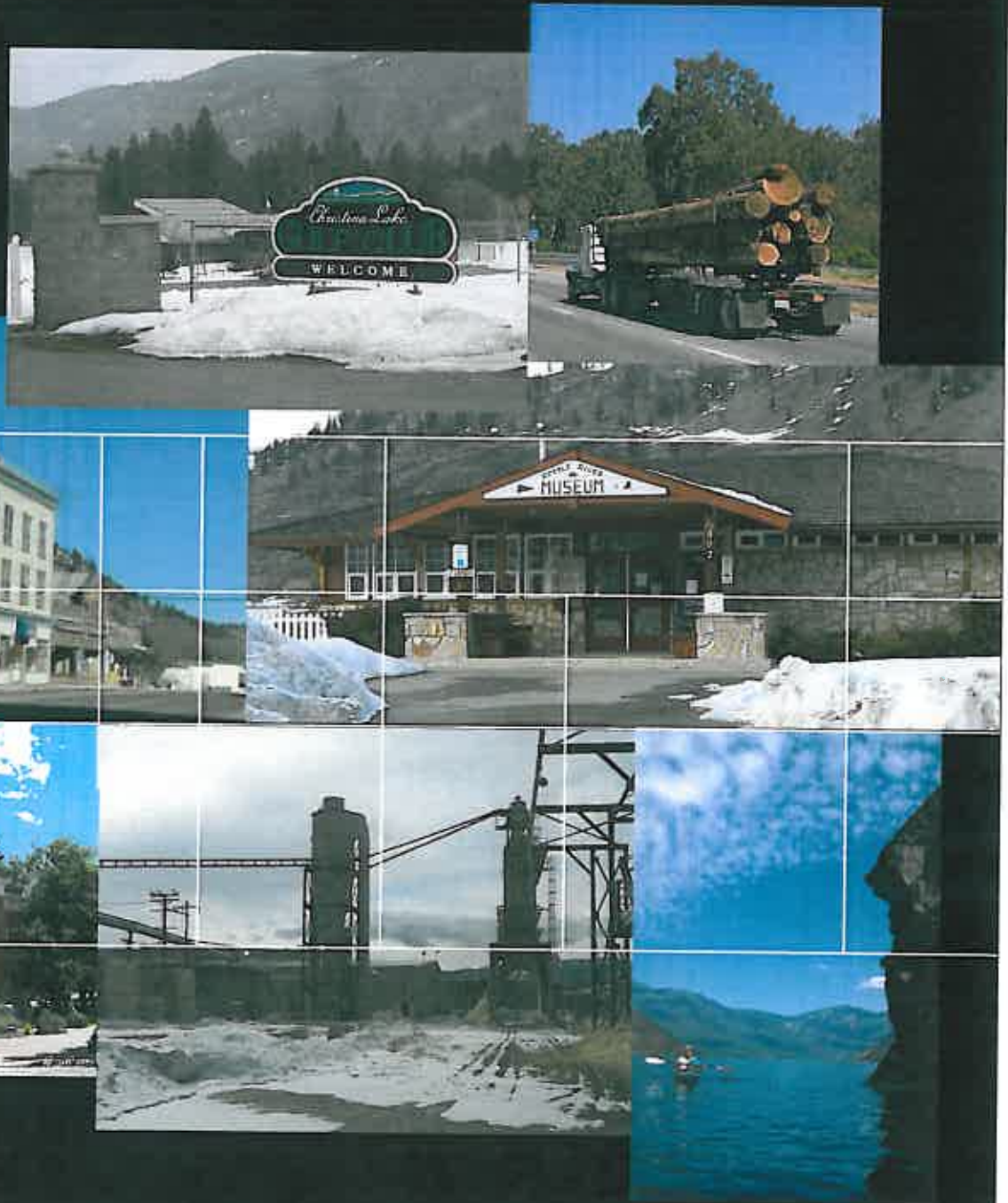


BOUNDARY REGION

Transition Study Scoping Report

Community Futures Boundary &
Transitions Branch



CTQ Consultants Ltd.
#205 - 1726 Dolphin Avenue
Kelowna, BC V1Y 9R9
Tel: (250) 979-1221
Fax: (250) 979-1232

In collaboration with
Lochaven Management Consultants

August 11, 2009
Our File: 08171-10

CTQ
ENGINEERING PLANNING URBAN DESIGN

LMC
LOCHAVEN MANAGEMENT
CONSULTANTS



Project No.: 08171-10

File No.: 1-L-002

August 10, 2009

Community Transition Branch
Ministry of Community Development
2nd Floor, 800 Johnson Street
Victoria, BC V8W 9T4

Attention: Ms. Patricia Summers, Manager

Re: Boundary Region Transition Study Scoping Report – Final

Please find attached the final report with all recommended or discussed changes. On behalf of Ted and I, and the team at Lochaven and CTQ, once again, we appreciated the opportunity to work with you and your colleagues. As per our discussion with Pat Summers, I have also included a brief terms of reference for the next phase, which you will find in the Appendix. Should you require a more formatted Terms of Reference because you are keen to proceed, we would be pleased to assist you. Nevertheless, please do not hesitate to call with any questions, we would be very interested in discussing further direction on where and how the Boundary can prosper in the future.

Sincerely,
CTQ CONSULTANTS LTD.

Ed Grifone, MCIP
Senior Consultant, Principal

EG:lt

Attachment

Copy to: Mr. Ted Treller, Lochaven Management Consultants Ltd.

Boundary Region Transition Study Scoping Report

TABLE OF CONTENTS

1.0 INTRODUCTION	1
1.1 PROJECT INTENT	1
1.2 CONTENTS OF THE REPORT	2
1.3 STUDY METHODOLOGY.....	3
2.0 OVERVIEW OF THE REGION	5
2.1 REGIONAL DISTRICT.....	5
2.2 BOUNDARY REGION.....	7
2.3 KOOTENAY BOUNDARY (AREAS C, D, AND E).....	11
2.4 GRAND FORKS	14
2.5 CHRISTINA LAKE	16
2.6 GREENWOOD	17
2.7 MIDWAY.....	18
3.0 CURRENT ECONOMIC SITUATION.....	23
3.1 GRAND FORKS – GREENWOOD AREA INCOME DEPENDENCY	23
3.2 RECENT ECONOMIC EVENTS IN THE BOUNDARY REGION	34
3.3 OTHER ECONOMIC	37
4.0 SOCIAL ENVIRONMENT IN THE REGION	39
4.1 INTRODUCTION	39
4.2 SAFETY AND POLICING	39
4.3 EDUCATION AND LEARNING	42
4.4 HEALTH	45
4.5 SOCIAL WELL BEING	49
4.6 SOCIAL CAPITAL	51
5.0 TRANSITION ACTIVITY TO DATE	53

Boundary Region Transition Study Scoping Report

6.0	OVERVIEW OF THE ISSUES ENCOUNTERED TO DATE.....	56
6.1	MIDWAY.....	56
6.2	GREENWOOD.....	58
6.3	GRAND FORKS.....	59
6.4	CHRISTINA LAKE (AREA C).....	60
6.5	OTHER.....	61
7.0	RECOMMENDATIONS FOR MOVING FORWARD WITH TRANSITION	62
7.1	MIDWAY.....	62
7.2	GREENWOOD.....	63
7.3	GRAND FORKS AND AREA.....	63
7.4	OPPORTUNITIES FOR REGIONAL COOPERATION AND SHARING OF SERVICES	64
8.0	PRELIMINARY ECONOMIC DEVELOPMENT INITIATIVES	69
8.1	GRAND FORKS.....	69
8.2	MIDWAY.....	70
8.3	GREENWOOD.....	70
	APPENDIX A – TERMS OF REFERENCE.....	73

Boundary Region Transition Study Scoping Report

1.0 INTRODUCTION

This report is provided as a preliminary baseline study for future transition work that may be required to assist the Boundary Region of BC through a recent and significant downturn in their economy. All three incorporated municipalities and the surrounding rural areas of the Regional District of Kootenay Boundary have been affected by permanent or temporary closures of industrial plants in Grand Forks and Midway. Although the nearby community of Greenwood does not contain a sawmill, there have been mine closures in the vicinity of Greenwood and Rock Creek, and many of the businesses and suppliers to the forest sector in that community are also affected. Mighty White Dolomite and Lexington – Grenoble (Greenwood Gold) Mines were some of the most significant employers in the West Boundary.

1.1 Project Intent

This work was commissioned by the Community Futures Development in Corporation – Boundary with support from the Ministry of Community Development. The Scoping Study serves to assess how far along the region is in its transition and what further steps and assistance may be required beyond this point as the community/region goes through a change process resulting from the economic downturn. The Province will use this documented information to help determine the nature and extent of activity required to affect transition. In this regard, the study calls for addressing the following in general terms:

- Description of the Region
- Economic Base and Population
- Key Employers
- Community Services and Institutions
- Current Economic Situation (Mill closures, etc.)
- Associated issues related to economic situation
- Transition activities carried out to date/planned for the region
- Opportunities for sharing some community services amongst communities in region
- Recommendations for moving forward with any further transition work

(Note that a separate but related Community Transition Plan Study is underway for Grand Forks specifically.)

1.2 Contents of the Report

The following report contains information on these key items:

1. The government jurisdictions (municipal and regional) that make up the Boundary Region.
2. The current economic situation relative to economic base, major employers, small business, and industrial plant closures and related (known) economic impacts.
3. Community Services and Agencies assisting the communities and businesses.
4. The Transition Activity to date for the following categories:
 - Municipal
 - Health and Family Services
 - Education
 - Protective Services (Policing)
 - Small Business
 - Economic Development
 - Other
5. Overview of Issues Encountered to Date.
6. Recommendations to Proceed.
7. Preliminary Economic Development Initiatives (Region Wide).

Boundary Region Transition Study Scoping Report

1.3 Study Methodology

The consultants carried out an extensive research exercise, albeit in a short period of time, for all incorporated communities and key rural areas in the Boundary study area. Most of the research was conducted during early to mid March 2009. It should be noted that any documented statistics, publications and reports represent facts and figures largely up to last year (2008) or earlier and may therefore not represent current economic conditions exactly. Furthermore, since so much of the plant closure impacts are just beginning to be felt in Grand Forks, Midway and Greenwood, it is expected that 2009 figures may suggest even worse conditions, unless there is a dramatic upturn in the economy. Anecdotal information was however provided by various sources/interviews which helps corroborate much of the data that was somewhat dated.

The following meetings, contacts and information sources helped the consultant gain a fairly clear appreciation for the Boundary situation. Specific opinions about interest in the future economic direction of the communities/electoral areas of the Boundary region were obtained from meetings/interviews with political leaders, businesses, Grand Forks Chamber of Commerce rep and administrators from the municipalities.

Key Meetings

- BISM (Boundary Integrated Services Management) – Grand Forks Meeting
- Vitality Signs Project (2009) – Grand Forks Workshop
- Boundary Economic Development Committee – Grand Forks Meeting
- Business Community Focus Group Meeting – Hosted by Chamber of Commerce – Grand Forks
- Focus Group Meeting – Hosted by Village of Midway (Businesses, Chief Administrative Officer and Mayor/Council)
- Focus Group Meeting – Hosted by City of Greenwood (Businesses and Mayor/Council)
- Electoral Area “C” Director – Ms Grace McGregor (RDKB)
- Mayor of Grand Forks – Mr. Brian Taylor
- Chief Administrative Officer and City Clerk, City of Grand Forks – Victor Kumar and Lynne Burch
- Chief Administrative Officer, City of Greenwood – Gerry Henke

Boundary Region Transition Study Scoping Report

Interviews

(By Phone and in person)

- Ms Wendy McCulloch, Manager Community Futures Boundary (CFB)
- Ms Jennifer Wetmore, Economic Development Committee/CFB
- Mr. Jim Madder, Administrator, Village of Midway
- Mr. Ron Vautour, Woods Manager, Interfor, Grand Forks
- Mr. Al Barclay, RPF, Boundary Job Opportunities Program, Grand Forks
- Ms Joy Davies, City Councillor, City of Grand Forks (Economic Development)
- Ms Sandy Davis, Team Leader (EAS) (Via Mr. Al Barclay)
- Ms Cher Wyers, Chamber of Commerce, Grand Forks
- Mr. Bruce Gardner, Steelworkers Union (#1423)rep the Woodworkers (Kelowna)
- Mr. Brad Jeroe, Operating Engineers Union, rep CANPAR employees (Kamloops)
- Mr. Dan Barron, Ministry of Forests, Manager, Castlegar
- Mr. Ron Seymour, Owl Mountain Ranch (Christina Lake), rep tourism industry
- Realtors in Grand Forks

Information Sources

- Boundary Economic Development Report on Strategic Planning Session, January, 2009
- City of Grand Forks Annual Financial Report, 2007 –Council Presentation of May 5, 2008
- BC Statistics/Health Area Statistics
- BC Local Area Economic Dependencies, 2006 (March, 2009)
- Web Searches
- City of Grand Forks Sustainability Plan Background Report
- Presentation by Duncan Davies, President and CEO, Interfor Pacific, February 2008
- Midway's OCP re ALR Issue
- Grand Forks LIRN Event, March 12, 2008 Output report
- Approximately 30 documents and reports from various agencies regarding social and economic statistics and information.

