



Supply Chain Analysis

Final Report

Town of Rocky
Mountain House and
Clearwater County

March 2022



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ROCKY MOUNTAIN HOUSE AND CLEARWATER COUNTY
SUPPLY CHAIN ANALYSIS

EXECUTIVE SUMMARY



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The Town of Rocky Mountain House and Clearwater County commissioned MDB Insight to analyze the region’s supply chain to identify where economic leakage occurs and fill gaps in the supply chain locally. The project team has identified key sectors and companies to fill these gaps and integrate them into the regional economy. The project team has also completed a series of economic impact analyses to identify which sectors support the greatest economic growth and prioritize which opportunities to pursue. The supply chain analysis focuses on three target sectors: Industry Services, Tourism, and Agribusiness indicating that businesses in these sectors spent more than \$158 million¹ during 2019. Over 50% of purchases made by these industries were outside the Region. It is not feasible to attract all businesses from every sector, but spending patterns indicate space to expand local sectors and attract businesses suitable for the local economy.

The following figure highlights the top opportunities identified through the supply chain analysis project and the suggested next steps and targets for further investigation.

| Local Power Generation and Utility Provider | | | |
|--|--|---|---|
| Opportunities | Rationale | Next Steps | Target |
| Electric power generation, transmission, and distribution. | \$3.7 million was spent on imports from this sector in 2019. Blue Mountain Power Co-op has indicated they would invest locally in the sector. The County is already a customer, and the Town could be as well. | Work with Town and County Administration to explore utilizing local power providers and evaluate their bid. | Blue Mountain Power Co-op |
| Solar Power Generation | Blue Mountain Power Co-op has proposed a solar power generation facility in the County, which has been stalled due to zoning constraints. | Work with County planning and council to highlight the benefits of local power generation. | Blue Mountain Power Co-op |
| Utility Services and Support | Fortis Alberta and Blue Mountain Power Co-op provide utility services and support. Encouraging these firms to expand their local footprint will support economic growth. | Engage with these firms to explore expanded utility and support services regionally, | Blue Mountain Power Co-op, Fortis Alberta |
| Geothermal Power Generation | Significant research has been completed in this sector, indicating that Rocky Mountain House and Clearwater County could be a viable location for a geothermal power generating facility. | Engage with PrairiesCan, the Government of Alberta, Alberta Innovates and the private sector to explore the viability of new generation facilitation. | PrairiesCan, Government of Alberta, Alberta Innovates, Blue Mountain Power Co-op, Fortis Alberta. |

¹ EMSI Analyst, Input-Output Model, 2021



| Food and Beverage Manufacturing | | | |
|---------------------------------|--|--|--|
| Opportunities | Rationale | Next Steps | Target |
| Food and Beverage Manufacturing | Tourism industries imported over \$20.4 million in 2019, with the largest inputs purchased from the food and beverage manufacturing sectors. Increased production of local food products for regional consumption and export will support the agribusiness and tourism sectors. Buy local campaigns have successfully supported local producers and farmers' markets. Employment changes in this sector will have the most significant impact on the regional economy. Adding five jobs will create four indirect positions for nine jobs (a 1.80 multiplier). | Continue to work directly with local producers to bring their products to local markets and explore exporting products. Consider allowing distilleries and breweries to sell at farmers' markets. | Farmers Market Participants, Local Farms |
| Brewery Expansion | The Tourism Industry imported \$1.5 million from the beverage manufacturing sector. Increased production of local products for regional consumption and export will support the agribusiness and tourism sectors. Engagement with Rival Brewing indicates a need for expansion to keep up with demand. | Engage with Rival Brewing on their planned expansion and support their access to improved water and wastewater infrastructure. Engage with local farms to explore opportunities for growing hops and barley as inputs. | Rival Brewing |
| Meat Manufacturing | Buy local campaigns have successfully supported local producers and farmers' markets. Local farms and meat processors have successfully changed provincial regulations to expand regional meat sales. | Support farmers and meat processors promote awareness of the enhanced access to local products. | Farms, Meat Processors |



| Industry Services | | | |
|---|---|--|--|
| Opportunities | Rationale | Next Steps | Target |
| Professional Scientific and Technical Services | Employment changes in the management, scientific and technical consulting services industry could significantly impact the regional economy. Adding five jobs is projected to create two indirect positions for seven jobs (a 1.139 multiplier). | Continue to engage with companies that purchase these services locally. Engage with target lead companies identified by ROI. | Eight Companies on the Leads list, including Matrix Solutions Inc, Vertex Resource Group Ltd. Etc. |
| Architectural, engineering, and related services. | Purchasers in the Region spent \$5.9 million importing Architectural, engineering, and related services. These firms do not require large buildings and facilities, and their workforce is attracted to quality-of-life amenities. | Engage with architectural, engineering, and related services firms to understand their investment decision process. | Two Companies on the Leads List: Dialog and Stantec, Inc. |
| Oil and Gas and Agriculture Data Collection and Services | Engagement with stakeholders indicated potential overlap between oil and gas data collection with precision agriculture data collection. The region spent \$1.5 million on navigation, measuring, medical and control instruments manufacturing in 2019, indicating these companies are active. | Engagement with firms currently collecting oil and gas and agricultural data to determine the extent of the overlap and opportunity. | Ag Tech Businesses: Decisive Farming, Farmers Business Network, Verge Agriculture, Farmers Edge |
| Agricultural, construction and mining machinery manufacturing | The regional economy imported \$12.5 million in Agricultural, construction and mining machinery manufacturing, indicating a significant local market. | Continue to engage with companies that purchase these products locally. Engage with target lead companies identified by ROI. | Agricultural Equipment Dealers: Brandt Equipment, Rocky Mountain Equipment |



