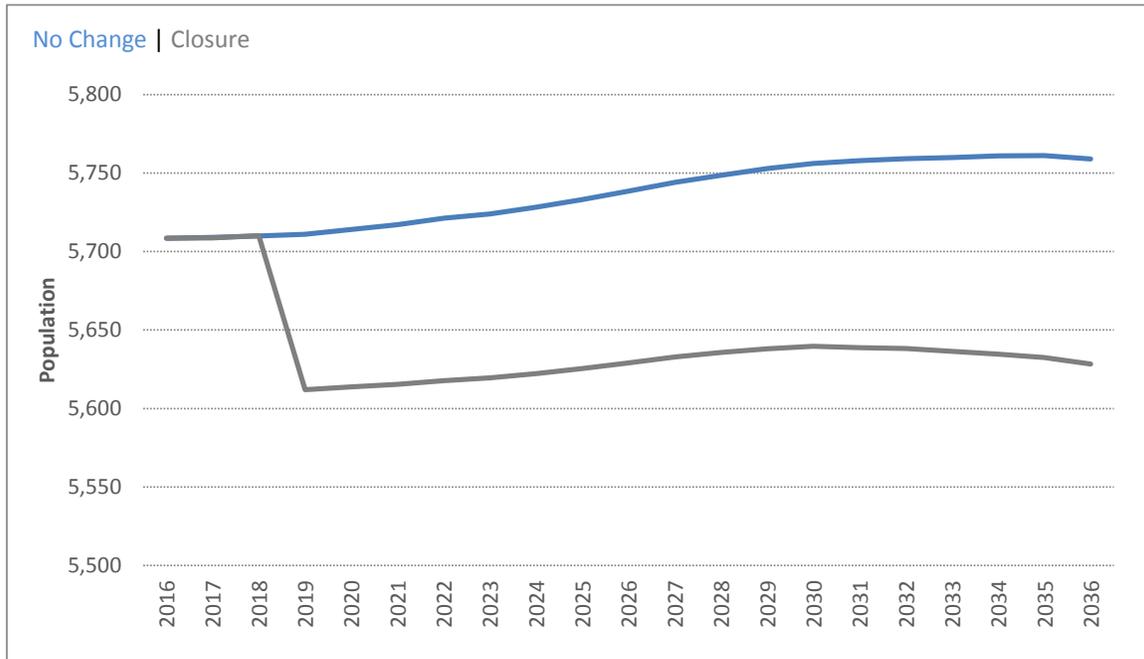
Figure 4.2: Summary of Employee Decisions



It should be noted that a portion of survey participants indicated they were uncertain as to their choice to move to Edmonton. For analytical purposes, it was assumed that half of the undecided participants would remain in Vegreville and half would relocate to Edmonton.

In the event that the CPC closes and the out-migration contemplated in Figure 4.2 materializes, the nominal positive growth experienced by the Town for the past 25 years and forecast for the next decade will be reversed. Out-migration of approximately 100 people⁵ including singles, parents, and children, is expected to take place in 2019, dropping the population approximately 2% below the forecast level if the facility continued to operate (Figure 4.3).

⁵ Estimate based on demographics collected from CPC employee survey including average family size of 3.5 and approximately 75% of employees are members of a multi-person household.

Figure 4.3: Population Forecasts

The population changes outlined heretofore will affect the economy and social fabric of the Town in a number of ways including through changes in the local labour market, housing market, and the demand for services such as healthcare and education.

If the federal government offers additional supports or incentives for employees to relocate, the results described in the balance of this report may underestimate the magnitude of the impacts of the CPC closure. Additionally, it should be noted that the number of individuals (140) expected to remain in Town per the survey results is subject to some uncertainty. Remaining in Vegreville without promising employment prospects is not likely to be financially sustainable for the majority of individuals. Should all 140 individuals remain in Town and search for work, the local unemployment rate could double from the current estimate of 8%⁶ to approximately 15%. In the medium to long-run, these labour market conditions are likely to drive people from the community, regardless of their stated preference in the survey. Moreover, the Study Team understands that there are not currently any employers in the Town who, independently or as a group, have the capacity to immediately employ an additional 140 people.

In short, although some people indicated a willingness to forego their CPC job and remain in Vegreville, the financial realities of doing so may, over time, cause them to leave the Town in search of employment.

⁶ An economic region as defined by Statistics Canada, groups census divisions to create one geographic unit for analysis. The most recent employment data is only available at the economic region level. Vegreville is in the economic region of Camrose-Drumheller, Division No. 10. Source: <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/lfs05f-eng.htm>.