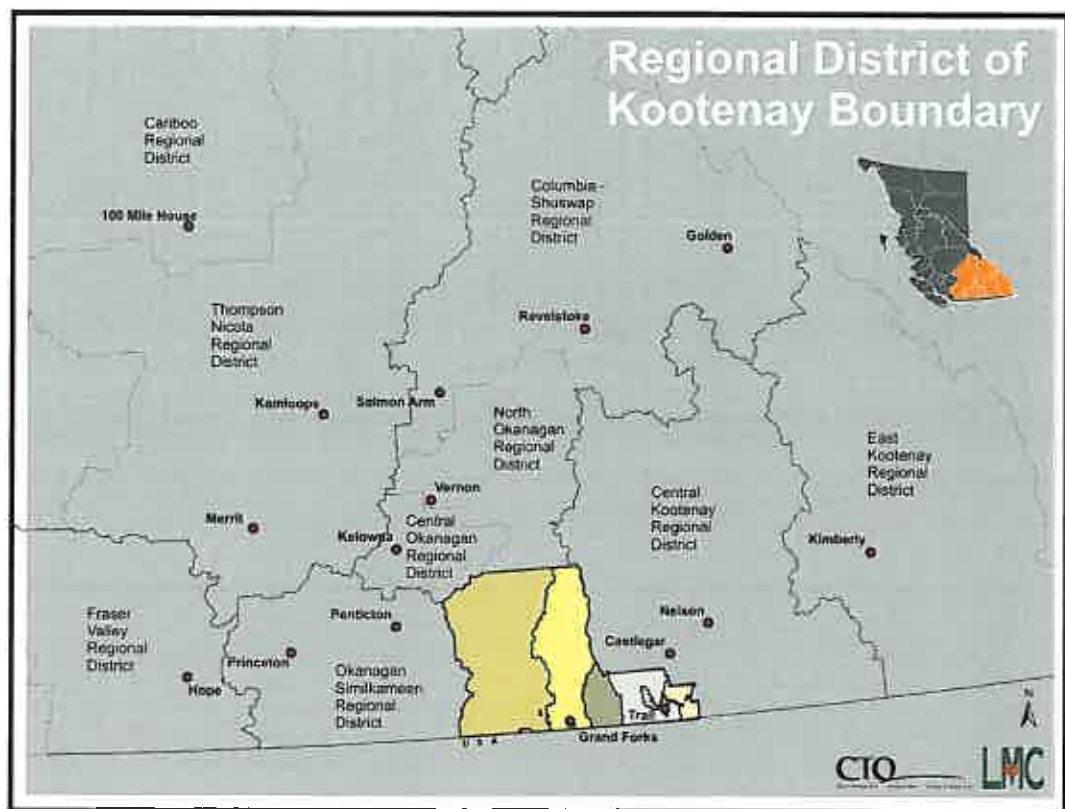
Boundary Region Transition Study Scoping Report

2.0 OVERVIEW OF THE REGION

2.1 Regional District

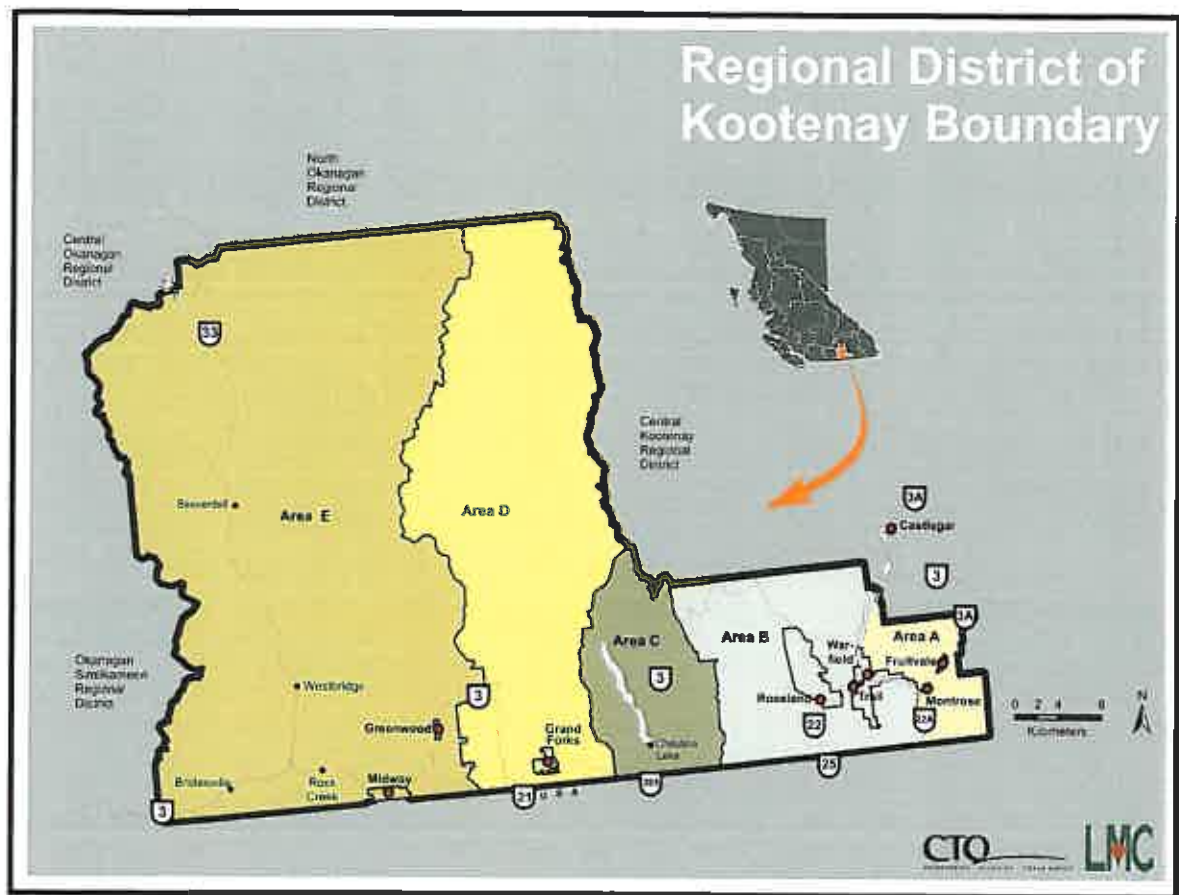
Background

The Regional District of Kootenay Boundary (RDKB) is one of 27 regional districts in the Province of British Columbia, and is situated in the southern interior next to the United States Border. The Okanagan-Similkameen, the Central Okanagan, the North Okanagan, and the central Kootenay Regional Districts lie to the west, northwest, northeast, and east, respectively (please see Map 1A and Map 1B: RDKB).



Map 1A

Boundary Region Transition Study Scoping Report



Map 1B

The RDKB was incorporated in 1966 and is comprised of eight incorporated municipalities (Fruitvale, Grand Forks, Greenwood, Midway, Montrose, Rossland, Trail, and Warfield) and five unincorporated Electoral Areas (Area A – Beaver Valley, Area B – The Columbia River Communities, Area C – Christina Lake, Area D – Rural Grand Forks, and Area E - Big White).

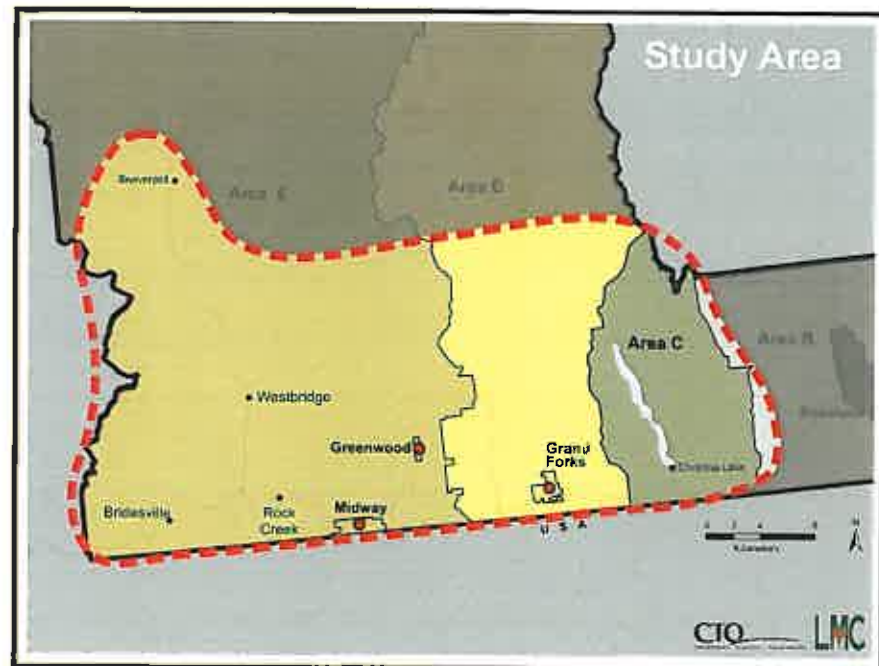
Boundary Region Transition Study Scoping Report

Governance and Services

The RDKB, headquartered in Trail BC, is governed by a board of directors comprised of single representatives from each of the electoral areas and municipal councils. Services such as solid waste management, sewage collection and treatment, economic development, community and regional planning, public transit, and general administration are provided through a partnership arrangement, where taxation assessment is based on whether or not a particular community actually receives particular services.

2.2 Boundary Region

The area of interest for this study, defined as the 'Boundary Region', covers a territory that includes Area C – Christina Lake, the southern half of Area D – Rural Grand Forks, and the southern half of area E – Big White (please see Map 2: Study Area). Within this regional area, particular focus was placed on the communities of Midway, Greenwood, and Grand Forks. It should be noted that although the focus was directed to the 'Boundary Region', statistical information is generally only available for the entire RDKB, individual district Areas, or City's/Villages.



Map 2

Boundary Region Transition Study Scoping Report

Ecology

From a biophysical perspective, the Boundary Region generally covers four biogeoclimatic zones: Interior Cedar – Hemlock, Interior Douglas-fir, Engelmann Spruce, and Montane Spruce¹. From a hydrological perspective, the Region is comprised of (and largely influenced by) the lower valleys of the West Kettle and Kettle Rivers, and the lower Granby River.

Town Locations

The City of Grand Forks is situated at the convergence of the Granby River and Kettle River. The Town of Midway is situated next to the United States border near the confluence of the Kettle River and Boundary Creek. The City of Greenwood is situated in the Granby Creek Basin. The area is also rich with the sites of former towns and cities, although most, such as Kettle Valley, Boundary Falls, Anaconda, Phoenix and Eholt, have nearly disappeared.

History

The Boundary Region was part of the traditional territory of the Sinixt, a First Nations people of the Interior Salish language group that were declared ‘extinct’ by the Canadian government in the early part of the 20th Century. Natural resource exploration and extraction, particularly in the areas of timber harvesting and mining became the foundation of the non-indigenous economy in the mid to late 1900’s as European settlers expanded into the region. Throughout the 20th century, resource extraction continued to play a major role in the region’s economy.

¹ <http://www.for.gov.bc.ca/hfd/library/documents/treebook/biogeo/biogeo.htm>

Boundary Region Transition Study Scoping Report

Population

Today, the RDKB has a population of 30,742 and represents 0.7% of the BC population. The City of Trail, the City of Grand Forks, the City of Greenwood and the Village of Midway contribute 7,237 (23.5% of region), 4,036 (13% of region), 625 (2% of region), and 621 (2% of region) to this total, respectively². The regional median age of the RDKB is 47.3 as of 2006.

Summary Table: Area, Population, and Age					
Location	Area (km ²)	Percent of RDKB	Population	Percent of RDKB	Median Age
RDKB	8,095.63	100%	30,742	100%	47.3
Area E	4,307.49	53.2%	2,234	7.3%	48.2
Area D	2,116.43	26.1%	3,176	10.3%	49.0
Area C	530.61	6.6%	1,435	4.7%	54.8
Grand Forks	10.44	0.1%	4,036	13.1%	47.7
Greenwood	2.52	0.03%	625	2.0%	54.5
Midway	12.16	0.1%	621	2.0%	53.6
Source: BC Stats, 2006 Census Profile – Summary Version					

Economic Base

For the region defined as Area C, Area D, and Area E, the percent of income dependencies (2006) are as follows:

- Forest (23)
- Mining and mineral processing (2)
- Fishing (0)
- Agriculture and food (4)
- Tourism (3)
- High tech (0)
- Public sector (17)
- Construction (7)
- Film production (0)
- Other (4)
- Transfer payments (24)
- Other non-employment income (18)

² Regional District 5 – Kootenay Boundary Statistical Profile (BC Stats)

Boundary Region Transition Study Scoping Report

* Total is rounded, and as per DEF by Dr. G. Horne, BC Local Area Econ Dep, 2006.

As may be observed, the dominant income sources for the area are 1) transfer payments, 2) the forest industry, 3) other non-employment income, and 4) the public sector³. Consequently, any disruptions to these income sources would have significant consequences for the region. Although a much smaller contribution is made by construction, agriculture, and tourism, there may be opportunities for development in these sectors, and this will be noted in more detail in subsequent sections of this report.

