



**Highway 45 Regional Development Corridor  
Two Hills Alberta**

**Economic Development Report**



October, 2004  
By Toma & Bouma Management Consultants  
Edmonton

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## **Executive Summary**

### **Objective**

Representing the communities of Willingdon, Derwent, Myrnam, Two Hills and the County of Two Hills, the Highway 45 Regional Development Corridor is an economic development alliance with a mandate to stimulate and facilitate economic development in the region. This study was commissioned by the group to assess the region's resources, business needs and growth opportunities. This study includes a review of relevant literature, a survey of local businesses and the development of an action plan for regional economic opportunities (business, recreation, cultural, life styles). Some of the issues addressed in the study include:

- What are the community and business needs to achieve growth and developments?
- What regional tourism and cultural assets can help stimulate development?
- What businesses (emerging, mature, growth) exist in the region?
- What should communities do to assist businesses and individuals to further their activities?

### **Findings**

Based on the review of economic trends drawn from reports and studies, and on the results of the business survey, the following conclusions are made about the Highway 45 region:

- The region has modest growth potential
- Most of the businesses surveyed are small, and therefore have a self reliant expectation
- The needs are simple- businesses need a labour force, more local demand, more economic activity and more opportunities for growth
- Expectations from the business community are modest- be careful with funds, attempt to increase demand for goods and services, and to provide some leadership in the community
- It is very important to implement some actions to show some economic development activities are proceeding. Prior reports have been completed and the local business community desires action. Thus, it is important to implement some key economic development activities within a plan
- The inventory of cultural, social and recreational assets in the region may reveal strategies for economic development, and it is important to learn from the success of communities such as Torrington, Coaldale, Vegreville and Smoky Lake, who have capitalized on cultural/social assets.

### **The Economic Development Strategy**

The economic development strategy for the region must include three key elements:

- Communication and awareness, both internal and external, to help build the regional spirit and interest
- Economic agency cooperation with common goals to create community and business "readiness". This is a large gap that requires assistance in education and training, manufacturing, marketing and other areas,

- Market the regional businesses for sustained growth and reduced common costs. This includes building new information and service linkages and marketing into the growth markets.

## **Annual Plans**

The annual plan of activities for implementing this economic development strategy should involve the following actions:

- Developing a dedicated budget for the Highway 45 Development Corridor in the order of \$40,000- 60,000 for staff and marketing activities (to be confirmed in a plan). This may mean a re-allocation of funds used in the HUB budget if it is deemed important to do so.
- Developing a leadership and governance structure, which can facilitate the economic development activity in the region for results.
- Locating the organization in Two Hills as the centre of activity with assistance by the Community Futures Corporation. If this is done, the new organization would need to develop a formal agreement on roles and responsibilities.
- Focusing on the 3 main elements of the Economic Development Strategy.
- Building the business links with business leaders to ensure the right things are being done. This may mean working with the Chamber of Commerce and others.
- Completing an implementation study through Alberta Municipal Affairs to act on these recommendations herein. A business plan to address these economic development tasks is a next step.

## **Acknowledgements**

We are pleased to acknowledge the participation of the nearly 80 regional businesses and people who participated in this study. Without their expressed interest and comments it would not have been possible to complete it in as much depth. The assistance of the Lamont-Two Hills Business Development Corporation was very much appreciated.

We also would like to thank the steering committee for their direction and advice:

- Pat Gordeyko, County of Two Hills
- Peter Karbasheski, Village of Willingdon
- Peter Popowich, Town of Two Hills
- Gaytha Heighes, Village of Myrnam
- Darlene Lalonde, Village of Derwent
- Shelia Kitz, County of Two Hills.

## **1.0 Introduction and Background**

The Highway 45 Regional Development Corridor is a group, which represents the four communities of:

- Derwent (Population, 111)
- Myrnam (Population, 322)
- Willingdon (Population, 287)
- Two Hills (Population 1091)
- Two Hills County (Population 2614)

These communities are concerned about declining populations and dwindling economic opportunities in their region, which has been a result of a variety of reasons. The current total population is estimated to be about 4425 people (Official Population List, Alberta Municipal Affairs, 2003).

The aim of this study was to survey regional businesses and understand their needs and barriers to growth. In addition, the study was to review regional strengths and weaknesses to help develop some ways to address the economic development challenges.

### **Alberta Regional Economic Development Alliances**

Alberta communities are interested in the topic of economic development and community development. Furthermore, communities all across North America are concerned with how to do it successfully. To facilitate the discussion of economic development and community development issues among community members, regional economic development alliances have been formed all over North America and Alberta. North American and global trends are relevant to understand as background information for the region.

Alberta communities have varied interests in economic development, and cities like Edmonton and Calgary has created specific organizations, which have a mandate for stimulating and facilitating economic development. In the County of Two Hills, the Highway 45 Regional Development Corridor is this type of group.

### **1.1 Objectives of this Study**

Based on the terms of reference for the regional economic development project, the objectives include:

- Survey existing and potential businesses on their needs, growth opportunities and resources;
- From the business survey, create a report for investors and others
- Create an action plan for regional economic opportunities (business, recreation, cultural, life styles)

The scope of this work includes the use of a business survey, accessing other reports and studies, and understanding the needs of the agricultural, oil and gas, value added and other regional potentials. The study will be used to promote the region, profile economic opportunities and to enhance community member economic development approaches.

Some of the issues for the region include:

- What are the community and business needs to achieve growth and developments?
- What regional tourism and cultural assets can help stimulate development?
- What businesses (emerging, mature, growth) exist in the region?
- What should communities do to assist businesses and individuals to further their activities?

## **1.2 The Approach Taken to Regional Economic Development**

Our approach to the study was based on the terms of reference and general discussions resulting from the economic development project. It involved several main steps:

- Business survey of the region businesses to understand their needs.
- Create an “inventory of resources” in the region to assess the strengths and weaknesses
- Analyze the information and provide a general plan for the next steps.

Some other small centers have established a “reason to stop and shop”, such as the Gopher Hole Museum at Torrington (9,000 visitors annually), the Birds of Prey center in southern Alberta, Cardston Temple and Smoky Lake pumpkin festival. These types of ideas can have impact if they are developed and implemented.

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- Sheila Kitz, County of Two Hills.

The next sections discuss the Northeast Alberta region and the economic trends and industries located in the area. A review of the business survey follows and the plan of action completes the report.



change in the population from 1996-2001 was 9.47%, slightly down from the 13.72% for the period 1991-1996. The percentage increase in the population from 1996-2001 was 3.5% (Statistics Canada, 2001).

The Northeast region is attracting young adults and families hoping to take advantage of the economic opportunities available in the region's thriving oil and gas sector. Approximately 34% of the population is comprised of working young adults, aged 20-44. In addition, 31% of the region's population is below 19 years of age, suggesting that a majority of the households in the community are fairly young families with school age children.

Approximately 31.4% of the population that is 20 years and older possess a trades or non-university diploma/certificate, while 11% of the population possess a university degree or diploma/certificate. This strong base of skilled workers reflects the strength of the region's economy, and the majority of the working population is engaged in engineering, applied science and related trades (HUB Regional Profile, 2004).

### **Regional Economy**

With major industries such as oil and gas, aerospace and defence, agriculture, educational services, value added goods and tourism, the Northeast region of Alberta has experienced steady economic growth. Recent investments in the region's oil and gas sector have stimulated the local economies and have attracted a growing population of skilled and general workers. In order to facilitate continued economic growth, 27 communities in the region have formed a regional alliance called the Northeast Alberta Information HUB Ltd. The HUB is an Internet based tool that prospective entrepreneurs or residents may use to access business and community information about the region.

The economic base of the Northeast region has traditionally been agriculture, which accounts for 7% of the provincial total of gross farm receipts for about \$730 million (Statistics Canada, 2001). Agricultural production in cereal grains include wheat, oats, barely, rye, and flaxseed, and additional crops grown are canola, forage for seed, and alfalfa and alfalfa mixtures. Livestock production in the region includes pigs, sheep and lambs, horse and ponies, goats, wild boars, alpacas and llamas, rabbits, bees and chickens and hens. Approximately 43.9% of the farm operations in the region range in size from 130 to 559 acres, while 55.6% of farms reported gross farm receipts of less than \$49,999.

In recent years, the oil and gas sector has risen in importance and has attracted over \$5 billion dollars of regional investments (Alberta Economic Development, 2003). As home to one of Alberta's largest oil and gas reserves, the region is home to a thriving industry comprised of over 300 oil and gas producers, and more than 1000 supporting service companies. Some of the major companies present in the region include Canadian Natural Resources, EnCana Corporation, Imperial Oil, and Husky Oil Ltd.

The region has over 300 companies engaged in the production of value added goods. These companies provide products in the following sub sectors: agricultural processing, wood manufacturing, plastics processing and metal fabrication.

The tourism sector is also a growing industry in the region and will likely benefit from a \$79 million dollar investment in attractions, hotels and recreational facilities. The

Northeast Region has 6 provincial parks, 12 recreation areas, and a wide selection of outdoor activities.

Other industries like aerospace and defence, and educational services are mainly concentrated in the communities of Cold Lake, Lloydminster, Vermilion, St. Paul, Bonnyville and Lac La Biche. Some of the notable education institutions in the region are Lakeland College, Portage College, Blue Quills First Nation College, and the Fire etc. Emergency Training Centre.

