

MUSEUM ENTRANCE



COMMUNITY PARTNERS REPORT

REGIONAL BUSINESS DIVERSIFICATION STRATEGY

for the Town of Onoway



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1. PROJECT OVERVIEW

Community Futures Yellowhead East (CF Yellowhead East) is a federally funded non-profit organization that helps rural entrepreneurs and small business owners start, expand or sell their business, through services such as business coaching, training and providing loans. The mandate of the Community Futures program is to help diversify rural economies through the services they offer.

CF Yellowhead East is responsible for working with ten individual communities in the Yellowhead East Region; Town of Swan Hills, Town of Fox Creek, Town of Whitecourt, Woodlands County, Town of Mayerthorpe, Lac Ste. Anne County, Town of Barrhead, County of Barrhead, Town of Onoway and Village of Alberta Beach. In addition, GROWTH Alberta is



GROWTH Alberta
Your Business. Our Future.

a partner in this project, and therefore the Town of Westlock, Village of Clyde and Village of Wabamun have been included in the study area.

This strategy and action plans integrate the findings from the background research (strategic document review, 2018/19 statistics and data analysis, situational analysis) and stakeholder consultation (business and other stakeholder interviews) portion of the CF Yellowhead East Business Diversification Strategy development process.

From all these sources of data, a SCOAR® (Strengths, Challenges, Opportunities, Aspirations, Results) analysis of the current situation involving statistical analysis of the local economy was completed. Also considered were the regional competitive outlook, trends and forecasts and investment readiness assessment criteria,

The purpose of the project is to develop strategies and action plans to diversify, retain and support the expansion and success of Yellowhead East regional businesses for implementation by CF Yellowhead East, municipal partners and others as may be appropriate.¹

One finding of this project has been that while the economic base, drivers, opportunities and challenges are consistent across the region, each individual community did have its individual challenges and opportunities, as voiced by the businesses surveyed or observed by touring the municipalities.

This individual community report for the Town of Onoway first explores the economic situation of the region it lies in and then addresses the Town's challenges and opportunities.

¹ CFYE and GROWTH Alberta will collaborate on a number of projects based on the action plans created by this study. To make best use of available resources, GROWTH will work on similar projects in parts of the GROWTH service area that is outside the CFYE service area.

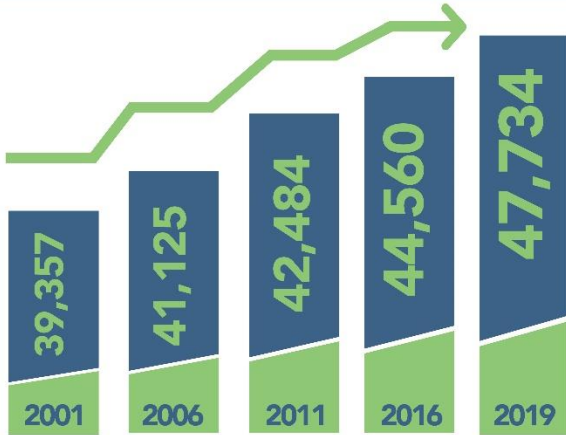
Economic SNAPSHOT

of Community Futures

YELLOWHEAD EAST

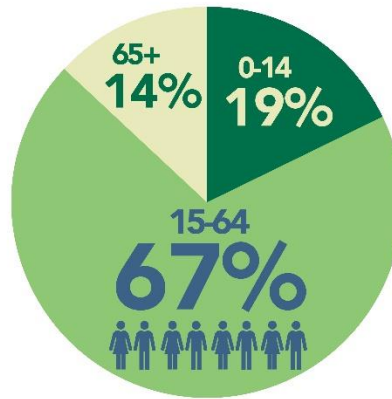
POPULATION

Total Population



Census Population Data, Statistics Canada, 2001-2016.

Age Profile



Educational Attainment



For the population aged 24-65.

HOUSING

Dwelling Value

Average Value **\$437,904**

Median Value **\$421,335**

Total number of households **18,592**

75% Single Detached House

14% Movable Dwelling

7% Apartment / detached duplex

3% Semi-detached House **2%** Row House

Dwelling Income



\$126,076
Average Household Total Income

\$99,276
Median Household Total Income



17%

of CF Yellowhead East's population spends 30% or more of household total income on shelter costs

Economic SNAPSHOT

of Community Futures

YELLOWHEAD EAST



LABOUR FORCE & LOCAL ECONOMY

Top 5 Employment Industries



12%
Construction



10%
Mining, Quarrying,
and Oil & Gas Extraction



10%
Retail Trade



9%
Agriculture, Forestry,
Fishing & Hunting



8%
Health Care &
Social Assistance

Top 5 Employment Occupations



25%
Trades, Transport
& Equipment Operators



18%
Sales & Service



14%
Management



12%
Business, Finance
& Administration



8%
Natural Resources, Agriculture
& Related Production

Participation

70.6%

ALBERTA
71.8%

Employment

64.9%

ALBERTA
66.7%

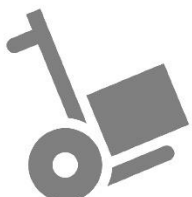
Unemployment

8.1%

ALBERTA
7.1%



\$62.9**
million in value of
construction permits



\$3.5
billion in exports

**Median
Employment
Income**

\$47,697

ALBERTA MEDIAN
\$48,190

**Average
Employment
Income**

\$61,283

ALBERTA AVERAGE
\$69,431

**Statistics from the Government of Alberta
All data sourced from Manifold SuperDemographics 2019, unless otherwise specified.

1.1. Executive Summary of the Regional Situational Analysis

The area serviced by CF Yellowhead East has been analyzed in order to understand current trends in demographics, jobs, businesses, and exports. It highlights key industries and occupations as economic drivers, which will be important when thinking about diversification in the region. Diversifying based upon existing strengths in the region is a natural evolution for any economy, but economic development can be accelerated and assisted with the right tools and collaboration between regional partners.