In addition to income dependencies, economic diversity is another important indicator for communities because diversification tends to “provide more community stability in volatile economic times”⁴. The British Columbia Local Area Economic Dependencies (BCLAED) literature has reported the diversity of local communities in British Columbia as a Diversity Index (DI), where a score of zero represents an area dependent on a single economic sector, and a score of 100 represents an area equally dependent on each of the following defined sectors:

- Forestry and associated manufacturing
- Mining and associated manufacturing, including Oil & Gas
- Fishing and Trapping and associated manufacturing
- Agriculture and Food & Beverage Manufacturing
- Tourism
- High Technology
- Public Sector
- Construction
- Film Production and Sound Recording

The Grand Forks-Greenwood area has a DI of 69. For comparison, Invermere ranks the highest at 79, and the Central Coast ranks the lowest at 52. This suggests that the Grand Forks-Greenwood area is somewhat diversified, but is still quite dependent on a few key sectors, with forestry being the only industrial sector.

³ British Columbia Local Area Economic Dependencies - 2006

⁴ British Columbia Local Area Economic Dependencies – 2006, p.10

Boundary Region Transition Study Scoping Report

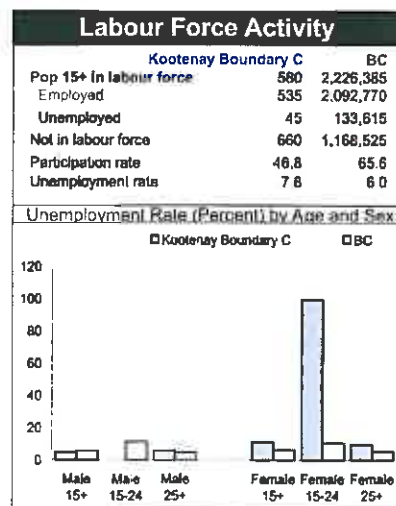
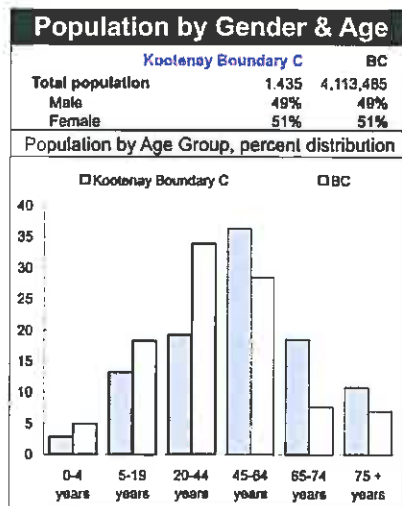
2.3 Kootenay Boundary (Areas C, D, and E)

Kootenay Boundary C

Kootenay Boundary C has an area of 530.61 km², a population of 1435, and a median age of 54.8. The population by gender and age shows a higher than average distribution of people between the ages of 45-75+ and a lower than average distribution between the ages of 0-44 (please see “Population by Gender & Age” table below). The top ten labour force employment areas, as of 2006, were⁵:

- Retail trade (110 people; 18.8% of labour force)
- Construction (85; 14.5%)
- Manufacturing (80; 13.7%)
- Educational services (40; 6.8%)
- Health care & social assistance (40; 6.8%)
- Admin and support, waste management and remediation (35; 6.0%)
- Finance & insurance (30; 5.1%)
- Arts, entertainment and recreation (30; 5.1%)
- Accommodation and food services (30; 5.1%)
- Agriculture, forestry, fishing, hunting (25; 4.3%)

Of the 580 people in the labour force, 45 were unemployed (7.8%) as of 2006. Comparatively, the B.C. unemployment average was 6.0% (please see “Labour Force Activity” table below).



⁵ 2006 Census Profile, Kootenay Boundary C, p.14

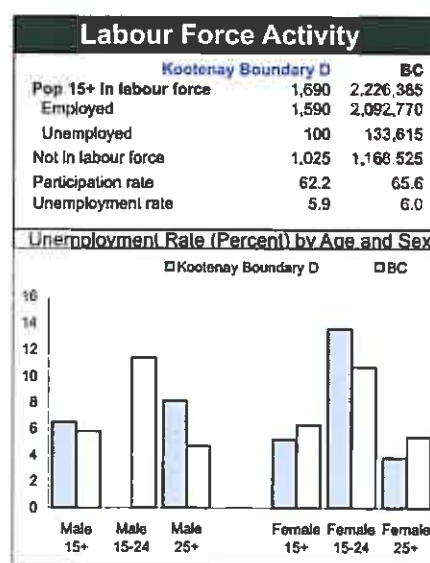
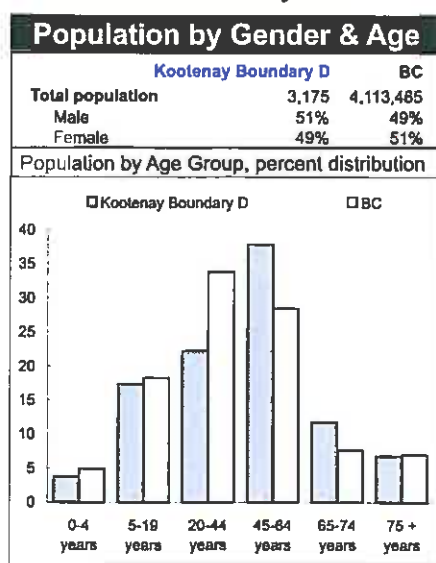
Boundary Region Transition Study Scoping Report

Kootenay Boundary D

Kootenay Boundary D has an area of 2,116.43 km², a population of 3,175 and a median age of 49.0. The population by gender and age shows a higher than average distribution of people between the ages of 45-75+ and a lower than average distribution between the ages of 0-44 (please see "Population by Gender & Age" table below). The top ten labour force employment areas, as of 2006, were⁶:

- Agriculture, forestry, fishing, hunting (290 people; 17.2% of labour force)
- Manufacturing (215; 12.7%)
- Retail trade (190; 11.2%)
- Health care and social assistance (180; 10.7%)
- Construction (125; 7.4%)
- Accommodation & food services (90; 5.3%)
- Educational services (85; 5.0%)
- Admin and support, waste management & remediation (80; 4.7%)
- Other services (excluding public administration) (75; 4.4%)
- Transportation & warehousing (70; 4.1%)

Of the 1,690 people in the labour force, 100 people were unemployed (5.9%) as of 2006. Comparatively, the B.C. unemployment average was 6.0% (please see "Labour Force Activity" table below).



⁶ 2006 Census Profile, Kootenay Boundary D, p.14

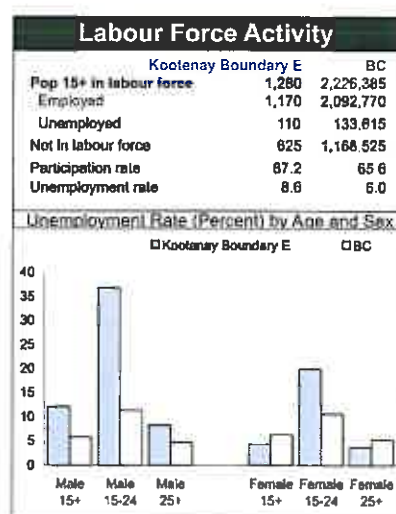
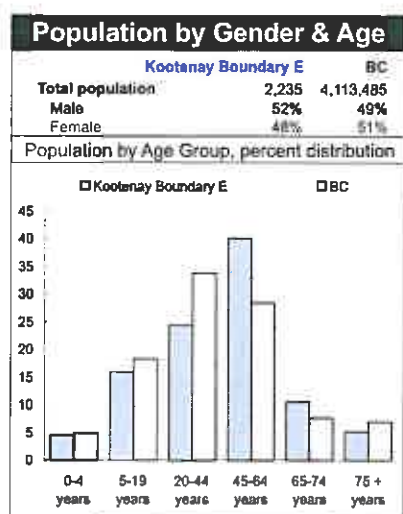
Boundary Region Transition Study Scoping Report

Kootenay Boundary E

Kootenay Boundary E has an area of 4,307.49 km², a population of 2,234, and a median age of 48.2. The population by gender and age shows a higher than average distribution of people between the ages of 45-74 and a lower than average distribution between the ages of 0-44, and 75+ (please see “Population by Gender & Age” table below). The top ten labour force employment areas are⁷:

- Agriculture, forestry, fishing, hunting (320 people; 24.9% of labour force)
- Construction (120; 9.3%)
- Manufacturing (120; 9.3%)
- Health care and social assistance (110; 8.6%)
- Retail trade (105; 8.2%)
- Accommodation and food services (100; 7.8%)
- Other services (excluding public administration) (70; 5.4%)
- Educational services (60; 4.7%)
- Transportation & warehousing (50; 3.9%)
- Arts, entertainment & recreation (45; 3.5%)

Of the 1,280 people in the labour force, 110 people were unemployed (8.6%) as of 2006. Comparatively, the B.C. unemployment average was 6.0% (please see “Labour Force Activity” table below).



⁷ 2006 Census Profile, Kootenay Boundary C, p.14

2.4 Grand Forks

Grand Forks is the largest town in the Boundary region, has an area of 10.44 km², is home to a population of approximately 4,036 people, and has a median age of 47.7. Grand Forks experiences warm, dry summers (18 to 26 degrees C), relatively mild winters (-8 to -2 degrees C) and, with over 200 hours of sunshine per year, has received the name 'Sunshine Valley'. The population by gender and age shows a higher than average distribution of people between the ages of 45-75+ and a lower than average distribution between the ages of 0-44 + (please see "Population by Gender & Age" table below). Of the 1,740 people in the labour force, 135 people were unemployed (7.8%) as of 2006. The B.C. unemployment average was 6.0% (please see "Labour Force Activity" table below).



Evidence of Doukhabor settlement in Grand Forks area

Historically, Grand Forks is closely tied to the mining and railroad boom of the turn of the century (1890-1910).

Although originally attracted

by rich farmland, many early settlers eventually became employed by the three railroads, mines, smelters, and power plants that developed in the area. Members of the Doukhabor religious sect also began to settle in the area.

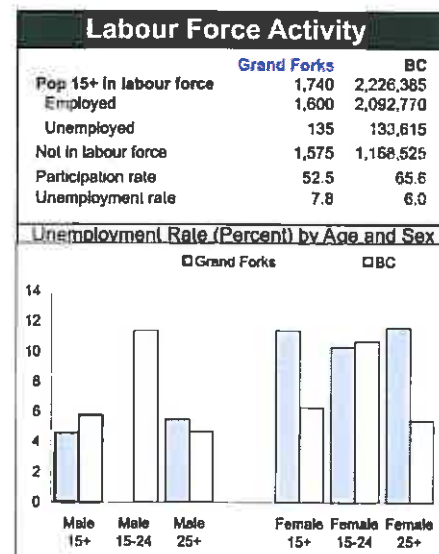
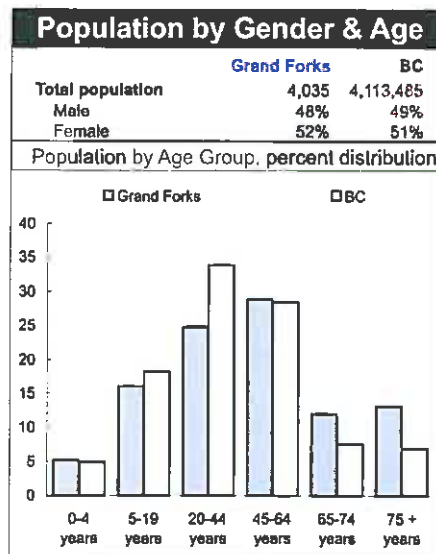
Surveyed in 1895, incorporated in 1897, and boasting its own water, telephone, and electric system by 1899, the town suffered a temporary setback due to fire in 1908 and 1911, but continued to develop afterward. Approximately 3,200 miners were employed in the area in 1899, and were bringing in monthly wages in excess of \$300,000. Merchants estimated that their annual trade supplying the mines was approximately \$1,250,000. By the early 1900's Grand Forks was benefiting from being next to the largest non-ferrous copper smelter in the British Empire, was producing one third of the BC apple crop, and was growing nineteen varieties of potato throughout the valley.

Boundary Region Transition Study Scoping Report

Many of Grand Forks' historic homes remain, as do a number of commercial and industrial sites. In addition, the oldest CPR station in B.C. is still here in its original location. Throughout the twentieth century, the City's economy continued to be heavily based on natural resource extraction. Recently, the area has experienced some economic decline, with the closure of various forest mills and associated spin-off companies. For example, the Grand Forks chamber of commerce membership has dropped by 40% over the last year, from 150 to 95.