| Agricultural Inputs | | | |
|---|--|---|--|
| Opportunities | Rationale | Next Steps | Target |
| Pesticides, fertilizer, other agricultural chemical manufacturing | \$17.4 million was spent on pesticides, fertilizer, other agricultural chemical manufacturing, and animal food manufacturing in 2019. Economic impact estimates that adding five jobs in support activities for farms in the Region will create one additional indirect job for a total impact of six jobs (this represents a multiplier of 1.29). | Continue to provide input sales and engage with local farms and agricultural input firms to secure local suppliers. | Six companies on the ROI leads list, Corteva. |
| Farm, lawn and garden machinery and equipment merchant wholesalers | Economic impact estimates that adding five jobs in farm, lawn and garden machinery and equipment merchant wholesalers in the Region will create one additional indirect job for six jobs (a multiplier of 1.17). The impact of this sector is relatively low. However, this sector has the potential to enable significant activity in the agriculture sector regionally. | Continue to engage with stakeholders in the sector and explore opportunities for a private sector operator to locate in the region. | Agricultural Equipment Dealers: Brandt Equipment, Rocky Mountain Equipment |
| Tourism | | | |
| Opportunities | Rationale | Next Steps | Target |
| Quality of Life Promotion for Long Eagles and Increased Number of Tourism Operators | There is a strong interconnection between the needs and wants of residents, “lone eagles,” and visitors. Economic impact estimates that adding five jobs to Recreational Vehicle (RV) Parks and Recreational Camps will create one additional indirect job for six jobs (a multiplier of 1.20). While adding five jobs in full-service restaurants and limited-service eating places in the Region will create one additional indirect job for six jobs (this represents a multiplier of 1.11). Increasing the number of restaurants and attractions may produce a lower overall economic multiplier than other industries but improves the quality of life for residents and supports attracting additional visitors and lone eagles. | Continue to engage with tourism industry operators through business retention and expansion activities. | Five companies on the ROI leads list. |

The opportunities identified are a starting point for the Town and County to support further business retention, expansion, and attraction activities. The consulting team recommends the region consider launching an enhanced BRE program to support furthering the identified investment opportunities. To support this effort, the consulting team has also sourced a full business directory from D&B Hoovers to enable the region’s business engagement activities further.