In order to inform planning for this more severe scenario, the Study Team has developed an alternative scenario (Appendix B) to illustrate the anticipated impacts of a complete out-migration of individuals who are currently employed full-time at the CPC with the exception of those who have a spouse or partner actively engaged in agriculture who, for obvious reasons, cannot easily move and those who have indicated that they are willing to commute from Vegreville to Edmonton.

4.2 Economic Impact

4.2.1 Current Contribution of the CPC

Several assumptions underpin the analysis of the impact of CPC closure on the local economy, particularly the proportion of economic activity expected to accrue to the Town as opposed to the rest of the Province. These assumptions were developed based on publically available data and discussions with individuals who have in-depth knowledge of the facility and the Town. They include:

- As labour income constitutes the largest portion of GDP, direct GDP is assumed to be related to the physical residence of employees. However, approximately 25 of the 236 CPC employees already live in Edmonton and, as such, the economic activity associated with their employment is assumed to leak outside of the Town regardless of facility relocation.
- The majority of the inputs to the facility (i.e. computers, stationery, etc.) are purchased by the federal government from outside of the Town and simply transported to site as needed. As such, the majority of the indirect economic activity associated with the CPC is assumed to accrue to communities outside of Vegreville.
- The retail sector in Vegreville is sufficiently large and diverse to allow residents to purchase the majority of their daily household items (food, clothes, etc.) in town with limited out-shopping from the community. For analytical purposes, it was therefore assumed that 50% of the induced economic activity related to the CPC would accrue to the Town.

On the basis of the CPC as described in section 2 and the assumptions outlined above with respect to the geographic accrual of the economic activity, the facility currently supports the following in Vegreville:

- \$15.9 million in direct, indirect, and induced GDP;
- \$14.5 million in direct, indirect, and induced labour income⁷;
- 265 direct, indirect, and induced full-time equivalent jobs.

⁷ Note that labour income is a contingent part of GDP. Labour income and GDP are not additive.

A more detailed breakdown of the economic activity in Vegreville is shown in Table 4.1 below.

Table 4.1: Vegreville Economic Activity Associated with CPC

Economic Impact	GDP	Labour Income	Jobs
Direct + Indirect	\$13,500,000	\$13,400,000	230
Induced	\$2,400,000	\$1,100,000	35
Total	\$15,900,000	\$14,500,000	265

Note:

1) Figures rounded for presentation purposes.

2) Direct GDP shock values estimated using labour income as shown in section 2, adjusted to 2011 dollars, and augmented to include other contingent parts of direct GDP per CANSIM table 381-0033.

It should be noted that the jobs related to the on-going operation of the CPC facility represent approximately 9% of the Town's labour force.

4.2.2 Impact of CPC Closure

In the event that the CPC does close, the vast majority of the economic activity outlined in Table 4.1 will be lost from the Town of Vegreville⁸. A portion of the activity related to employees who may remain in Town and commute to Edmonton could remain, although the duration of this impact may be short-lived as those willing to commute may be doing so in order to achieve pension milestones or as a stop-gap measure in the short term. If the 26 employees identified in Figure 4.2 do remain in the Town and commute to Edmonton to maintain their CPC job, the total loss of the activity in Table 4.1 will be mitigated by approximately 20%.

The loss of the activity outlined in Table 4.1 implies that those former CPC employees who remain in Town remain unemployed.

4.3 Housing

4.3.1 Current Housing Market

The current population of Vegreville is housed in approximately 2,429 dwellings throughout the community, consisting largely of single family detached homes (77%), semi-detached (3%), row houses (2%), and apartments (14%). Consistent with the stagnant population growth, there has