The top ten labour force employment areas in Grand Forks, as of 2006, were⁸:

- Manufacturing (315 people; 18.1% of labour force)
- Retail trade (225; 12.9%)
- Health care & social assistance (195; 11.2%)
- Accommodation & food services (150; 8.6%)
- Construction (130; 7.5%)
- Agriculture, forestry, fishing, hunting (100; 5.7%)
- Public administration (100; 5.7%)
- Administration & support, waste management & remediation (75; 4.3%)
- Other services (excluding public administration) (65; 3.7%)
- Educational services (55; 3.2%)



⁸ 2006 Census Profile, Grand Forks, p.14

Boundary Region Transition Study Scoping Report

Grand Fork's economy is presently based on the lumber industry, the insulation (Roxul) industry, and tourism.⁹ Recent key employers include:

Summary of Major Employers in Grand Forks	
Employer	Approximate Number of Employees
Interior Health Authority	260
Interfor	85 (formerly 206 under Pope & Talbot)
Roxul (west)	150
School District #51 (Grand Forks only)	175 (+15 in Christina Lake) (264 FTE)
Canpar Industries	Closed Dec 2007
Extra Foods	50-60
Overwaitea Foods	65-70
Grand Forks & District Savings Credit Union	54
Unifab	30
Boundary Electric	85
Corporation of the City of Grand Forks	43
Source: City of Grand Forks, Sustainable Community Plan Discussion Paper, 2008	

Additional past employers of note include:

- Pacific Abrasives
- Grand Forks Municipal Airport
- Numerous agricultural industries

2.5 Christina Lake

Christina Lake is an unincorporated resort community located just to the east of Grand Forks in Area C. Renowned for its spectacular lake and associated tourism, Christina Lake has also experienced some decline in previous years, and more significantly in the past year. For example, a sawmill closed in 1970 and a finger joint plant closed within the last few years. Opportunities are present, however, in the form of an industrial park that is fully serviced with gas, rail, highway, and power. The golf course is currently the largest employer at Christina Lake. It provides employment for approximately 25 people and generally operates from April to October.

⁹ <http://www.city.grandforks.bc.ca/about/history/>

2.6 Greenwood

Greenwood is known as the smallest city in Canada¹⁰, has an area of 2.52 km², is home to a population of approximately 625 people, and has a median age of 54.5. Located on Highway #3 in the southern part of Area E, Greenwood has a historic mining heritage, which still expresses itself in natural and manmade features such as numerous heritage buildings, abandoned railway tunnels (the tunnel of flags), and related mining infrastructure. In addition, the City is home to or benefits from the Trans Canada Trail, Boundary Creek, Boundary Falls, nearby Jewel Lake Fishing Resort, and supports a library, museum, and seniors centre. The population by gender and age shows a higher than average distribution of people between the ages of 45-75+ and a lower than average distribution between the ages of 0-44 (please see “Population by Gender & Age” table below). Of the 250 people in the labour force, 20 people were unemployed (8.0%) as of 2006. Comparatively, the B.C. unemployment average was 6.0% (please see “Labour Force Activity” table below).

The top eleven labour force employment areas in Greenwood, as of 2006, were¹¹:

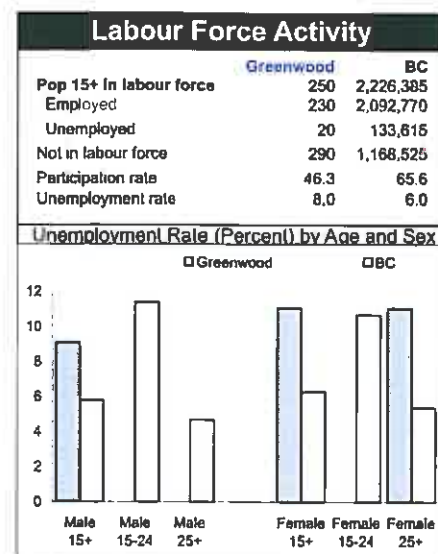
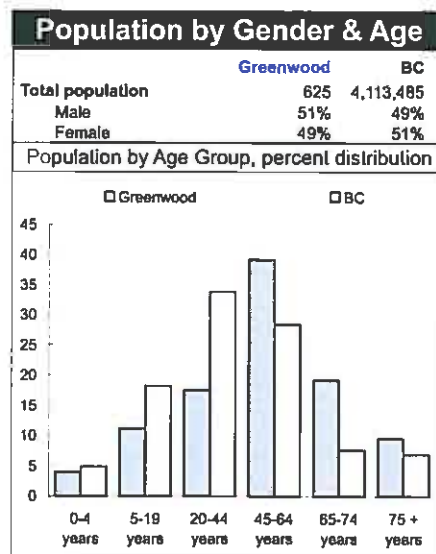
- Agriculture, forestry, fishing, hunting (70 people; 28% of labour force)
- Manufacturing (40; 16%)
- Retail trade (30; 12%)
- Accommodation & food services (25; 10%)
- Construction (10; 4%)
- Real estate & rental & leasing (10; 4%)
- Administration & support, waste management & remediation (10; 4%)
- Educational services (10; 4%)
- Health care & social assistance (10; 4%)
- Other services (excluding public administration) (10; 4%)
- Public administration (10; 4%)

Until recently, Merit Mining employed 65 people, and generated economic spin-offs for the community by supporting other employers such as grocery stores, pubs, and retail outlets. The closure of the Pope and Talbot (Fox lumber) mill in Midway has had a similar detrimental impact on the City of Greenwood.

¹⁰ <http://www.greenwoodcity.com/>

¹¹ 2006 Census Profile, Greenwood, p.14

Boundary Region Transition Study Scoping Report



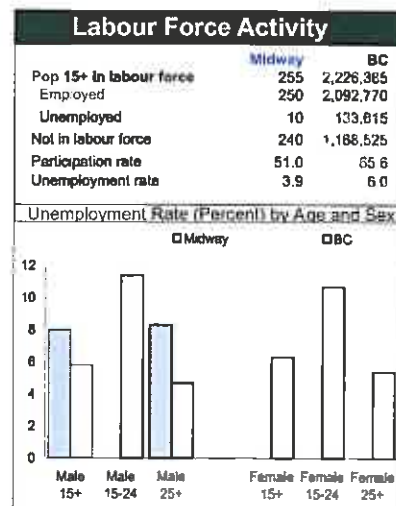
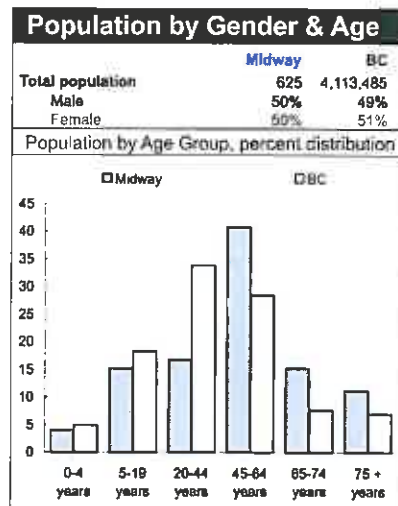
2.7 Midway

The Village of Midway has an area of 12.16 km², is home to a population of approximately 621 people, and has a median age of 53.6. Located on Highway #3 in the southern part of Area E (and approximately 13km west of Greenwood), Midway was established in 1873, with much of its initial growth and prosperity tied to the mining boom of the early 20th Century. It is also situated at the historic Mile Zero of the Kettle Valley Rail Trail. Although the population at one time hovered around 6,000 people, the village has since contracted almost ten-fold. Presently, the population by gender and age shows a higher than average distribution of people between the ages of 45-75+ and a lower than average distribution between the ages of 0-44 (please see "Population by Gender & Age" table below). Of the 255 people in the labour force, 10 people were unemployed (3.9%) as of 2006 (please see "Labour Force Activity" table below).

Boundary Region Transition Study Scoping Report

The top ten labour force employment areas in Midway, as of 2006, were¹²:

- Manufacturing (95 people; 36.5% of labour force)
- Agriculture, forestry, fishing, hunting (30; 11.5%)
- Retail trade (25; 9.6%)
- Educational services (25; 9.6%)
- Accommodation & food services (20; 7.7%)
- Public administration (15; 5.8%)
- Construction (10; 3.8%)
- Finance & insurance (10; 3.8%)
- Professional, scientific & technical services (10; 3.8%)
- Health care & social assistance (10; 3.8%)



Today, Midway is a modern, attractive community with a variety of civic and/or natural amenities, including an airstrip, a library, a railway museum, local shops, surrounding agricultural land (ALR), and a beautiful meandering river. Unfortunately, it also has a severely weakened and fragile economy, due in large part to the recent closure of the Pope & Talbot mill in 2007. Younger families have made an exodus from the area in search of other employment opportunities, with serious consequences for tax revenue and supporting local businesses. McMynn Groceries, for example, has been forced to reduce its level of employment from 25 to 14 staff. Consequently, Midway, despite the short-lived prosperity of a thriving wood industry, finds itself in 2009 on a demographic,

¹² 2006 Census Profile, Midway, p.14

Boundary Region Transition Study Scoping Report

social, and economic precipice where the outlook for the future is, at best, concerning.

2.8 Labour Force Employment Area Summary Table

The numerical information included in the table below represents a summary of the data presented in this section, and is based on the most important labour force employment areas in each jurisdiction, expressed as i) people employed and ii) the percent of the total labour force (in each jurisdiction). The total sampled labour force is 4890 (84.1%). The total labour force for all six jurisdictions is 5817 (100%). Data that are particularly relevant to this study are highlighted in yellow.

Boundary Region Transition Study Scoping Report

Labour Force Employment Area Summary Table													
	Kootenay Boundary C		Kootenay Boundary D		Kootenay Boundary E		Grand Forks		Greenwood		Midway		Total
Labour force employment areas	people	% of total labour force	people	% of total labour force	people	% of total labour force	people	% of total labour force	people	% of total labour force	people	% of total labour force	
Manufacturing	80	13.7%	215	12.7%	120	9.3%	315	18.1%	40	16%	95	36.5%	865 14.9%
Agri, forestry, fishing, hunting	25	4.3%	290	17.2%	320	24.9%	100	5.7%	70	28%	30	11.5%	835 14.4%
Retail trade	100	18.8%	190	11.2%	105	8.2%	225	12.9%	30	12%	25	9.6%	675 11.6%
Health care & social assistance	40	6.8%	180	10.7%	110	8.6%	195	11.2%	10	4%	10	3.8%	545 9.4%
Construction	85	14.5%	125	7.4%	120	9.3%	130	7.5%	10	4%	10	3.8%	480 8.3%
Accommodation & food services	30	5.1%	90	5.3%	100	7.8%	150	8.6%	25	10%	20	7.7%	415 7.1%
Educational services	40	6.8%	85	5.0%	60	4.7%	55	3.2%	10	4%	25	9.6%	275 4.7%
Other services (excl pub adm)	*	*	75	4.4%	70	5.4%	65	3.7%	10	4%	*	*	220 3.8%
Admin/support, waste mgmt & remed	35	6.0%	80	4.7%	*	*	75	4.3%	10	4.0%	*	*	200 3.4%
Public administration	*	*	*	*	*	*	100	5.7%	10	4%	15	5.8%	125 2.1%
Transportation & warehousing	*	*	70	4.1%	50	3.9%	*	*	*	*	*	*	120 2.1%
Arts, entertain & recreation	30	5.1%	*	*	45	3.5%	*	*	*	*	*	*	75 1.3%
Finance & insurance	30	5.1%	*	*	*	*	*	*	*	*	10	3.8%	40 0.7%
R estate & rent	*	*	*	*	*	*	*	*	10	4%	*	*	10 0.2%
Prof, scientific & tech services	*	*	*	*	*	*	*	*	*	*	10	3.8%	10 0.2%
Total labour force (sample)	495		1400		1100		1410		235		250		4890 84.2
Total labour force (jurisdiction)	585		1690		1285		1740		250		260		

Boundary Region Transition Study Scoping Report

As may be observed, the jurisdictions examined above are particularly dependent on manufacturing and forestry (29.3%, 1700 jobs) for employment. Key results are as follows:

- Midway: 48% (125 jobs) dependent on forestry and related manufacturing
- Greenwood: 44% (110 jobs) dependent on forestry and related manufacturing
- Kootenay Boundary E: 34.2% (440 jobs) dependent on forestry and related manufacturing
- Kootenay Boundary D: 29.9% (505 jobs) dependent on forestry and related manufacturing
- Grand Forks: 23.8% (415) jobs dependent on forestry and related manufacturing
- Kootenay Boundary C: 18% (105 jobs) dependent on forestry and related manufacturing

3.0 CURRENT ECONOMIC SITUATION

3.1 Grand Forks – Greenwood Area Income Dependency

Before illustrating the extent and magnitude of the current economic downturn in the Boundary Region, it is important to provide a backdrop to the area's economic dependency on certain sources of income that actually support the local economies in each area. One of the best statistical studies produced in BC that helps define dependency and truly depicts what sustains our local economies is the "British Columbia Local Area Economic Dependencies: 2006" Report produced by BC Stats and authored by Dr Garry Horne (March 2009). (It was briefly noted in Section 2.0). Although it uses the Census Canada results from 2006 as the main



source of data, the information compares

Sawmills/Forest Manufacturing has been key industrial sector in Grand Forks Region

communities/areas across the province and thus provides a clear indication of what is really supporting a town and surrounding catchment area. Over the years that this study has been conducted and updated, Dr. Horne/BC Stats has focused more and more on the impact of the forest sector (both basic and non-basic employment income) to truly discern the importance that this sector plays in BC local area economies. The results show how (1) dependent, (2) diversified and (3) vulnerable, 63 "local areas" actually are in BC. It is fortunate for this particular Boundary Scoping Study, that Grand Forks – Greenwood area is a defined geographic unit, typically aggregated from Census Subdivision Districts (CSD).