ROCKY MOUNTAIN HOUSE AND CLEARWATER COUNTY
SUPPLY CHAIN ANALYSIS

METHODOLOGY

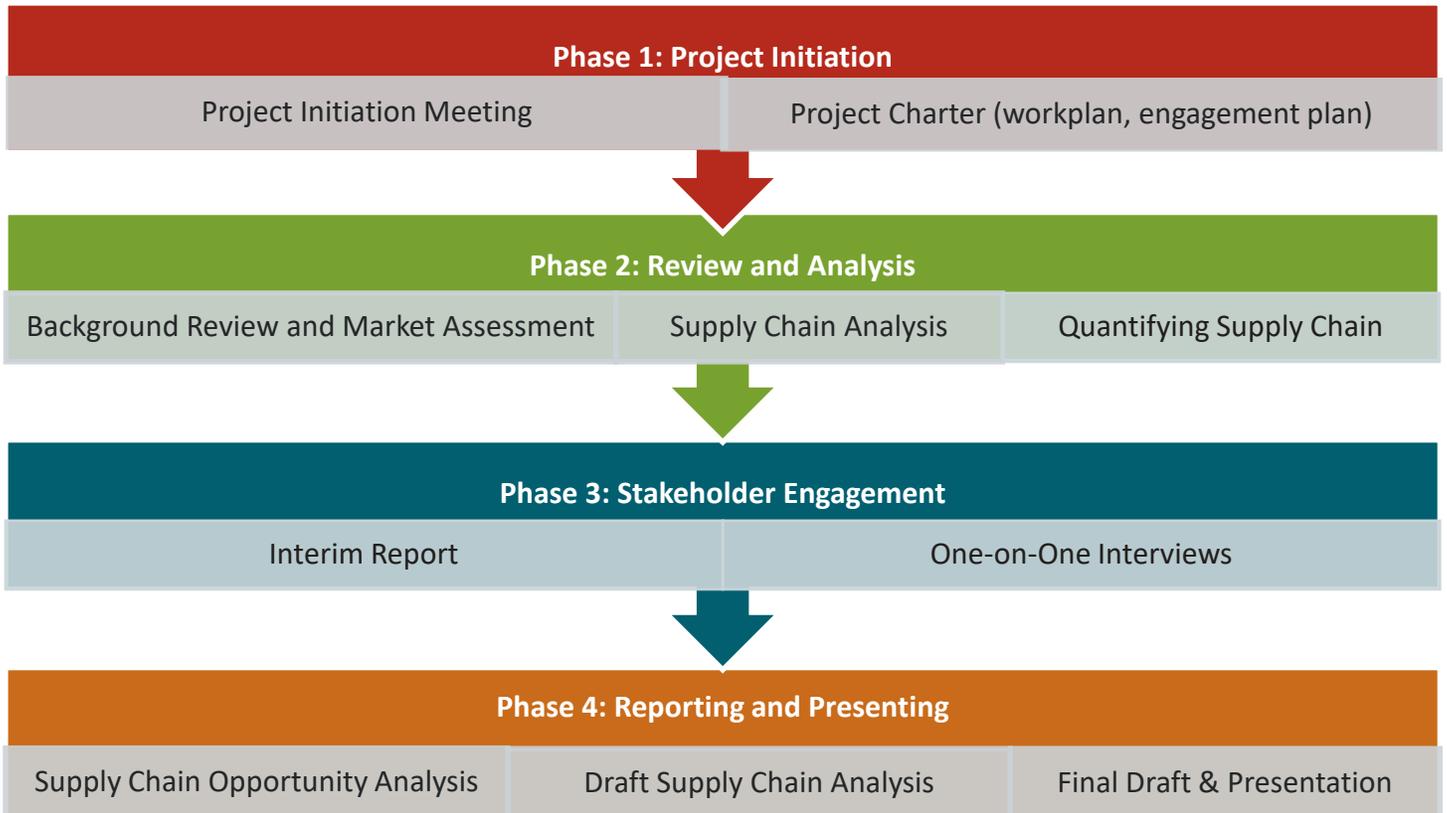


2022



Clearwater County and the Town of Rocky Mountain House have commissioned MDB Insight to complete a deep dive into the Region's economy and identify where economic leakage is occurring and how to fill gaps in the supply chain locally. The following figure outlines the stages of the project.

Figure 1: Methodology





ROCKY MOUNTAIN HOUSE AND CLEARWATER COUNTY
SUPPLY CHAIN ANALYSIS

TARGET SECTORS



2022



The analysis on target sectors: Industry Services, Tourism and Agribusiness indicates that businesses in these sectors spent more than \$158 million¹ during 2019. Over 50% of purchases made by these industries were outside the region. It is not feasible to attract all businesses from every sector, but spending patterns indicate space to expand local sectors and attract businesses suitable for the local economy.

The following infographics show a snapshot of the supply chain in the three target sectors in Rocky Mountain House and Clearwater.

Figure 2: Industry Services Snapshot



Figure 3: Tourism Snapshot



Figure 4: Agribusiness Snapshot





Sector Mapping

The supply chain data from EMSI Analyst does not provide the detailed 6-digit NAICS descriptions of the sectors. To improve the sector descriptions, the consulting team mapped the 4-digit NAICS description to the Statistics Canada input-output industry classification (IOIC), which defines the industries for which GDP estimates are compiled and provided a more detailed breakdown of the supply chain.

Figure 5: Supply Chain IOIC Mapping

| Category | NAICS | Industry | Code | Input-Output Industrial Classification Description |
|--------------------------|-------|--|------------|--|
| Tourism/ Agribusiness | 1110 | Farms | BS111A00 | Crop production (except greenhouse, nursery and floriculture production) |
| | | | BS111400 | Greenhouse, nursery and floriculture production |
| | | | BS112000 | Animal production |
| Agribusiness | 1150 | Support activities for farms | BS333900 | Other general-purpose machinery manufacturing |
| Industry Services | 2131 | Support activities for mining and oil and gas extraction | BS21311A | Support Activities for Oil and Gas Extraction |
| | | | BS21311B | Support Activities for Mining and Quarrying (except Oil and Gas) |
| Agribusiness | 3111 | Animal food manufacturing | BS333230 | Industrial, Commercial and Service Industry Manufacturing |
| Tourism | 3115 | Dairy product manufacturing | BS311500 | Dairy Product Manufacturing |
| Tourism | 3116 | Meat product manufacturing | BS311600 | Meat Product Manufacturing |
| Tourism | 3118 | Bakeries and tortilla manufacturing | BS311800_L | Bakeries and tortilla manufacturing |
| Tourism | 3119 | Other food manufacturing | BS311900 | Other Food Manufacturing |
| Tourism | 3121 | Beverage manufacturing | BS31211 | Soft Drink and Ice Manufacturing |
| | | | BS31212 | Breweries |
| | | | BS3121A | Wineries and Distilleries |
| Industry Services | 3241 | Petroleum and coal product manufacturing | BS324110 | Petroleum Refineries |
| | | | BS3241A0 | Petroleum and Coal Products Manufacturing (except Petroleum Refineries) |
| Industry Services | 3273 | Cement and concrete product manufacturing | BS327300 | Cement and Concrete Product Manufacturing |
| Industry Services | 3312 | Steel product manufacturing from purchased steel | BS331200 | Steel Product Manufacturing from Purchased Steel |
| Industry Services | 3323 | Architectural and structural metals manufacturing | BS332300 | Architectural and Structural Metals Manufacturing |
| Industry Services | 3331 | Agricultural, construction and mining machinery manufacturing | BS333100 | Agriculture, Construction and Mining Machinery Manufacturing |
| Industry Services | 3339 | Other general-purpose machinery manufacturing | BS339900 | Other Miscellaneous Manufacturing |
| Industry Services | 3345 | Navigational, measuring, medical and control instruments manufacturing | BS311_2 | Food and beverage manufacturing |
| Industry Services | 4841 | General freight trucking | BS484000 | Truck Transportation |

Source: Statistics Canada input-output industry classification (IOIC)



Supply Chain Targets

Based on the top supply chain sectors by total purchases and total imported purchases, the project team identified ten sub-sectors for further investigation through research and engagement.