## Development

As of March 2004, there are a total of 55 projects proposed, announced, under construction or completed in the region. With a value of \$4.8 billion dollars, a majority of the investment funds are earmarked for the oil and gas sector; however, 28 projects have been identified for infrastructure and institutional development. In addition, more than \$7 million is being spent on 71 capital projects in the region by both the private and public sectors.

**Table 1. Summary of Projects in the Alberta Northeast Region**

Project Sector	Number of Project	Project Cost
Oil, Gas & Oilsands	10	\$4,674,000,000
Tourism/Recreation	7	\$57,500,000
Infrastructure	14	\$46,937,000
Pipelines	2	\$41,000,000
Institutional	14	\$38,476,510
Agricultural & Related	2	\$6,800,000
Residential	3	\$6,040,000
Other Industrial	2	\$4,870,000
Commercial/Retail	1	\$350,000
Total	55	\$4,875,973,510

Source: Alberta Economic Development, 2004

**Table 2. Summary of the Status of Projects in the Alberta Northeast Region**

Project Status	Number of Projects	Project Cost
Announced	10	\$303,400,000
Completed	3	\$1,445,000
Proposed	33	\$4,323,638,510
Under Construction	9	\$247,490,000
Total	55	\$4,875,973,510

Source: Alberta Economic Development, 2004

The following eighteen economic opportunities were identified by the HUB alliance and further analyzed for their economic potential to the region (Annual Report, HUB, 2003-2004):

- Aircraft Maintenance
- Business Incubator
- Electrical Power Generation
- Ethanol Plant
- Fish Farming
- Flavour processing
- Granny Flats

- Greenhouses
- Hospitality services
- Marine Services
- Meat Processing
- Organic Farming
- Pea Processing
- Soil Reclamation
- Test Pilot School
- Tourism Cluster
- Trades School
- Value-Added Wood Processing Facility

The top projects appear to be: flavour processing, test pilot, trade school, meat processing, value added wood and Granny Flats (seniors housing).

The HUB Board and staff have networked with communities, agencies and project champions in the following areas of opportunity – Business Incubator, Flavour Processing, Meat Processing, Test Pilot School and Trades School. For each of these opportunities, there have been discussions with interested communities, and project progress is often dependent on the level of interest by the project champion and the respective communities involved. For more information on these projects, refer to [www.albertahub.com](http://www.albertahub.com).

A deficiency in the region is the lack of dedicated provincial government support resources such as regional offices and specialists in agriculture, economic development and business. This is overcome partly by the Community Futures Corp, the Business Link (Edmonton) and AFSC office in St. Paul. This lack of business support is a limitation to growth. Other programs likely never accessed by the region include: IRAP, Leduc Food Development Centre, Farm Business Management (Olds) and others.

A significant economic driver for the region is the presence of 11 aboriginal communities – seven First nations communities and four Métis settlements. These communities are in the process of developing economic development plans and they already host many businesses and partnerships in oil and gas, forestry, agriculture, trucking, tourism and other industries.

An indication of the growing economic prosperity of the region is the number of commercial and industrial building permits. In 2001, commercial and industrial building permits in the region doubled from \$22.2 million in 2000 to \$ \$67.7 million. Total housing starts in the region also increased considerably. In 2000, housing starts increased from 434 in 2000 to 715 in 2001 (Statistics Canada 1998-2002 Building Permits). Slowing down in 2002 to 630, housing starts rose again in 2002 to 690.

## **Employment**

Employing approximately 34.4% of the working population in 2001, the business and community services sector is the largest industry in the region. It has grown by 0.8% since 1996, from 33.63%. Other industry sectors that have also grown are mining, increasing from 6.92% in 1996 to 8.85% in 2001, and construction, increasing from 7.47% in 1996 to 7.72% in 2001. Industry sectors that have declined in recent years

include agriculture, manufacturing, and public administration. Accounting for 14% of employment in 2001, agriculture's share of employment is still the second largest in the region; however, it has dropped from 17.47% in 1996.

## 2.2 Highway 45 Economic Development Corridor

### County of Two Hills #21

The County of Two Hills #21 is located in the southern portion of the Northeast region and covers 2700 square km. It is bordered by the County of Minburn to the south, the County of Vermilion River to the east, and Lamont County to the west. The North Saskatchewan River is a natural northern border. Approximately 4500 people live in the County, with 1800 residents residing in the town of Two Hills and the Villages of Derwent, Myrnam and Willingdon. (Sourced from [www.Albertafirst.com](http://www.Albertafirst.com)).

**Figure 2. County of Two Hills #21**



### Population

The County of Two Hills has a rural population of 2,614 in 2003. Unlike the Alberta Northeast region as a whole, the population of the county has been steadily declining in recent years. From 1991-1996 the population decreased by 2.55%, while the period between 1996-2001 saw a decrease of 3.56%. The movement of Mennonite communities into the region is offsetting some of the recent population declines. A majority of the rural population in the county is middle aged, from 35-64 years. Approximately 44.1% of the population that is 20 years and older do not possess a high school certificate. The population of the four major communities are in Table 3.

**Table 3. Population of Major Communities in the County of Two Hills**

Community	1991	1996	2001	2002	2003
County of Two Hills	2,776	2,707	2,610	2,614	2,614
Town of Two Hills	1,075	1,040	1,095	1,091	1,091
Village of Myrnam	342	294	320	322	322
Village of Derwent	109	110	115	111	111
Village of Willingdon	355	309	285	284	287

Source: Statistics Canada, 1991, 1996 & 2001 and Official Population List, Alberta Municipal Affairs

The total population for the Highway 45 Development corridor is about 4,425 people. Other nearby populations are also relevant to the region including Edmonton, St. Paul and the Saddle Lake band. The potential to serve a broader population base exists and needs development of more economic linkages.

## **Economy**

Agriculture is the primary industry in the County and producers grow wheat, oats, barley and canola. Approximately 44.66% of the farm operations range in size from 130 acres to 559 acres, while 54.59% of farms reported gross farm receipts ranging from \$10,000 to \$99,999. The County is also home to Highland Feeders Ltd, a specialized custom feedlot enterprise. This operation is comprised of 3700 acres of cultivated land, and includes a 25,000 head finishing lot. Other industries in the region include oil and gas production, manufacturing and food processing.

Agriculture employs 47.94% of the work force in 2001, down from 52.98% in 1996. Other industries that are also experiencing a decline are mining and transportation and utilities. The industries that have grown since 1996 are retail and wholesale services and business and communities services. Increasing from 5.95% in 1996 to 9.21% in 2001, retail and wholesale industry made the greatest gains in the county.

The dismal performance of agriculture in past few years has made the oil and gas industry the new economic engine for the region. Currently, 20% of the county's tax base comes from oil and gas and the county continues to receive numerous requests for drilling and seismic operations.

There are over 150 businesses and 62 community organizations, health services and recreational facilities and seniors' facilities in the county. Approximately 21 of the businesses are agriculture related, while 6 are oil and gas related. The remaining 123 businesses include: financial services, legal services, insurance services, postal services, beauty services, restaurants, accommodations and lodging, retail and wholesale, construction and trade services, manufacturing, value added, and transportation. The town of Two Hills is the largest community, with approximately 90 businesses and 33 community services and organizations.

## **North-East Water Coalition**

The North-East Water Coalition was started to address the issue of water for farm, domestic and commercial and industrial use. The Coalition includes:

- Counties of Two Hills, Minburn, Lamont, Camrose, Beaver.

The Alberta government has released a new "Water Strategy for Life" document which will see the province addressing a number of issues for this resource. The Coalition can help in providing a means of local input and advice.

## **Developments**

Highmark Renewables recently constructed a plant in the county that will generate electricity from cattle manure. This project is valued at \$7 million and is located at Hairy Hill, where the Highland Feeder's feedlot is located.

The county is eager to attract more similar projects to the region and calls itself the "Highway 45 Regional Development Corridor". A campaign to promote the region as an ideal location for business development has begun and information about the county and the business and community opportunities available therein can be found on the following website: [www.centraleastalberta.com](http://www.centraleastalberta.com).

As the agriculture industry continues to deal with the aftermath of western drought conditions, grasshopper infestations and BSE, the oil and gas sector will be vital to the region. Continued investment in the industry will attract new residents and stimulate modest economic growth in the county. With an initial population decline in the early 1990's, all four major communities in the county are slowly recovering. The county of Two Hills is especially benefiting from the growing Mennonite community.

### Traffic Counts

A review of the traffic volume history along highway 45 over the past 10 years shows the traffic moving in and out of the county to be relatively unchanged. Traffic in the region dropped slightly during the period between 1995-1999, but began to rise again from 2000-2004.

**Table 4. Traffic Volume History from Lamont to Marwayne, 1994-2003**

Highway	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>45</b>	35910	33170	31700	32100	29830	29350	32310	33310	34460	34520

Source: Alberta Transportation, Program Management Branch, Highway Asset Management Section, 2004.

**Table 5. Traffic Volume History from Vegreville to Vermilion**

Highway	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>16</b>	149940	148960	152120	200280	196590	194980	204930	212040	231350	241940

Source: Alberta Transportation, Program Management Branch, Highway Asset Management Section, 2004.

The obvious potential traffic demand of highway 16, which is national and inter-provincial traffic, can be very important. If only, say 10% of the traffic was diverted into a traffic route through the area, this would mean an additional 24,194 vehicles. If they each spent, say \$40 per vehicle, this would be an additional \$967,760 in the region that will likely be spent for gas, food and other items.

Highway 36 is a connector highway and offers another economic asset for the region as it is further upgraded by the provincial government and used by truck and car traffic.

