

Boomtown or Hometown?

ACTIMS AGM

July 24, 2013

Miskanaw Room, Mac Donald Island Park

Michael Evans

Executive Director, Government Relations



REGIONAL MUNICIPALITY
OF WOOD BUFFALO

Anzac • Conklin • Fort Chipewyan • Fort Fitzgerald • Fort MacKay • Fort McMurray • Gregoire Lake Estates • Janvier • Mariana Lake • Sapræ Creek

WHY WOOD BUFFALO?

Fort McMurray

Edmonton

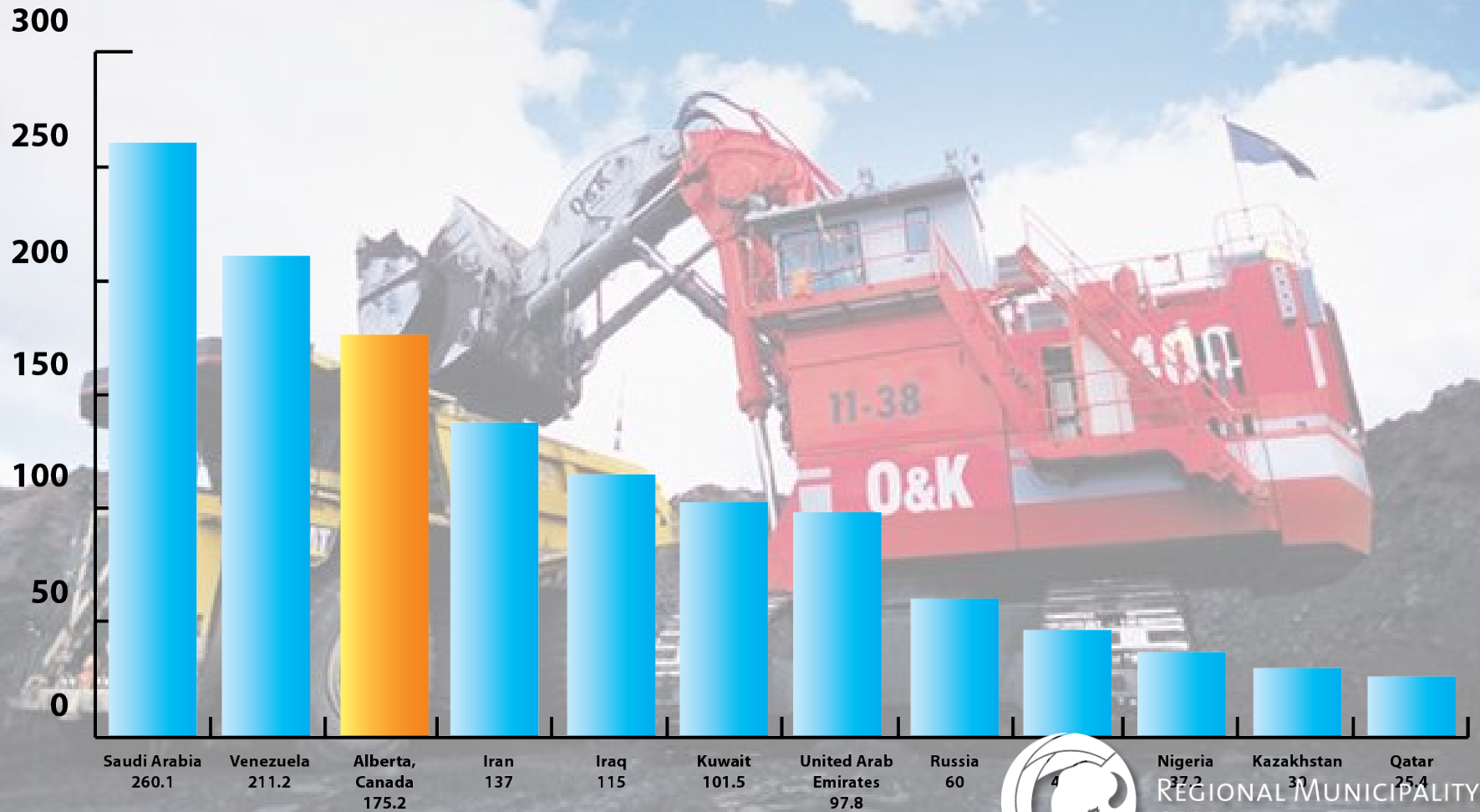
Calgary

- 57°
- 57° north – more than halfway to the North Pole and Santa`s workshop.
- 435 km northeast of Edmonton.



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THIRD LARGEST GLOBAL OIL RESERVE

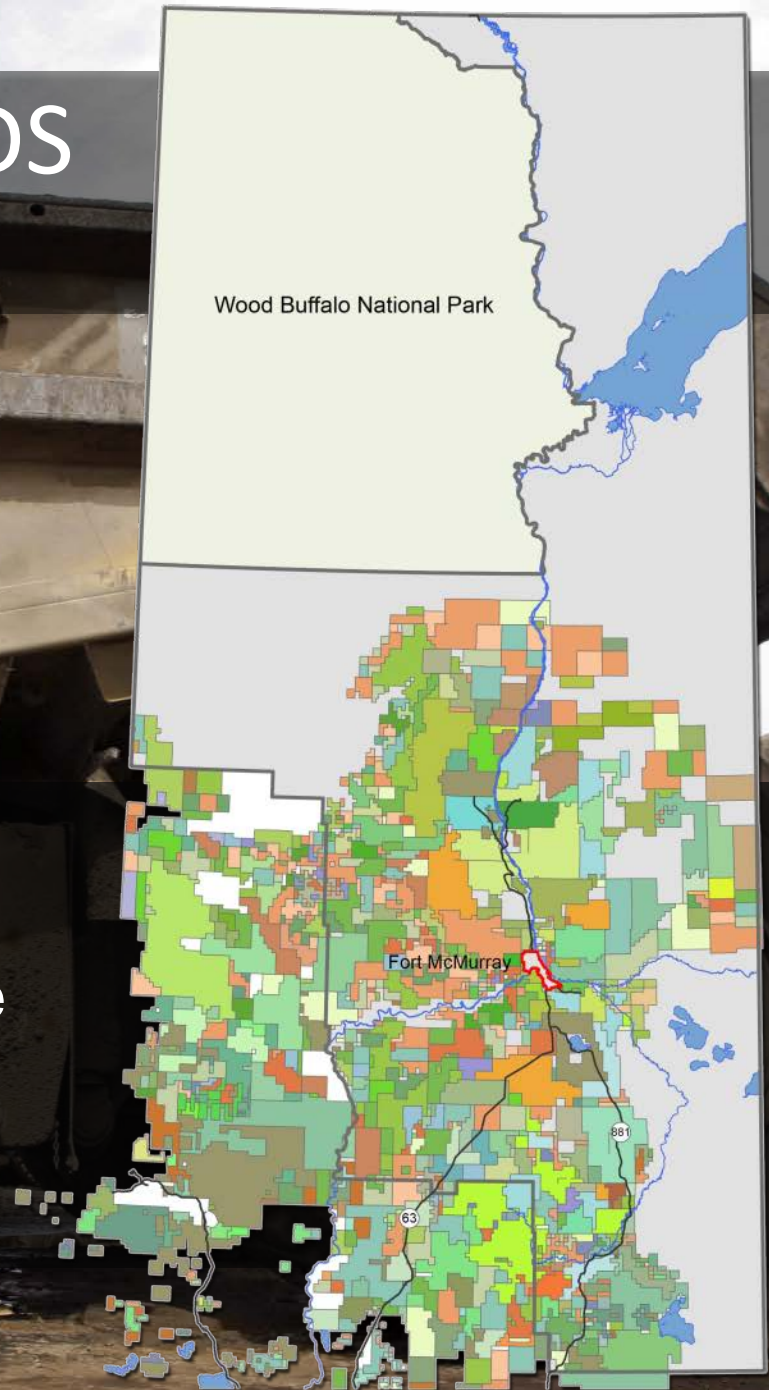


ATHABASCA OIL SANDS LEASE AREA

The oil sands industry is responsible for 48 per cent of the region's employment and 96 per cent of investment.