The regional population of the CF Yellowhead East region grew by 8.4% between the last two census periods (2006 to 2016) and is estimated to grow by 7.1% between 2016 and 2019. Most of the population (67%) is within working age; between the ages of 15 to 64. The region as a whole enjoys similar employment and household income levels, as well as lower housing prices, compared to the province. It should be noted that women in the CF Yellowhead East area have significantly lower median and average employment income levels compared to men (116% and 84% lower respectively).

CF Yellowhead East has a labour force of approximately 27,261 persons. The area has a slightly higher unemployment rate (8.1%), compared to the province (7.1%), for persons 15 and older participating in the labour force. The largest underutilized labour group for the area is young persons aged 15 to 24. Currently, this group has an unemployment rate of 19%, compared to 12% for the same age group in the province. There is an opportunity for employers and educational institutions to collaborate in the creation of high-quality, educational work experiences (Registered Apprenticeship Program, dual credit programs) and move to flexible work arrangements to make better use of this participating labour group.

Furthermore, the CF Yellowhead East region has large labour surpluses (more employees than jobs) in the following industries:

- Construction
- Mining, quarrying, and oil and gas
- Wholesale trade
- Manufacturing
- Agriculture, forestry, fishing and hunting

These industries could be further attracted to the local economy, as they can be well supported by the local workforce.

In terms of employment by industry in the CF Yellowhead East region, the farming industry is currently the largest employer. The 'Commercial and industrial machinery and equipment

(except automotive and electronic) repair and maintenance' industry has had the largest growth in jobs over the past 5 years. The 'Meat product manufacturing' industry is the fastest-growing employment industry by percentage job growth (2013 to 2018). The CF Yellowhead East region has several concentrated industries—relative to both the nation and the province (in terms of employment)—related to manufacturing, namely:

- Pulp, paper and paperboard mills
- Sawmills and wood preservation
- Other fabricated metal product manufacturing

The CF Yellowhead East region also has concentrated industries—relative to both the nation and the province (in terms of employment)—related to repair and maintenance, oil and gas extraction, transportation and warehousing, and agriculture/forestry.

In terms of external revenues/wealth generation, the 'Manufacturing', and 'Transportation and warehousing' sectors have been the most stable, largest, and growing industries for CF Yellowhead East's regional export base. The industries that generated the highest inflow of dollars (measured by export sales) into the local economy in 2015 (the most current available data) were:

1. Oil and gas extraction
2. Pulp, paper and paperboard mills
3. Farms
4. Specialized freight trucking
5. Support activities for mining, and oil and gas extraction
6. Sawmills and wood preservation
7. Other fabricated metal product manufacturing

Lastly, business patterns were analyzed using Statistics Canada's Businesses Registry (2013-2018). According to this database, the following table illustrates the industries with the largest number of businesses in the area:

With Employees	Without Employees
1. Services to oil and gas extraction	1. Beef cattle ranching and farming, including feedlots
2. Commercial and industrial machinery and equipment (except automotive and electronic) repair and maintenance	2. Lessors of residential buildings and dwellings (except social housing projects)
3. Residential building construction	3. Services to oil and gas extraction
4. Electrical contractors and other wiring installation contractors	4. Commercial and industrial machinery and equipment (except automotive and electronic) repair and maintenance
5. All other specialty trade contractors	5. Other grain farming
6. Site preparation contractors	6. Residential building construction
7. Beef cattle ranching and farming, including feedlots	7. Hay farming
8. Other scientific and technical consulting services	8. Animal combination farming
9. Oil and gas pipeline and related structures construction	9. Oilseed (except soybean) farming
10. Full-service restaurants	10. Other scientific and technical consulting services

2. STAKEHOLDER CONSULTATION RESULTS

2.1. Strategic Action Plan Consultation Process

180 businesses and several economic development stakeholders were consulted throughout this project.

The consultations consisted of 117 confidential one-on-one interviews, an online survey open to the public to which 63 businesses responded, a number of phone calls and meetings with regional economic development stakeholders. Businesses contacted for in-person interviews were from lists provided by each participating community. Finally, a working session was held with over 40 participants from both public and private sector across the region to review the findings and develop 'Made in CF Yellowhead East' solutions to diversify the overall economy. This meeting also helped establish the regional relationships that will be essential to the implementation of the strategy.