Boundary Region Transition Study Scoping Report

The jobs that are considered to generate *basic employment income* are found in the following 10 sectors:

- Forestry and associated manufacturing
- Mining and associated manufacturing, including Oil and Gas
- Fishing and Trapping, and associated manufacturing
- Agriculture and Food & Beverage manufacturing
- Tourism
- High Technology
- Public Sector
- Construction
- Film Production and Sound Recording
- Other

Basic non-employment income is all non-employment income that flows into the community:

- Transfer payments from senior government (e.g. Income assistance, old age security, Canada Pension Plan, EI Benefits, Federal Child Tax benefits, etc.).
- Other non-employment income (e.g. investment income, dividends and interest, retirement pensions, superannuation, annuities and alimony, etc.).¹³

Although the definitions for each sector can be found in the full “Dependencies” report, for the Boundary situation, it is important to provide the definition for **Forestry (FOR)** herein:

¹³ Full definitions can be found in the full “Dependencies” Report, p. 6, Section 2

Boundary Region Transition Study Scoping Report

NAICS Definition

- 113 Forestry and logging
- 1153 Support activities for forestry
- 3211 Sawmills and wood preservation
- 3212 Veneer, plywood and engineered wood product manufacturing
- 3219 Other wood manufacturing
- 322 Paper manufacturing
- 337 Furniture related product manufacturing

The following tables show how dependent and vulnerable the Grand Forks-Greenwood area is (defined as Grand Forks, Midway, Greenwood and Elec Areas C, D and E of the RDKB), due to its heavy reliance on forest sector incomes. An explanation follows.

Table 3.1

Percent Income Dependencies (After-Tax Incomes, 2006)												
	Forest	Mining & Min Proc	Fish- ing	Agric. & Food	Tourism	High Tech	Public Sector	Const	Film Prod	Other	Trans. Pay- ments	Other non-emp inc
KOOTENAY												
40 Fernie	6	44	0	0	8	0	13	6	0	2	11	9
41 Cranbrook-Kimberley	12	6	0	1	7	0	26	9	0	7	17	16
42 Invermere	13	12	0	2	16	0	16	13	0	3	11	13
43 Castlegar-Arrow Lakes	23	4	0	1	5	1	22	9	0	4	17	14
44 Nelson	9	2	0	1	7	4	28	10	0	5	18	17
45 Creston	8	5	0	7	4	0	19	6	0	1	26	24
46 Grand Forks-Greenwood	23	2	0	4	3	0	17	7	0	4	24	1%
47 Trail-Rossland	4	19	0	0	4	1	24	6	0	6	17	18
CARIBOO												
48 Williams Lake	27	5	0	2	4	0	22	7	0	3	16	12
49 Quesnel	45	2	0	2	3	0	18	4	0	2	15	10
50 Prince George	28	2	0	1	4	1	28	7	0	7	12	10
51 McBride-Valemount	33	0	0	1	11	0	21	5	0	3	16	11
NORTH COAST												
52 Queen Charlotte Island	14	0	7	1	11	1	31	4	0	2	18	12
53 Prince Rupert	5	1	16	1	8	0	32	3	0	8	18	9
54 Kitimat-Terrace	14	22	1	0	4	0	26	5	0	3	14	10
55 Hazelton	18	3	1	1	2	0	40	2	0	2	25	5
56 Stewart	3	8	4	0	7	0	52	7	0	3	12	3
NECHAKO												
57 Smithers-Houston	31	9	0	2	5	0	23	5	0	2	13	9
58 Burns Lake	37	3	0	3	3	0	26	3	0	2	14	9
59 Vanderhoof	42	8	0	3	3	0	20	3	0	1	12	7
60 Stikine	4	11	1	0	7	1	48	15	0	4	6	2
NORTHEAST												
61 Dawson Creek	12	20	0	3	5	0	21	10	0	8	12	8
62 Fort St. John	6	37	0	3	5	0	14	11	0	8	8	7
63 Fort Nelson	27	23	0	0	8	0	17	4	0	11	5	4

BCStats, Author: Garry Horne, March 2009

Table 3.2

2006 Forest Vulnerability Indices	
KOOTENAY	
40 Fernie	12
41 Cranbrook-Kimberley	15
42 Invermere	13
43 Castlegar-Arrow Lakes	31
44 Nelson	12
45 Creston	11
46 Grand Forks-Greenwood	34
47 Trail-Rossland	4

BCStats, Author: Garry Horne, March 2009

Boundary Region Transition Study Scoping Report

Table 3.3

2006 Location Quotients (based on employment)

	Forestry	Mining & Min Proc	Fish- ing	Agric. & Food	Tourism	High Tech	Public Sector	Const	Film Prod
KOOTENAY									
40 Fernie	0.58	8.93	0.00	0.22	1.26	0.10	0.47	0.67	0.00
41 Cranbrook-Kimberley	1.12	1.67	0.11	0.42	1.36	0.03	0.92	1.02	0.70
42 Invermere	1.14	1.49	0.27	0.47	2.15	0.04	0.49	1.40	0.00
43 Castlegar-Arrow Lakes	2.12	0.92	0.00	0.26	1.01	0.87	0.79	1.02	0.00
44 Nelson	1.05	0.59	0.00	0.38	1.22	2.64	0.93	1.12	1.42
45 Creston	0.96	1.65	0.02	3.11	0.94	0.12	0.80	0.80	0.00
46 Grand Forks-Greenwood	2.21	0.77	0.00	2.06	0.75	0.00	0.71	0.82	0.97
47 Trail-Rossland	0.49	5.06	0.00	0.12	0.94	0.81	0.98	0.82	0.40
CARIBOO									
48 Williams Lake	2.25	1.30	0.20	1.11	0.82	0.00	0.77	0.80	0.47
49 Quesnel	3.57	0.56	0.15	0.90	0.51	0.00	0.67	0.48	0.29
50 Prince George	2.41	0.60	0.04	0.31	0.66	0.66	0.99	0.69	0.32
51 McBride-Valemount	2.50	0.32	0.00	0.98	1.55	0.00	0.60	0.63	0.72
NORTH COAST									
52 Queen Charlotte Island	1.18	0.00	9.56	0.30	1.41	0.36	0.97	0.44	0.00
53 Prince Rupert	0.43	0.34	21.35	0.40	1.15	0.01	0.92	0.35	0.52
54 Kitimat-Terrace	1.29	4.60	1.19	0.18	0.73	0.14	0.92	0.57	0.48
55 Hazelton	1.68	0.58	1.55	1.11	0.37	0.27	1.32	0.28	1.02
56 Stewart	0.40	1.49	7.22	0.00	0.86	0.00	1.36	0.60	0.00
NECHAKO									
57 Smithers-Houston	2.33	2.03	0.62	0.88	0.81	0.24	0.78	0.50	0.00
58 Burns Lake	2.93	0.55	0.00	1.10	0.71	0.00	0.82	0.39	0.00
59 Vanderhoof	3.40	0.97	0.18	0.97	0.52	0.00	0.74	0.27	0.32
60 Stikine	0.43	2.60	1.63	0.00	0.76	0.50	1.26	1.03	0.00
NORTHEAST									
61 Dawson Creek	0.94	4.66	0.07	1.44	0.80	0.10	0.74	0.89	0.57
62 Fort St. John	0.58	8.40	0.17	0.93	0.74	0.10	0.53	0.91	0.37
63 Fort Nelson	1.93	5.63	0.00	0.11	1.13	0.02	0.55	0.42	0.93

BCStats, Author: Garry Horne, March 2009

Table 3.4

Average Nonbasic After-Tax Income, 2006

KOOTENAY

40 Fernie	\$25,901
41 Cranbrook-Kimberley	\$24,022
42 Invermere	\$27,769
43 Castlegar-Arrow Lakes	\$24,887
44 Nelson	\$20,624
45 Creston	\$19,994
46 Grand Forks-Greenwood	\$17,476
47 Trail-Rossland	\$21,826

BCStats, Author: Garry Horne, March 2009

Table 3.5

Diversity Indices - 2006 - 2001 - 1996

KOOTENAY	2006	2001	1996
40 Fernie	59	61	57
41 Cranbrook-Kimberley	73	74	73
42 Invermere	79	74	73
43 Castlegar-Arrow Lakes	72	69	67
44 Nelson	71	69	68
45 Creston	69	68	70
46 Grand Forks-Greenwood	69	69	70
47 Trail-Rossland	71	66	67

BCStats, Author: Garry Horne, March 2009

Boundary Region Transition Study Scoping Report

Table 3.6

Forest Vulnerability Indices - 2006 - 2001 - 1996

	2006	2001	1996
46 Grand Forks-Greenwood	34	38	36
47 Trail-Rossland	4	4	8
48 Williams Lake	41	50	50
49 Quesnel	100	92	100
50 Prince George	46	55	57

BCStats, Author: Garry Horne, March 2009

Table 3.7

2006 Indirect Employment Ratios - Auxiliary

	Saw Mills	Other W Mfg.	Fish- ing	Misc Mfg.	Mineral Proc.	Film Prod.
KOOTENAY						
40 Fernie	1.29	1.27	N.A.	1.15	N.A.	N.A.
41 Cranbrook-Kimberley	1.30	1.28	1.75	1.19	1.34	1.32
42 Invermere	1.24	1.22	1.63	1.17	N.A.	N.A.
43 Castlegar-Arrow Lakes	1.30	1.27	N.A.	1.30	1.33	N.A.
44 Nelson	1.30	1.29	N.A.	1.19	1.35	1.32
45 Creston	1.28	1.25	N.A.	1.22	N.A.	N.A.
46 Grand Forks-Greenwood	1.28	1.26	N.A.	1.20	1.32	1.29
47 Trail-Rossland	1.26	1.25	N.A.	1.35	1.30	1.28

BCStats, Author: Garry Horne, March 2009

Boundary Region Transition Study Scoping Report

Table 3.8

**2006 Indirect and Induced Employment Ratios - Auxiliary
No Migration (with Safety Net)**

	Saw Mills	Other W Mfg.	Fish- ing	Misc Mfg.	Mineral Proc.	Film Prod.
KOOTENAY						
40 Fernie	1.40	1.29	N.A.	1.18	N.A.	N.A.
41 Cranbrook-Kimberley	1.53	1.38	1.82	1.29	1.47	1.36
42 Invermere	1.41	1.24	1.66	1.23	N.A.	N.A.
43 Castlegar-Arrow Lakes	1.43	1.36	N.A.	1.39	1.58	N.A.
44 Nelson	1.43	1.36	N.A.	1.26	1.63	1.41
45 Creston	1.39	1.30	N.A.	1.29	N.A.	N.A.
46 Grand Forks-Greenwood	1.49	1.40	N.A.	1.27	1.33	1.30
47 Trail-Rossland	1.41	1.27	N.A.	1.54	1.54	1.30

BCStats, Author: Garry Horne, March 2009

Table 3.9

**2006 Indirect and Induced Employment Ratios - Auxiliary
Migration (No Safety Net/No Public Sector Impacts)**

	Saw Mills	Other W Mfg.	Fish- ing	Misc Mfg.	Mineral Proc.	Film Prod.
KOOTENAY						
40 Fernie	1.52	1.31	N.A.	1.22	N.A.	N.A.
41 Cranbrook-Kimberley	1.76	1.53	1.93	1.46	1.70	1.42
42 Invermere	1.54	1.26	1.72	1.34	N.A.	N.A.
43 Castlegar-Arrow Lakes	1.62	1.50	N.A.	1.56	1.78	N.A.
44 Nelson	1.63	1.48	N.A.	1.39	1.85	1.56
45 Creston	1.51	1.38	N.A.	1.40	N.A.	N.A.
46 Grand Forks-Greenwood	1.66	1.56	N.A.	1.39	1.36	1.33
47 Trail-Rossland	1.62	1.30	N.A.	1.76	1.77	1.34

BCStats, Author: Garry Horne, March 2009

Table 3.10

Dependency Changes From 1991 to 2006									
46 Grand Forks-Greenwood									
Year	FOR	MIN	F&T	AGF	TOU	PUB	OTH	TRAN	ONEI
2006	23	2	0	4	3	17	10	24	18
2001	25	1	0	4	6	20	7	23	13
1996	25	3	0	4	7	17	10	25	10
1991	23	6	0	3	3	18	12	11	23

BCStats, Author: Garry Horne, March 2009

These tables essentially illustrate the following important points:

Table 3.1

1. At 23 %, the GF/Greenwood area is very reliant on forest related income. (e.g. the higher the number, the more dependent it is on that particular sector)
2. Transfer payments at 24% are higher than basic incomes which would otherwise have more impact on the local economy (e.g. those families on income assistance, old age security do not inject as much into a local economy).

Table 3.2

3. In the entire East and West Kootenays, the GF/Greenwood area is the most vulnerable to forestry dependency at 34, higher than Castlegar-Arrow Lakes at 31 and many other areas in the interior. (e.g. the higher the index, the more vulnerable to forest sector)

Table 3.3

4. The Location Quotient for forestry is one of the highest in the entire province, making the industry very active in the Grand Forks/Greenwood area (2006), but again very vulnerable. (This indicates that a high proportion of economic activity is a result of the forest sector)

Boundary Region Transition Study Scoping Report

Table 3.4

5. The area has the lowest after-tax income in the East and West Kootenays.

Table 3.5

6. The diversity index at 69 has largely gone unchanged over the last decade (70 in 1996). (e.g. the higher the index, the less diverse is the local economy)

Table 3.6

7. The forest vulnerability index at 34 has largely gone unchanged since 1996 (36), but the Grand Forks region is doing much better than say Quesnel, Prince George, and Williams Lake that are also tied to forestry.