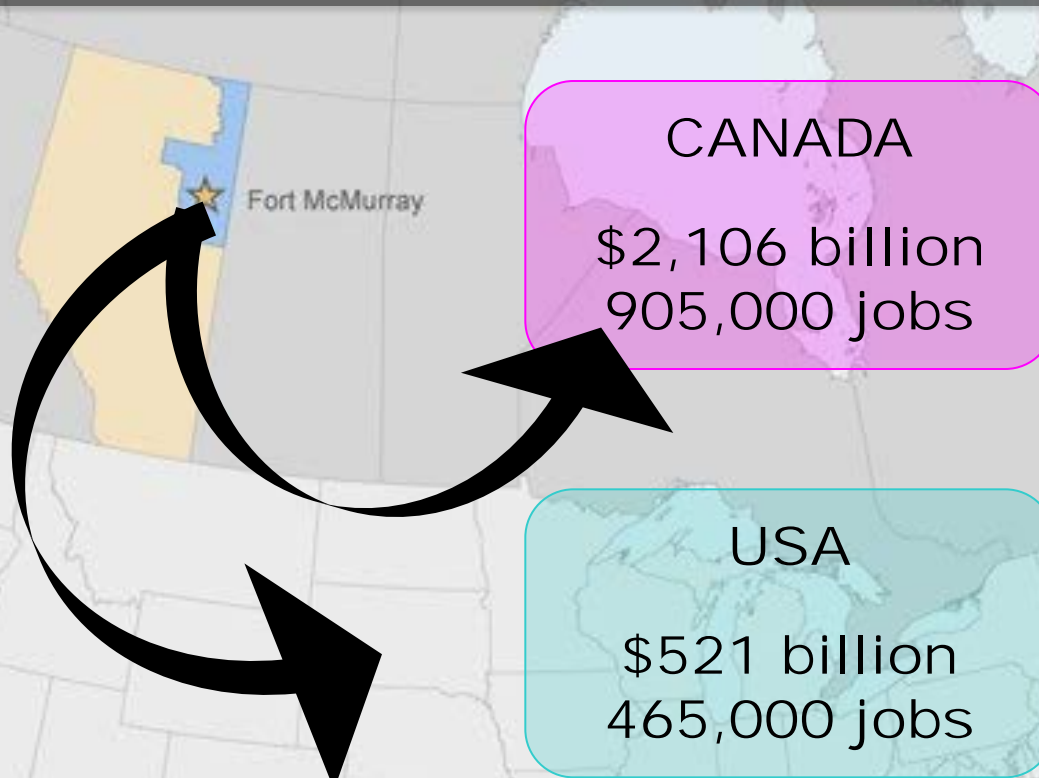


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ECONOMIC IMPACT OF OIL SANDS DEVELOPMENT TO 2030

GDP impact of oil sands investment and operations is estimated to be over \$1.9 trillion *in Alberta alone*.



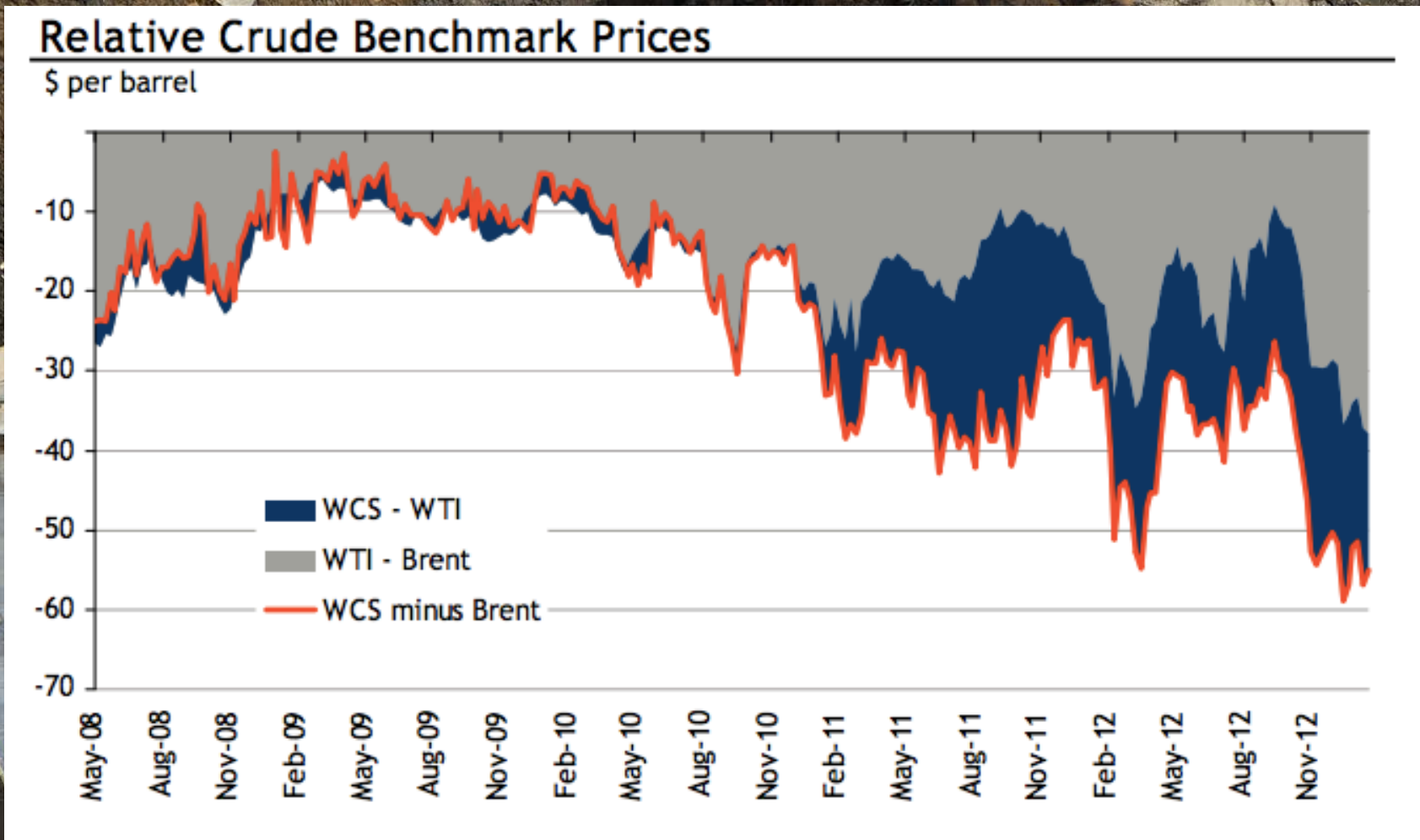
OIL SANDS BY THE NUMBERS

Overview

Status	Number of Projects	Number of Phases	Capacity (bpd)	Construction Workforce Total (person Years)	Operational Workforce per Year (person years)
Operating	15	26	1,706,590	60,125	13,010
Under Construction	10	10	479,150	11,578	1,408
Approved	19	37	2,401,009	83,924	11,219
Application	25	39	1,635,200	69,082	8,071
Announced	22	35	1,762,000	55,147	6,930
Total	91	147	7,983,949	279,856	40,638
Future Growth	66	111	5,798,209	26,220	26,220



THE "BITUMEN BUBBLE"



Source: RBC – Macroeconomic impact of the WCS/WTI/Brent crude price differentials

NATIONAL ECONOMIC ENGINE

Fort McMurray

Edmonton

Calgary

- Some analysts estimate that the oil sands account for nearly 10 percent of Canadian GDP.
- \$64B – equivalent to $\frac{1}{4}$ the TSX – is spent in WB annually.
- Employment extends coast-to-coast.
- Manufacturing focused in central Canada.
- A national unity project?



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MUNICIPAL STANCE ON OIL SANDS

- *Not* opposed to oil sands development.
- Development must be environmentally responsible.
- Development must consider *all* people living in this region.



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POPULATION

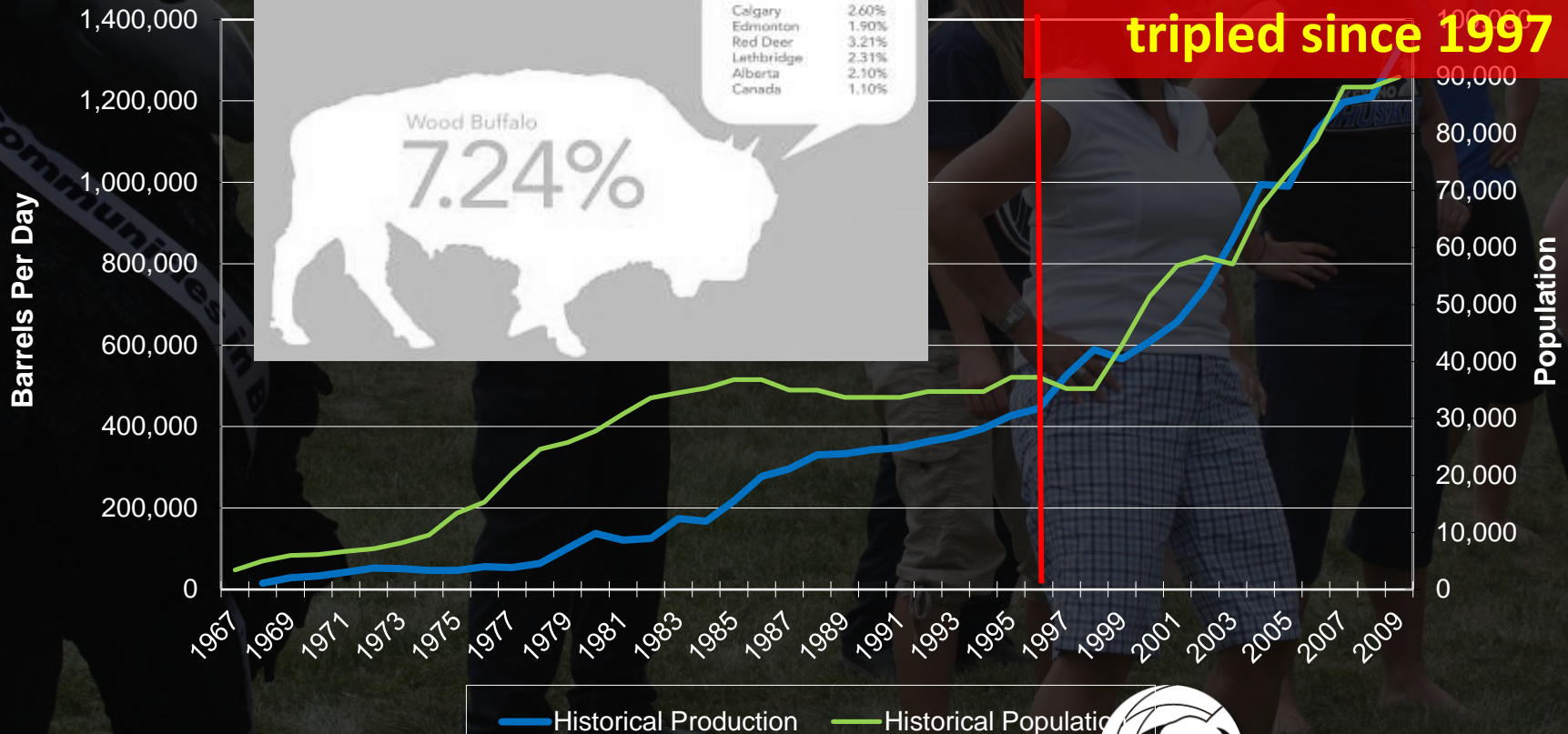
HISTORIC POPULATION AND OIL SANDS PRODUCTION