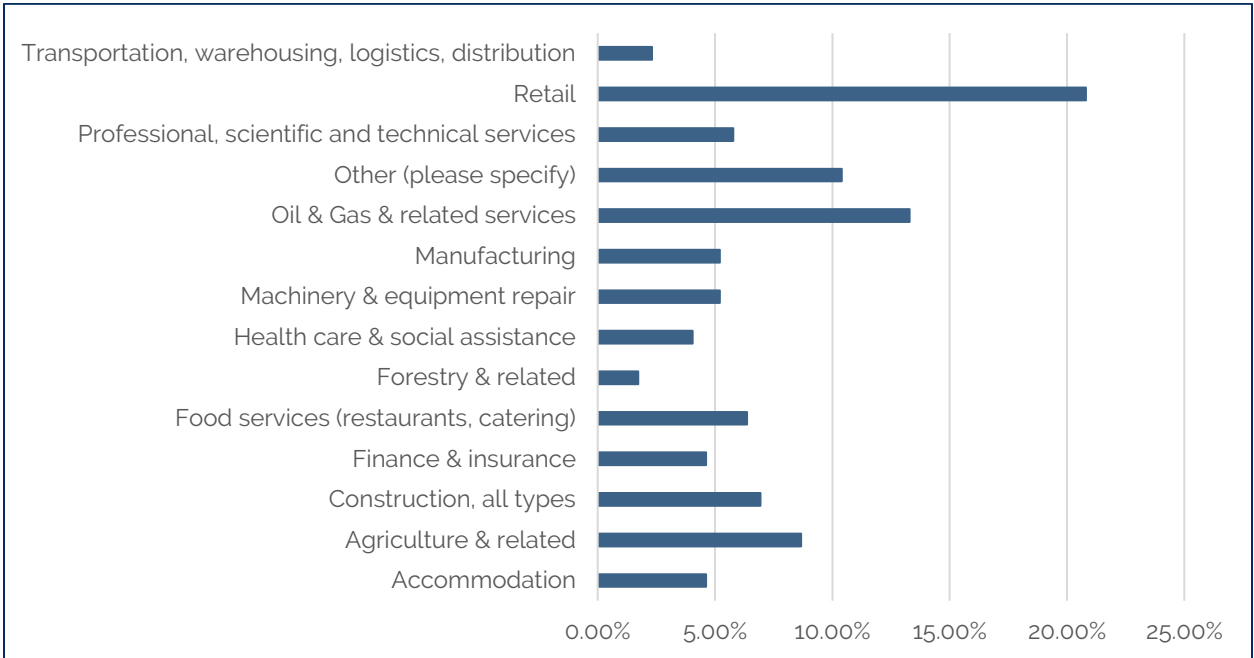
The survey helped to establish the current status of businesses in terms of challenges, opportunities, employment, current level of business diversity and their future plans. CF Yellowhead East will be using the strategy to help target activities, services and projects to assist businesses with addressing the opportunities and challenges they face.

The qualitative data from the interviews add to the quantitative data from the Situational Analysis. These sources plus other information/studies provided by CF Yellowhead East and partners in the project provide a comprehensive economic picture of the region.