### Two Hills

Known as "A Gateway to the North", Two Hills is located at the junction of highway 36 and highway 45, 136 km east of Edmonton. It is the largest community in the County of

Two Hills, with a steady population of 1,091 residents (Alberta Municipal Affairs, 2003). The serenity of the town and its proximity to three main highways and local amenities has made it an ideal retirement area for senior citizens. In 2001, 360 individuals were over the age 65 in the community, representing 33% of the population of the town. Two Hills is the service centre for the region.

Agriculture is a very important industry for the town. The surrounding area has rich soil and good growing conditions for many field crops- canola, wheat, oats, barely, rye, flax, peas, legumes and sunflowers. Livestock including hogs and cattle are also raised in mixed farming operations. Many businesses within the town serve the agricultural industry.

Some agricultural related businesses include Highland Produce Ltd and Environmental Metal Works. Highland Produce Ltd is an egg processing plant (currently closed) that produces specialty egg products and supplies grocery stores, caterers, and restaurants. Environmental Metal Works (formerly Grainhand) is a company that produces grain handling systems for farmers.

There are over 100 businesses and 33 community organizations, health services, recreational facilities and seniors' facilities in the community. Environmental Metal Works Container Fabricator is the largest employer in the town and it is a company that manufactures camlock gates and refuse containers. It is expanding. Some other major businesses include Double A Trailers, the Alberta Treasury Branch, Battle River Credit Union, and the Lamont-Two Hills Business Development Corporation (CFDC). The Lamont-Two Hills Business Development Corporation is a non-profit community economic development organization that assists local entrepreneurs in loan financing and expertise. They provide a tourism information center and public high speed internet. This community futures office acts as the regional site of the "Business Link" providing a business and ebusiness library.

In 2003, an institutional development project was announced with a total value of \$5.3 million. This project involves the modernization and replacement of a school for grades Kindergarten to Grade 12. The growing Mennonite community was the impetus for this project, as the former elementary school will be converted to a Mennonite school. This is positive for the Town and related businesses.

There has not been significant commercial or industrial development in the town in the last 5 years. The largest commercial investment made was in 2000, valued at \$230,000. In 2003, there was an industrial investment valued at \$430,000. Only one new housing start in 2003 was reported over the last five years.

In 2001, approximately 64.1% of the work force is in the business and community service sector. The size of the industry sector has risen from 42.70% in 1996. The second largest sectors are agriculture and retail and whole services. The size of the agricultural work force actually increased from 5.62% in 1996 to 8.97% in 2001. In contrast, the retail and wholesale sector has shrunk from 15.37% in 1996 to 8.97% in 2001.

## **Willingdon**

Willingdon is on highway 45 and is a rural community, which also has seen a decline in population over time. Willingdon has 24 businesses and a population of 287 people. The main economic base in the area is agriculture, oil and gas servicing, light manufacturing and service and retail businesses. The town has recently had a dissolution study completed and was rejected in a June, 2004 vote. With a population of only 287, it is under the level of a village status. Boian is located very near Willingdon and is a Romanian cultural centre for the region with strong ties to Edmonton. This is a focal point for annual celebrations.

Willingdon is named after a Governor- General at its time of incorporation. The Town has an active cultural aspect through the Fish and Game Association, the Ukrainian Dancers and other activities. With the building of the railway through the town, Willingdon quickly grew to become a centre of business, but has since declined. Soils and the land in the area are well suited to crops and mixed farms. This has been a major reason for the historical settlements in the area. However, the current trend for the area is a decline in population.

## **Myrnam**

The Village of Myrnam is a small community with a population of 322 residents. About 60% of the people are under 65 years. From 1991-1996, the population declined by – 16%. New oil and gas opportunities have slowly attracting new residents to the village, and from 1996-2001, the population has rebounded by 9%. The community is in a rural setting and has a rolling landscape.

The business and community sector dominates the employment in the village, employing 31% of the residents in 2001. Most industry sectors have seen a decline in employment; however, the mining and manufacturing sectors are the exceptions. As new economic activities in the region, mining and manufacturing employed 15% and 8% of population in 2001, respectively. Like most communities in the Northeast region, agriculture has been declining in the village and in 2001, the percentage of people employed in agriculture declined from 16% in 1996 to 7% in 2001. There are over 35 businesses and 17 community organizations, health services, recreational facilities and seniors' facilities in the community. Currently, the community is looking for an alternative use for the old hospital, which closed in 1995.

In its prime, Myrnam was a busy town, which began prospering when the CPR decided to come through in 1927. The end, and beginning, of an era came when on the 5<sup>th</sup> day of November 1927, the first locomotive steamed through the village. The village grew steadily in population and business services throughout the years, reaching its peak between 1951 and 1954. Myrnam today primarily serves the interests and daily needs of the immediate surrounding rural area.

## **Derwent**

Derwent is a smaller community than the others, with a population of 111 people and 8 businesses. It has some manufacturing and a number of service businesses. Derwent

has only 37% of the required 300 people for village status. Derwent has not seen much change in the population levels in the last ten years. It is located on the east end of the Highway 45 Corridor and has a recognized church for cultural activities. This is another small rural based community. Derwent also had a dissolution study completed in 2001 and was rejected by the citizens.

Every district has its legends and the one that lingers around the Derwent district concerns an old Metis whose name was Monkman. According to the story, in the days of the Rebellion in 1885, Monkman, under his former name was the private secretary of the fabulous character who led the Metis in Western Canada, Louis Riel. When Riel was tried and hanged, his followers headed for the bush country. Monkman's group settled around the Deadman Lakes where he guided this colony until he died in 1912.

This first settlement in the Derwent district was called Pignes. In 1928 the Canadian Pacific Railway put its branch line through and a town site was laid out on the railway very near the place where the old Pignes settlement had been. Because the selection of a suitable name for the new town resulted in a squabble, Mr. Gustav Algot, who had taken a leading part in the founding of the town, wrote to the railway company and told them to choose a name for themselves. So it was that a letter came back in reply with the suggestion "Derwent" probably referring to the place in the lake country of England.

### **Hairy Hill**

Hairy Hill is a very small community, which is facing decline. It has 4 businesses and about 100 people. The economic base is agriculture.

The name of this small Alberta community goes back years. The buffalo used to sun themselves in the early summer on these picturesque hills and had rubbing wallows where large amounts of hair would accumulate. Hence the name Hairy Hill. The original town site was located two miles south of its present location and was relocated in the early 1900's when the railway was laid.

In the 1920s, a Romanian community developed here. Even though today the population is under 100 the town still houses the basic amenities like a post office, antique shop/grocery store and local volunteer fire department. The community also plays host to a LRA (Lakeland Rodeo Association) rodeo every mid July, which includes a Saturday night, live entertainment dance along with a Sunday morning pancake breakfast.

The community is also in close proximity to one of northern Alberta's Largest Feedlots and an expanding Hutterite Colony, both located south west of the Hamlet. The Alberta Pool recently purchased a fertilizer plant 2 miles west of the town site, which provides needed agricultural products to the farmers in the area.

### **Table 6.-1. Area Businesses and Trends**

A list was compiled by the County and verified with CAOs and the Lamont Two Hills Business Development Corp. and used for the survey purposes. The total businesses by location are:

- Two Hills- 108
- Willingdon- 24

- Myrnam- 37
- Derwent- 8
- Hairy Hill- 4
- Total for the region- 181.

The list is in the appendix and the survey findings are in a later section of this report. The business survey will reveal the trends and needs of these businesses.

**Table 6.-1. Cultural Assets**

The County of Two Hills has a wealth of cultural assets, both natural and man-made. Its natural recreational areas include:

- Sandy Lake Park
- John Dudar Park
- Lac Sante
- Jackfish Lake and Campsite
- Two Hills Campsite
- Willingdon Campsite
- North Saskatchewan River.

The county also has two regional golf courses – Two Hills Lions Golf & County Club and the Myrnam Derwent Golf & Country Club.

Annual events in the region are in Table 6, and the following facilities exist::

- Two Hills Swimming Pool - the facility has a leisure pool offering public swimming, swimming lessons, synchro, aquasize, adult programs and competitive programs.
- Geleta Park – the park has sports fields and several facilities including pool, rodeo grounds, tennis courts, community centre, arena, and curling rink. It also has picnic sites and campsites.
- Two Hills & Area Heritage Park – Ukrainian monuments and flags.
- Two Hills & District Community Centre

**Table 6. Summary of annual events in the region**

Community	Events
Two Hills	<ul style="list-style-type: none"> <li>• Winter Fun Day &amp; Snowmobile Rally, January</li> <li>• Two Hills Curling Club, November to April</li> <li>• Iron Man Snowmobile Rally</li> <li>• Farmer’s Day Activities, June</li> <li>• Annual Garage Sales, Triathlon &amp; Rib Fest, June</li> <li>• Lions Sport Daze, July</li> <li>• Two Hills Fair &amp; Rodeo, August</li> <li>• New Year’s Eve Ball, December</li> </ul>
Myrnam	<ul style="list-style-type: none"> <li>• Valentine’s Banquet, February</li> <li>• Fun &amp; Fair Days, July</li> <li>• Bull Sale, April</li> <li>• Candlelight Service, December</li> </ul>
Willingdon	<ul style="list-style-type: none"> <li>• Fish &amp; Game Banquet, January</li> <li>• 4-H Pancake Supper, March</li> <li>• Canada Day Celebration, July</li> </ul>

	<ul style="list-style-type: none"> <li>• Agriculture Fair, August</li> <li>• 100<sup>th</sup> year Celebration, 2005</li> </ul>
Derwent	<ul style="list-style-type: none"> <li>• Sports Day, July</li> <li>• Terry Fox Run, September</li> <li>• Christmas Light Contest, December</li> <li>• 75<sup>th</sup> year Celebration, 2005</li> </ul>
Hairy Hill	<ul style="list-style-type: none"> <li>• Rodeo, July</li> </ul>

There are over 25 community organizations and services clubs within the county and these organizations all work hard to improve the quality of life within the region.