Annual Growth Rate
(10 Year Average)

Calgary	2.60%
Edmonton	1.90%
Red Deer	3.21%
Lethbridge	2.31%
Alberta	2.10%
Canada	1.10%



2012 Municipal Census
119,000 residents;
tripled since 1997



— Historical Production — Historical Population



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HOUSING AND HOMES

Location	2 Bedroom Avg. Rental	Avg. Single Detached House
Medicine Hat	\$694	\$279,396
Edmonton	\$1,036	\$393,471
Calgary	\$1,113	\$489,271
Toronto	\$1,164	\$634,652
Vancouver	\$1,210	\$961,000
Fort McMurray	\$2,031	\$759,501

* CMHC, June 2012



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3 BEDROOMS IN FT. McMURRAY

MLS®: 50655960

For Sale



DRIVING DIRECTIONS



MORTGAGE CALCULATOR



PRINT



E-MAIL TO A FRIEND



More

Add To My Favourites

Add to Compare

Building Type : House

Bedrooms : 3

Bathrooms : 2

Bathrooms : 1

Floor Space : 2144 sqft

Storeys : 2

Built in : 2012

Land Size : 6495|under 1 acre

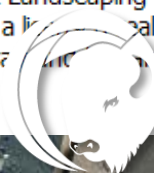
Title : Freehold

Location : 109 PINTAIL Place
FORT McMURRAY, AB T9K 0R1

For Sale: \$929,900

General Description

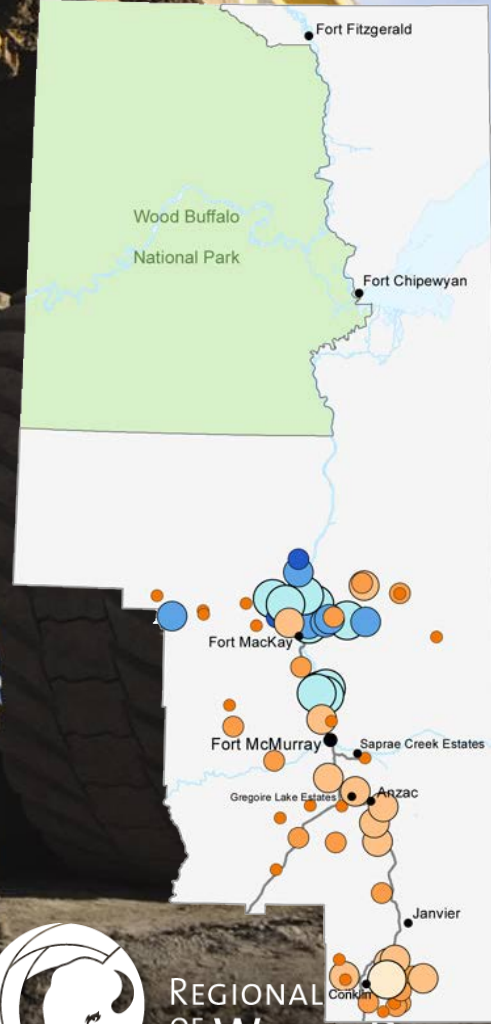
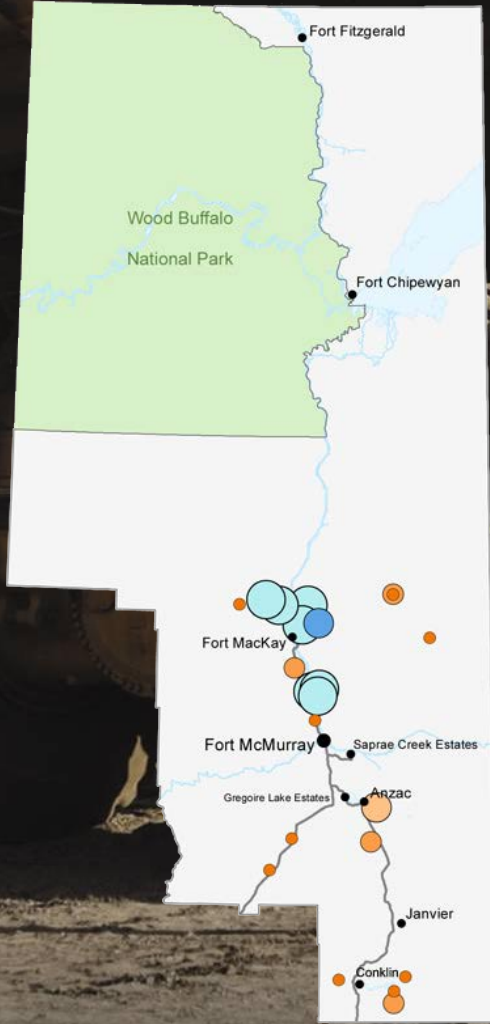
This brand new 2 storey walk out boasts hardwood and ceramic flooring, Large Kitchen with island, Walk Thru Pantry, Espresso Stained Raised Maple Cabinets, Crown Mouldings, and Granite Countertops. Other features include a main floor family room with corner gas fireplace, Huge Bonus Room on the 2nd level, a Large Master Bedroom with Jetted Tub and Separate Stand up Shower, Main Floor Laundry, In Floor Heat in the Basement and Garage, Rear Deck, \$5000 Appliance Credit, Concrete Driveway/Sidewalk, Front Landscaping and a Separate Entrance to the Basement. The vendor discloses to the purchaser that Tim Walsh is a licensed real estate broker in the province of Alberta with Walsh Real Estate 2010 Ltd. o/a RE/MAX Fort McMurray and has an interest in the vendor.