Figure 6: Top Supply Chain Sectors, 2019

| | NAICS | Purchases from | In-region | % In-region | Imported | % Imported | Total Purchases |
|-------------------|-------|--|-------------|-------------|--------------|------------|-----------------|
| Agribusiness | 3253 | Pesticide, fertilizer and other agricultural chemical manufacturing | \$0 | 0% | \$9,709,103 | 100% | \$9,709,103 |
| Agribusiness | 3111 | Animal food manufacturing | \$0 | 0% | \$7,709,445 | 100% | \$7,709,445 |
| Industry Services | 5413 | Architectural, engineering and related services | \$204,310 | 3% | \$5,938,381 | 97% | \$6,142,691 |
| Industry Services | 2211 | Electric power generation, transmission and distribution | \$629,119 | 15% | \$3,681,700 | 85% | \$4,310,819 |
| Industry Services | 3241 | Petroleum and coal product manufacturing | \$1,172,634 | 30% | \$2,724,222 | 70% | \$3,896,856 |
| Agribusiness | 3116 | Meat product manufacturing | \$0 | 0% | \$3,703,222 | 100% | \$3,703,222 |
| Industry Services | 3312 | Steel product manufacturing from purchased steel | \$0 | 0% | \$2,229,754 | 100% | \$2,229,754 |
| Agribusiness | 3115 | Dairy product manufacturing | \$0 | 0% | \$1,842,152 | 100% | \$1,842,152 |
| Tourism | 3121 | Beverage manufacturing | \$0 | 0% | \$1,559,696 | 100% | \$1,559,696 |
| Industry Services | 3345 | Navigational, measuring, medical and control instruments manufacturing | \$0 | 0% | \$1,548,031 | 100% | \$1,548,031 |
| All Sectors | 3331 | Agricultural, construction and mining machinery manufacturing | \$0 | 0% | \$12,521,313 | 100% | \$12,521,313 |

Source: EMSI Analyst, 2021



ROCKY MOUNTAIN HOUSE AND CLEARWATER COUNTY
SUPPLY CHAIN ANALYSIS

STAKEHOLDER ENGAGEMENT



The project team conducted 16 interviews with stakeholders in the region and representatives of businesses in the identified target sectors to support the supply chain research.

Potential Growth Opportunities

Stakeholders agreed there is potential to grow businesses in the agricultural, tourism and industry services sectors.

- Stakeholders feel tourism has the most potential for growth due to the Region's natural surroundings and assets.
 - Stakeholders see opportunities for attracting more tourism operators, more hotels and motels closer to rural areas (e.g., Nordegg), and tourists from international destinations such as the US, Europe, and China.
- Industry services are seen as an important sector, but constant fluctuations in the price of oil and gas make these businesses very susceptible to change. Stakeholders feel that a future oil or gas boom is unlikely, so growth in the sector will be more moderate than in the past. Still, there are opportunities as major service firms travel to the community regularly.
- Stakeholders see the connection between agribusiness, tourism and developing a broader economic base through supporting local farmers and products.

Challenges and Barriers

- Stakeholders agreed the quality and lack of high-speed internet access and poor cell phone service are challenges affecting the three key sectors. The lack of housing is a barrier to attracting and retaining workers.
- A lack of shovel-ready serviced and zoned land in the Town and County was identified as a barrier to attracting investment. Developing and servicing land requires significant upfront costs and time. Communities with shovel-ready land and buildings are more likely to attract investment.
- Some stakeholders indicated that the Region lacks a clear value proposition or brand; it is unclear what the community would like to attract or what they are selling. The product the community is selling is unclear regarding the types of investments the region would like to attract and promote.
- The Region's distance from larger markets and logistics corridors puts it at a disadvantage.
- Provincial regulations, high startup costs, and lack of workforce are challenges in the local meat processing and sales industry.
- For industry services, automation is causing more jobs to be replaced by machines, and the fluctuation of oil and gas prices makes the sector unstable.
- For agri-businesses, ranching is considered the most important, as the Region's climate is not suitable for green Farming.
 - Stakeholders see the lack of support for ranching as an obstacle. This sector is one of the most impacted by climate change.

Infrastructure and Support Needed

- Improving internet and cell phone service in rural areas is urgently needed, affecting how businesses operate and attracting new investment.



- Stakeholders indicated a tourism information centre would be a beneficial infrastructure. (This comment was specifically referencing a centre in Nordegg)
- Industry services would benefit from more designated land for light industrial purposes.
- Additional retail, restaurants and entertainment for tourists and residents.
- High-density affordable housing. There is little inventory of places for long-term and short-term workers to stay.
- The Economic Development team is currently handling many areas with little staff. It would be beneficial to have someone dedicated to tourism independently.
- Shipping services do not reach the more rural areas of the County. Employers must drive to Rocky Mountain House to pick up parcels.

Suppliers Wanted in the Area

- Stakeholders see the need for a grocery store (e.g., Walmart), tourism activities operators such as guiding companies, a holiday park to bring year-round tourism, and more agricultural support businesses (currently there are local suppliers of grain and hay, but everything else must purchase east of the Region).
- Stakeholders indicated that residents in the Region purchase a significant amount of consumer goods through Amazon or travel to other communities due to higher costs and unavailability of goods locally.
- Stakeholders in the industry services sector also believe there are opportunities to attract oil and gas service firms that currently send in crews and equipment.
- Stakeholders suggest tech support services would be beneficial. There are concerns about the limited demand for these services in the area. But would benefit the existing businesses.