Tables 3.7, 3.8 & 3.9

8. The indirect and induced employment ratios for sawmills are very high at 1.66 which shows that forestry manufacturing has a significant impact downstream, BUT due to this ratio (or multiplier), the losses are felt more when the mills are down.

Table 3.10

9. The most dramatic changes in dependencies for the GF/Greenwood area from 1991 to 2006 (15 years) has been a major increase in Transfer payments (11 to 24%) and a drop in mining (6% to 2 %).

Again, this acknowledges that circumstances may have changed since 2006. Nevertheless, the precarious economic/dependent situation still exists in the Grand Forks – Greenwood area. Forest manufacturing is critical to this local economy, but diversification is important to lessen the reliance on the one sector, as we move into the future.

Boundary Region Transition Study Scoping Report

3.2 Recent Economic Events in the Boundary Region

The above noted statistics and information provides a sound appreciation for how dependent the Boundary Region is on forestry and associated manufacturing. When incomes from this sector are removed or decreased in a local economy, there are typically dire consequences. During 2007 and



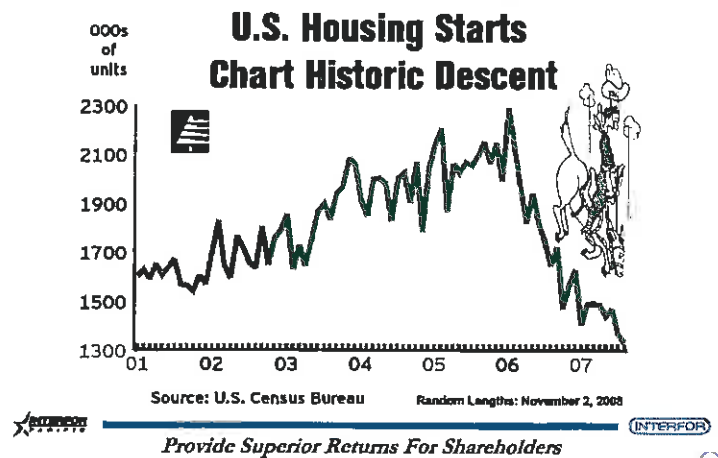
Canpar Industries closed its plant permanently in 2007

2008, the Grand Forks-Greenwood-Midway area experienced major losses in jobs

related to the closures of a number of the key manufacturing plants that employed workers with significant incomes that supported the local economies. Since these events have occurred in the midst of the worst lumber industry downturn in memory, with new sawmill closures in BC being announced weekly, the workers have had little hope of re-employment. Industry experts have advocated that the collapse in U.S. housing market (see attached figure).and the rising Canadian \$ impacted market demand and product prices to the point that sawmills have had to close and companies forced into bankruptcy.

Furthermore, other industries that could have helped diversify the local economy have also been affected by other factors in recent months, leaving even less hope for many of the unemployed.

2007 In Review



Boundary Region Transition Study Scoping Report

The following is a summary of the major events and contributors to the recent (2007/2008) job losses and economic hardships in the Boundary Region of BC. Numbers indicate closest estimates of permanent or temporary job losses.¹⁴

MILL/Area	COMPANY INVOLVED	IMPACT/JOB LOSSES
Midway	Pope & Talbot declares bankruptcy	Permanent Closure – May 2007 (66)
Midway	Fox Lumber buys P & T Mill	Planer Mill closure (80 more jobs)
Midway	Fox Lumber lays off staff	Office, woods and roads (28 jobs)
Grand Forks	Pope & Talbot bankruptcy	234 employees affected
Grand Forks	Interfor takes over P & T (Nov/07)	180 (Original Seniority List) 85 now out of work at plant alone (Temporary/long term layoffs)
Grand Forks Region	Hauling Contractors	40 that supplied Interfor alone
Grand Forks	Canpar (Door Core Mill)	Permanent Closure – Dec 2007 (100)
Greenwood	Merit Mining	Temporary Closure – 2008 (65)
Grand Forks Region	Boundary Electric	Employees on reduced hours (85)

In less than a two year period, besides job losses, the impact of the closures have caused municipal tax losses, indirect impacts to suppliers and local businesses, school enrollment declines, devaluation of homes, and losses or induced impacts in and outside the region.



Closure of mills having impacts in Grand Forks and throughout Region/Interior

¹⁴ Numbers of job losses and occurrences were provided by the companies, the unions and government officials as of March 2009. The consultant bears no responsibility for their accuracy.

Boundary Region Transition Study Scoping Report

Furthermore, several other Southern Interior and Kootenay area mills are permanently or temporarily shut down accounting for very few opportunities for movement of affected employees on both the manufacturing end and in the forest or supply side. Many people are leaving the area, or have run out of unemployment benefits, or are about to run out of unemployment benefits (March, 2009).

Other than institutional or government agencies and some retailers (in Grand Forks and Midway), Roxul (Insulation Plant) is the only other major employer that remains operational in the Boundary Region. Potential exists for the International Forest Products (Interfor) Mill in Grand Forks and the small mine (Merit Mining) near Greenwood to reopen in the distant future. A new investor has been secured for the Mine, but Interfor has no plans to reopen their mill in the near future, based on all of their forecast demand and because of other mills they own in other regions. Nevertheless, Interfor has gone on record saying that the purchase of mills in Grand Forks, Castlegar and Spearfish in South Dakota, opens up opportunities for Interfor to position itself for the eventual market turnaround. The Vancouver Sun of November 19, 2007 read as follows:

“....Interfor has a history of purchasing mills under distressed circumstances and that they see opportunities to improve the performance of mills.”the deal of purchasing the mills recently “adds more than 40 % to Interfor’s lumber capacity, and pushes it into the top 10 of North America’s largest lumber producers, ranked at number seven and eight, with a capacity of 1.9 billion board feet.”



Interfor Sawmill in Grand Forks temporarily closed

Interfor’s President and CEO, Duncan Davies presentation to shareholders in February, 2008 included a very positive outlook for the company, positioning itself for the long term. In the meantime, the Grand Forks 2-line mill sits idle with a small staff intact, log yards full and a secure AAC of 503, 860 M³, all complemented by the 3-line mill in Castlegar, also with a secure AAC of another 503,000 M³, but also, sitting idle for several months.

Boundary Region Transition Study Scoping Report

3.3 Other Economic

Other key challenges that have come to complement the economic strife in the Boundary may include the following:

- Omnitrax Rail closure – Abandonment of the rail line into the area will affect current and future potential for rail shipments of goods/materials into and out of the region. This service threatens existing industrial operations in Grand Forks such as Pacific Abrasives, old Bell Pole site/plant near Christina Lake and the potential Aquilini Waste Recycling Energy Plant also proposed for the Christina Lake industrial area.



Abandonment of rail line threatens transportation of goods in and out of region

- The Aquilini Plant could threaten the tourism/outdoor recreation industry in the Christina Lake area, likely perception only.
- The Grand Forks Airport has undergone considerable upgrades but is very underutilized (Use is down 90%).
- Seniors demographic remaining or moving into Boundary communities resulting in less consumer demand than younger families.
- Lack of guaranteed fibre supply for the Fox mill in Midway.
- Competition from “Super” Mills located outside of the region.
- Unpaid municipal taxes by industry.
- Declining infrastructure in all communities.



Christina Lake Industrial Site, Bell Pole - closed

Boundary Region Transition Study Scoping Report

- Larger service suppliers (Unifab Industries Ltd., Boundary Electric (1985) Ltd., etc.) are being affected.
- Loss of retail and service in Grand Forks and Midway (Chamber of Commerce reports 40 % drop in membership for Grand Forks this year).
- Roxul Plant is only major employer remaining but concerns exist about pollution.
- Proposals for residential developments on outskirts of Grand Forks challenged with water supply issues.

All of the above is anecdotal information supplied by many people interviewed throughout the region.

4.0 SOCIAL ENVIRONMENT IN THE REGION

4.1 Introduction

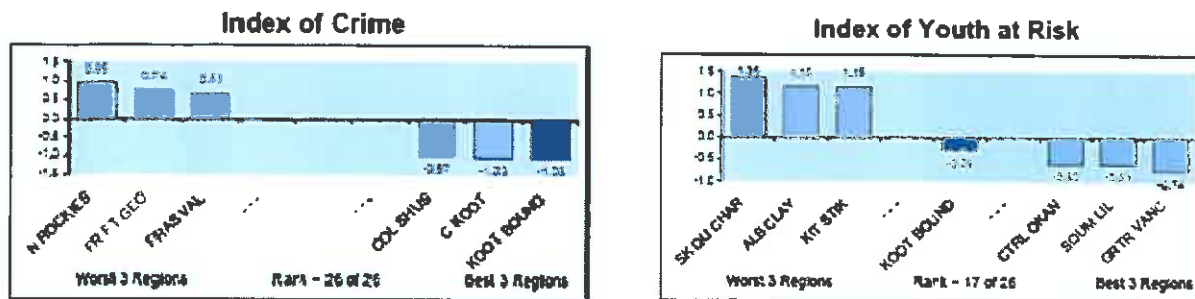
Over the period February 3, 2009 to March 23, 2009 a number of meetings and discussions were held with individual stakeholders broadly representative of social development interests within the Boundary Region. Some of these discussions took the form of focus groups while other inputs were collected through one on one interviews. Not surprisingly this collective dialogue was pointed, as the initial impacts of economic dislocation have already translated into broad impacts within most core social service activities ranging from educational impacts (declining enrollments) to security and policing impacts (increased instances of spousal abuse). Unfortunately these impacts are just beginning. The notes below are intended to present a broad overview of the Boundary Region in terms of its social development context; a consensus of opinions around most of those core aspects of social well being that the current economic crisis is decidedly influencing; and some broad suggestions for moving forward.

"A recurrent theme in the development literature has been the question of whether increased efficiency can be achieved simultaneously with an increased degree of equity. Many have claimed that society has to choose one or the other. However the goals of any development effort are fundamentally to improve the lives of human beings, and so the success of development programs should be assessed in human rather than strictly economic terms."

4.2 Safety and Policing

Overview: From the most recently available statistical information compiled by BC Statistics (2007) it is quite clear that the region's claim of being safe and secure is well premised. While violent crime has increased somewhat over the past 4 years the overall the incidence of serious crime is compatible with the moderate trend within the province generally and still ranks in performance amongst the best three areas/regions in all of BC. This performance extends to the historical incidence of juvenile crime, despite a mediocre youth at risk coefficient. Always of concern, a rise of youth at risk is a precursor to increased crime. However, within Kootenay Boundary Region Youth crime rates are stable though most crimes within the region involve those 30 years of age and under.

Boundary Region Transition Study Scoping Report

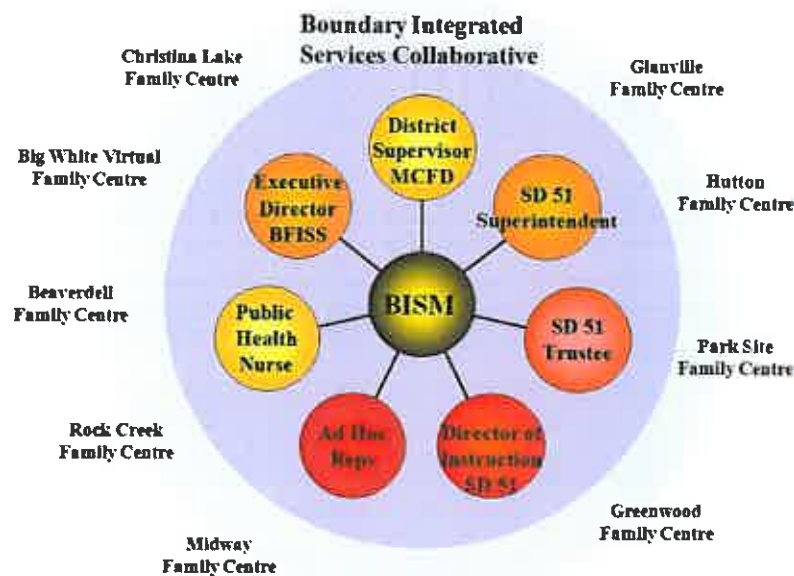


Source: BC Statistics, HSDA 12, Kootenay Boundary Statistical Profile 2007

Of course community and citizen safety and security comes not only with the implementation of formal regulatory processes and structures; but through broad community involvement and community commitment such as community volunteers (volunteer firefighters); and the design and implementation of individual community programs and services, by way of example:

- Boundary Youth Success Program; Youth Table; Restorative Justice Program; DARE, Respectful Relationships program for all youth grade 7 to 9; and,
- Boundary Comprehensive Community Safety Initiative. A collaboration of community partners to support local safer community projects and region wide tables focusing on: (1) child and youth issues; (2) the prevention and response to interpersonal violence; and, (3) increasing access to employment training.
- Boundary Integrates Services Committee (BISM): An initiative to more efficiently and effectively deliver critical community services to children, youth and families throughout the Boundary region.

Boundary Region Transition Study Scoping Report



Observations/Perceptions: While this statistical picture of regional “safety and policing” is comfortable and reassuring, it should be viewed in context with the following observations/perceptions of emerging issues¹⁵:

- Private property and violent crime are trending upwards.
- Drug trade violence is increasing.
- Youth problems are most acute during summer time with increased tourism traffic.
- Fire service (capacity/quality) is underdeveloped.
- Family stress/breakdown/spousal abuse numbers are up as a consequence of increased unemployment and economic erosion.