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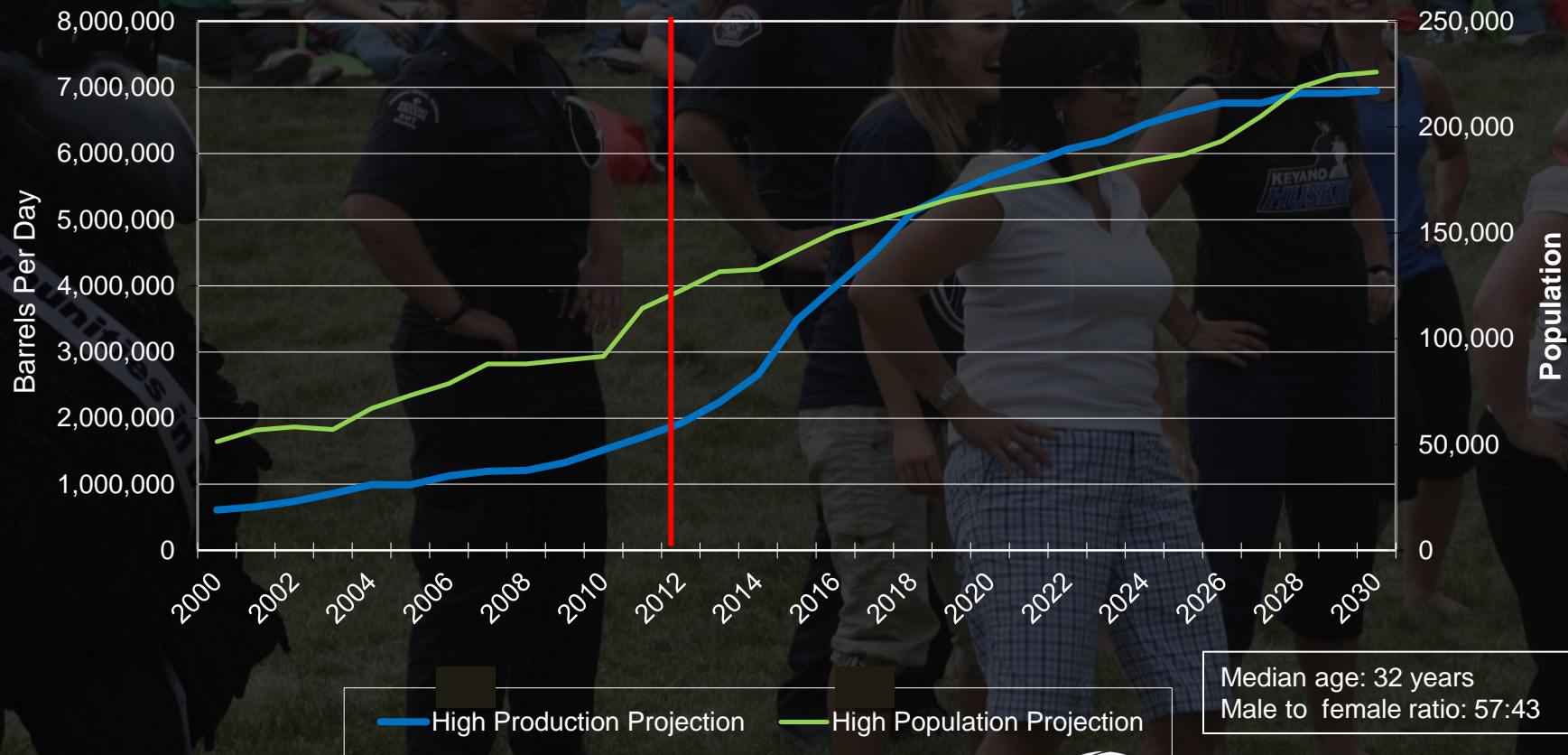


OIL SANDS INVESTMENT IN 2000, 2012 AND 2030



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POPULATION, REAL & PROJECTED



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LABOUR ATTRACTION/NEW RESIDENTS

- Of the Top 20 reasons people choose a home, “commute time” ranks 15th behind personal safety, schools, health care, arts and culture, cost of living, recreation and income spread.
- But 60 minutes is typically the tolerable commute maximum.
- Our strategy must include:
 - providing a world-class medium-sized city with a quality-of-life equal to or surpassing that available anywhere in Alberta; and
 - improvements to housing affordability and transportation to make permanent residency more attractive – plus the 4Rs.

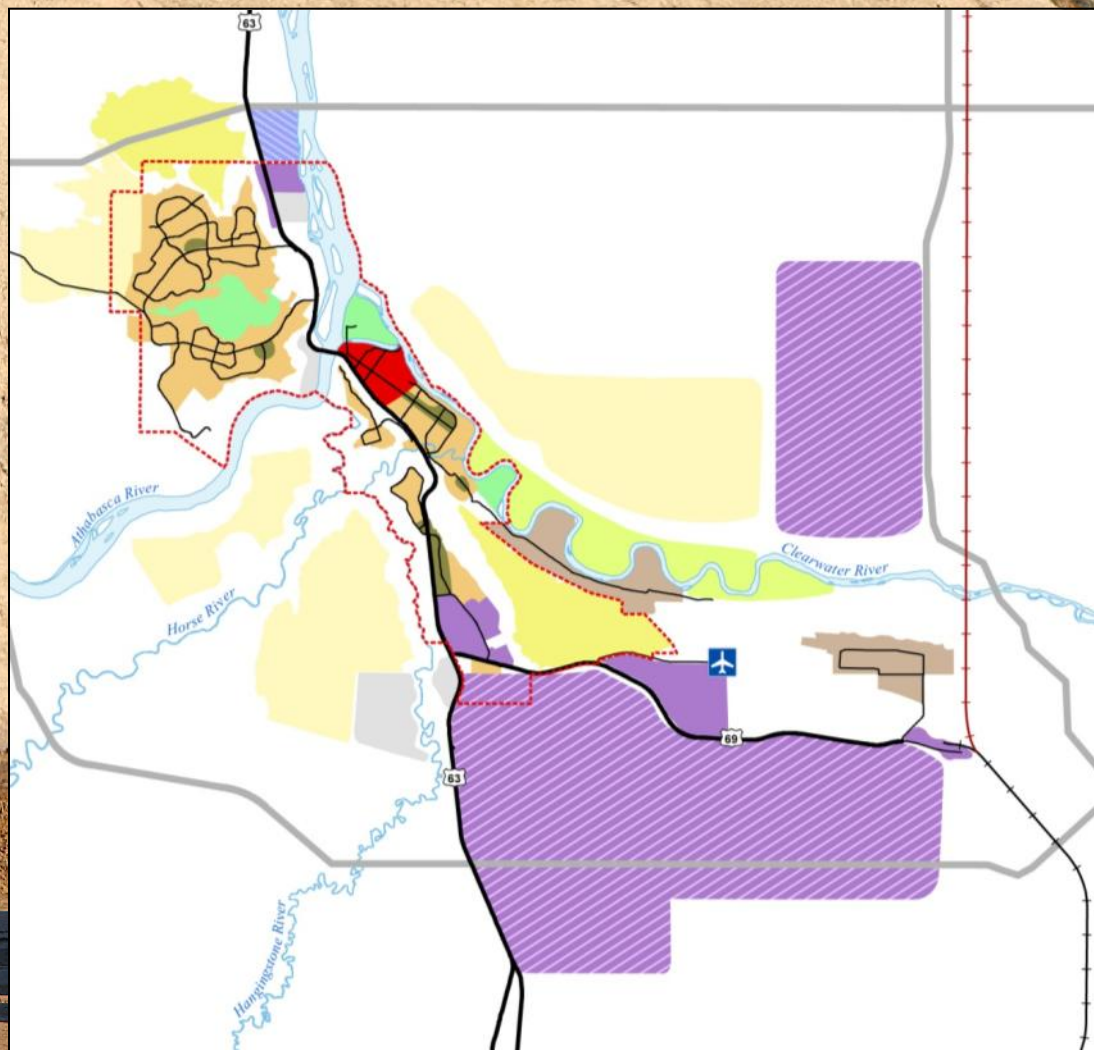


CREATING A HOMETOWN

- Infrastructure improvements, 2006 and ongoing.
- GoA's "Radke" report recommendations and \$2.5B special purpose funding, 2008 and ongoing.
- Comprehensive Regional Infrastructure Sustainability Plan (CRISP), 2010.
- MDP - Municipal Development Plan, 2011.
- CCAP - City Centre Action Plan, 2012.
- Neighbourhood intensification and new neighbourhoods.
- **Urban Development Sub-Region.**
- "Roads, recreation, restaurants and retail."



CHALLENGES – LAND



- New MDP set stage for development for 20-30 years.
- More commercial and industrial lands.
- East and west bypass.