Religious services are provided by 25 religious facilities and they include:

1. St. John Baptist Orthodox Parish, RR# 105, TWP #N542
2. Ukrainian Greek Orthodox Congregation St. Elias, RR #114, TWP #552
3. Holy Trinity Ukrainian Greek Orthodox Parish (Mamaestie), RR #115, TWP #S560
4. LE Diocese de St. Paul (St. Laurent), RR# 123, TWP # N532
5. Ruthenian Greek Catholic Parish (Plain Lake), RR #123, TWP #532
6. Brinsley Church and Cemetry – RR #130, TWP #570
7. Ukrainian Greek Orthodox Congregation of Holy Ascension (Ispas), RR #132, TWP #570
8. Congregation of St. Nicolai Greek Catholic Church of New Kiew, RR #133, TWP #N534
9. Catholic Archdiocese of Edmonton, RR #133, TW #S540
10. Ukrainian Orthodox Church of St. Mary (Shepenitz), RR #133, TW #554
11. Ukrainian Orthodox Church of St. Peter & Paul (Hairy Hill, Kaleland), RR #134, TW #N552
12. Romanian Orthodox Missionary Episcopate in America (Willingdon), RR #143, TW #560
13. St. Mary's Romanian Orthodox Congregation of Boian (Willingdon), RR #143, TW #562
14. Ukrainian Greek Orthodox Church of St. Bonala of Desulaz (St. Nicholas), RR #144, TW #572
15. Ukrainian Greek Orthodox Church of St. Pokrova, RR #151, TW # 562
16. Ukrainian Greek Orthodox Church of St. Ascension Day, RR #152, TW #562
17. Russo Greek Orthodox Parish of St. Mary, RR #153, TW #574
18. Catholic Archdiocese of Edmonton (Dunn Lake), RR #73, TW #S534
19. Catholic Archdiocese of Edmonton (St. Josephs Roman Catholic Church), RR #72, TW #542
20. Ukrainian Greek Catholic of Seviat Juria, RR #74, TW #S550
21. St. Mary's Ruthenian Ukrainian Greek Catholic, RR #75, TW #554
22. Christ-Ascension Ruthenian Greek Catholic of Pequels, RR# 75, TW #552
23. All Saints Church (Brierfield), RR # 80, TW # 552
24. Ukrainian Greek Orthodox Church of Uspenija, RR #82, TW #550
25. Alberta Conference Association of Seventh Day Adventists, RR #102, N HWY 45

These cultural assets should be more actively marketed through a booklet, which describes the settlement of Romanians and Ukrainians into the area. This is the largest settlement area in Alberta of Romanians, which can be marketed to others in Regina, Montreal, Detroit and Romania. The County of Lamont has a similar church tour booklet, which can be a model. This booklet can also be sold from the website as new product. It

would be important to hire a professional writer to help develop the booklet into a new and interesting guide for the region.

## **2.5 Economic Outlook**

This information presents the background for the region and the province as the balance of 2004 continues to unfold.

### **Alberta's Economy in 2003**

Despite the significant challenges posed by the BSE crisis, Alberta's economy continued to grow at an estimated 3.1% in 2003 (Government of Alberta, 2004). Fuelled by an increase in conventional energy sector investment, a strong performance by the manufacturing sector and a robust household sector, Alberta posted a higher than expected surplus of \$3.3 billion in 2003-2004 (O'Neill, 2004). Demonstrating tremendous resilience and strength, the Alberta economy, along with Saskatchewan and Newfoundland and Labrador, outperformed its provincial counterparts.

The national economy fell from 3.3% in 2002 to 1.7% in 2003. Canadian economic growth slowed considerably in 2003 as a result of the following factors:

- Weak economic growth in the US economy in early 2003
- Soaring Canadian dollar weakening Canadian exports
- SARS and August 14<sup>th</sup> power blackout in Ontario
- BSE crisis in Alberta
- Forest fires and flooding in British Columbia
- Hurricane Juan in Nova Scotia

These events have contributed to the deteriorating fiscal condition of many provinces. While Ontario and British Columbia have struggled to deal with the once-off events in their provinces, Alberta appears to be the only province in Canada to remain fiscally sound. The other growth leading provinces, Saskatchewan and Newfoundland and Labrador, posted a zero surplus and a deficit, respectively.

In 2003, 47,900 new jobs were created in Alberta, resulting in an increase of 2.9% in employment (Government of Alberta, 2004). Approximately 80% of these new jobs were full time positions. Alberta's annual unemployment rate was 5.1% in 2003 (Government of Alberta, 2004). The province's economic prosperity attracted 12,081 Canadians, and for the seventh consecutive year, Alberta had the highest level of net in-migration in Canada.

Retail sales in the province grew by 4.1% in 2003, and were led by strong sales in the home furnishing sector, which benefited from low interest rates, high incomes and a booming housing market. On a per capita basis, Alberta's retail sales were 24% above the national average. Although housing starts were down in 2003, Alberta still recorded 36,171 housing starts, representing a 23% increase above the average number of starts over the preceding five years.

### **Alberta's Economic Forecast for 2004**

Alberta is expected to lead the country in GDP growth in 2004. According to provincial government estimates, the province is expected to grow at 3.6% for 2003-2004 and 3.2% for 2004-2005. This estimate is modest compared to the Bank of Montreal estimate of 4.0% in 2004 and 4.2% in 2005. The Conference Board of Canada predicts Alberta's GDP growth to be 3.5% in 2004, while the University of Alberta estimates real GDP growth to be 3.8% in 2004 and 3.7% in 2005. Table 5 is a summary of real GDP growth rates for Alberta forecasted by various sources.

**Table 7. Real GDP growth rates for Alberta, 2004 and 2005**

Source	GDP growth rate, 2004	GDP growth rate, 2005
Government of Alberta	3.6%	3.2%
Bank of Montreal	4.0%	4.2%
Conference Board of Canada	3.5%	-
University of Alberta	3.8%	3.7%

The Toronto Dominion Bank forecasts that the top two performing municipalities in Canada for 2004 will be Calgary and Edmonton, with a real GDP growth rate of 4.4% and 4.2% respectively. The real GDP growth rates predicted for Calgary and Edmonton are almost double the national rate.

For the national economy, real GDP gains are likely to be under 3.0% in 2004 as a result of the following factors (TD Bank Financial Group, 2004):

- Regional economies have yet to feel the full impact of the 20% appreciation of the Canadian dollar vis-à-vis the US dollar in 2003
- Homebuilding activity appears to be slowing down broadly across the country
- Governments at all levels are facing a growing fiscal squeeze, the 2004 round of budgets will contain little stimulus to the economy

In 2004, Alberta's economy will mainly be driven by business investment; however, the strengthening manufacturing sector and the recovery of the US economy will also increase the demand for Alberta exports. The anticipated removal of import barriers to Canadian beef products and cattle should also contribute to Alberta's economic growth and reinvigorate the Alberta livestock sector. Over the medium term, the provincial forecast for Alberta appears to be strong and sustainable growth at 3.1% on average.

The stronger Canadian dollar vis-à-vis the US dollar will facilitate Alberta capital investments, since a large portion of capital equipment is imported from the United States. Alberta is the most investment-intensive economy in Canada, with investments accounting for approximately 20% of real GDP. The large cost reductions experienced from imported capital equipment will spur additional investments and contribute to Alberta's growing economy. Over the medium term, investment in the Alberta economy is expected to increase by an average of 5.2% annually in real terms.

Despite the exchange rate effect on oil and gas exports, the significant price increases in oil and gas will more than offset the losses associated with a stronger Canadian dollar. Although oil and gas prices will decline over the forecast period, prices are still expected to remain high enough to maintain healthy levels of energy investment. Continued investment in oil sands production is expected to increase real oil exports by an average rate of 4.5% annually through 2007, offsetting a decline in exports of natural gas due to lower gas production.

Alberta's retail sales are expected to remain strong in 2004, and consumer spending is forecasted to grow by an average of 3.2% annually in real terms through 2007. Despite declining housing starts, the province will be sustained by strong economic growth, high employment, and low interest rates. Approximately 42,700 new jobs are predicted for 2004, translating into a 2.5% increase in employment. Over the medium term, employment growth is expected to average 2.1% per year, with an unemployment rate of 4.1% by 2007.

Alberta's economy appears to be performing well, despite some significant challenges experienced over the past year. This healthy economic outlook is further supported by low personal and corporate tax burdens and low per capita debt. Despite the province's strong economic and fiscal fundamentals, it is important to note some of the risks (Government of Alberta, 2004):

- A greater than expected appreciation of the Canadian dollar will have a negative effect on export volumes and provincial oil and gas revenues, thus reducing both Canadian and Alberta economic growth.
- Oil and gas prices accompanied by greater than expected appreciation of the Canadian dollar will affect oil and gas revenues, and Alberta's economic growth forecast.
- The US budget and trade deficits represent a risk to short and medium term forecasts.
- Developments in Iraq and other potential terrorist acts against the United States will affect US and global market outlooks.
- Future developments regarding BSE are a risk factor for Alberta; however, an early resolution of the issue represents an "upside" risk to the forecast.
- Recent dryness characterizing some of the crop growing regions in Alberta is a significant risk (Royal Bank Financial Group, 2004).