Identified Opportunities

- Support for businesses not attached to the Townsite to get reliable utilities (e.g., energy). Some businesses in the accommodation service still use woodfires for heating.
- RV services, including garbage disposal, water, etc.
- Transportation logistics – big and small – moving supply products in and finished product out, all equipment repair etc. Some businesses have their supply chain managed from an outside area but benefit from a local one.
- Heavy industrial services (e.g., painting and coating). Currently, demand might not be enough to attract them. Still, as oil and natural gas prices rise, opportunities will increase in the next decade.



ROCKY MOUNTAIN HOUSE AND CLEARWATER COUNTY
SUPPLY CHAIN ANALYSIS

ECONOMIC IMPACT ANALYSIS

2022



The Economic Impact Analysis data presented in this section were calculated using EMSI's Input-Output (I-O) model. According to EMSI, the primary reason for constructing an I-O model is to conduct a multiplier analysis. A multiplier analysis examines the impacts of shifts in final demand on total output or total factor use. An I-O model is, first and foremost, an interindustry model. Accordingly, it captures sales among an economy's many industries and other transactions (e.g., consumers, government) and sales to the final demand sector. The key to building an I-O model is forming a set of fixed coefficient production functions or expected purchasing patterns for each of the economy's several industries. Each industry purchases the output of various other industries, which become the inputs for that industry. The industry takes those inputs, adds value, and creates outputs².

Multipliers show how changes in wages, jobs, or sales in one industry will affect other industries in the regional economy. The Canada Regional I-O project will result in three multipliers: Sales, Jobs, and Wages. For example, if a given industry has a jobs multiplier of 3, adding 100 jobs to that industry would lead to 300 additional jobs throughout the economic Region in question³.

Key Takeaways

The overall impact of adding more jobs in some industries by either expanding existing businesses or attracting new businesses to the area will vary depending on the industry sector. According to EMSI's I-O model, the industry sector with significant impact on the local economy (based on the jobs and wage multipliers) are:

- **Farms:** Employment changes in this sector will have the most significant impact on the regional economy. Adding five jobs will create four indirect positions for nine jobs (a 1.80 jobs multiplier).
- **Management, scientific and technical consulting services:** Employment changes in this sector will have the second-largest impact on the regional economy. Adding five jobs will create two indirect positions for seven jobs (a 1.39 jobs multiplier).

² Canadian Regional Input-Output Model: Proof of Concept. EMSI Analyst, 2020.

³ The limitations of regional I-O models can be collected under four broad headings:

- Questions addressed to the model must be framed narrowly.
- I-O model base data are partly synthetic.
- Model linearity causes impact overstatement.
- Model linearity causes impact understatement.



5.1 Economic Impact of Adding Jobs in Industry Services

This analysis showcases the economic impact of adding five jobs in each industry subsector within the key sectors in Rocky Mountain House and Clearwater County. Adding these jobs will depend on existing business expansions or attracting new businesses to either of the communities.

Changes to Support Activities for Mining and Oil and Gas Extraction

EMSI's I-O model estimates that adding five jobs in the region's support activities for mining and oil and gas extraction will create one additional indirect job for six jobs (a multiplier of 1.21). The new jobs will also represent a total wage change of approximately \$383,231.

Figure 7: Economic Impact of Adding Five Jobs in the Activities for Mining and Oil and Gas Extraction

| | | | |
|---|---|---|---|
| \$383,261 Change in Wages (Sum of Initial, Direct, Indirect and Induced) 1.11 Multiplier | | 6 Change in Jobs 1.21 Multiplier | \$63,097 Average Wages Per Job (2019) |
| \$344,208 Initial 1.00 Multiplier | \$4,322 Direct 0.01 Multiplier | \$858 Indirect 0.00 Multiplier | \$33,871 Induced 0.10 Multiplier |

Source: EMSI Analyst, 2022

Changes to Other Specialty Trade Contractors

EMSI's I-O model estimates that adding five jobs in other specialty trade contractors in the Region will create one additional indirect job for six jobs (a multiplier of 1.27). The new jobs will also represent a total wage change of approximately \$376,537.

Figure 8: Economic Impact of Adding Five Jobs in Other Specialty Trade Contractors

| | | | |
|--|--|---|---|
| \$374,537 Change in Wages 1.18 Multiplier | | 6 Change in Jobs 1.27 Multiplier | \$59,177 Average Wages Per Job (2019) |
| \$317,493 Initial 1.00 Multiplier | \$24,412 Direct 0.08 Multiplier | \$1,725 Indirect 0.01 Multiplier | \$30,906 Induced 0.10 Multiplier |

Source: EMSI Analyst, 2022



Changes to Architectural, Engineering and Related Services

EMSI's I-O model estimates that adding five jobs in architectural, engineering, and related services in the Region will create two additional indirect jobs for a total impact of seven jobs (this represents a multiplier of 1.34). The new jobs will also represent a total wage change of approximately \$382,683.