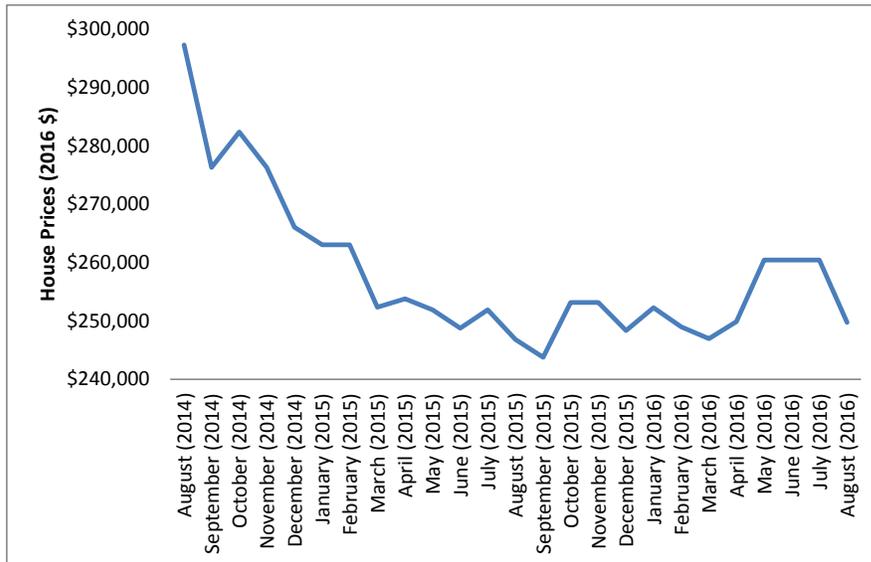
⁸ The loss of the activity outlined in Table 4.1 implies that those former CPC employees who remain in Town remain unemployed.

been no virtually no change to the size of the housing stock in the past five years with most housing starts simply replacing existing structures⁹.

Similar to the province overall, the housing market in Vegreville has been impacted by the economic downturn related to low commodity prices. The average house price (nominal) decreased steadily between August 2014 when the average house price was \$289,450, and two years later in August 2016 when the average price dropped was \$249,725 – a drop of nearly 17% (Figure 4.4).¹⁰ By comparison, the average house price in Alberta in 2014 was \$399,800¹¹, dropped to \$391,400 in 2015, and rose to \$395,694¹² in 2016. Over the same time frame, the average home price in Alberta dropped by only 1%.

The inventory of houses available for sale in Vegreville over that same period increased on average from approximately 45¹³ to the current 65¹⁴, which represents an increase of approximately 44%.

Figure 4.4: Housing Prices in Vegreville, 2014 - 2016



⁹ There were approximately 22 new housing starts from 2014 through 2016, however, only 3 of those starts were built by a home developer to sell in the housing market; the remaining were built by home owners. Thus the lower priced houses are not attributed to increases in housing stock. Data provided by Kerina Sorochan, Planning and Development Coordinator for the Town of Vegreville. The 2016 federal census indicates one fewer dwelling units in the Town than the 2011 census.

¹⁰ <http://www.canadianrealestatemagazine.ca/top-neighbourhoods/vegreville-ab-5656.aspx> (Accessed: January, 20, 2017)

¹¹ https://www.td.com/document/PDF/economics/qef/ProvincialEconomicForecast_Jul2016.pdf (Accessed: February 6, 2017).

¹² <http://creastats.crea.ca/area/> (Accessed: February 6, 2017).

¹³ Housing inventory provided by Gus Borzel, Century 21--Vegreville.

¹⁴ <https://www.realtor.ca/> (Accessed: January 20, 2017).

The rental market in Vegreville offers 298 units across a wide range of housing types from single room bachelor-style units to 4+ bedroom homes. The latest available statistics¹⁵ suggest a vacancy rate of approximately 10.7% (32 units), above the provincial average of 8.2% for rural communities.

4.3.2 Impact of CPC Closure

The out-migration from the Town, as described in section 4.1.2, has the potential to affect the local housing market by increasing the volume of homes available for sale and rent. Assuming there is no corresponding and offsetting increase in demand, the increases in housing inventories will likely lead to a drop in the value of homes across the community and the rent paid and earned by renters and property owners respectively.

The results of the employee survey revealed that the types of homes expected to be vacated by families leaving the Town are primarily owned, not rented, and consist primarily of single family homes.

If the CPC relocates and the out-migration described in section 4.1.2 materializes, approximately 29¹⁶ additional houses will be added to the existing inventory for sale – an increase of approximately 50% of the current listings, depending on the time of year. The resulting impact on the housing market is expected to be a drop in market values of approximately 10%.¹⁷ This drop in market value is expected to be in addition to the previous 17% drop in market values seen from 2014 to 2016 mentioned above. Table 4.2 below provides an example of the potential decrease in housing values in Vegreville, from 2016 to the potential CPC closure.

Table 4.2: Reduction In House Prices

Average Housing Values	
2016 (current)	\$249,725
2019 (closure)	\$224,753
Decrease in Value (-10%)	\$24,973

Note: Assumes no change in housing prices between 2016 and 2019.