### **Agriculture in 2003**

The discovery of one case of BSE in Alberta severely crippled the province's beef industry in 2003 and beyond. Live cattle and beef exports (valued at \$2.3 billion in 2002) were prohibited from mid-May to September of 2003. Although exports resumed on a limited basis from October to December in 2003 and \$776 million of emergency assistance was promised to producers, Alberta livestock receipts still declined by 26%. Farm cash receipts declined by 16.5%; however, over \$1.3 billion in program payments were paid to producers, resulting in a 2% increase in farm cash receipts from the 1997-2001 five year average. Alberta accounted for 20.5% of the national farm cash receipts generated from primary agriculture.

As the largest beef-producing province in Canada, Alberta was the most severely affected by the border closures to Canadian beef. Livestock market receipts declined by 26.1% and totalled \$3.79 billion, down from \$5.12 billion in 2002. The province holds 5.7 million head of cattle or 38.7% of the national total at January 1, 2004. Approximately 12.2% of Alberta's beef production is consumed within the province, and the remaining 88% is exported to Quebec (15%), other provinces (30.8%), the United States (32.2%), and 8.8% to other countries.

Alberta exports of primary and processed agri-food products declined by 19.5% from \$5.2 billion in 2002 to \$4.2 billion in 2003. In addition to the BSE crisis, the continued effects of the 2002 drought and the rapid appreciation of the Canadian dollar weakened Canadian agricultural exports. The top five agricultural exports from Alberta in 2003 include beef at \$1.1 billion, wheat at \$679 million, canola seed at \$564 million, pork at \$253 million and live cattle at \$196 million. In 2003, Alberta's farm sector performed fairly well despite the challenges of BSE and the 2002 drought conditions. The province finished second behind Ontario in farm market receipts (farm cash receipts minus program payments), earning \$5.64 billion.

### **Agriculture Forecast for 2004**

The price of grains and oilseed are expected to remain fairly high in 2004, as a result of tight inventory and dry conditions in the European Union and in parts of North America. The Bank of Montreal's forecast for agricultural products is US\$103.3 (price indices 1993=100) for 2004 and US\$96.4 for 2005. This price environment is expected to encourage output gains in grains and oilseeds for the next two years. Canadian agricultural output is expected to grow by 8.4% in 2004 and 3.7% in 2005. No forecasts were available for livestock production.

On May 27, 2004, Statistics Canada released its preliminary estimates of farm cash receipts for the first quarter of 2004 for Canada and the provinces. Canadian first quarter farm cash receipts were estimated at \$8.87 billion, which is a 15.1% decrease from \$9.10 billion in 2003. The 11.9% decrease in livestock market receipts more than offset the 18.7% gain in crop market receipts. Canadian livestock market receipts fall from \$4.62 billion to \$4.07 billion, while crop market receipts climbed from \$3.08 billion to \$3.66 billion.

Despite an appreciable increase in crop market receipts, the preliminary estimates of Alberta farm cash receipts for the first quarter of 2004 show a 2.7% decrease from 2003, from \$2.25 billion to \$2.19 billion. This decline in receipts is attributed to lower program payments and livestock market receipts.

The first quarter estimates for Alberta livestock market receipts in 2004 were \$1.02 billion, down 15.1% from \$1.20 billion in the first quarter of 2003. This decline in receipts is an obvious result of the BSE dispute. Crop market receipts were estimated at \$750.7 million, which translates into a 43% increase over \$525.1 million in 2003. This encouraging result in crop market receipts indicates some recovery from the poor performances of 2002 and 2003 due to drought conditions. Although the price of grains and oilseeds should remain relatively high over the course of 2004, without a resolution to the BSE dispute, it is clear that Alberta farm cash receipts will remain below prior year receipts.

The outlook for the sector is balanced with the grains and oilseeds crops performing well while livestock industries are suffering to a large degree. It is unlikely that the USA border will open in the near term and it may be 2005 or beyond before it re-opens. Several projects are being proposed for new slaughter facilities as cows and bulls over 30 months need a facility and bison and elk have no slaughter option now either ( a recent fire burned the Edmonton facility). Thus the herd will continue to build but the farm returns do not look good for the livestock (bovine and other) industries.

## 2.6 Highway 45 Regional Development Corridor SWOT

A review of the region’s strengths, weaknesses, opportunities and threats is useful to help understand what can be planned in the region for economic growth.

Highway 45 RDC Vision:

*“To be a vibrant area of sustained economic activity for citizens and businesses”*

Highway 45 RDC Mission:

*“To help citizens and businesses realize their economic development and business goals.”*

**Figure 3. SWOT For Highway 45 Regional Development Corridor**

<p><b>Regional Strengths</b></p> <ul style="list-style-type: none"> <li>• Established Ag region, entrepreneurial</li> <li>• On a main highway</li> <li>• Two Hills - main service centre</li> <li>• Inbound population - Mennonites</li> <li>• Several lakes, many churches</li> <li>• 1 Hour from Edmonton</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Beef/ uncertain Ag outlook</li> <li>• Demographics/ infrastructure-aging</li> <li>• Groundwater supply - drying?</li> <li>• Remote area, limited resources - \$/leaders</li> <li>• Opportunities for youth</li> <li>• Continued decline in communities</li> </ul>
<p><b>Opportunities (1-3 Yr)</b></p> <ul style="list-style-type: none"> <li>• Grain - based opportunities</li> <li>• Tourism - lake cottages, golf, drive-by- from 16/45</li> <li>• Shared services - policing, roads, fire, waste</li> <li>• Survey - mechanic, plumbing, manufacturing</li> <li>• HUB identified opportunities</li> </ul>	<p><b>New Initiatives</b></p> <ul style="list-style-type: none"> <li>• Highway 45 Group plans</li> <li>• HR education and skills improve</li> <li>• Communication and Awareness</li> <li>• Retain and build local business</li> </ul>

### Key Regional Driving Trends Which Impact Growth

- Agriculture - beef, livestock, grains- uncertain- likely down in revenues- 2004-06
- Emphasis on security - personal, border, trade- risk management - more cost
- Water supply and management - may be a limit to growth
- Downloading of costs from govt/ more local costs/ self-reliance
- Demographics, aging/ workforce - threat to bus growth/ limits
- New Mennonite families - 80+ in the region desiring opportunity
- Quality market linkages - consumer wants, specs - also risks and costs
- Industry consolidation - in health, education, business, agriculture

### Other Positive Key Factors

- Low interest rates expected for foreseeable 2-3 years

- Alberta in growth mode, but “engines of growth” are in the north
- New \$200m Supernet build - broadband opportunities possible, e-commerce?
- Demand factors - mainly from within; what about access to others?
- Stable - MASH sector, gas/oil services expanding

These factors can change quickly depending on government policy and market conditions, so the reader needs to also consider those drivers.

## **3.0 Business Survey Findings**

### **3.1 Area Business Survey**

A brief one-page survey was completed by 77 local businesses in the County of Two Hills. The aim of the survey was to understand the County's business needs and plans for the near term. The Lamont-Two Hills Business Development Corporation assisted in the information gathering process. The first half of the survey was concerned with obtaining a profile of businesses in the region, while the second half of the survey was concerned with obtaining the county's business growth needs.

#### **Business Profile**

The average business in the County of Two Hills has been in operation for approximately 20.7 years and mainly serves the surrounding community. The communities mentioned by the respondents include: the villages of Myrnam, Derwent, and Willingdon; and the towns of Two Hills, St. Paul, Battle River, Saddle Lake, Camrose, Vermilion, Vegreville, Mannville, Elk Point, Lloydminster, Stettler, and Edson. Approximately six of the respondents said that they served a market beyond the surrounding area, and their responses include the province of Alberta, North Eastern Alberta and the tourism market.

The size of each operation is small with approximately 3 full time employees and 1 part time employee. A majority of the businesses (about 41) have indicated that their business is staying the same, while 23 businesses have indicated that they are expanding. The remaining eleven businesses surveyed stated that their operation was declining.

### **3.2 Survey Findings**

For the respondents, which claimed that business was staying the same, generally indicated the reasons were:

- No demand or no need to expand (6)
- No room for expansion or too much to handle (2)
- Steady business or content with business (6)
- Retiring or semi-retired (2)
- Other (9)
- No reason given (16)

Although six of the respondents claimed to be content with the amount of business they were conducting, two respondents indicated that they were looking for ways to improve their business. One respondent said they were "looking for opportunities", while another said they were "thinking of putting in a gas station". It appears that a majority of the respondents in this category do not have a reason for why their business is staying the same, but one individual did mention that the BSE crisis was a possible culprit.

For those businesses, which are expanding, the reasons cited for the expansion include:

- More customers, busier or more space needed (14)
- Other (4)
- No reason given (5)

Based on the experience of these businesses, there appears to be a slight improvement in the declining population of the county; however, as one respondent stated the “population isn’t drastically changing”.