Figure 9: Economic Impact of Adding Five Jobs in Architectural, Engineering and Related Services

| | | | |
|--|---|---|---|
| \$382,683 Change in Wages 1.20 Multiplier | 7 Change in Jobs 1.34 Multiplier | \$57,116 Average Wages Per Job (2019) | |
| \$318,142 Initial 1.00 Multiplier | \$28,355 Direct 0.09 Multiplier | \$4,959 Indirect 0.02 Multiplier | \$31,226 Induced 0.10 Multiplier |

Source: EMSI Analyst, 2022

Changes to Management, Scientific and Technical Consulting Services

EMSI's I-O model estimates that adding five jobs in management, scientific and technical consulting services in the Region will create two additional indirect jobs for seven jobs (this represents a multiplier of 1.39). The new jobs will also represent a total wage change of approximately \$392,433.

Figure 10: Economic Impact of Adding Five Jobs in Management, Scientific and Technical Consulting Services

| | | | |
|--|---|---|---|
| \$392,433 Change in Wages 1.23 Multiplier | 7 Change in Jobs 1.39 Multiplier | \$56,656 Average Wages Per Job (2019) | |
| \$318,827 Initial 1.00 Multiplier | \$28,445 Direct 0.09 Multiplier | \$3,329 Indirect 0.01 Multiplier | \$41,830 Induced 0.13 Multiplier |

Source: EMSI Analyst, 2022



5.2 Economic Impact of Adding Jobs in Tourism

Changes to Other Amusement and Recreation Industries

EMSI's I-O model estimates that adding five jobs in Other amusement and recreation industries in the Region will create one additional indirect job for six jobs (this represents a multiplier of 1.10). The new jobs will also represent a total wage change of approximately \$133,015.

Figure 11: Economic Impact of Adding Five Jobs in Other Amusement and Recreation Industries

| | | | |
|--|---|---|--|
| \$133,015 Change in Wages 1.17 Multiplier | 6 Change in Jobs 1.10 Multiplier | \$24,091 Average Wages Per Job (2019) | |
| \$113,425 Initial 1.00 Multiplier | \$9,094 Direct 0.08 Multiplier | \$1,121 Indirect 0.01 Multiplier | \$9,374 Induced 0.08 Multiplier |

Source: EMSI Analyst, 2022

Changes to Traveller Accommodation

EMSI's I-O model estimates that adding five jobs in traveller accommodation in the Region will create one additional indirect job for a total impact of six jobs (this represents a multiplier of 1.11). The new jobs will also represent a total wage change of approximately \$130,912.

Figure 12: Economic Impact of Adding Five Jobs in Traveller Accommodations

| | | | |
|--|---|---|---|
| \$130,912 Change in Wages 1.19 Multiplier | 6 Change in Jobs 1.11 Multiplier | \$23,568 Average Wages Per Job (2019) | |
| \$110,415 Initial 1.00 Multiplier | \$7,707 Direct 0.07 Multiplier | \$1,020 Indirect 0.01 Multiplier | \$11,769 Induced 0.11 Multiplier |

Source: EMSI Analyst, 2022



Changes to Recreational Vehicle (RV) Parks and Recreational Camps

EMSI's I-O model estimates that adding five jobs in recreational vehicle (RV) parks and recreational camps in the Region will create one additional indirect job for six jobs (a multiplier of 1.20). The new jobs will also represent a total wage change of approximately \$254,096.

Figure 13: Economic Impact of Adding Five Jobs in Recreational vehicle (RV) parks and recreational camps

| | | | |
|--|---|---|---|
| \$254,096 Change in Wages 1.16 Multiplier | 6 Change in Jobs 1.20 Multiplier | \$42,525 Average Wages Per Job (2019) | |
| \$219,014 Initial 1.00 Multiplier | \$4,930 Direct 0.02 Multiplier | \$501 Indirect 0.00 Multiplier | \$29,649 Induced 0.14 Multiplier |

Source: EMSI Analyst, 2022

Changes to Full-Service Restaurants and Limited-Service Eating Places

EMSI's I-O model estimates that adding five jobs in full-service restaurants and limited-service eating places in the Region will create one additional indirect job for six jobs (a multiplier of 1.11). The new jobs will also represent a total wage change of approximately \$143,590.

Figure 14: Economic Impact of Adding Five Jobs in

| | | | |
|--|---|---|--|
| \$143,590 Change in Wages 1.14 Multiplier | 6 Change in Jobs 1.11 Multiplier | \$25,959 Average Wages Per Job (2019) | |
| \$125,439 Initial 1.00 Multiplier | \$7,140 Direct 0.06 Multiplier | \$1,085 Indirect 0.01 Multiplier | \$9,924 Induced 0.08 Multiplier |

Source: EMSI Analyst, 2022



5.3 Economic Impact of Adding Jobs in Agribusiness

Changes to Support Activities for Farms

EMSI's I-O model estimates that adding five jobs in support activities for farms in the Region will create one additional indirect job for six jobs (a multiplier of 1.29). The new jobs will also represent a total wage change of approximately \$269,968.

Figure 15: Economic Impact of Adding Five Jobs in

| | | | | | |
|--|--|--|---|---|--|
| \$269,968 Change in Wages 1.25 Multiplier | | 6.00 Change in Jobs 1.29 Multiplier | | \$41,974 Average Wages Per Job (2019) | |
| \$216,028 Initial 1.00 Multiplier | \$11,415 Direct 0.05 Multiplier | \$1,577 Indirect 0.01 Multiplier | \$40,947 Induced 0.19 Multiplier | | |

Source: EMSI Analyst, 2022

Changes to Architectural, Engineering and Related Services

EMSI's I-O model estimates that adding five jobs in architectural, engineering, and related services in the Region will create two additional indirect jobs for a total impact of seven jobs (this represents a multiplier of 1.34). The new jobs will also represent a total wage change of approximately \$382,683.