It should be noted that the price change contemplated in Table 4.2 is predicated on the assumption that the relocation of CPC employees happens over a relatively short period of time. It is possible that a more timely relocation strategy that results in housing units hitting the market over a prolonged period may, to some degree, mitigate the price drop.

¹⁵ <http://www.seniors-housing.alberta.ca/documents/2015%20AVS%20Report.pdf>

¹⁶ There were approximately 22 new housing starts from 2014 through 2016, however, only 3 of those starts were built by a home developer to sell in the housing market; the remaining were built by home owners. Thus the lower priced houses are not attributed to increases in housing stock. Data provided by Kerina Sorochan, Planning and Development Coordinator for the Town of Vegreville.

¹⁷ House pricing impact provided by Century 21--Vegreville.

Conversely, if a higher proportion of out-migration occurs as a result of additional supports or incentives for employees to relocate, the drop in housing prices will likely be greater than those described here.

4.4 Municipal Fiscal

The change in population and housing values outlined in sections 4.1.2 and 4.3.2 have the potential to affect the fiscal situation of the Town in several ways, including:

- a change in the residential assessment base; and
- a change in grants from other levels of government that are sensitive to population levels.

4.4.1 Assessment Base and Taxes

4.4.1.1 Current Assessment Base and Taxes

In 2016, the Town of Vegreville had a total assessment base of \$788,607,970, comprised primarily (69%) of residential properties with the balance (31%) consisting of non-residential lands. Together, the total tax base accounted for a total of \$8.2 million in municipal revenues, split almost evenly between residential (47%) and non-residential (52%). These revenues allow the Town to offer services to its residents and finance the tasks required of a municipal government on a regular basis.

Table 4.3: 2016 Vegreville Assessment and Municipal Tax

Economic Impact	Assessment	Mill Rate	Tax Collected
Residential	\$546,283,790	7.0289	\$3,839,774
Non-Residential	\$242,324,180	17.8683	\$4,329,921
Total	\$788,607,970		\$8,169,695

Source: Vegreville Bylaw No. 04-2016

4.4.1.2 Impact of CPC Closure

In the event that housing prices decrease as described in section 4.3.2, the value of the residential assessment base will likely diminish as well since typical assessment methodologies rely on recently executed transactions as a key factor in determining value. If a 10% decrease in house prices is reflected in the residential assessment base and no changes to mill rates are made, the total municipal tax revenue collected by the Town will decrease by approximately \$383,980. In order to address this potential drop in revenues, the Town will have to either:

- Reduce spending equal to \$383,980; or

- Increase the mill rate on residential or non-residential properties to make up the shortfall.

If the current ratio of residential to non-residential mill rates is maintained, the residential assessment base is reduced by 10%, and the industrial assessment base is unchanged, the mill rates required to generate \$8,169,695 million in tax revenue are:

- 7.3756 for residential properties; and
- 18.7495 for non-residential properties.

These mill rates reflect an increase of nearly 5% above those applied in 2016.

The degree to which the drop in house prices associated with CPC closure materialize and are generalized to the entire residential assessment base is subject to uncertainty that includes the prevailing local and provincial economic conditions at the time of closure. Moreover, if a higher proportion of out-migration occurs as a result of additional supports or incentives for employees to relocate, the impact on the residential, and possibly non-residential, assessment base could be greater than those described here.

4.4.2 Municipal Grants

In addition to taxes, user fees, and other sources of income, municipalities also receive several grants from various levels of government to support particular services such as infrastructure construction and maintenance, policing, community services, etc. Similarly, local governments also incur certain costs on a per capita basis, typically as they relate to membership in larger regional organizations. Therefore, the change in population contemplated in section 4.1.2 has the potential to influence both the revenues and costs of the Town.

The experience of the Study Team suggests that grants from higher levels of government are not always immediately responsive to changes in population and, when these changes come as a result of a sudden event, grant amounts are sometimes held constant to allow time for municipalities to adjust. However, if the grants being received by Vegreville do immediately adjust in 2019, the following changes are expected¹⁸:

- The Municipal Policing Assistance Grant will be reduced by \$792.
- The Basic Municipal Transportation Grant will be reduced by \$5,940.
- The Municipal Sustainability Initiative will be reduced by \$11,089.
- The Federal Gas Tax Fund transfers will be reduced by \$5,518.

¹⁸ These changes are relative to the anticipated 2019 population of 5,711 in the event that the CPC does not relocate. Cost and revenue calculations provided by the Town.

The funding formula for Family and Community Support Services (FCSS) grants also includes a per capita component; however, to the best knowledge of the Study Team, FCSS grants have not been materially adjusted for some time and are not likely to be responsive to the population changes contemplated here.