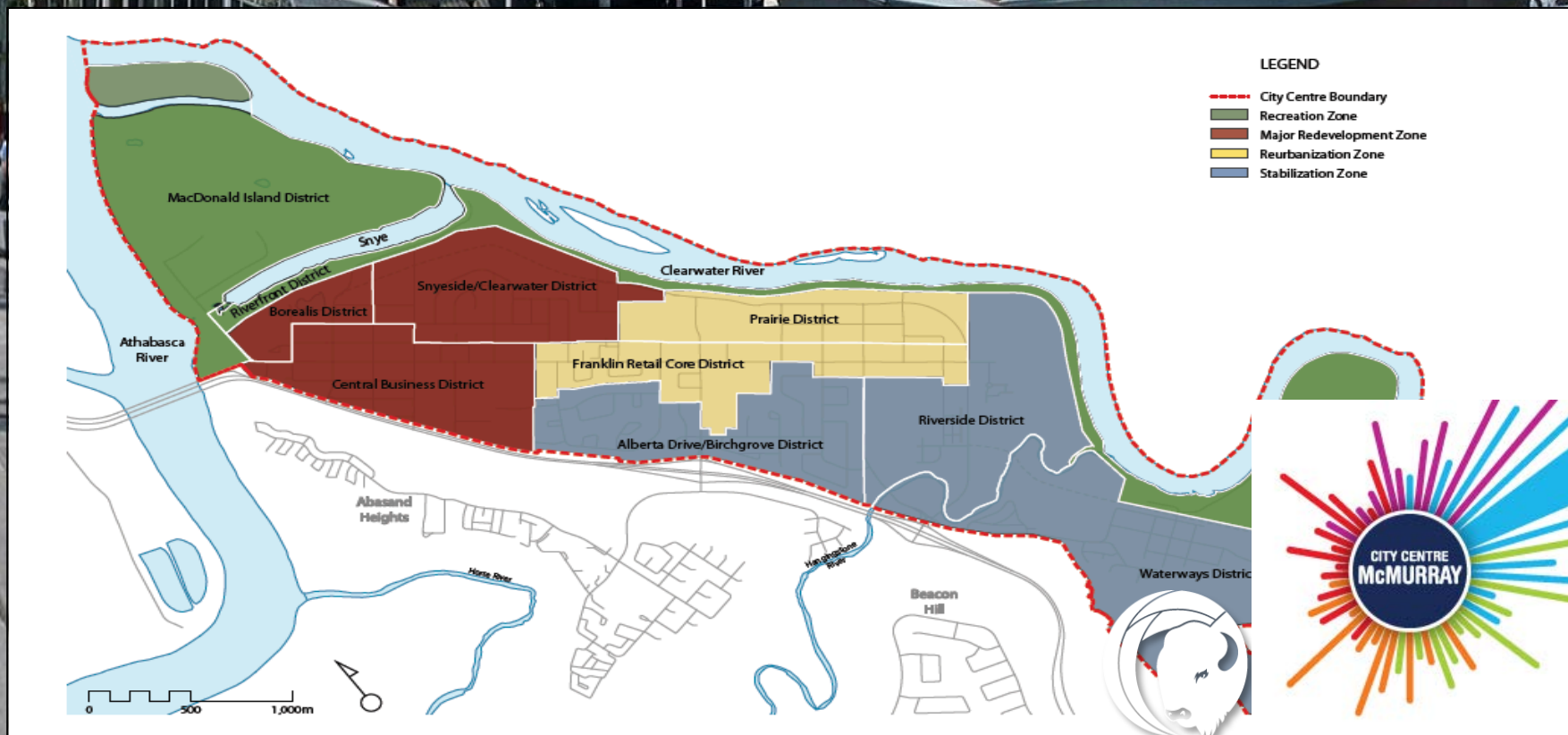
CHALLENGES – LAND

- Proposed Urban Development Sub-Region (UDSR) will accommodate population growth to 200,000 residents as required by the population model.
- UDSR will provide certainty to the Municipality and to industry: it will distinguish between urban and oil sands development in perpetuity.
- UDSR will ensure that companies can recruit and retain *operational workers* in Wood Buffalo.



CITY CENTRE ACTION PLAN

Up to \$2B public investment to leverage another \$15-20B in private investment to create an community that offers a rich quality of urban life – “recreation, restaurants, retail” and more.



MacDONALD ISLAND EXPANSION

An architectural rendering of the MacDONALD ISLAND EXPANSION. The image shows a large, modern stadium with a green field and a curved seating bowl. A prominent feature is a large, cylindrical, multi-story structure with a glass facade, which appears to be a new addition to the stadium. The stadium is surrounded by trees and a paved walkway. The overall design is modern and sleek.