¹⁵ Note these observations have not been independently corroborated. They were collected from participants attending a Vital Signs 2009 focus group held in Grand Forks on March 17, 2009. This forum was attended by a number of key stakeholders with access to relevant information from which these assertions were made.

Boundary Region Transition Study Scoping Report

Critical Factors in Moving Forward: A number of ideas/suggestions were put forward that bear investigation as positive steps to move forward:

- Introduction of local rules/regulations in respect of "drug and party" house legislation.
- Re-engagement of senior citizens in community Crime Watch initiatives (Christina Lake).
- Investigation, evaluation and possible introduction of other community based approaches/models for social development (e.g. Partners in Action).

4.3 Education and Learning

Overview: Without question the education sector is an important part of the social and economic fabric of most communities, regions and countries. It has and does play an essential role in determining the character and sustainability of economic and social development, notably:

- (a) Education provides the skills and human capital that industry needs to thrive and grow;
- (b) High standards of educational attainment lead directly to high levels of aggregate productivity;
- (c) The education system is a major factor in attracting investment; and
- (d) Education is a key source of the intellectual capital and innovation that creates new business opportunities and drives economic growth.

School District 51 is located across the southern edge of the province on the BC and Washington border nestled between the Okanagan Valley and West Kootenays. Approximately 67 percent of the District is considered rural. SD 51 serves a student population of 1,742 students including those registered as Distance Electronic Learning students. The service area encompasses Christina Lake, Grand Forks, Greenwood, Midway, Rock Creek, Beaverdell, and Big White. School District 51 has 8 elementary, 2 secondary schools, a K-12 school and 2 alternate education facilities.

Boundary Region Transition Study Scoping Report

The School District population (September 30, 2007) was 1,467 FTE. The population has been in decline since 1998. At present there are:

- 1,468 students (and 5 adults);
- 296 Aboriginal students; and
- 99 students enrolled in special education programs.

While not a new phenomena SD 51 continues to face the challenges associated with declining enrollment coupled with the fiscal challenges to keep small rural schools open with a full range of programs and services.

School	Location	School	Location
Beaverdell Elementary School	Rock Creek	West Boundary Elementary School	Rock Creek
Greenwood Elementary School	Greenwood with students from Midway & Greenwood	Big White Community School	Big White
Midway Elementary School	Midway with Students from Midway & Greenwood	Dr. D.A. Perley Elementary School	Grand Forks
Boundary Central Secondary School	Midway	Walker Development Centre	Grand Forks
Boundary Learning Centre	Midway	Grand Forks Secondary School	Grand Forks
JA Hutton Elementary School	Grand Forks	Christina Lake Elementary	Christina Lake

Source: www.sd51.bc.ca/schools and Student Statistics 2004/05-2008/09, Full Year Summary Report, Ministry of Education

In addition to SD51 and the value it provides in promoting and facilitating community well-being, Selkirk College is an important and essential resource. Opened in 1967 Selkirk College is the oldest regional college in the province. It operates a total of eight campuses and learning centres in Castlegar, Nelson, Trail, Grand Forks, Nakusp and Kaslo. Academic Schools and Programs at Selkirk College include: Adult Basic Education and Transitional Training; Business and Aviation; Digital Media and Music, Distance Education, Health and Human

Boundary Region Transition Study Scoping Report

Services, Hospitality and Tourism, Industry and Trades Training, Kootenay School of the Arts, Renewable Resources, Selkirk International, SFU General Studies, UBC Teacher Education and University Arts and Science.

Concurrent with those initiatives driven by Selkirk and SD51 there are other broader community initiatives such as the Boundary Early Years Advisory Coalition and other broad collaborative efforts such as the collaboration between SD 51 and BFISS (Boundary Family & Individual Services Society) for Strong Start Program; the partnership between SD51, Selkirk College and CFDC for adult learning; and the Boundary Alliance for Literacy a partnership with Selkirk College.

Observations/Perceptions: Beyond the review of statistical publications and documents, the following thoughts and observations were collected through various interviews:

- Graduation rates continue to exceed provincial rates. Students from Boundary Central Secondary School have performed consistently well on provincial and other diagnostic exam scoring in the top 30% of the province, and achieving a top 10 ranking in terms of school effectiveness.
- Many young people have to leave the community to finish their education.
- There is some body of thought that the specter of declining school enrollments is being exacerbated by increasing numbers of individuals not finishing high school.
- Lower funding levels for Selkirk and SD51 implies the potential loss of important services/programming.
- Because available employment within the Region is not only lacking at worse and predominantly lower paid/lower skilled at best; there is substantive concern of a prolonged “brain drain” from the region.
- The inventory of unemployed, which is growing, is particularly problematic not only by the sheer magnitude of the numbers but by the generalized absence of basic education/literacy and comprehension skills.
- Community Futures Boundary has been playing a larger role in skills upgrading –especially for those who have lost jobs due to mill closures and other sectoral adjustments. This taxes CFB resources.

Boundary Region Transition Study Scoping Report

Critical Factors in Moving Forward: A number of ideas/suggestions were put forward that bear investigation as positive steps to move forward, largely directed at the participation of Selkirk College in:

- Training and retraining of forest sector workers.
- New program to be considered for the Grand Forks Campus.

Although it is acknowledged that Selkirk College is an ABE institution, there is merit to consider opportunities for further educational support in the forest sector.

4.4 Health

"Sustained economic hardship leads to poorer physical, psychological, and cognitive functioning."

N Engl J Med 1997;337:1889-95.

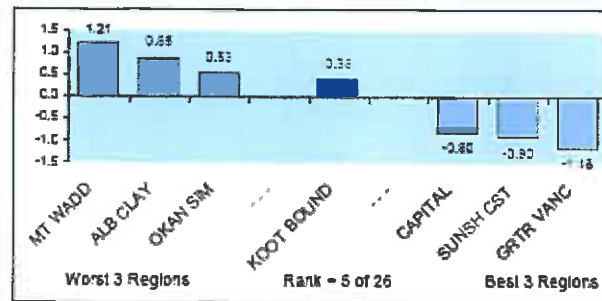
"Health and economic prosperity go hand in hand. In micro and macro data, there is abundant evidence that a wide array of health indicators are positively associated with many different dimensions of economic prosperity."

Thomas, Duncan; Frankenberg, Elizabeth.
Bulletin of the World Health Organization

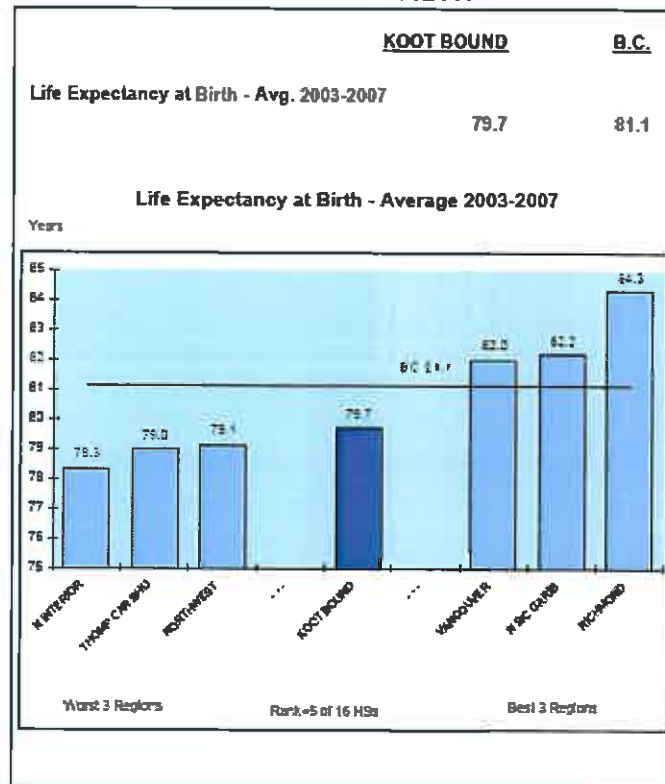
The Kootenay Boundary Health Service Area (HSA), which includes the Local Health Areas (LHA) of Arrow Lakes, Castlegar, Grand Forks, Kettle Valley, Kootenay Lake, Nelson, and Trail, is one of four HSAs within Interior Health. The Kootenay Boundary HSA has a projected population of 77,490 in 2008 with a median age of 45.9 with Grand Forks being 49.7. This median age is the highest of the four Interior Health HSAs compared to provincial median age of 40.4. Over the next 5 years (2008-2013), the youth population (less than 20 years of age) is projected to decline by 12.1% and the 45-64 year age group is expected to decline by 1.1%. Although the population projection for the Kootenay Boundary HSA over the 2008-2025 time period shows an increase in population, there is generally a decreasing trend noticed from 1997-2009. The Standardized Mortality Ratio over 2001-2005 is 1.07 and is statistically significantly higher than expected, given provincial rates.

Boundary Region Transition Study Scoping Report

Index of Health Problems



GENERAL HEALTH



Boundary Region Transition Study Scoping Report

The Boundary Area is serviced by a Level 1 Community Hospital located in Grand Forks. This Level 1 Community Hospital maintains a capacity to provide:

- Laboratory and radiology (x-ray) services;
- Emergency services that may be available 24 hours per day, depending on the facility;
- Acute care beds for patient admissions for general medicine, observation, assessment;
- convalescence and palliative care;
- Low-risk obstetrical care in rural or remote areas; and
- Outpatient ambulatory care procedures.

Health Practitioner Quick Stats (2005/06)

Indicator / Measure

Indicator / Measure	Grand Forks LHA	KBHSA	Interior Health	British Columbia
General Practitioners per 10,000 Population	7.7	13.8	11.8	11.0
Medical Specialists per 10,000 Population	1.1	6.6	7.0	8.9
Supplementary Benefit Practitioners per 10,000 Pop.	6.6	12.6	11.1	9.9

The Grand Forks LHA has significantly lower health care providers per 10,000 population in each of the three categories (General Practitioners, Medical Specialists and Supplementary Practitioners).

Beyond these core services and programs a number of community driven/cooperative initiatives are underway, notably: BISM (utilized to maximize effectiveness and efficiency of delivery amongst a range of core services with limited resources); and OPT (program in dealing with teen pregnancy).

Boundary Region Transition Study Scoping Report

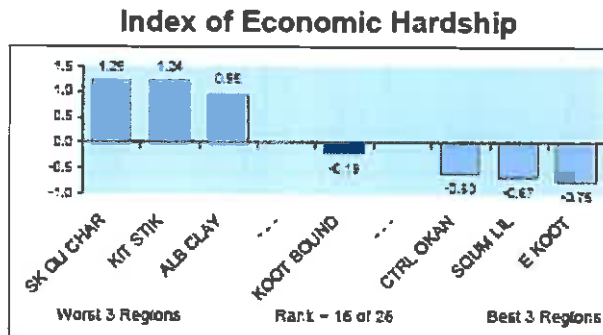
Observations/Perceptions: Beyond the review of statistical publications and documents, the following thoughts and observations were collected through various interviews:

- Air and water quality issues are very significant throughout the region.
- Alcohol and drug abuse are of growing concern.
- Rising infant mortality rate.
- Troubling disparity in health services between the rich and poor.
- The Region is significantly underserved in terms of numbers of physicians; seniors housing and elder care; neonatal and childcare; specialized health services; alcohol/drug treatment; and mental health facilities.
- There is a generalized inadequacy of provincial funding of health care initiatives within the Boundary region.
- The lack of birthing facilities locally requires travel to regional hospitals, this in turn creates a substantive ‘risk’ when access is impeded due to inclement weather resulting in treacherous road conditions.
- Non-municipal water user groups lack the economic resources to meet Ministry of Health guidelines on potable water.

Critical Factors in Moving Forward: A number of ideas/suggestions were put forward that bear investigation as positive steps to move forward:

- BAQC and ongoing water quality testing will serve to enhance awareness and stimulate interest in improving water quality. Water and air quality issues are critically important and some significant initiatives need to be pursued. These can start with monitoring and education, but need to move beyond this early effort.
- A Senior’s Housing Feasibility Study is underway. The outputs arising from this initiative need to be pursued. In a region with an aging population seniors housing will continue to gain prominence as a critical issue. Individual steps need to start now.
- Vital Signs project that is currently underway will serve to enhance awareness of community/regional wellbeing and provide a foundation for promoting further improvements and initiatives in regional health and wellness.

4.5 Social Well Being



Surprisingly, according to BC Statistics and as illustrated in the Chart above, from a social well being or HDI (Human Development Index) perspective the Kootenay Boundary Regional District is relatively well off. In fact according to the Index of Economic Hardship the Region sits mid way amongst its peers. Unfortunately this fails to reflect the realities of the region and its citizens in terms of their social well being and ominously ignores the impact of current circumstances. *In fact, for most of the common sub-indices of socio-economic well being¹⁶ the Kootenay Boundary Regional District fares rather poorly in social well being as evidenced by rising and persistent unemployment, elderly dependency ratios; incidences of low incomes, and dependence on income assistance.*

A number of local/regional initiatives are underway that serve to preserve and protect the region's social well being, notably the Self-Employment and Wage Subsidy Programs (CFDC) and Hungry Kids Program. As well efforts such as the regional/local recreation centre looking at ways to identify barriers and offset costs of access is an excellent example of a community pulling together to preserve some sense of social well being.