The Town will experience some savings as a result of reduced fees that are charged on a per capita basis, including:

- AUMA membership fees will be reduced by \$100.
- Payments to the Northern Lights Library System will be reduced by \$1,004.

Together, the net effect of reduced expenditures and reduced grant values is expected to be a reduction in net municipal revenue of approximately \$22,240.

4.5 Education

4.5.1 Current Enrolment and Funding

Education for the children in the Town of Vegreville is provided via the Elk Island Public and Elk Island Catholic School Boards. The Town is currently home to four schools, two public and two Catholic, whose enrolments total approximately 1,259 in grades K through 12. The number of students attending each school is summarized in Table 4.4.

Table 4.4: School Enrolment

School Name	Enrolment	Grades Offered
A. L. Horton Elementary	385	K to 6
Saint Martin's School	274	K to 6
Vegreville Composite High School	400	7 to 12
St. Mary's Catholic School	<u>200</u>	7 to 12
Total	1,259	

School boards across Alberta receive a range of provincial funding across five categories: base instruction, differential, targeted, other, and capital.¹⁹ Funding is based on a number of different criteria specific to the individual schools; however, the base funding is provided on a per student basis and represents the largest component of total funding as it covers teacher salaries, classroom materials, and other instructional costs. A base funding amount is set for different grade levels, and grades 10-12 receive additional funding based on a tiered approach, which is associated with the number of high school credits that each student is enrolled in. The funding approach is summarized in Table 4.5.

¹⁹ <http://www.asba.ab.ca/being-a-school-trustee/education-funding/> (Accessed: February, 6, 2017).

Table 4.5: School Funding

Grades	Base Rate per Student	Range of Tiered Funding per Student
Kindergarten	\$4,100.74	n/a
1 to 3	\$8,201.47	n/a
4 to 9	\$6,679.79	n/a
10 to 12	\$6,679.79	(\$114.50 to \$227.03)

4.5.2 Impact of CPC Closure

If the out-migration outlined in section 4.1.2 comes to pass, an estimated 40 children may leave the Town and also the two school authorities responsible for education in the community. This change would lead to a reduction in funding across the two authorities of approximately \$276,000 – less than one half of one percent of instructional funding. The degree to which this reduction in funding affects the educational experience of students is subject to operational decisions made by the appropriate school boards.

4.6 Social Infrastructure

The social infrastructure in a community supports and is made possible by the local residents. For example, the health system and the emergency (police, fire, ambulance) services and other community supports are generally staffed by members of the Town. Additionally, the volunteer base of the Town is very much related to the size of the resident population. As such, the out-migration of a large portion of the population can impact the ability of social infrastructure to meet the needs of those who remain. Conversely, the needs of the community overall may diminish as population decreases but, if deteriorating economic or social conditions accompany or result from the out-migration, select services may actually experience an increase in demand.

The Study Team collected information regarding the spousal employment and family structure of current CPC employees and found that, if the out-migration characterized in section 4.1.2 materializes, the impact on the social infrastructure in the Town is expected to be minimal and not likely to impinge on the ability of any one service provider to meet the needs of their clientele.

However, the presence of a large unemployed contingent of the population (box 1, Figure 4.2), will likely increase the demands for services such as FCSS, employment supports, and job training. The degree to which these services are required will depend on the level of success former CPC employees have in finding new employment or make a choice to move to another community.

The Study Team spoke with a representative of the Vegreville FCSS who identified a number of potential concerns that could arise as a result of the CPC closure. These include:

- A reduction in family time for those who choose to remain in Vegreville and commute to Edmonton on a daily basis that could lead to:
 - missed activities for children whose parents are not able to get them to and from activities;
 - additional expenditures on before and after school care; and
 - additional pressures placed on single parents who have less home-time to spend with their children;
- Families having to sacrifice a rural way of life in order to move to Edmonton;
- A reduction in volunteers in the community due to relocation or more time spent commuting; and
- An increase in before and after school care programming.

5. Summary

In summary, the stated intention of CPC employees who participated in the survey suggest that the result of the facility relocation will be:

- the out-migration of approximately 100 individuals;
- a large increase in unemployment related to those CPC employees who choose not to move;
- a reduction in home prices in the order of 10%;
- the loss of approximately \$12.7 million of GDP and \$11.6 million of labour income;²⁰
- the loss of approximately \$406,000 in municipal revenues annually; and
- an erosion of the quality of life of the affected families.