Ground breaking occurred last month



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NEW AIRPORT TERMINAL

Opens June 2014

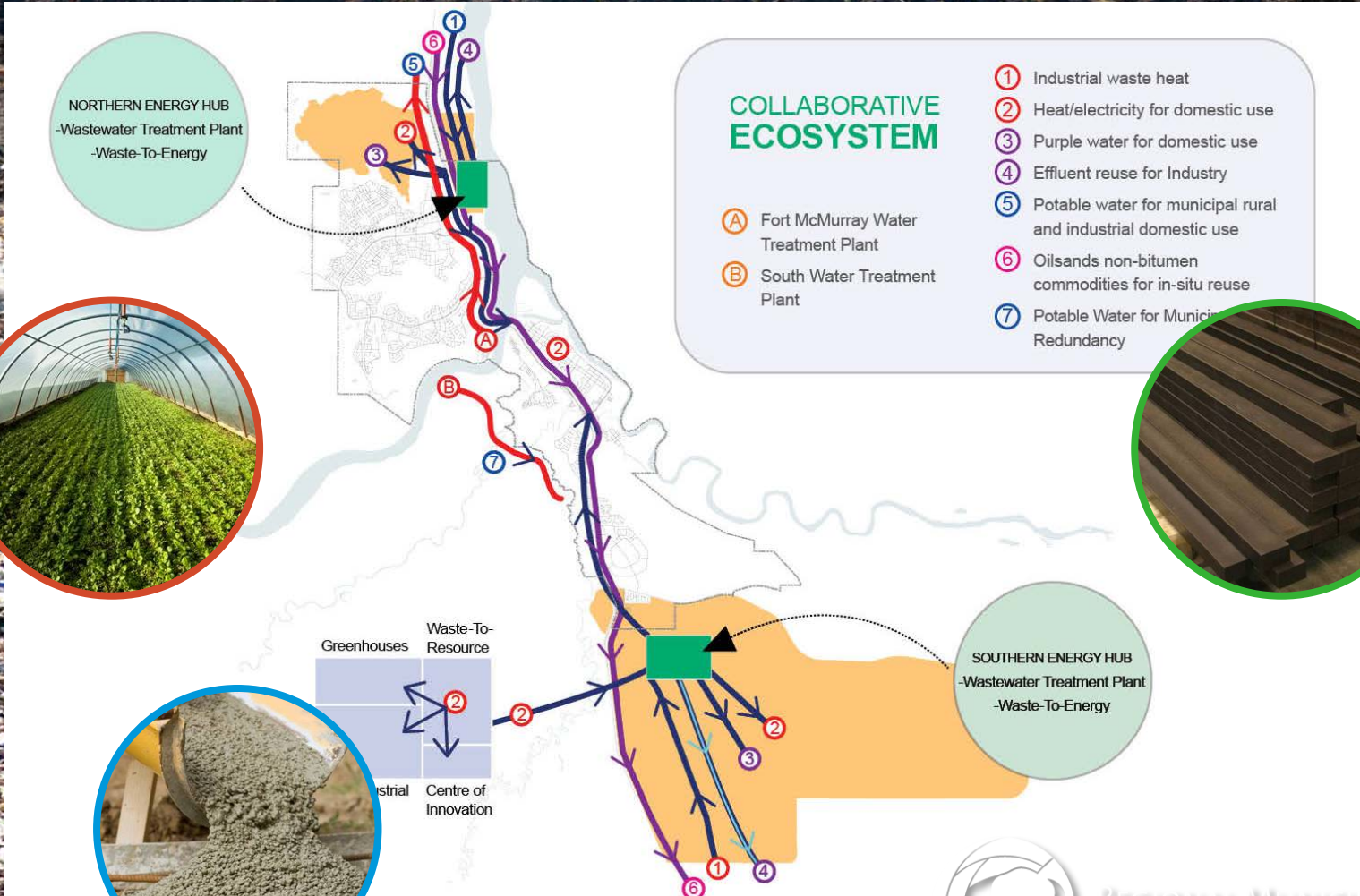


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@YMM

ZERO WASTE REGION

COLLABORATIVE ECOSYSTEM





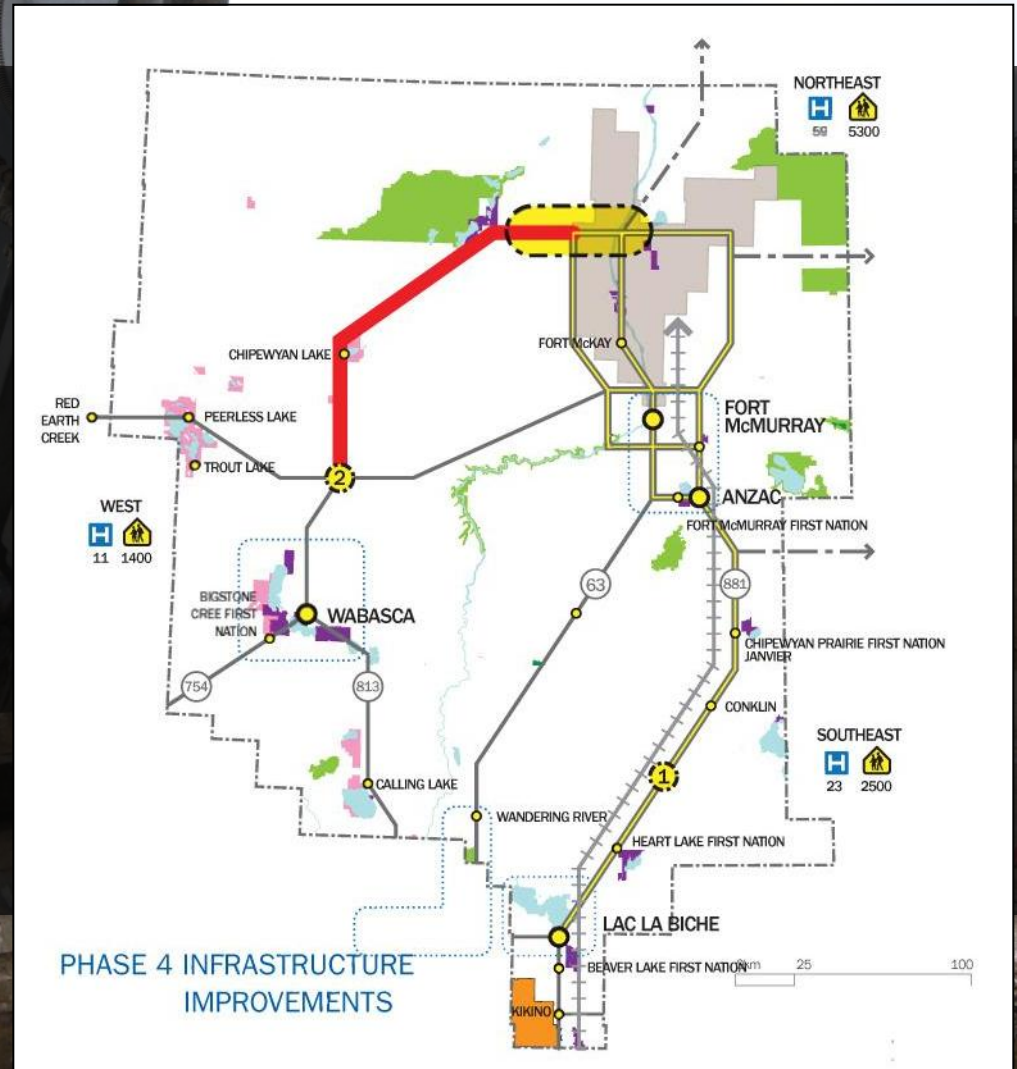
CHALLENGES – TRANSPORTATION

- Efficient use of available land requires adequate transportation access
- Interconnected roads, rail and air.
- Must be built before the need is evident.
- Need proactive provincial response.
- Province insists on a funding role for industry in current fiscal environment.



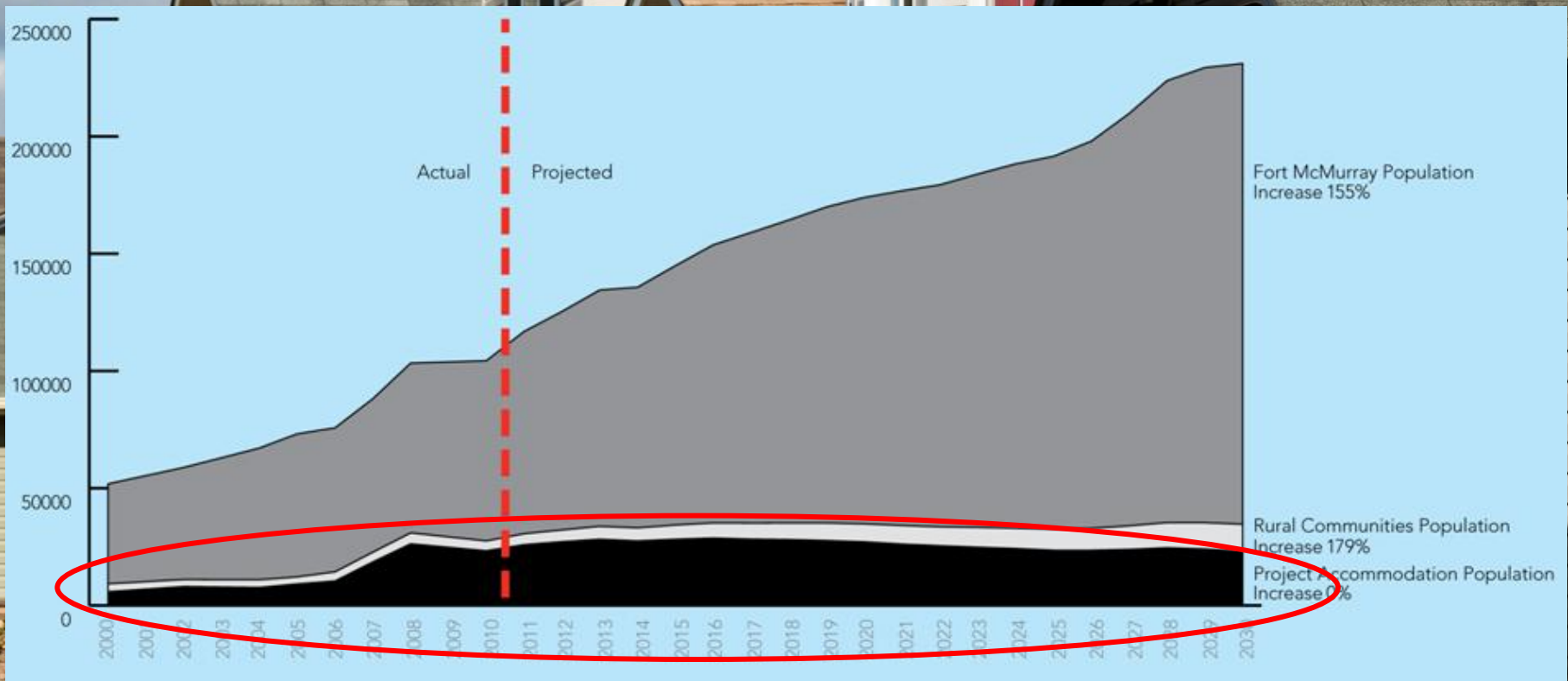
CRISP

- \$8-10 billion required in transportation (including air traffic), water/wastewater, education and health service infrastructure
- “New town(s)” proposed.
- UNFUNDED.



REGIONAL GROWTH

REGIONAL POPULATION DISTRIBUTION OVER TIME (2011)



CAMP POPULATIONS

<u>Date</u>	<u>Project accommodations</u>	<u>Capacity (beds)</u>
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Industry consistently reported <25,000 workers in camp accommodations up to 2011.

July 2011	113 existing 83 visited by RMWB staff	64,224
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July 2012	102 existing 14 pending approval	75,537 7,288
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Existing and pending by September 2012	112	82,374
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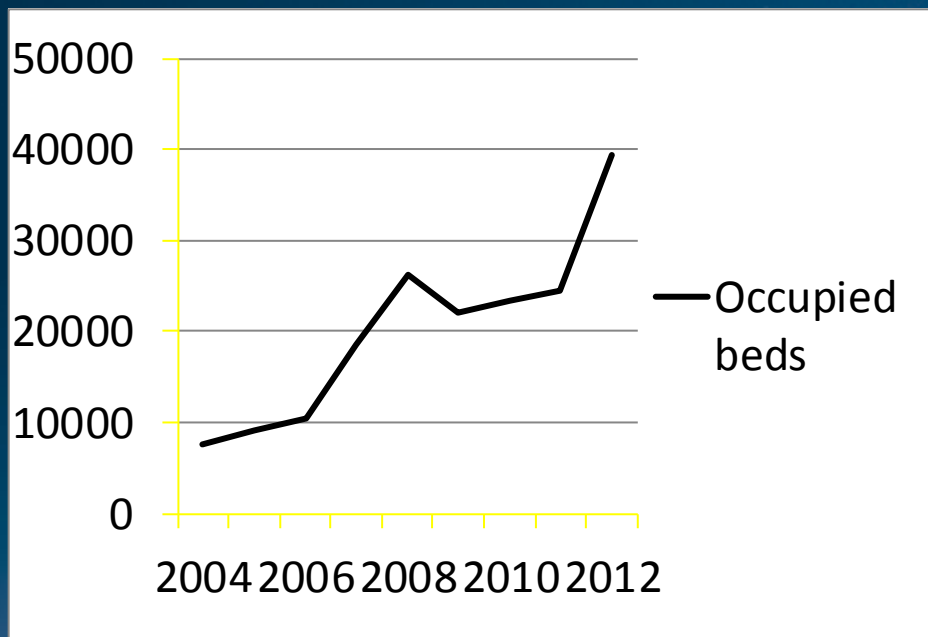
Municipal Census 2012 identified 39,271 people in project accommodations



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CAMP POPULATION GROWTH

- Work camp occupancy up 411% over 8 years – 7,678 in 2004 to 39,271* in 2012.
- Rapid increase began about 2005-06.
- Non-permanent residents now account for 40% of the total population.