For the eleven businesses, which indicated that their operations were declining, mentioned reasons for the decline included: “No labour”, “Environmental reasons”, “No ambition”, “Time to retire”, “Closing down”, “Up for sale”, “Old age, lack of farmers”, and “BSE”. One response that offers a possible reason for the decline of local businesses is as follows:

“Younger population is not living here, moving to where the jobs are at, also seniors require the medical services - moving to larger centres. “

### **Business Growth Needs**

The second part of the survey was concerned with understanding the business growth needs of the County of Two Hills.

#### ***Question 1: What are your key business needs? (eg. marketing, capital, people, etc)***

For more than half of the respondents, the key business need was people. This is consistent with other surveys we have conducted in economic development projects. The respondents mentioned the need for people as customers, tourists and labourers. Concerned with increasing the population base of the community, business owners thought that people were the key to improving economic prosperity in the county. A summary of the business needs identified by the respondents of the survey are presented below:

- People, customers, tourists, and labourers (39)
- Capital (11)
- Advertising (13)
- Money (4)
- Infrastructure (2)
- Training or upgrading (3)
- Other (4)
- None (15)

#### ***Question 2: How can the Highway 45 Corridor Group help you?***

When asked how the Highway 45 Corridor Group can help them, the respondents felt that advertising and bringing more people to the region were two ways the group could help their business. The results from this question are as follows:

- Advertising (18)
- Bring more business and more people (15)
- Negative responses - nothing or no help (8)
- Specific developments (5)
- Other (12)
- No response (21)

Some of the specific developments mentioned by the respondents are gas stations, motels/hotels, and road improvements. Among the responses in the “Negative – nothing or no help” category, some of the responses made were:

- “Does not affect my business”
- “Stop gathering the same info every time you get a grant”
- “Waste of time, have done prior studies and no results”
- “No way they can help”

Some specific comments made by the respondents for this question are presented below:

- “Keeping it affordable, keeping town’s image up, making it a destination”
- “Setting up better advertising mechanisms”
- “Attract new business with new people”
- “Bring more people into the community”
- “Bringing in skilled labour”
- “Get our community people involved in a Chamber of Commerce to assist in promoting our community”
- “Encourage infrastructure investment by province”
- “Provide support, more market research for what is needed in the area...”
- “Help to do training of computer skills, e.g. Autocad...”
- “By promoting what is available in the service sector of the corridor”

### **Question 3: What are the key opportunities for growth you see?**

The key opportunities for growth identified by the respondents are grouped into the following themes:

- Industry Development (29)
- Attracting new residents or customers (9)
- Specific Development (5)
- Other (11)
- Negative responses (2)
- No response (23)

Some of the industries mentioned under the industry development theme included: manufacturing, agriculture, bioeconomy, oil and gas, biogas, real estate, recreation, cottage and tourism. In terms of specific developments, the respondents felt that gas stations, garages and tire shops, auto wreckers, mechanics, plumbing, grocery stores, and hardware stores were key opportunities for growth in the region. Specific comments made by a few respondents are presented below:

- “Enticement of Edmonton and Area people to move here for the lifestyle”
- “Tourism, expanding Mennonite population”
- “Oil, gas plants”
- “Recreational development, cottage industry, lake lots, agriculture”
- “Housing, real estate”
- “Farm industry or manufacturing”
- “We hope to diversify our business by integrating more value added processes to our operations, biogas from manure and other organic waste, ethanol production”

### **Question 4: Do you have any other comments?**

The results for this question are as follows:

- No response (57)
- Specific response (20)

Some of the comments by the respondents are presented below:

“Appreciative of the fact that somebody is doing something positive for the community”

“Too many cut backs and too many chiefs, not enough Indians. With council’s help, business may continue and would like to continue. Provide the services.”

“Should have people looking into people on welfare/disabilities. People should go to work.”

“Myrnam needs to expand and has potential, needs funding. Can’t charge normal rates because of lack of money. Better economy would expand more and create businesses.”

“Hear more about what’s going on, what’s happening at meeting, when meetings are, to be kept informed”

“Don’t spend tax money unless absolutely useful and necessary”

“Good initiative”

“It would be nice if the town were more prosperous and stable, active and involved.”

“Spend your monies better”

“Region will need to convince entrepreneurial public to locate in the Highway 45 corridor”

“Businesses have to realize that they have to provide good services to draw out customers”

### **3.3 Summary**

Based on the review of the economic trends and the business survey the following conclusions are made:

- The region has modest growth potential
- Most of the businesses surveyed are small businesses and therefore have a self reliant expectation
- The needs are simple- businesses need a labour force, more local demand, more economic activity and more opportunities for growth
- Expectations from the business community are modest- be careful with funds, attempt to increase demand for goods and services, and to provide some leadership in the community
- It is very important to implement some actions to show some economic development activities are proceeding. Prior reports have been completed and the local business community desires action. Thus, it is important to implement some key economic development activities within a plan.

These findings provide information for the needs part of the economic development strategy of the region. This general strategic approach is discussed in the next section.

## 4.0 Economic Development Plan

### 4.1 General Regional Outlook and Conclusions

Based on the findings of the prior literature and the business survey information and other data, some conclusions appear to underpin the need for an economic development strategy and plan. The key conclusions are:

- The Highway 45 region has a fairly stable population base of about 4500 people and is not likely to grow by more than 1-1.5% annually. Further the population will be aging, due to more youth exits and a gradually older population base.
- The total business population is similarly small at about 150 businesses and most of which are small employers. Some new entrepreneurial businesses are also starting in the region.
- The general economic trends affecting the economic base for the region indicate slow growth. While oil and gas resources are at the high end of the price cycle, other resource industries (beef) are facing very low prices and may not see a near term turn around. Overall the economic trends indicate modest growth.
- To access these opportunities, farmers and businesses need to be encouraged to work in alliances, demand chains and cooperatives. To be competitive in the future, businesses will need to create and sell value added products through partners in niche markets.
- Small towns in Alberta change to hamlet status in the order of 3-4 annually. This trend will likely continue given low growth populations.
- Rural- urban migration continues and this will draw resources away from these rural centres.
- The unique aspect of the Two Hills region is that it is the location of most of Alberta's Romanian population and culture. In addition, many Ukrainians and other ethnic groups settled in the area. Due to these many settlements, many churches have been built in the area and can be an asset to market to Albertans and other Canadians.
- Leadership and economic development organizations are important and can create a difference. However, due to the magnitude of the tasks, it is important that limited resources are carefully deployed against the strategy.
- This area of Alberta has suffered several years of droughts since the 1980s, which has led to very low water levels. The physical resource may mean a regional water system and strategy may need to be considered as a long-term asset.
- Critical resources to support entrepreneurs in agri-food, economic development and linkages to business support services have been withdrawn from the region. It is difficult to have value added developments when most developmental resources reside in Edmonton and Leduc. This has been a conclusion in the Peace Region also, which has led to the formation of PREDA.
- Critical resources including high speed Internet, access to public research and other services is an issue. While e-commerce may not be an issue for all, some businesses will be limited without this resource.
- Further, the issue of adequate technology transfer services from public research completed by University, the government departments and agencies is real. Most technology decisions are now based on private sector information to agriculture. If this is so, how can the technology transfer system be enhanced to provide new opportunities from publicly funded research?

- HUB as a regional resource has not been active or relevant to the Highway 45 region businesses. Whether it is more beneficial to re focus those community resources into an Edmonton and Vegreville customer focus needs consideration. If HUB is a senior regional agency, it needs to provide leadership, help reduce duplication and provide access to real business opportunities.
- Urgency is real on creating a local approach to economic development. This will take a “cluster” of economic development agencies to combine their efforts into a common approach for the citizens’ benefit.

## 4.2 Community Based Economic Development Approaches

This section provides some case study examples of how communities have addressed economic development. It also gives some discussion of related studies on rural economic development issues. This information can help in the development of local plans.

### How Have Other Alberta Communities Addressed Economic Development?

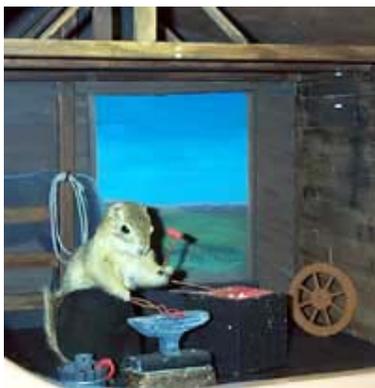
The section below provides some case studies on how other communities are dealing with creating economic development and investment attraction activities. Four examples are discussed below as community economic development approaches.

#### World Famous Gopher Hole Museum Torrington, Alberta

Opened June 1, 1996  
Visitors: Over 20,000



Torrington, Alberta is a tiny prairie hamlet located northeast of Calgary. In 1996, Torrington gained international notoriety for its controversial Gopher Hole Museum. The museum features 44 dioramas depicting everyday life in Torrington, with the town’s people represented by stuffed Richardson’s ground squirrels dressed in tiny costumes. Each diorama is housed in wooden boxes, with beautifully painted background murals by Alberta Artist Shelley Haase. Some of the scenes recreated in the museum include a Lutheran Church, a hair salon and a blacksmith’s shop.



Made possible by a grant through the 20/20 Vision program, the museum has generated some real interest in Torrington and has been successful at attracting tourists worldwide. Over 20,000 visitors from as far away as Russia and India have gone through the museum in the nine years since it has been opened. The museum also receives a tremendous amount of correspondence and all newspaper clippings, letters, and visitors comments are on display.