Given the historic level of growth in the community, it is unlikely that the large contingent of former CPC employees will be able to remain in the Town and find work in the medium to long term. As such, the out-migration contemplated in the 'Severe Scenario' (Appendix B) is a possible outcome for the community. This magnitude of out-migration will greatly exacerbate the above-described impacts and possibly set the community on a path of steady population decline for the foreseeable future.

²⁰ Estimated net effect adjusted for those who remain in Vegreville and commute to Edmonton.

A. CPC Employee Survey Questionnaire

Introduction: The Town of Vegreville has engaged an Edmonton-based consulting firm, Nichols Applied Management Inc. (Nichols), to analyze the socio-economic impact of the closure of the Immigration, Refugee, and Citizenship Case Processing Centre (CPC) on the Town. In order to better understand the potential impacts, Nichols is undertaking a survey of CPC employees. The information gathered from this survey will be integral to demonstrating the impact of the CPC closure on the Town. This survey is expected to take approximately 5 minutes to complete. Your identity and individual answers will be kept confidential. The completed surveys will only be reviewed, analyzed and summarized by the staff of Nichols Applied Management. Responses will be grouped for reporting purposes and will only be reported on in such a way that the answers of individual respondents cannot be determined.

Question #1: Where do you live?

- a) Vegreville
- b) elsewhere in Minburn County
- c) Edmonton
- d) Two Hills County
- e) Lamont County
- f) Beaver County
- g) Other _____

Question #2: How many years have you lived in Vegreville?

Question #3: How many years have you worked at CPC?

Question #4: What is the highest level of education you have obtained?

- a) primary (grades K-6)
- b) secondary (grades 7-12)
- c) certificate/diploma (college)
- d) trades/apprenticeship
- e) bachelor's degree (university)
- f) masters degree (university)
- g) PhD (university)
- h) Other _____

Question #5: How many years of work experience have you obtained (not just at CPC)?

Question #6: What is your annual income?

- a) under \$5,000
- b) \$5,000 to \$9,999
- c) \$10,000 to \$14,999
- d) \$15,000 to \$19,999
- e) \$20,000 to \$24,999
- f) \$25,000 to \$34,999
- g) \$35,000 to \$49,999
- h) \$50,000 to \$74,999
- i) \$75,000 to \$99,999
- j) \$100,000 to \$149,999
- k) \$150,000 to \$199,999

l) \$200,000 to \$249,999

m) \$250,000 and over

Question #7: Do you have a spouse/partner?

a) yes

b) no

Question #8: What is the highest level of education your spouse/partner has obtained?

a) primary (grades K-6)

b) secondary (grades 7-12)

c) certificate/diploma (college)

d) trades/apprenticeship

e) bachelor's degree (university)

f) masters degree (university)

g) PhD (university)

h) Other _____

Question #9: How many years of work experience has your spouse/partner obtained?

Question #10: What sector(s) is your spouse/partner employed in? If they work in more than one sector, please select the last option and write-in the sectors that apply.

a) also works for CPC

b) Agriculture, forestry, fishing and hunting

c) Mining, quarrying, and oil and gas extraction

d) Utilities

e) Construction

f) Manufacturing

g) Wholesale trade

h) Retail trade

i) Transportation and warehousing



- j) Information and cultural industries
 - k) Finance and Insurance
 - l) Real estate and rental and leasing
 - m) Professional, scientific, and technical services
 - n) Management of companies and enterprises
 - o) Administrative and support, waste management and remediation services
 - p) Educational services
 - q) Health care and social assistance
 - r) Arts, entertainment and recreation
 - s) Accommodation and food services
 - t) Other services (except public administration)
 - u) Public administration
 - v) unemployed
 - w) stay at home
 - x) retired
- Other

Question #11: Is your spouse/partner employed full time or part time?

- a) full time
- b) part time

Question #12: What is your spouse/partner's annual income?

- a) under \$5,000
- b) \$5,000 to \$9,999
- c) \$10,000 to \$14,999
- d) \$15,000 to \$19,999
- e) \$20,000 to \$24,999

- f) \$25,000 to \$34,999
- g) \$35,000 to \$49,999
- h) \$50,000 to \$74,999
- i) \$75,000 to \$99,999
- j) \$100,000 to \$149,999
- k) \$150,000 to \$199,999
- l) \$200,000 to \$249,999
- m) \$250,000 and over

Question #13: Do you have children (under the age of 18) living with you?

- a) yes
- b) no

Question #14: How many children (under age 18) do you have living with you?