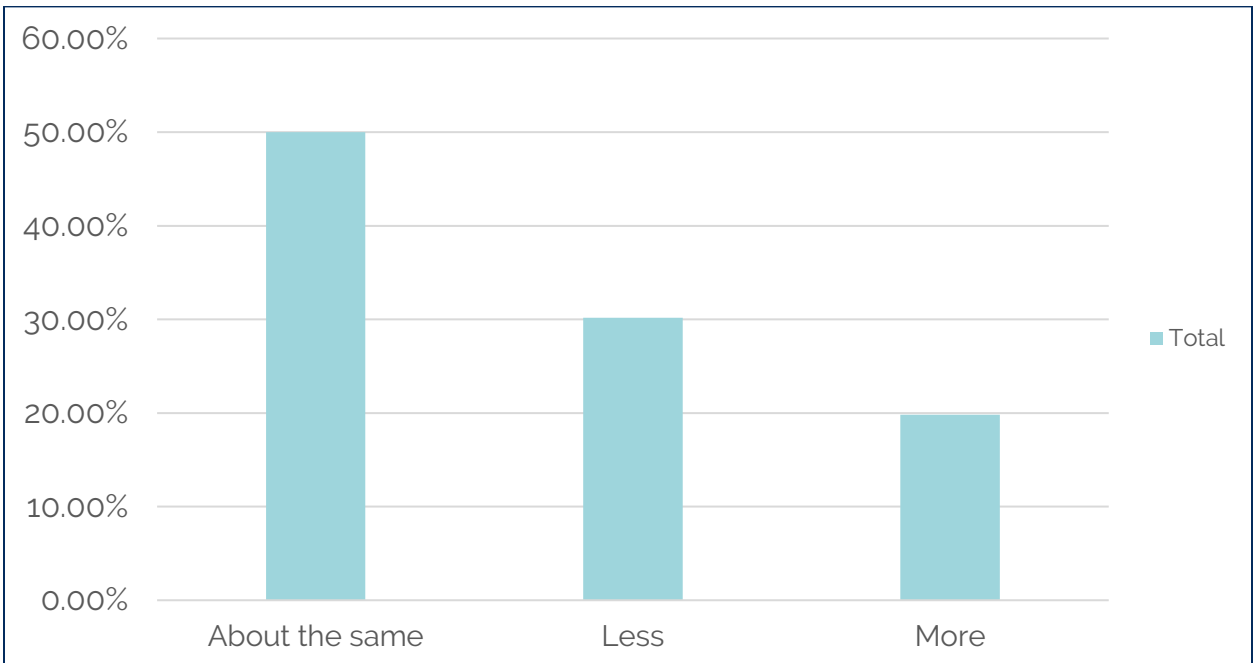


2.1.1. Highlights of the Business Responses

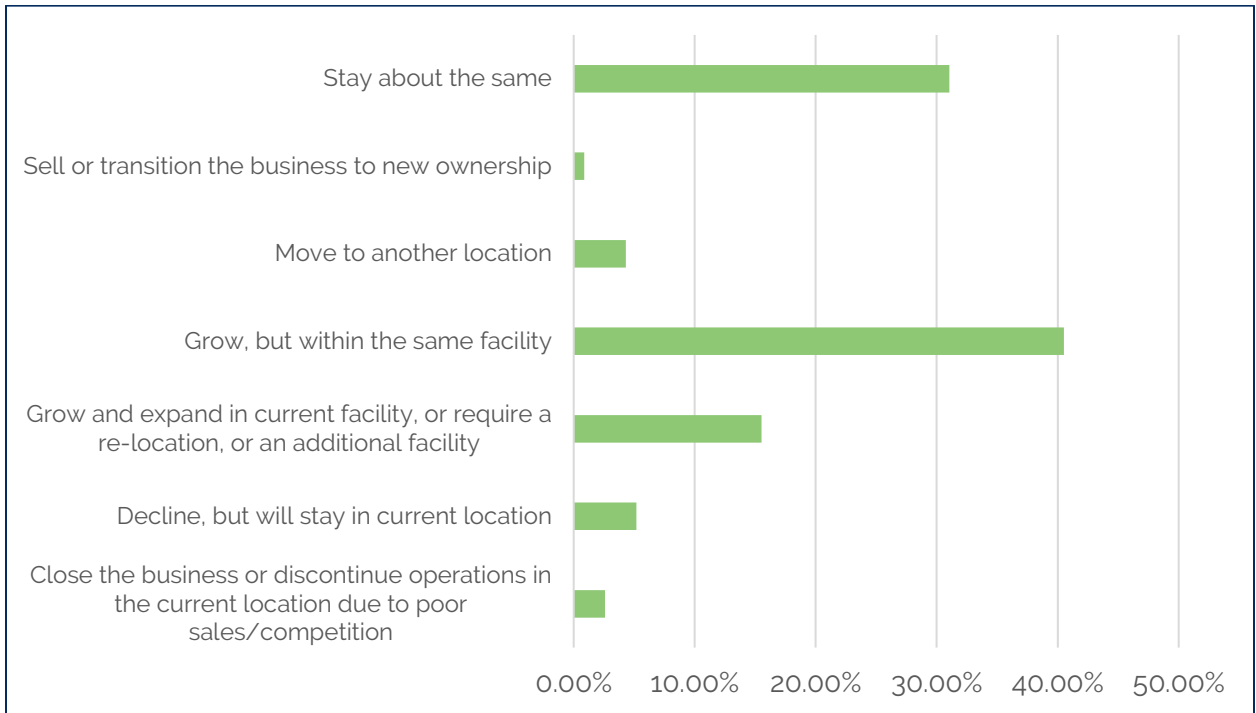
In what sector is your business?



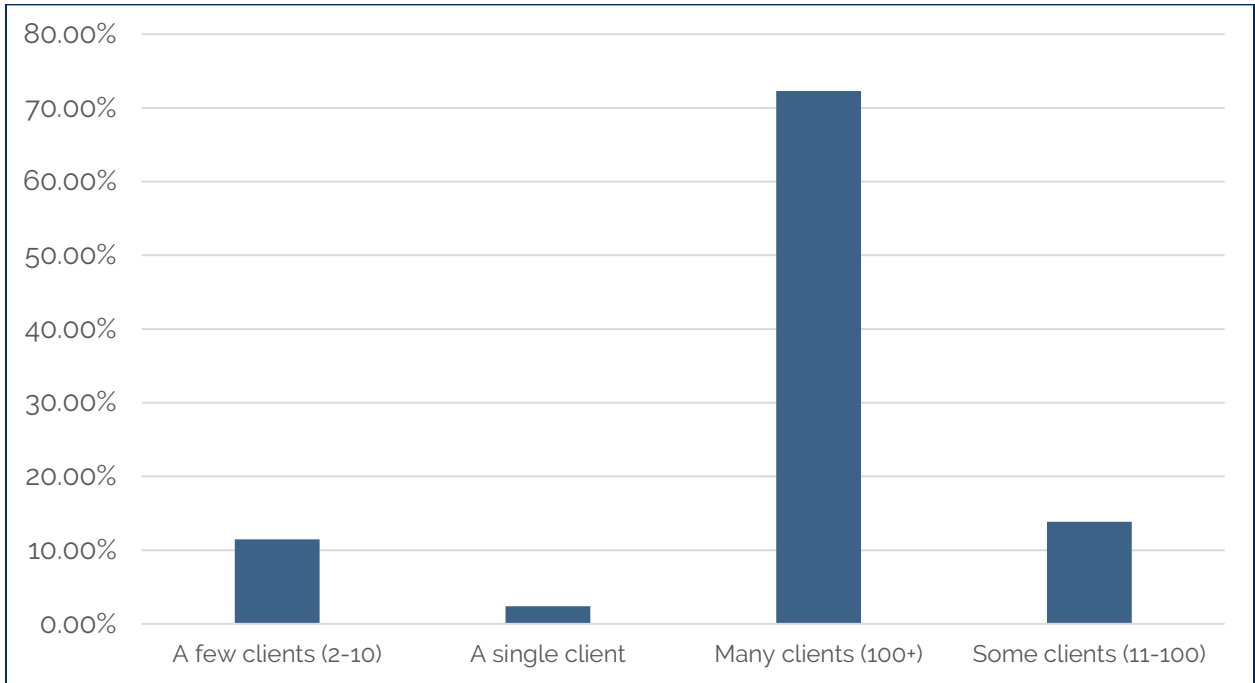
Number of employees this year versus 3 years ago:



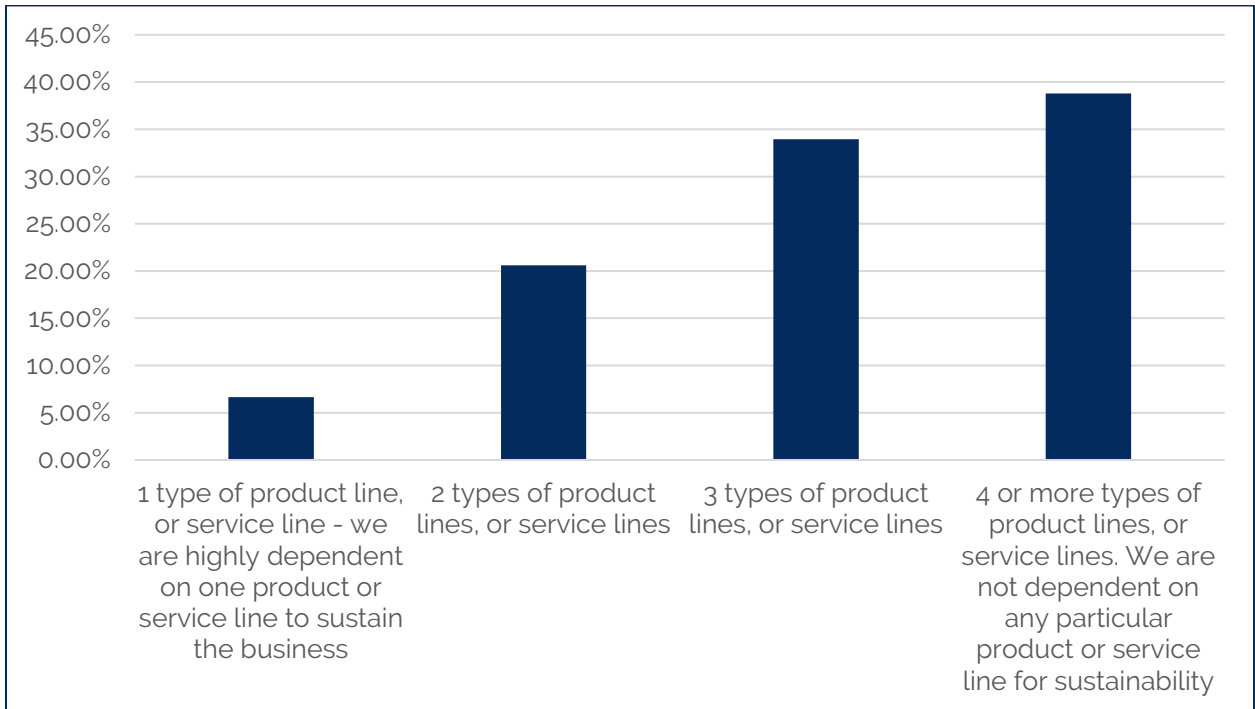
What are your plans for the coming 3 years?



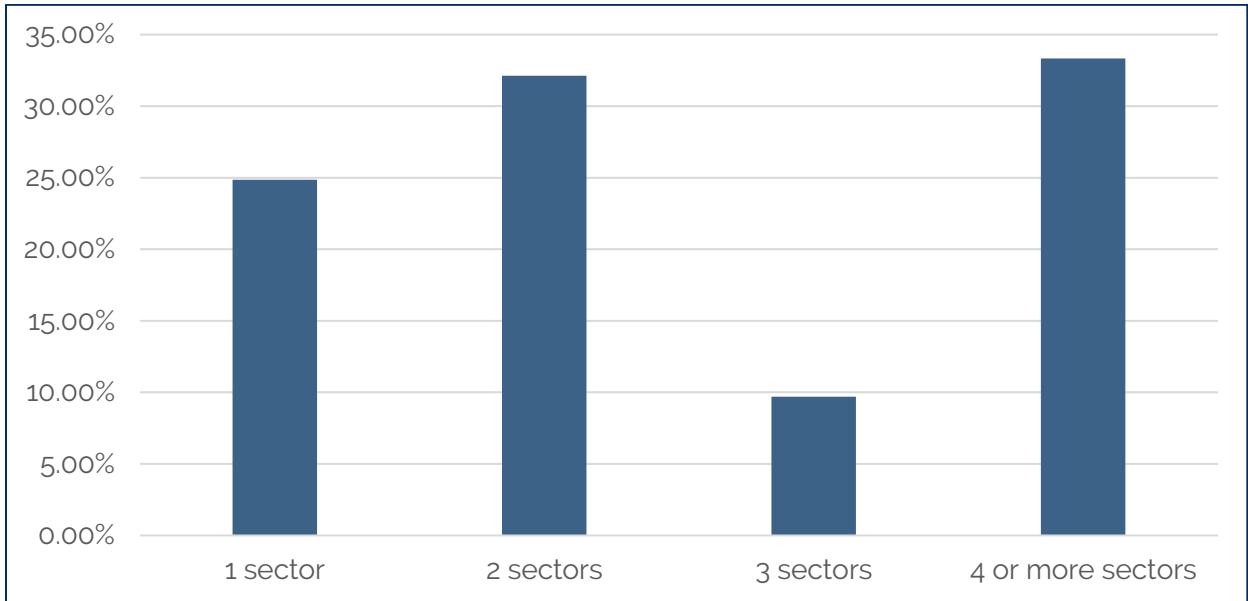
How many clients does your business serve?



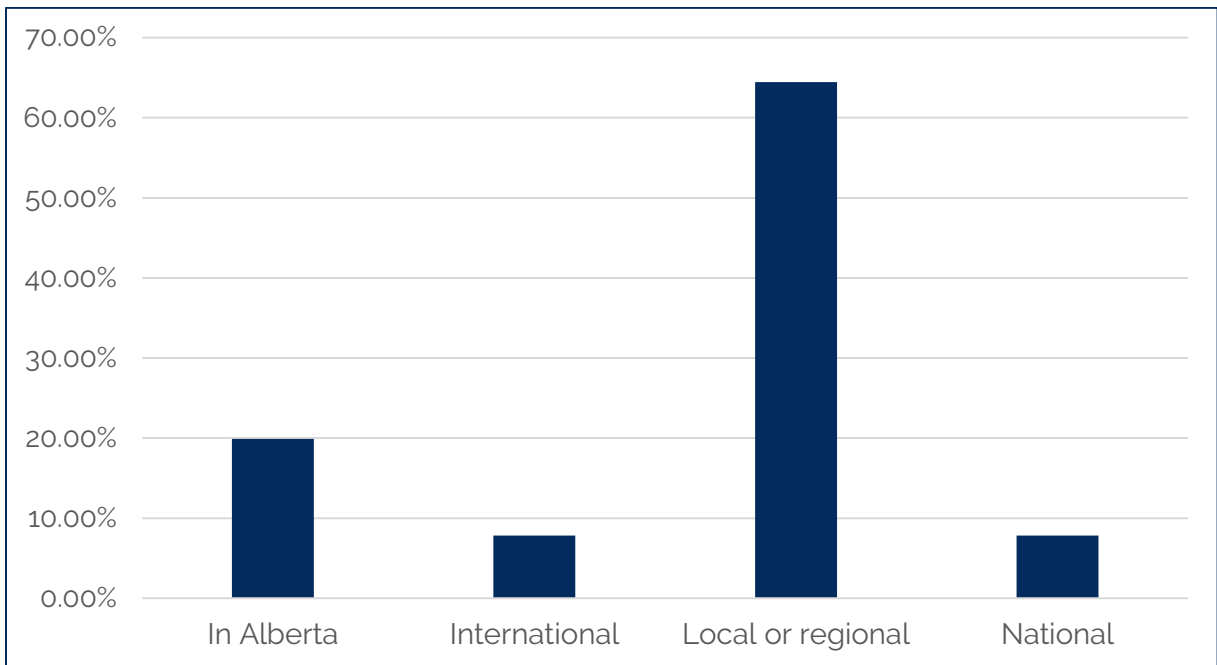
How many products or services does your business provide to clients?