Publicly opposed by the People for the Ethical Treatment of Animals and other national and international animal rights



organizations, the museum's notoriety has largely been responsible for its popularity. Torrington has greatly benefited from the media frenzy created during the initial stages of the museum's conception. PETA officially protested the museum by submitting two letters to Torrington's mayor and distributed a press release describing the contents of the museum. Instead of creating negative attention, the new release attracted thousands of media outlets that ran stories about the museum. The World Famous Gopher Hole Museum and Gift Shop is located on the corner of 2<sup>nd</sup> Avenue and 1<sup>st</sup> Street in Torrington, Alberta.

### **Alberta Birds of Prey Centre Coaldale, Alberta**

Opened in 1982



Coaldale, Alberta is approximately two hours south of Calgary and it is home to the Alberta Birds of Prey Centre. Founded in 1982 by the Alberta Birds of Prey Foundation, the centre rehabilitates and releases injured birds of prey back into the wild. Other activities of the centre include captive breeding and release of endangered species, as well as the study of wild birds of prey populations.

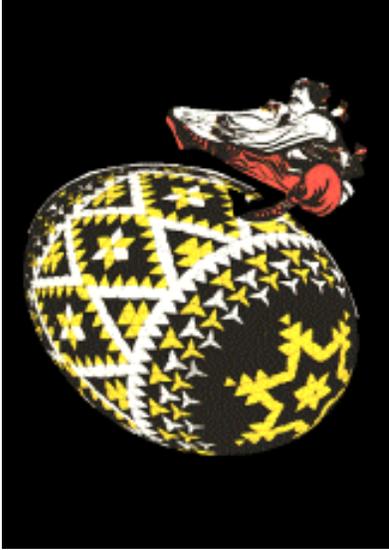


Located on a 70-acre wetland, the 2,000 sq. foot visitors' centre serves as an interpretative centre, gift shop and tourist information centre. The facility offers daily flying demonstrations scheduled every 90 minutes and "Hawk Walks", which allow visitors to see numerous birds of prey in various stages of training to rehabilitate them for release in the wild. The facility attracts visitors worldwide.

Some of the centre's inhabitants include bald eagles, peregrine falcons, great horned owls, saw whet owls, great grey owls, turkey vultures and burrowing owls. The centre is has one of the largest captive breeding populations of burrowing owls in North America.



The Alberta Birds of Prey Centre is opened daily from May 10 to September 10. It is a must-see attraction in Coaldale, Alberta.



### **The Pysanka Festival Vegreville, Alberta**

Annual Event Since 1973

The Pysanka Festival is an annual event hosted by the Vegreville Cultural Association during the first week of July. This year, the festival welcomed its 31<sup>st</sup> edition. Since 1973, the world famous festival has showcased Ukrainian culture and style. For visitors who attend the event, the weekend is filled with music, dance, displays, and authentic Ukrainian cuisine. The festival was honoured in 2002 as a provincial winner of Attractions Canada for Cultural Festivals. This is an example of using cultural assets to economic development.

### **The Great White North Pumpkin Fair and Weigh In Smoky Lake, Alberta**

Annual Event Since 1988

The Great White North Pumpkin Fair and Weigh in has been an annual cultural event for the town of Smoky Lake for the past 16 years. Since 1988, participants from all over Alberta, British Columbia and Saskatchewan have gathered in Smoky Lake for the pumpkin growing contest and fair. The event, which also includes music, games, and rides, attracts approximately 5,000 visitors to the town in early October of each year.



These communities have shown different approaches to developing community centred economic development approaches.

### **Alberta “Road Trail” Ideas in Other Communities**

These are some other interesting attractions, which are used by other communities to promote their area to tourists (Edmonton Journal, July 22, 2004):

- Airdrie - giant cowboy
- Andrew - giant mallard
- Barrhead - giant blue heron
- Blairmore - giant crows
- Bow Island - giant sunflower, gold putter

- Drumheller - giant dinosaur
- Edmonton - giant western boot, milk bottle, Labatt's beer bottle
- Mundare - giant sausage.

### **Canada West Foundation, 2004- "Fighting The Odds"**

Canada West Foundation Research- Rural Communities- "Fighting the Odds". This research paper ([www.cwf.ca](http://www.cwf.ca)) has four main themes for communities under threat:

- Employment focused strategies (entrepreneurs, investors, cooperating)
- Community Strengthening Strategies (higher education, link youth to jobs, regional attractiveness)
- New Governance Structures (real voice and negotiating powers)
- Actions by government (change institutions, programs, regulatory change).

Rural communities have several problems:

- Shortage of employment opportunities
- Infrastructure gaps
- Lower education attainment
- Fewer immigrants
- Geographical disadvantages
- Youth out migration
- Health concerns.

If these problems can be addressed, then better outcomes may be realized in a rural community.

### ***Stabler, Functional Economic Areas in the Prairies, 2001***

A recent report on the viable and non-viable communities in the Western Canadian prairies was completed and offers some ideas on future growth and decline issues. Stabler (2001) completed this work for the Alberta Rural Development Initiative.

The concept of functional economic areas is that levels of community scope exist in relation to a population size, and in turn, will determine the scope and number of business and infrastructure needs. A viable community will need services for growth and development, while a non-viable community will need other assistance.

The 6 developmental levels identified in the report are: primary wholesale retail (PWR), secondary wholesale retail (SWR), complete shopping center (CSC), partial shopping center (PAC), full convenience center (FCC) and minimum convenience center (MCC). If a community is one of the last two levels, it is likely to be non-viable.

The Alberta analysis ignores the engine of growth in Fort McMurray region, which is a huge oversight as it is likely to have nearly \$50 billion or more of investments in the next decade and will also help propel Canadian growth. It also ignores the Jasper and Banff areas, which are international destination sites that do offer many business services and are not likely to be future non-viable entities. Strangely some of the centers are missing such as Drumheller, Wainwright and Fairview, which is not reflective of other areas. Forty-three viable communities in Alberta are identified and classified in Table 6.

**Table 8. Classification of top 43 viable communities in Alberta- 2001**

Primary Wholesale Retail	Secondary Wholesale Retail	Complete Shopping Centre	Partial Shopping Centre	
Calgary Edmonton	Grande Prairie Lethbridge Lloydminster Medicine Hat Red Deer	Brooks Camrose Drayton Valley High River Lacombe Peace River Ponoka Wetaskiwin Whitecourt	Athabasca Bonnyville Cardston Coaldale Edson High Level Hinton Lac La Biche Pincher Creek Slave Lake Stettler Sundre Vegreville Westlock	Barrhead Bow Island Claresholm Cold Lake Hanna High Prairie Innisfail Olds Rocky Mtn House St. Paul Strathmore Taber Vermilion

A comment noted from the Alberta conclusions is that several of the 3<sup>rd</sup> and 4<sup>th</sup> developmental level are actually part of a main center and therefore should be viewed in a “metro” analysis rather than as a separate community. For example, Fort Saskatchewan is really part of the Edmonton region and the chemicals industry cluster that developed there can be considered within the metro region. However, the analysis does challenge our thinking of the future state. Additionally the shift to “hub and spoke” regional economic centers/ clusters seems to be emerging in the changing Alberta economy, which makes the use of a regional strategy imperative and timely.

One of the deficiencies of this analysis is that it uses a “backward” looking data approach to define the future of a community as viable. It reports that a shrinking demand base will cause a community to become non-viable. This is correct but hardly new as a conclusion. The fundamental demand drivers of any community growth are (1) business investment, expansions and new starts and (2) population growth. How can this be improved?

One also needs to look into the future a bit to understand what may happen to these two key drivers. For example, if one compares industry cluster examples in Alberta, it would not have forecast growth because some of these industries were stimulated by policy decisions for technology development and community and infrastructure supports (see for example, forestry, oilsands, Nisku business park). This real economic growth would not have been forecast with the historical review approach. For this region, Vegreville is growing and other opportunities from oil/gas and oilsands are driving demand and growth.

***Land Use Presentation to Alberta Chambers of Commerce, Toma & Bouma, 2002***

We note this presentation as supplemental information to the above community analysis. The presentation notes issues of air, water, land use/ fragmentation and communities. The future for Alberta rural communities in 2010 may result in one of five types:

- Urban periphery region – 90-minute commute of main centers, clear trend now (eg. Edmonton-Red Deer-Calgary corridor, a growth area)
- Sparsely populated region - areas with low density/ isolated, rural depopulation and transition (eg. Hanna area, a declining area)
- High amenity region - areas have beauty, amenities, and attractions, managed densities, parks (eg. Mountain Parks areas, a growth area)
- High poverty region - persistent poverty/ few opportunities (eg. Slave Lake/ back lakes areas- a declining area)
- One industry region - sustained economic base, islands of growth (eg. Fort McMurray, Grande Prairie, Lethbridge- growth areas)

Based on this possibility, Alberta needs to develop new concepts for training, economic and transition opportunities. “To avert stress” it needs healthy rural communities everywhere. The infrastructure and economic policies need to recognize these growth and decline issues. This background information on different community approaches helps to define an appropriate economic development strategy. Can the Two Hills region become a high amenity/ urban periphery region- with ties to other growth areas?

### **HUB Efforts- North-east Alberta Region**

HUB is the regional economic development alliance for north-east Alberta. It is a regional alliance with 27 communities including Two Hills, the County and Myrnam. It has a mission statement to help facilitate economic development in the member communities. It has three core areas (see [www.albertahub.com](http://www.albertahub.com)):

- Strategic leadership
- Information coordination and management
- Investment and trade promotion.