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5
- f) Other _____

Question #15: What age are your children (select all that apply)?

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18			

Question# 16: Are you a permanent, term, or casual employee at CPC?

- a) permanent
- b) term
- c) casual

Question #17: Do you plan to maintain your CPC job in the Edmonton office?

- a) yes
- b) no
- c) unknown

Question #18: Do you plan to relocate to Edmonton in order to continue your employment at CPC?

- a) yes
- b) no
- c) unknown

Question #19: When do you plan to relocate?

- a) 2017
- b) 2018
- c) 2019

Question #20: When you relocate, do you plan to move your spouse/partner and dependent children (under age of 18) with you?

- a) yes
- b) no
- c) unknown
- d) not applicable

Question #21: Do you anticipate that other job opportunities will be available to you in Vegreville (or the surrounding area)?

- a) yes
- b) no
- c) unsure

Question #22: Do you plan to:

- a) search for other employment opportunities
- b) retire
- c) retrain
- d) other

Question #23: Do you rent or own a home in your town of residence?

- a) rent
- b) own

Question #24: What type of residence do you live in?

- a) house (in urban centre)
- b) house (on a farm)
- c) duplex
- d) row/ townhouse
- e) apartment

Question #25: What is your age?

Question #26: Are you currently able to retire with a full pension?

- a) yes
- b) no

B. Summary of Impacts – Severe Scenario

Assumptions

This Appendix provides a summary of the impacts associated with the severe out-migration scenario referenced in section 4.1.2. Specifically, the following assumptions regarding the CPC closure were invoked:

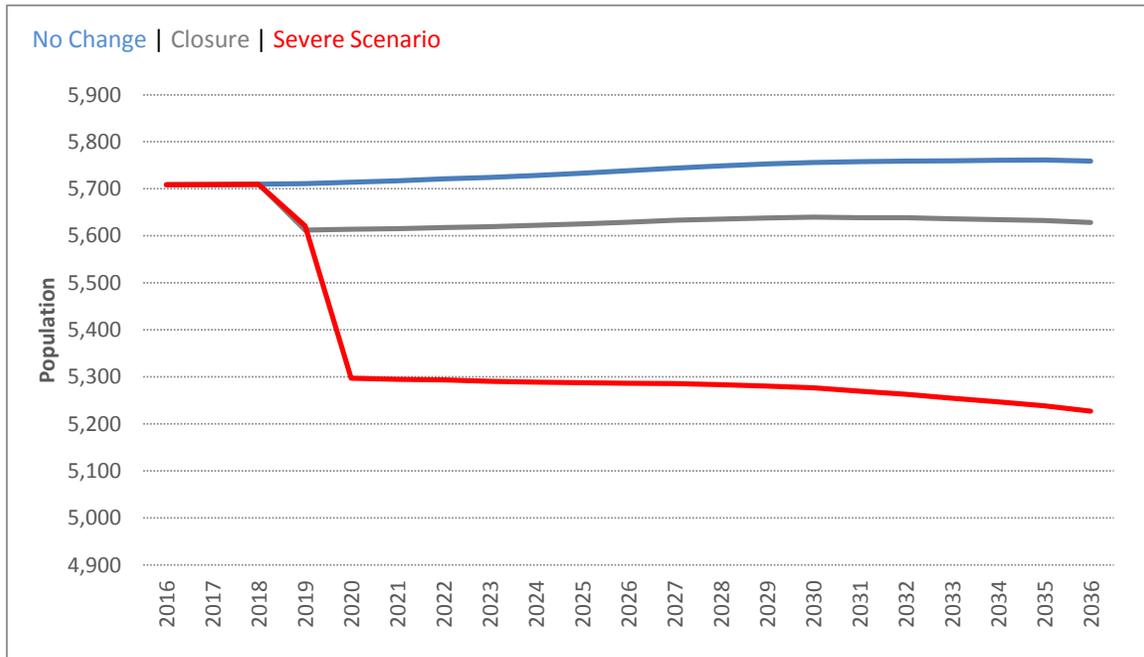
- Of the estimated 140 people who were formerly employed at the CPC and indicated a desire to remain in Vegreville:
 - the 5 part-time employees were assumed to be able to find other part-time employment locally;
 - based on the employee survey, of the remaining 135, 30% are likely to be unable to move due to ties to the local agriculture sector or other familial obligations;
 - the remaining 95 individuals and their families, if applicable, are assumed to leave Vegreville in search of employment.
- The out-migration in this severe scenario is assumed to take place in the year following closure (i.e. 2020) as the realities of remaining in a high-unemployment labour market take hold.