Figure 16: Economic Impact of Adding Five Jobs in Architectural, Engineering and Related Services

| | | | | | |
|--|--|---|---|---|--|
| \$382,683 Change in Wages 1.20 Multiplier | | 7 Change in Jobs 1.34 Multiplier | | \$57,116 Average Wages Per Job (2019) | |
| \$318,142 Initial 1.00 Multiplier | \$28,355 Direct 0.09 Multiplier | \$4,959 Indirect 0.02 Multiplier | \$31,226 Induced 0.10 Multiplier | | |

Source: EMSI Analyst, 2022



Changes to Management, Scientific and Technical Consulting Services

EMSI's I-O model estimates that adding five jobs in management, scientific and technical consulting services in the Region will create two additional indirect jobs for seven jobs (this represents a multiplier of 1.39). The new jobs will also represent a total wage change of approximately \$392,433.

Figure 17: Economic Impact of Adding Five Jobs in Management, Scientific and Technical Consulting Services

| | | | |
|--|---|---|---|
| \$392,433 Change in Wages 1.23 Multiplier | 7 Change in Jobs 1.39 Multiplier | \$56,656 Average Wages Per Job (2019) | |
| \$318,827 Initial 1.00 Multiplier | \$28,445 Direct 0.09 Multiplier | \$3,329 Indirect 0.01 Multiplier | \$41,830 Induced 0.13 Multiplier |

Source: EMSI Analyst, 2022

Changes to Farm, Lawn and Garden Machinery and Equipment Merchant Wholesalers

EMSI's I-O model estimates that adding five jobs in farm, lawn and garden machinery, and equipment merchant wholesalers in the Region will create one additional indirect job for six jobs (this represents a multiplier of 1.17). The new jobs will also represent a total wage change of approximately \$277,218.

Figure 18: Economic Impact of Adding Five Jobs in Management, Scientific and Technical Consulting Services

| | | | |
|--|---|---|---|
| \$277,218 Change in Wages 1.17 Multiplier | 6 Change in Jobs 1.39 Multiplier | \$45,778 Average Wages Per Job (2019) | |
| \$237,205 Initial 1.00 Multiplier | \$13,918 Direct 0.06 Multiplier | \$2,106 Indirect 0.01 Multiplier | \$23,988 Induced 0.10 Multiplier |

Source: EMSI Analyst, 2022



ROCKY MOUNTAIN HOUSE AND CLEARWATER COUNTY
SUPPLY CHAIN ANALYSIS

IDENTIFIED OPPORTUNITIES

2022



The project team has identified the following opportunities for Clearwater County and the Town of Rocky Mountain House through research and engagement.

6.1 Local Power Generation and Utility Provider

New generation and utilization of local suppliers will increase economic activity. \$3.7 million was spent on importing this service in 2019. Local providers are ready to invest.

The Alberta Electric System Operator reported 14% of the electricity generated in the province in 2020 came from renewable energy sources, such as wind, hydro and solar⁴. The Canada Energy Regulator (CER) says that number is likely to reach 26 percent by 2023, with the province adding “significant” solar capacity, or 1,200 megawatts, by the same year⁵. Electric power generation, transmission and distribution was a key sector that imported \$3.7 in 2019. Two major projects were identified through Blue Mountain Power Co-op through stakeholder engagement. The first was the local electricity generation through a new solar generating facility for which the company has sought approval from Clearwater County to develop. The second project is the potential for the firm to become the official utility provider for the Town of Rocky Mountain House, which could support significant investment in local facilities and jobs in the region. The identified projects can support local power generation and keep a portion of the funds being spent externally in the community. These projects are ideal for reducing economic leakage due to their relatively larger size and ability to work with a single local business.

- Geothermal Opportunities
 - The University of Alberta has conducted an analysis of Geothermal Reservoirs for Commercial Development in Clearwater County and Rocky Mountain House⁶. The report “conclusively reveals a viable technical and potentially cost-competitive geothermal resource base.”
 - In 2018 Western Economic Diversification Canada, The Government of Alberta, and Alberta Innovates announced a cross-governmental partnership representing an investment of 1.2 million dollars to determine the viability of a Geothermal District Energy System in Hinton. Epoch Energy completed the Front-End Engineering Design (FEED) study. It concluded that Hinton had a higher degree of technical complexity for development than other locations in Alberta and recommended that a study be undertaken to review a combined geothermal heat and power plant to justify the capital required to develop the technically complex but significant heat resource in Hinton⁷.
 - These studies indicate a path forward for Rocky Mountain House and Clearwater County to continue to explore Geothermal power generation in the region.

⁴ AESO, aeso.ca/aeso/electricity-in-alberta/

⁵ Renewable Energy, cbc.ca/news/canada/calgary/renewable-energy-solar-wind-alberta-1.6293329

⁶ University of Alberta, cangea.ca/uploads/3/0/9/7/30973335/2288_deep_dive_analysis_of_best_geothermal_reservoirs_for_commercial_development_in_alberta_-_final_report_20170404.pdf

⁷ Epoch Energy, hinton.ca/DocumentCenter/View/7203/2018-11-20-Hinton-DES-FEED-Report---final



6.2 Meat Production – Promotional Support Only

Meat production was identified as a priority lead in the tourism and agribusiness sectors. The region produces a significant amount of meat, and businesses imported \$3.7 million in 2019. This sector is adversely affected by a regulation prohibiting farms' meat sales to retailers and restaurants.