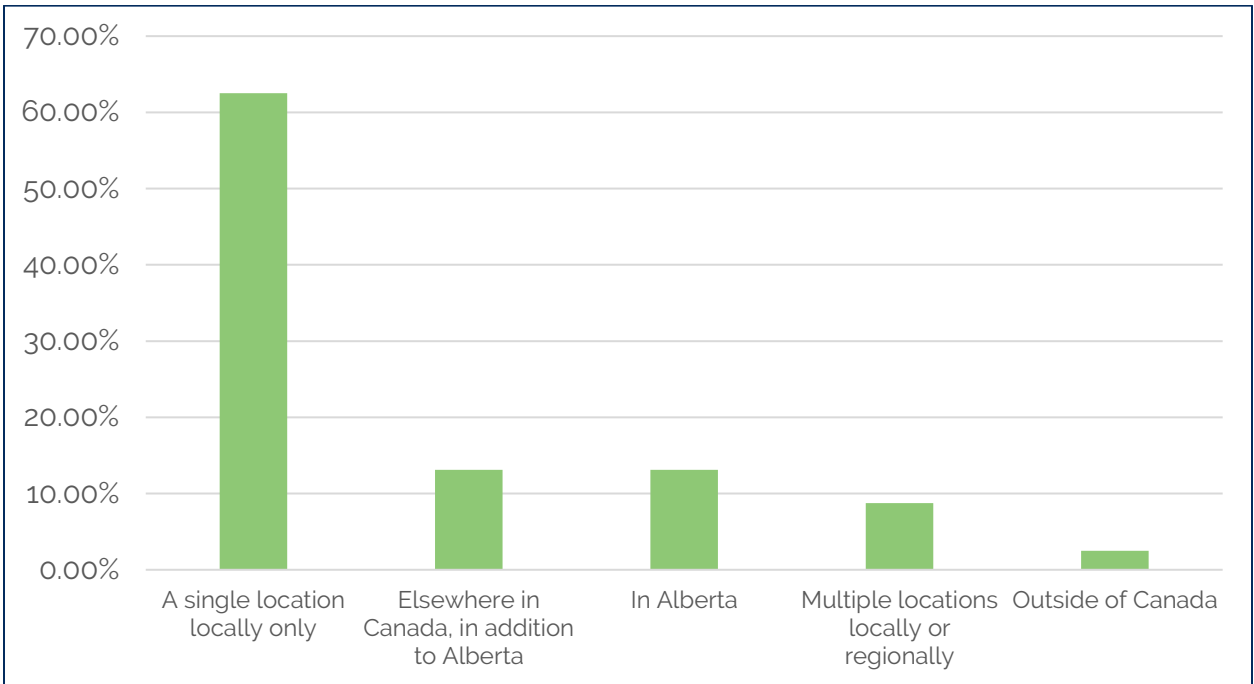
How many sectors does your business serve?



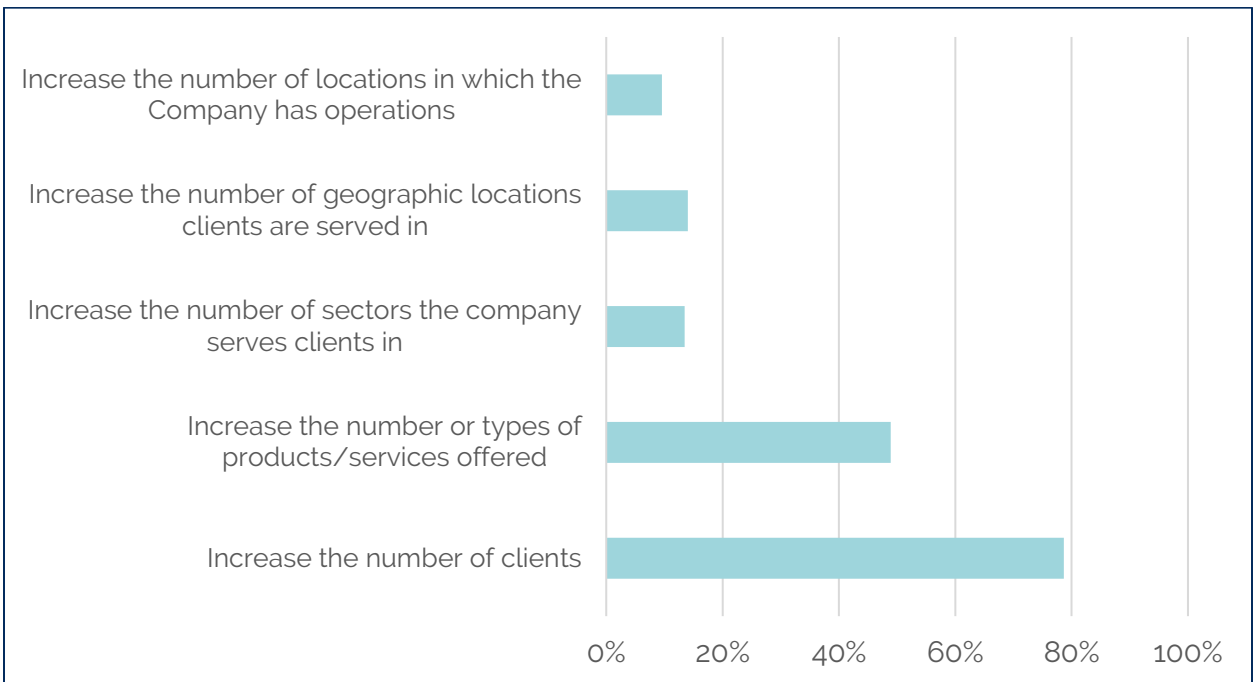
What is your business' marketing area?