HUB is funded by a fee of 20 cents per capita and operating grants from AED and others. The total budget is in the order of \$98,000. HUB has completed a few projects:

- Cluster map- of resources in the region posted on the website
- Regional profile
- Economic development supplement in the Edmonton Journal- which did feature some of the Highway 45 communities
- Euromission- to find job-seekers
- Investment opportunities- flour processing, test pilot, trade school, meat processing, value added wood, granny flats (retirement homes).

Some of the key industry opportunities include: oil and gas, aerospace and agri-food. No specific activities were noted for the Two Hills study area and needs to be enhanced to help the business sector and communities.

### **Community Futures Efforts- Lamont-Two Hills Business Development Corporation**

The Community Futures Development Corporation is a non-profit community economic development organization. Funded primarily by the Federal government to provide as a resource to communities and provide information, training and investment funds for local business initiatives within the region. There are many Alberta CFDC centres (27) to assist entrepreneurs and youth in the following ways:

- Provide one-on-one business training to assist individuals who are interested in self-employment or in expanding their business
- Control and manage investment funds from which they make fully repayable loans (up to a maximum of \$125,000) to community members who are interested in starting or expanding their own businesses;
- Regional website, [www.centraleastalberta.com](http://www.centraleastalberta.com), regional job board

The CFDC was established in 1986 by Employment and Immigration Canada (now named Human Resources Development Canada). In 1995, the responsibility for Community Futures was transferred to Western Economic Diversification Canada (WD). Core funding is provided by WD, while community economic development activities are carried out by 27 offices in Alberta. The Lamont-Two Hills Business Development Corporation has its head office in Two Hills.

One of the programs sponsored by the CFDC is the Self Employment Program (SE). This program is funded by Alberta Human Resources and Employment, and provides participants of the program with business training and access to financial assistance, while getting their new business up and running. By reducing some of the financial concerns of self-support, new entrepreneurs are able to take the first step towards self-employment through this program. It is important to note that the following business ventures are not eligible for support under the SE program:

- A business started by the applicant prior to the approval of their Self-Employment program application
- Business that are controlled by persons other than the persons receiving the benefits. Partnership agreements are acceptable, providing ownership by the applicant is 51 percent or more.
- Businesses that will receive over 50 percent of revenue from commissions
- Businesses not considered to bringing social and employment benefits to the community
- Business that are only part-time in nature

Table 7 is a summary of the SE dollars accessed during the period between August 1, 1988 to March, 2001 for selected communities in the Lamont-Two Hills region. The total amount of SE funding provided to the region was \$1,387,376.

**Table 9. Summary of Community Futures Activity- NE Alberta**

Community	SE Dollars Accessed
Bruderhiem	\$265,503
Lamont	\$260,008
Vegreville	\$226,126
Two Hills	\$120,542
County of Two Hills	\$76,136
Myrnam	\$75,542
Willingdon	\$47,424

Another program offered by the CFDC is the CF General Loan Fund. Each CFDC office can lend a maximum of \$125,000 to new and existing businesses. These loans are made to community members with viable business ideas that are seen to contribute to the economic and social well being of their community. This office has public high speed internet access and the regional “Business Link” regional library. Table 8 is a summary

of the CF general loans approved for 2000/2001 for selected communities in the Lamont-Two Hills regions. The total amount of loans approved for 2000/2001 fiscal year in the Lamont-Two Hills region was \$923,160.

**Table 10. Summary of Community Futures Activity- NE Alberta**

<b>Community</b>	<b>Loan Dollars Approved</b>
Vegreville	\$390,000
Strathcona County	\$158,500
Two Hills	\$78,000
County of Minburn	\$57,310
Lamont	\$137,200
County of Two Hills	\$3,000

### **4.3 Economic Development Strategy**

Based on the conclusions of this study, the following strategy is proposed for the Highway 45 Corridor and its communities.

The strategy involves 3 key elements:

- Communication and awareness - internal and external. This is a real need to help build the regional spirit and interest.
- Economic agency cooperation with common goals to create community and business “readiness”. This is a large gap. Assistance is needed in education and training, manufacturing, marketing and other areas.
- Market the regional businesses for sustained growth and reduced common costs. This includes building new information and service linkages and marketing into the growth markets.

These elements are explained below.

### **4.4 Communication Plan and Communicating**

Communication is a fundamental function for success in the business of economic development. Communication has two key customer groups:

- Internal regional customers - the citizens, businesses, leaders and others
- External markets - whether Alberta, Canadian or international in scope.

A website with valid and interesting information is needed and paramount. The current website listing of business information and format employed is not adequate. It needs to be updated and linked to other websites, which have relevant business and customer traffic.

In addition, the Highway 45 Corridor Group needs to communicate with politicians and its citizens on its work plans and to network with others in the same function- such as HUB, other regional economic development alliances, the provincial government departments and providers of business opportunities. This function may evolve into a conference format to ensure business to business networking also can occur.

A number of ideas can be employed to help people and businesses in the region:

- Name change to reflect the location/ interest - for out of region people - such as Two Hills Economic Development Alliance, Two Hills County Economic Partnership
- Signs and promotion to drive demand from the highways to the centres
- Other promotion ideas- events, promotions, etc.

#### Communication and Awareness Tasks

This is an important function for the region and should comprise several key activities:

- Name - the name needs to reflect the region, be easy to remember and short.
- Enhanced website - this is an area for a new business opportunity and to profile key assets. Many of the area businesses do not have a website or email presence. It is recommended that a nominal setup fee of say \$100-\$200 and a hosting fee of \$50 per year be charged for a website presence. This can be a very effective marketing approach and can be managed for area businesses.
- Signage - a new set of signs on highway 16 and 45 should describe the businesses for drive by traffic and highlight services and products. Further, perhaps a new highway 45 route to Fort Saskatchewan from highway 16 sign can help pull tourists off the main national highway. If only 10% of these cars went through at say \$40 each, it would mean an additional \$970,000 and many new jobs.
- Newsletter and business directory - it is worthwhile to publish a newsletter and a business directory, which can be a sourcebook for regional customers.
- Other events such as an October Fest/ Autumn event
- Developing a database - of people who have moved/ linkages to the area, which can link genealogy interests and people back to the region. Given this region has the most Romanians settled in Alberta, this offers a unique feature. This needs to be promoted on a website with global links (as does the variety of churches).

#### 4.5 Economic Development Agencies Coordination and Roles

The region has a number of economic development agencies:

- HUB - at a macro level. HUB is largely ineffective in assisting the region. A new relationship and defined roles needs to be established.
- Provincial government - has shown a pull-back of services. This gap needs to be augmented with the new group and the roles, again need to be defined.
- Community Futures - at a community level is very important resource
- Town of Two Hills - with a new EDO staff person, is important
- Chamber of Commerce - is the business voice and has many connections
- County of Two Hills - is a major entity.

It is important the relevant agencies develop a common focus and plan for their limited resources to ensure current businesses are retained and expanded and where possible, new businesses and entrepreneurs are encouraged to locate and grow in the region.

#### Economic Agency Cooperation Tasks

A key task is to establish the roles and responsibilities of each and to provide a common approach through a dedicated website for business and tourism information and for marketing and business development purposes. The region has a number of agencies-Community Futures, the Chamber of Commerce, the Highway 45 Regional Development Corporation, and HUB. It is important to coordinate the roles and responsibilities of each. The role of the provincial government has greatly declined and virtually no direct help is available to the region as has been offered in the past.

A new role can be established for the Highway 45 Group in technology transfer (no AAFRD staff in the region), business counselling (currently some people go the Edmonton's Business Link), retail marketing and merchandising (to help retain small stores) and in succession planning (several business owners wish to sell and retire).

#### **4.6 Marketing the Regional Business Sector**

It is important to have an economic development focus and provide a strong marketing function for the businesses. This is the most voiced concern of the businesses in the survey. In addition it is worth developing new demand chain linkages to out of region customers through e-commerce, trade shows and other methods. Further, the Group can develop brochures and other marketing tools. The target markets include area residents, Vegreville and highway travelers.

A key function of the Group should be to focus on this aspect to ensure marketing of the region through these plans is understood and implemented by many. Increasing the level of economic activity in the region is possible and will require a concentrated marketing and communication effort.

##### **Marketing Tasks**

The main tasks include:

- Targeting current and potential customers for the regional businesses as noted herein
- Developing marketing tools as needed
- Building new community relationships to help sustain current businesses.
- A weekly road side farmers market – to sell local foods and crafts
- Develop 2-3 main events which can draw people to the region. This can include an annual fair (now in August), a winter event (snowmobile race with cash prize and self-financed) and a business conference.

#### **4.7 Summary of the Annual Plan and Activities**

Based on this strategy the annual plan of activities means several things:

- Developing a dedicated budget for the Highway 45 Development Corridor in the order of say, \$40,000- 60,000 for staff and marketing activities (to be confirmed in a plan). This may mean a re-allocation of funds used in the HUB budget if it is deemed important to do so.
- Developing a leadership and governance structure, which can facilitate the economic development activity in the region for results.

- Locating the organization in Two Hills as the centre of activity with assistance by the Community Futures Corporation. If this is done, the new organization would need to develop a formal agreement on roles and responsibilities.
- Focusing on the 3 main elements of the Economic Development Strategy.
- Building the business links with business leaders to ensure the right things are being done. This may mean working with the Chamber of Commerce and others.
- Completing an implementation study through Alberta Municipal Affairs to act on these recommendations herein. The first task is to complete a business plan for the new organization and to address the economic development plan and tasks as described herein.

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