Recent changes to provincial legislation have supported farm gate meat sales through the On-Farm Slaughter Operation licence under the Meat Inspection Act and Meat Inspection Regulation⁸, allowing producers to sell locally. Through conversations with meat processors in the region, the change in regulation has supported economic activity and demand for processing farm gate sales. Slaughtering and quartering of animals occur at the farm by a slaughter service provider, and the carcasses are brought to the processor to be broken down into more manageable cuts. Conversations with stakeholders indicate high costs of establishing operations as significant barriers to entry for new businesses making the sector unlikely to grow beyond its current scope without further regulations. The project team does not recommend this sector as a primary focus for the communities beyond providing information in the region to residents on accessing locally produced and processed meat.

6.3 Food and Beverage Manufacturing

Increased production of local food products for regional consumption and export will support the agribusiness and tourism sectors. Buy local campaigns have successfully supported local producers and farmers' markets. Employment changes in this sector will have the most significant impact on the regional economy. Adding five jobs will create four indirect positions for nine jobs (a 1.80 multiplier).

6.4 Industry Services Firms

Employment changes in management, scientific and technical consulting services will have the second-largest impact on the regional economy. Adding five jobs will create two indirect positions for seven jobs (a 1.139 multiplier). The region also spent \$5.9 million importing architectural, engineering, and related services. These firms do not require large buildings and facilities, and their workforce is attracted to quality-of-life amenities. Sometimes referred to as “lone eagles,”; people who can work from almost anywhere provided they have access to quality internet and reliable transportation infrastructure are highly represented in these industries. These people work from a home office or co-location space, as most of their clients tend to be in other parts of the province, country, or even the world. This workforce selects a location because of the amenities, assets, and quality of place attributes that appeal to them and their families. They do not have to choose a location simply because of their clients' location.

6.5 Agricultural Inputs

\$17.4 million was spent on pesticides, fertilizer, other agricultural chemical manufacturing, and animal food manufacturing in 2019. Employment changes in this sector estimate that adding five jobs in support activities for farms in the Region will create one additional indirect job for a total impact of six jobs (this represents a multiplier of 1.29). Stakeholder engagement indicates that the size of the agricultural operations in the region may make it difficult to attract large agricultural input providers.

⁸ On-Farm Slaughter Operation Licence, alberta.ca/on-farm-slaughter-operation-licence.aspx



6.6 Tourism

Tourism industries imported over \$20.4 million, with the largest inputs from the food and beverage manufacturing sectors. The COVID-19 pandemic has created significant challenges and opportunities in this sector, with stakeholders indicating an increase in visitors from Alberta. There is a strong interconnection between the needs and wants of residents, independent entrepreneurs (or solopreneur “lone eagles”), and visitors. Increasing the number of restaurants and attractions produces a lower overall economic multiplier than other industries but improves the quality of life for residents and supports attracting additional visitors and lone eagles.

6.7 Target Sector Leads

Based on the region’s key sectoral recommendations derived from investment trends, ROI has identified a universe of companies (based on pre-selected NAICS codes) representative of the growth companies that could succeed in the region. ROI then filtered for best-performing regions, product offering, and employment ranges based on historical performances and ROI best practices. These were then cross-referenced with ROI’s growth signal indicator database. Growth signals include funding news, press releases on recent relevant expansions, revenue growth or new product offerings. The narrowed-down list of companies is then combed through to handpick companies that are qualitatively matched with companies likely to succeed in the region.

| Target Sub-Sectors | Target Companies |
|--------------------|------------------|
| Industry Services | 19 |
| Agribusiness | 6 |
| Tourism | 5 |

1.1.1 Service Excellence to Support Investment Attraction

As identified in the recently completed Rocky Mountain House Economic Development Strategy, Business retention and expansion is the fundamental economic development activity.

Recognizing that customer service is an enabler and competitive advantage, enhancing the region’s BR+E programming is essential as local businesses generate the vast majority of new investment and lead. Business attraction is a highly competitive activity. It is becoming increasingly sophisticated in areas like customer service offered to potential investors and the increasing and faster ways of communicating with them. The increased speed of communications also shortens decision times. The region needs to provide data efficiently and be prepared and ready to respond to questions.

Moment of Truth Performance

Moment of truth performance is critical in investment attraction. The final site selection decision is not always based on numbers, and dominant decision factors can be attitude and results. A winning community provides the necessary information and demonstrates a willingness and ability to overcome less than desirable circumstances.

For an organization to succeed, it must be competitive on-site selection factors (the product) **AND** organizational performance (the people). One can lose as quickly from poor organizational performance



as from an uncompetitive product. In the process of elimination, like site selection, there is little time to gather and organize when engaged in the process with a prospect.

Whether it is for a 50 or 5 employee business, investment attraction is a competitive environment and communities that can go above and beyond the norm of customer service will have a much better chance of securing investment. With stiff competition in the region, it is particularly important for the communities to “bend over backwards” for prospective investors.

This approach to customer service will have an important spin-off for retention and service to businesses that are already in the community. A community providing excellent service to prospective businesses will find that its relationship with the existing business community will improve.

The consulting team recommends an enhanced collaborative regional BRE program be launched to support furthering the identified investment opportunities.