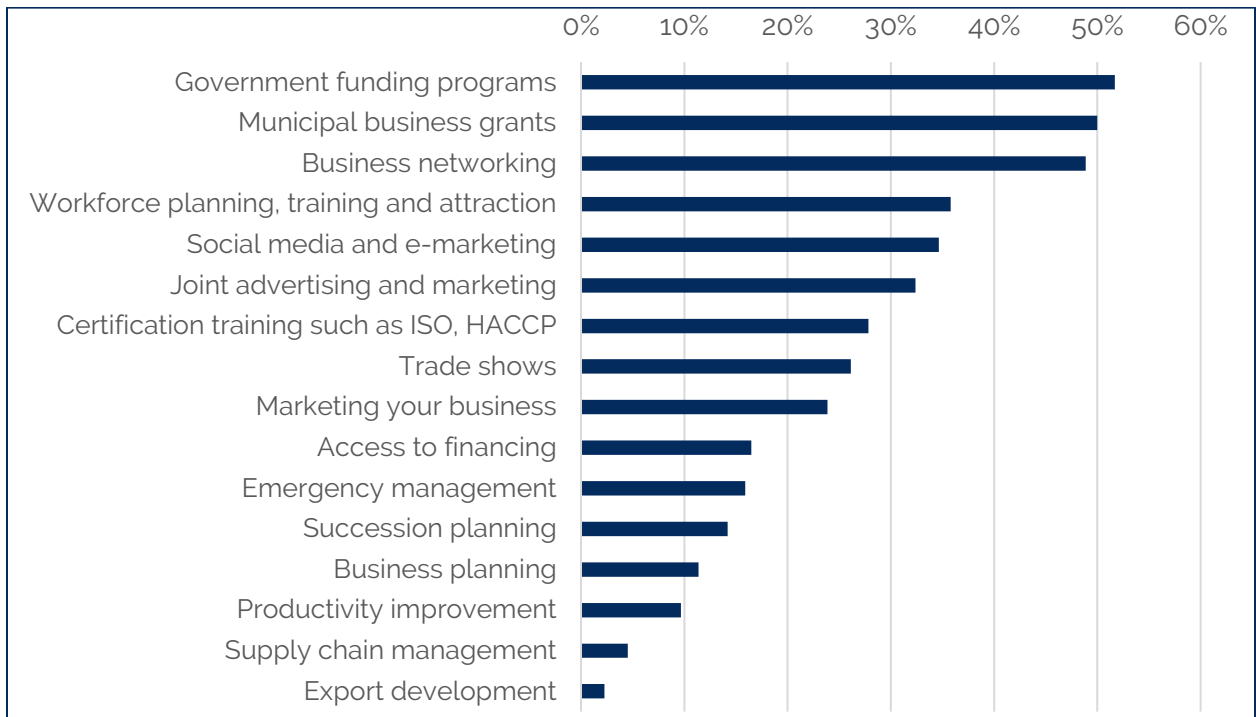
How many locations does your business have, and where?



What are your plans to diversify your business?



What type of assistance would be most valuable to your business?



3. EXECUTIVE SUMMARY OF THE SURVEYS

There were 117 businesses surveyed, the list of which was provided by the participating communities. In addition, another 63 businesses responded to the survey that was promoted by CF Yellowhead East and its partners. The sample size and geographic distribution of businesses provide a good picture of the activity and attitudes of businesses in the region.

The main economic drivers that bring wealth into the region are oil & gas related, forestry-related and agriculture sectors. There is a diverse range of other businesses that support the driving sectors and provide goods and services to regional residents, but it was noted in several interviews that there were supply chain gaps that could be provided locally.

It is interesting to note that 30% of the businesses in the sample have fewer employees than 3 years ago. Half of those surveyed have the same number and 15% have more employees. While the unemployment rate has increased in the region, there are also positive signs demonstrated by growing businesses that should be assisted where possible.

There is a large dependency on local markets and local clients, but many businesses are adjusting. Most businesses hope to add clients, but there are other diversification measures being planned such as adding product/service lines and online marketing. By merely

relying on local clients, new wealth is not brought into the region and any downturn in the local economy multiplies as both vendors and customers are facing the same negative situation. This aspect of diversification – diversification of clients, both in number and location – will be important for the CF Yellowhead East region.

Local municipalities will need to be prepared for about 50% of their resident businesses adding products or services that may place demands on utilities or require physical changes such as additions to facilities. Another 15% of local businesses may be looking for new locations to accommodate planned changes. While these trends indicate the intentions of the business owners, the actual activity may differ. Nevertheless, the intentions for planned changes indicate an opportunity for local communities provided they are ready to respond to the changing needs of their business community.