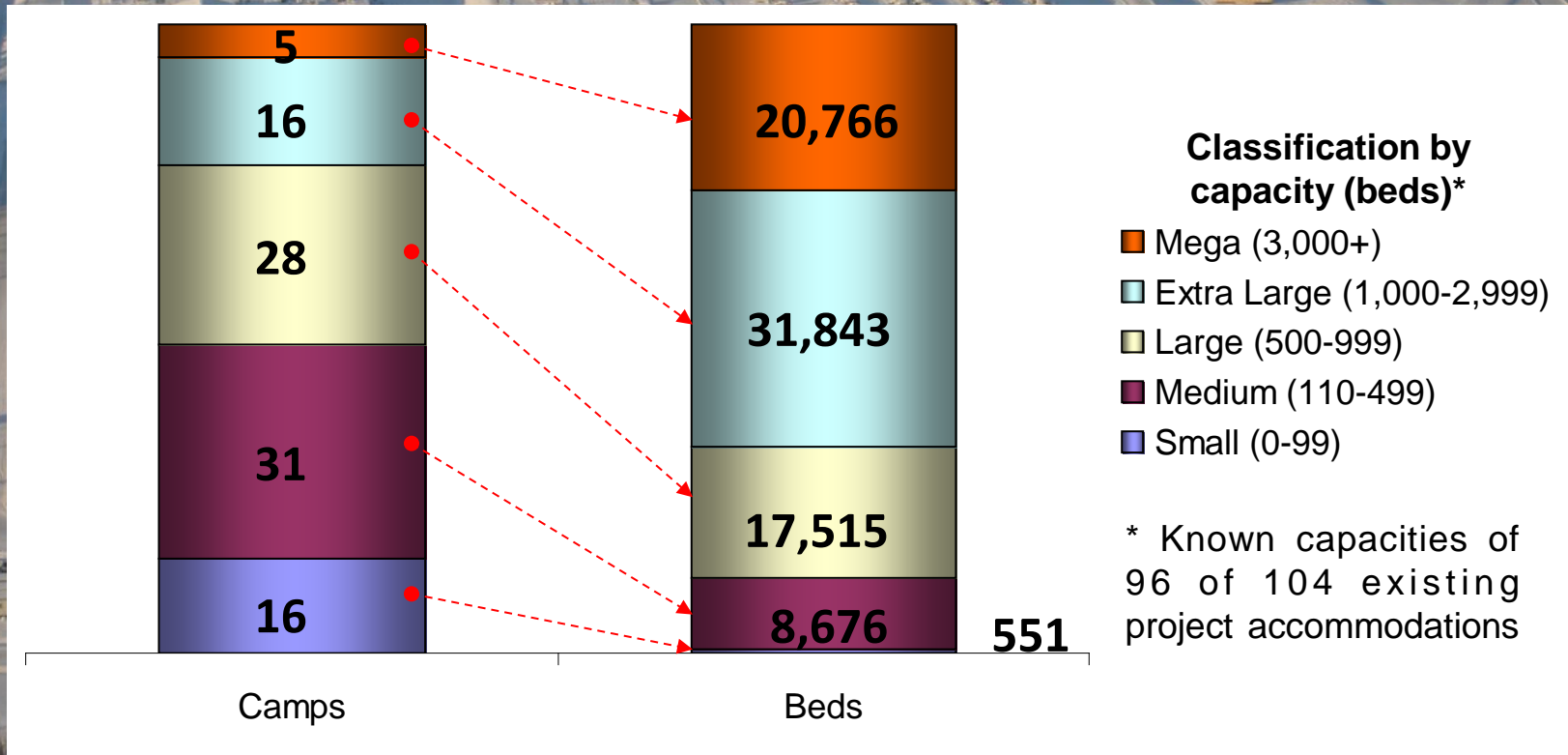


CAMP POPULATION AS % OF GROWTH

	2002	2005			2012		
	Population	Population	Growth (02-05)	Share of Total	Population	Growth (05-12)	Share of Total
Ft. McMurray	47,240	60,983	13,743	92.5%	73,666	12,683	29.3%
Work Camps	8,063	9,178	1,115	7.5%	39,271	30,093	69.6%
Total Pop	58,317	73,176	14,859	100.0%	116,407	43,231	100.0%

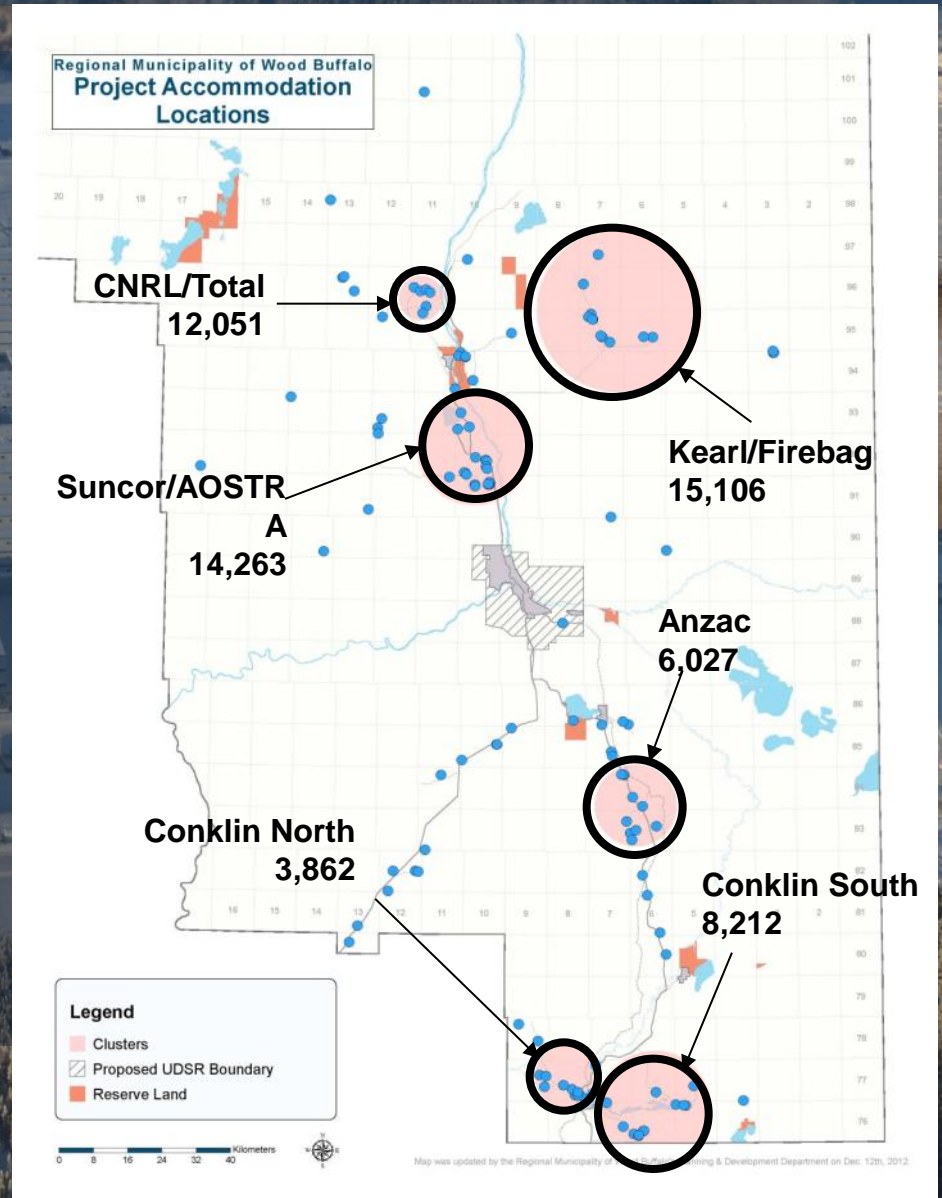


APPROVED CAMPS BY SIZE



CAMP DISTRIBUTION

- Obviously, camp accommodations are clustered around oil sands operations.
- Do these represent the “new town(s)” postulated by CRISP?
- What are the implications of unregulated growth?

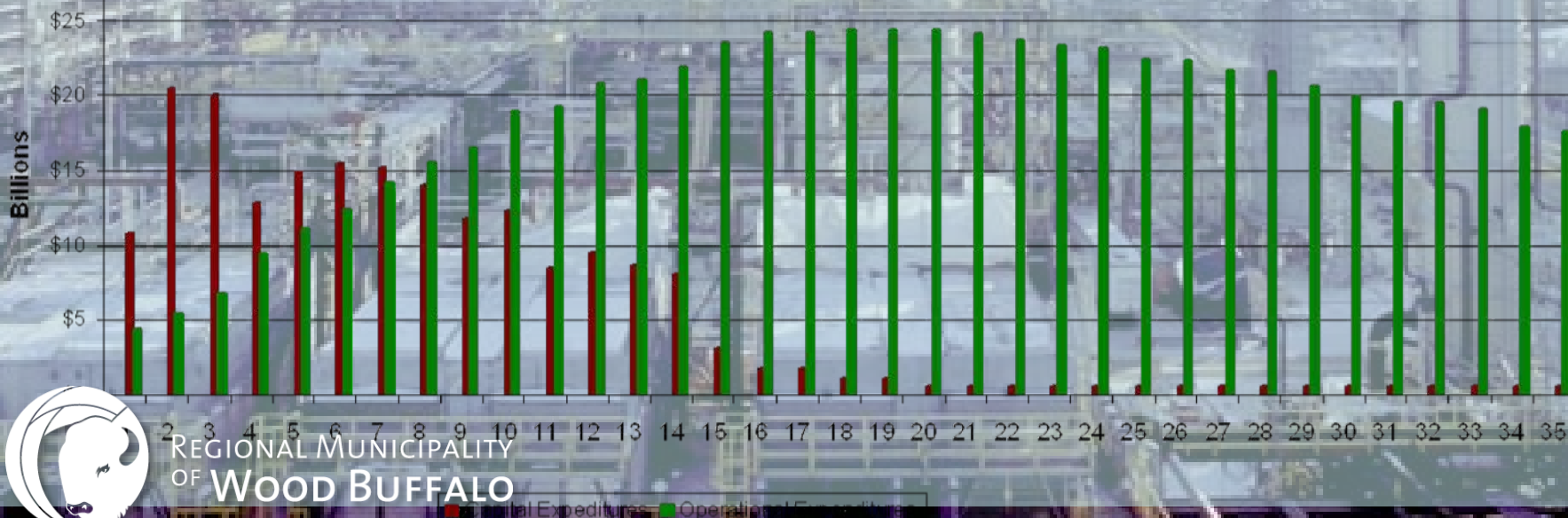


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OPEX v. CAPEX

Over the next two decades, over \$500 billion in combined oil sands investment is projected for Wood Buffalo...