Population Impact

In this most severe scenario, the anticipated out-migration in 2019 and 2020 is expected to amount to an estimated 420 people, which represents a drop of approximately 7.3% below the forecast population of the Town at that time. The population impacts of facility relocation under the severe scenario as compared to the impacts articulated in the body of this report are shown in Figure B1.

The loss may be mitigated to the degree that spouses or partners of former CPC employees who are relocating were previously employed and abandon jobs which are subsequently filled by individuals moving to Town to effectively replace them. The degree to which this may occur is subject to a great deal of uncertainty.

It is worth noting that the out-migration of a large swath of the working age population and their families will further accentuate the imbalance between the young and old in the Town. Figure B1 demonstrates the inability of the Town's population to naturally replace itself in the event that this level of out-migration occurs without some off-setting draw into the community.

Figure B1: Population Impacts

Economic Impact

The economic impacts articulated in section 4.2 assume the loss of the economic activity currently associated with the CPC. The same loss of GDP, labour income, and jobs are appropriate in this scenario as well.

The loss may be accentuated or mitigated to the degree that spouses or partners of former CPC employees who are relocating previous were employed and are replaced by others entering the labour market. The survey of staff at CPC revealed that the sectors with the largest number of spouse/partners employed, aside from agriculture, are mining/quarrying/oil and gas extraction and construction. The relative health of these industries at the time of the CPC closure will have a material impact on potential offsetting in-migration as CPC employees and their families leave the Town.

Housing

The out-migration under the severe scenario could require the sale of between 85 and 95 homes which could increase total listed inventory to more than double the current inventory of 65. The anticipated effect on prices is estimated to be in the range of -25% to -30%.²¹

The price change may be mitigated to the degree that spouses or partners of former CPC employees who are relocating were previously employed and abandon jobs which are

²¹ House pricing impact provided by Royale LePage—Vegreville.

subsequently filled by individuals moving to Town to effectively replace them. The degree to which this may occur is subject to a great deal of uncertainty.

Municipal Finance

If a housing price decrease of 30% affects the entire assessment base as described in section 4.4.1.1, and no changes to mill rates are made, the total municipal tax revenue collected by the Town will decrease by approximately \$1.15 million. In order to address this potential drop in revenues, the Town will have to either:

- Reduce spending equal to \$1.15 million; or
- Increase the mill rate on residential or non-residential properties to make up the shortfall.

If the current ratio of residential to non-residential mill rates is maintained, the residential assessment base is reduced by 30%, and the industrial assessment base is unchanged, the mill rates required to generate \$8,169,695 million in tax revenue are:

- 8.1827 for residential properties; and
- 20.8013 for non-residential properties.

These mill rates reflect an increase of 16.45% above 2016 levels.

Replicating the calculations described in section 4.4.1.2 with the increased loss in population under the severe scenario, it is estimated that:

- The Municipal Policing Assistance Grant will be reduced by \$3,360.
- The Basic Municipal Transportation Grant will be reduced by \$25,200.
- The Municipal Sustainability Initiative will be reduced by \$47,040.
- The Federal Gas Tax Fund transfers will be reduced by \$23,407.

The funding formula for Family and Community Support Services (FCSS) grants also includes a per capita component; however, to the best knowledge of the Study Team, FCSS grants have not been materially adjusted for some time and are not likely to be responsive the population changes contemplated here.

The Town will experience some savings as a result of reduced fees that are charged on a per capita basis, including:

- AUMA membership fees will be reduced by \$420.

- Payments to the Northern Lights Library System will be reduced by \$4,259.

Together, the net effect of reduced expenditures and reduced grant values is expected to be a reduction in net municipal revenue of approximately \$94,330.

Education

Extending the analysis conducted in section 4.5.2 to the out-migrating population of school-aged children (est. 130) contemplated in the severe scenario yields a reduction in education funding of approximately \$899,959 across the two school authorities that support the four Vegreville schools - less than one percent of instructional funding. The degree to which this reduction in funding affects the educational experience of students is subject to operational decisions made by the appropriate school boards.

Social Infrastructure

The out-migration of the magnitude expected in the severe scenario would further exacerbate the impacts on social infrastructure described in section 4.6. Most notably, additional concerns may arise as the volunteer base of the community is further reduced as well as the number of children available to participate in certain recreational activities (i.e. team sports, etc.) which could have the effect of reducing the options available to the community.