4. CF YELLOWHEAD EAST REGIONAL BUSINESS DIVERSIFICATION STRATEGY

Strategic Actions

The following themes established to promote economic diversification were derived through a rigorous process that included a thorough analysis of the region’s economic base, a review of relevant studies and documents provided at the beginning of the project, business consultation and stakeholder engagement that gained input from over 180 businesses and stakeholders. Three themes emerged as the most important in terms of achieving economic diversification in the region. Actions that would support and progress each of these themes are detailed in the overall regional strategy and consider the mandate and capacity of CF Yellowhead East.

These strategic areas of action provide a guide as to where the CF Yellowhead East and regional partners can focus their resources, Maximizing success will necessitate cooperation and collaboration from partner communities.



5. FOCUS ON TOWN OF ONOWAY

The Town of Onoway is well-located at the junction of two provincial highways with good access to the Greater Edmonton Area and the CANAMEX corridor. Rail access enables a number of businesses to be in Onoway – sending and receiving freight from a variety of markets. Growth has been slow in spite of updates to key economic infrastructure. There have been developments in the area, including a large facility near the town by Atlas Growers Ltd. but the promise of new residents has not yet materialized. Challenges in the oil & gas sector have impacted manufacturers and service businesses but adaptation is taking place slowly.

Economic diversification and transition are a natural state for any economy, but it is up to both public and private sector leadership to work together to plan for the best outcomes.

The following are based on comments from businesses interviewed:

What Makes Onoway a Great Place to Do Business?

- Friendly town – a good place to raise a family
- Residents are loyal to local businesses
- Relatively low-cost housing and commercial property
- Good access to markets/close to the Greater Edmonton area
- Close to customers / near businesses that we serve
- Growth in the area creates some optimism
- Good schools and local services
- Town and Chamber of Commerce are helpful/supportive

What Things Could Be Improved?

- Need a broader range of housing options
- Small community / limited amenities and choices for local shopping
- Improve the appearance of downtown businesses/storefronts
- Taxes seem high considering the level of service provided
- Internet quality is sketchy – expensive for what we get
- Growth has been slow
- Small market area – hard to grow here
- Economic cycles are holding the community back

Actions Suggested for Town of Onoway

- Cooperate in projects to improve Internet/telecommunications
- Work with developers to create more housing options
- Attract more people and businesses – need growth
- Keep up with local infrastructure (roads, bridges, water/wastewater)
- Assist in recruitment of new staff (many should become new residents)
- Diversify the economy (less boom and bust)
- Improve visibility and attraction from the highways – passers-by really can't see the Town or the possibilities it offers
- Improve community attractiveness (town entrance, storefronts, signage)

6. SUMMARY & CONCLUSION

The Regional Business Diversification Strategy was undertaken to assist in providing an action plan, feedback and insights into the region's individual community partners' diversification needs – i.e. what steps are needed to create a more resilient and diversified regional economy.

As a result of the action items identified, CF Yellowhead East will be leading and supporting several initiatives over the coming 3 years in partnership with GROWTH Alberta and the region's municipalities. Some of these initiatives will be implemented in the near future, while others will require additional time and funding support in order to complete. The suggestions from local businesses should assist with some practical steps that can be implemented as time and resources permit.

Hugely important to economic diversity, the project also identified that for many municipalities there would be value in making some improvements or additions to their municipal web sites. In today's investment environment, if a municipality is not on the internet, they are nowhere! A municipality's internet presence is the first thing that prospective businesses will see. It is an opportunity to make a strong first impression.

As was observed, more than a third of the businesses in the region expressed plans to make improvements to or expand their business at their current location or are seeking a new larger site. The municipal website is a perfect opportunity to showcase what is available to those businesses and other investors in the area – serviced land, businesses for sale, municipal support. Adding valuable information that businesses can readily access will increase the likelihood that investors or entrepreneurs will invest and locate in the community. Simple things such as, identifying a contact person, that includes a picture and contact information, will help investors to access the information and services they will need.

CF Yellowhead East will be assisting with resources and tools to help businesses to identify and find solutions they may need as part of their plans. CF Yellowhead East will continue to work with each of its communities to implement some of these identified action plans and will continue to update all those involved as it moves forward.

The CF Yellowhead East is a community-driven, non-profit organization staffed by business professionals and guided by a volunteer Board of Directors that represent all the member communities, including the Town of Onoway. They provide a wide range of small business services and business management tools for people wanting to start, maintain, expand, franchise or sell a business. In addition, they offer specialized business programs, organize business events and actively work with community and business leaders to foster economic growth.

Given the importance of small business to Canada and the region's changing economy, one of the primary focuses of the Community Future organizations is to foster entrepreneurial development by providing both financial and technical support to new and existing small

businesses. Community Future organizations utilize their loan investment funds to achieve the strategic objectives established by their Boards with input from the communities they serve. CF Yellowhead East supports entrepreneurs with training and advisory services to strengthen their business management skills. community partners and Chambers of Commerce help to identify local needs and interests.

CF Yellowhead East has been able to lead this project thanks to the support of the provincial CARES (Community and Regional Economic Support) program, GROWTH Alberta and communities in the region who saw the value in working together to support the diversification and adaptation efforts of the region's businesses.

Together, the CF Yellowhead East region stands to accomplish much more in terms of economic growth and prosperity, achieving results more efficiently and effectively. This project has responded to a common challenge and concern – addressing the long-term economic resiliency of the region – and will hopefully result in continued and increased collaboration towards that goal. When an investment comes to any community in the region, it is a win for the entire region as the regional economy is so inter-dependent.