... operational expenditures are expected to grow from \$7.4 billion today to \$23.1 billion in 2030.



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■ Capital Expenditures ■ Operational Expenditures

Image courtesy of: Suncor

URBAN v. CAMP DEVELOPMENT

- The new business model – FIFO direct to site and camps – is incompatible with sustainable urban development.
- Construction workers may be well accommodated in camps but operational workers must be residents.
- Some oil sands developers are moving white collar professionals out of the community.
- 48% turnover at some constructions sites x industry on-boarding costs of \$100k/person = expense of >\$200M to renew workforce annually for *one company*.



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Image courtesy of: Suncor

HARMONIZATION

- The RM is working closely working with AESRD and OSS regarding the following:
 - i. synchronized land approval processes;
 - ii. proposed criteria for the location of development nodes;
 - iii. a monitoring strategy for existing camps;
 - iv. provincial lease renewal conditions;
 - v. reporting requirements and leaseholder responsibility;
 - vi. intended density in camps and cumulative impact on the region; and
 - vii. required Municipal approval and development permits.



BOOMtown or *HOM*Etown?

- Camps *can* reduce impacts but also reduce service levels.
- Provincial FIFO income tax losses estimated conservatively at \$300 million annually.
- Roughly 30% of operational expenditures lost to local businesses, resulting in billions of dollars in lost economic activity locally.
- Industry costs are reduced when workers live in town.
- Quality-of-life must compare to *anywhere*.



YESTERDAY'S MODEL

- Somewhere between 40 and 80,000 people live in camp accommodations in our region.
- Construction workers may be adequately accommodated in camps but operational workers must be residents.



TODAY`S MODEL?

- **Stony Mountain Plaza**
- **125 affordable housing units.**
- **Built in Medicine Hat; assembled on-site.**
- **Geothermal and solar complements to reduce footprint.**



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TOMORROW`S MODEL?



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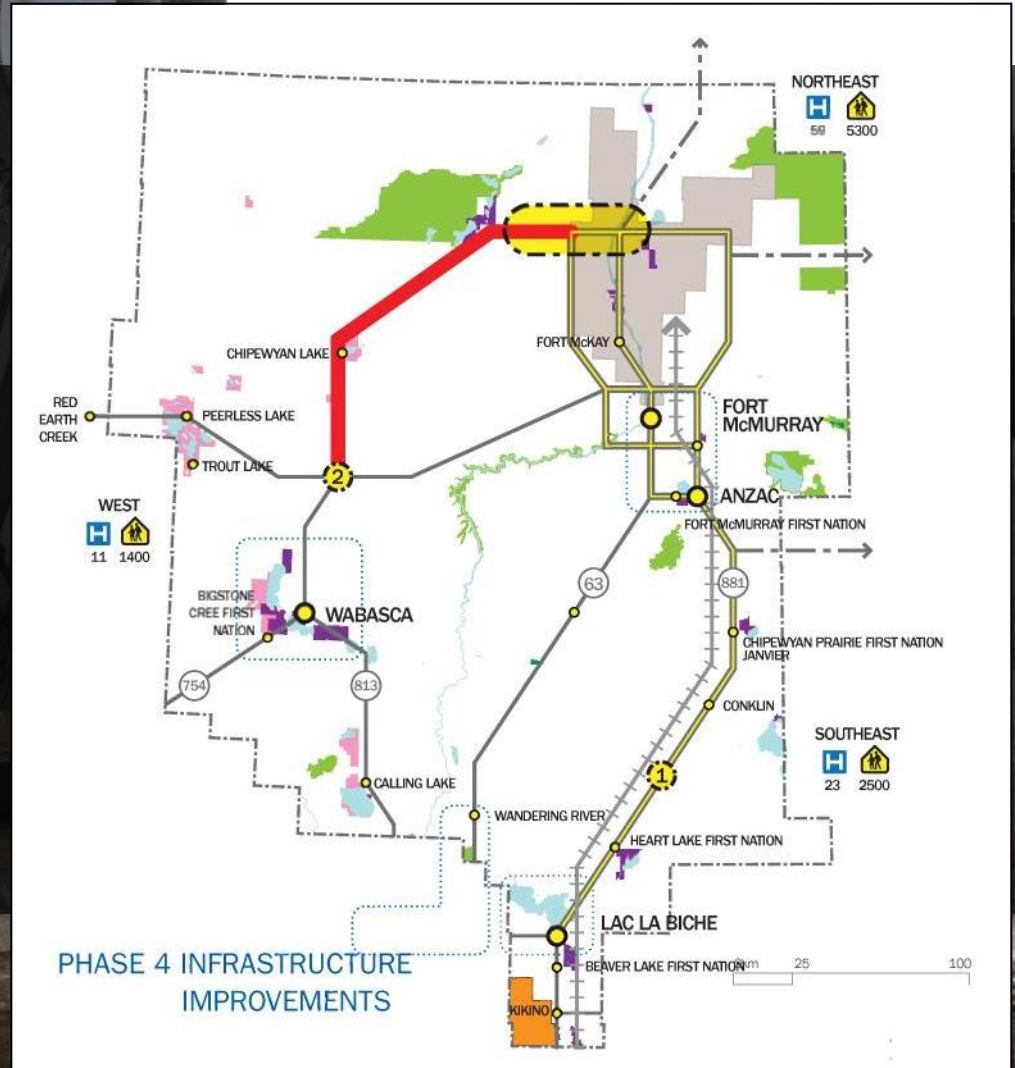
CHALLENGES – TRANSPORTATION

- Efficient use of available land requires adequate transportation access
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- Need proactive provincial response.
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CRISP

- \$8-10 billion required in transportation (including air traffic), water/wastewater, education and health service infrastructure
- “New town(s)” proposed.
- UNFUNDED.



MOVING PEOPLE AND GOODS SAFELY

- Some 25,000 people travel north to the plant sites every day .
- Some 5,000 modules are projected to arrive here over the next five years.
- People will typically tolerate a commute of 60-90 minutes.
- Development in the south is accelerating.
- Land without transportation is less than half a solution. Projects like Hwy 63 – and government’s apparent willingness to borrow – will benefit *all* Albertans.



An aerial photograph of a city, likely Wood Buffalo, showing a river on the left, a highway on the right, and a dense urban area in the center. The text is overlaid on a semi-transparent dark grey box.

CHALLENGES – SEIA

- The Province has not adequately addressed the Municipality's socio-economic concerns.
- Opportunities for information gathering and collaboration through the SEIA process have been missed.
- Municipal involvement needs to take place throughout the SEIA process.





MUNICIPAL RESPONSE – REGIONAL STRUCTURE PLAN

- Industry and all levels of government are collaborating to create a comprehensive approach to tackling systemic infrastructure challenges in the region.
- Realistic, funded, measurable.



MUNICIPAL RESPONSE – ZERO WASTE

- Collaborative effort
- Leading edge technologies enhancing the livability and long-term sustainability of the region
- Integrating a variety of technologies to maximize effectiveness
- Diversifies the region and provides potential longevity beyond the oil sands



WHY URBAN IS BETTER ... & *ESSENTIAL*

- The oil sands accounted for 10% of Canada's GDP in 2011.
- 2030 oil sands royalties projected at \$38 billion – equal to the entire provincial budget in 2011.
- “Growing the pie” will pay for health, education and social programs.
- High housing prices due to land scarcity deform wages across Alberta and reduce competitiveness of all sectors.
- Land without transportation is less than half a solution. Projects like Hwy 63 – and government's apparent willingness to borrow – will benefit *all* Albertans.



FT. McMURRAY HOSTS THE BIGGEST INDUSTRIAL PROJECT IN WORLD HISTORY

- We can do better on the development side.
- We can do better on the *people* side.
- Both will require more in-depth planning than has been standard practice.
- New partnerships essential.



CONCLUSION

- **The Municipality is committed to developing a world-class community capable of supporting a world-class resource.**
- **Collaboration between all levels of government and industry is integral to the success of this vision.**



BECAUSE PEOPLE WANT TO BE PART OF A COMMUNITY THAT'S ALIVE

recreation
and culture

housing

entertainment

transportation



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QUESTIONS - COMMENTS



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