¹⁶ Social well being is defined as a state of affairs where the basic needs of the populace are met. This is a society where income levels are high enough to cover basic wants, where there is no poverty, where unemployment is insignificant, where there is easy access to social, medical, and educational services, and where everyone is treated with dignity and consideration."

Boundary Region Transition Study Scoping Report

Observations/Perceptions: A litany of observations was collected relative to the region's quality of life. While many individuals spoke fondly of the region as a great place to live and raise a family, many felt threatened by the erosion of the quality of life that attracted them in the first place. Of note:

- Increasing numbers of people using the food bank and concern for the pending closure of the facility due to inadequate donations/support.
- Increased numbers of home and business bankruptcies and foreclosures.
- Increased average family debt.
- Average family income in the region is below the official poverty line.
- Perception of middle class out-migration.
- Lack of affordable housing.

Critical Factors in Moving Forward: A number of ideas/suggestions were put forward that bear investigation as positive steps to move forward:

- Economic/Sectoral Initiatives that might create new jobs, new businesses:
 1. Future Transition Studies need to identify and set new economic directions. It needs to set a path and provide opportunities for new growth and development.
 2. Underdeveloped arts and culture sector and particularly so in respect of First Nation's art. There is a need for funding and facilities to showcase the unique aspects of the community.
 3. There is an Agricultural Land Use Study underway. Recommendations arising from this initiative need to be pursued, e.g. what can be done to build on the existing Farmers market; and what is the feasibility of mobile abattoirs and small family market gardens and what can be done to further these efforts. Several studies have been done, but little action to date.
 4. Development of the Historic Court House in Grand Forks should be considered as an Arts and Culture Centre.
 5. Job sharing should be investigated and pursued as a means to offset the full impact of unemployment.
 6. Linking of trails is underway. This needs to be supported and connected to the overall tourism strategy for the region.
 7. Community needs to save the rail line.

- Social initiatives that might be considered:
 1. More community partnerships to deal with emerging social issues.

4.6 Social Capital

One of the major questions asked by stakeholders and one in which the heart of successful transition efforts lies, is an understanding of why some communities adapt better to change than others; and why some communities are able to do better with a given set of resources than others. Notwithstanding the impact of fate and happenstance, the answer lies in the presence/absence of social capital or more exactly *“the attitude, spirit and willingness of people to engage in collective, civic activities.” (Leadership is key!)*

Observations/Perceptions: Many stakeholders expressed strong positive thoughts respecting the quality and commitment of local leaders but simultaneously expressed some critical concerns. Of note:

- Absence of a corporate presence in community activities/development.
- The list of available volunteers is waning and those engaged as volunteers are being burned out
- Brain drain of young people leaving the community/region and a concern for where future leadership might come from.
- A concern that absentee landowners don't buy in nor contribute “fairly” to the effort to make the community/region more vital/sustainable.
- Geographic separation of communities/citizens within the region with some enclaves being more remote/isolated makes it difficult to bring the people together, to capture the full synergies of community/regional cooperation.
- Lack of leadership where it involves engaging youth in the community – absence of mentors

Boundary Region Transition Study Scoping Report

Critical Factors in Moving Forward: A number of ideas/suggestions were put forward that bear investigation as positive steps to move forward:

- More community/regional partnerships are essential.
- People need to be made aware of leadership/volunteer opportunities.
- Rotary Clubs, Agricultural Group; other associations represent a potential source of leadership. They should be supported/encouraged in their efforts.

5.0 TRANSITION ACTIVITY TO DATE

Community Transition refers to the passage or change process that a community experiences when it loses a significant portion of its economic base and income opportunity. It is not a new phenomenon, being that it is most commonly perceived as a logical consequence of interdependent responses to socioeconomic change.



**Store closures and vacancies are on the rise in
Grand Forks**

The Boundary Region has a number of organizations in place that are directly or indirectly involved in the transition process:

- Community Futures Boundary
- Chambers of Commerce
- Boundary Economic Development Committee
- Municipalities of Grand Forks, Midway and Greenwood
- Regional District of Kootenay Boundary
- School District #51 and Selkirk College
- Local Health (Kootenay Boundary Health Service Area)
- Boundary Family and Individual Services Society
- Provincial Departments and Programs (Cranbrook and Victoria)
- Other non-profit organizations

It is not the intent of this report to explain the specific mandates of these organizations, but suffice to say that there is already some organizational capacity in place upon which to build the transition process and further economic initiatives (See Sections 7 and 8).

Boundary Region Transition Study Scoping Report

The following illustrates known “transition” to date; due to the severity and recent occurrences of the job losses throughout the region, it is understood that other activities, programs etc, might be underway but full information is unknown at this time.

1. Community Futures Boundary has several programs in place, including Employment Services, Wage Incentive, Community Economic Development, Business Services and the Self Employment Benefit Program. Its assistance to EI eligible entrepreneurs and small business loans has benefitted numerous people and created hundreds of jobs.
2. The Job Opportunities Program (JOP) to assist unemployed forest workers is underway. Project Manager is Mr. Al Barclay. Eligibility is clearly defined in the JOP website: <http://www.cd.gov.bc.ca/cdt/jobs/index.htm>.
3. Vital Signs – Boundary Integrated Services Committee (BISM) – a collaborative to more efficiently and effectively deliver critical community services to youth and family throughout the region, and to enhance awareness of community/regional well being.
4. Community Development – Regional – Boundary Economic Development Committee is made up of the incorporated municipalities and Regional District Electoral Area reps, with the assistance of the CFB office staff. Their planning is ongoing and some real definitive initiatives have been identified as of January, 2009. The challenge will be in the follow-up and speed of progress.
5. Regional District of Kootenay Boundary officials are trying to negotiate the restructuring of the Columbia Basin Trust region to allow incorporation of the Boundary into that jurisdiction that will in turn assist with funding; or establish a separate Trust Fund to benefit the region in the long term, as has been done in other jurisdictions in economic decline in BC.
6. Agriculture Plan – considerable work has been done to support the growth and diversification of the agriculture industry in the Boundary, but a more comprehensive plan is being pursued with the Province. Funding is expected to be in place and commissioning to start soon. The challenge will be in follow-up and speed of progress.

Boundary Region Transition Study Scoping Report

7. Senior's Housing Study – to address the growing seniors population in the region.
8. Hungry Kids Program – to preserve and protect social well being.
9. City of Grand Forks – Community Economic Development Public Meeting in April, 2009; lead by a Councillor from the City, it will explore opportunities in various sectors..
10. Job Opportunities Program helping build trails in Greenwood and Grand Forks.
11. Discussions with Minister Pat Bell (forestry) regarding securing fibre supply for Fox Mill in Midway.
12. Provincial officials (e.g. Diane Brooks/Pat Summers) coming in to assist in Visioning sessions/public meetings, and have sponsored Transition Studies to gain an appreciation of the severity of the economic downturn in the region.
13. Omnitrax Rail – Studies and committees formed to avoid loss of the rail line into Grand Forks/Christina Lake area. The effort is to explore alternatives and/or try to figure out ways to get investors/community to keep the line functioning.
14. Ambulance, police, fire and medical care – Awareness being created in every community and means to cooperate at regional level being investigated (Agencies, municipalities and BISM). The Region is looking at ways to add to cooperation and/or better/maximize the effectiveness of existing efforts.
15. Other – Several other small economic development initiatives are underway, many of which include trying to address local issues that are standing in the way of economic development. (See Section 6)

6.0 OVERVIEW OF THE ISSUES ENCOUNTERED TO DATE

The recent closures of mills and resultant job losses have sparked several issues that can dramatically affect transition efforts, and that will also have direct and indirect implications for moving forward with economic development opportunities in the near future. The many issues listed below were offered by Administrative staff, local area elected officials and representatives of the business community. Some of these issues may have admittedly existed before the forest industry decline in the region, nevertheless, if not addressed they will continue to stand in the way of progress or even the sustainability of the communities affected.

6.1 Midway

- The young families have largely left the community since plant closure. This issue affects:
 - local consumption of retail and service has declined to the point that some stores may close;
 - Volunteers for fire department are hard to find now/no training of new firemen;
 - Seniors even if they come in to buy houses, spend very little compared to young families, and it is estimated that 25% or more leave the community to go south in winter months.
- Approximately \$160,000 of municipal taxes have not been paid by Pope & Talbot/Fox Lumber since closure; since they have 3 years in which to pay, the deferred amount could have major implications on municipal services.
- There is no guaranteed fibre supply for the Midway Mill, and no market for what the mill wants to sell. Interfor that has much of the AAC in the region is

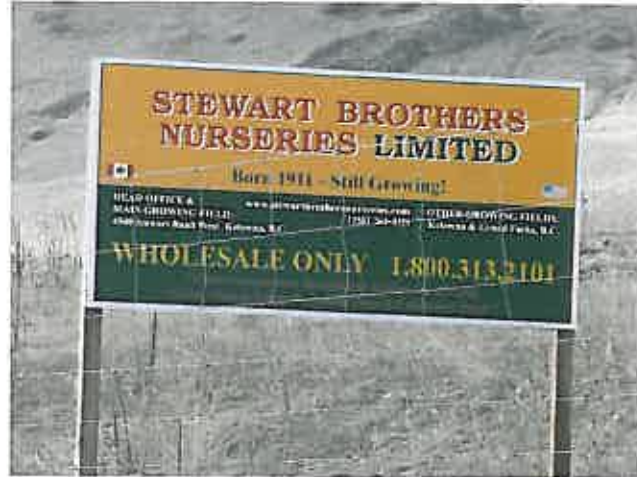


Kettle River Rail Museum at Midway

Boundary Region Transition Study Scoping Report

a direct competitor and does not want to get involved in value added manufacturing.

- There is a suspicion that Interfor's Super Mill at Adams Lake will draw all of the timber leaving many of the area mills short.
- There is an expressed need for better utilization of the local fibre supply.
- There is real concern that there is a multi-ministerial issue working at odds with each other affecting ability to log in certain areas.
- The Village is land locked by the ALR. Repeated attempts to get land released for the benefit of Midway's economy have failed with the Land Commission. The Village



has wanted to pursue development on these lands next to the airport/airplane hangars,

Midway's ALR has potential but is seen to be currently constraining growth and economic development

but there also are aviation limitations to what can be grown next to runways.

- Municipal maintenance has had to drop dramatically due to less capital available, causing even further deterioration of infrastructure.
- There is a concern that Big White Ski Resort's additional draw of water from the Kettle River will reduce water supply to Midway, especially for agriculture.
- There is very real concern that the municipality may not be able to last much longer without a tax base to sustain services.

6.2 Greenwood

- Greenwood does not have any industrial tax base and relies heavily on the businesses along the highway, but most of the buildings are in a state of decline.
- The heritage buildings could provide considerable tourism value but upgrades are required.
- There is lack of funds to pursue many things that would benefit Greenwood.
- Greenwood is lacking several facilities and services to keep people there or attract new residents; doctor is old and soon to retire.
- Social problems are quickly manifesting themselves in the community: Crime rates are up, property crime is up, older demographic, School enrollment is dropped dramatically (120 to about 70).
- No seniors housing or pharmacy to interest more seniors to locate.
- There is large capital investment required to upgrade buildings for a new business to locate in community.
- Infrastructure is in dire need of upgrades.
- Greenwood does not have ability to match Senior Government program funding (50/50) to undertake studies, etc.
- Some businesses are no longer paying their taxes and municipality is hard pressed to do anything about it for fear of losing everything.
- Too many vacant properties that should be sold/developed for higher and better use.



Greenwood has a superb heritage base to build upon

Boundary Region Transition Study Scoping Report

6.3 Grand Forks

- There is significant concern over the possible loss of the railroad into Grand Forks and region.
- Interfor has the community hanging in limbo as employees are remiss to leave to look for other work and lose their seniority.
- Some of the public do not want change in the community but they are not thinking long term as to what would happen if Interfor shuts down for good.
- Concern has been expressed over the potential impacts on drinking water by fertilizers/nitrates becoming greater and greater.
- Businesses in the downtown core are starting to fold and close doors.
- Many suppliers that have been servicing the lumber/forest sector are closing their doors or laying off workers.
- The City is in need of several upgrades to their aging infrastructure.



Interfor has a significant AAC in the region, boding well for long-term potential



Grand Forks Airport has potential to be better utilized

Boundary Region Transition Study Scoping Report

- The Grand Forks Airport is underutilized; marketing is required, and a full or part time manager would benefit accessing grants, etc.
- Downtown revitalization efforts should continue to enhance the community/create jobs.
- Grand Forks Business community feels more assistance is required to help the small businesses through the next few years; Community Futures is seen as the only organization that is helping in town. Business retention programs are required and restructuring of small businesses. (e.g. investment counseling, loans, marketing, etc.)
- Better support and assistance is required for land development projects at City.
- A regional effort for marketing is required.

6.4 Christina Lake (Area C)

- There is a declining tax base in all rural areas in the province; limited industrial tax base in Area C.
- Increasing Seniors population challenging the RDKB with demands for services that are otherwise located in a major



- centre.
- Although incorporation of the area (Christina Lake) has been evaluated in the past, the economics do not make sense.
- Pine Beetle kill is having a major impact on aesthetics of area.
- Water supply from the two water districts is becoming a problem, so further development will be limited unless water can be improved.

Christina Lake is a key tourism attraction for the Region, but Pine Beetle is a threat

6.5 Other

Mining in the Beavercell (Area E) area has been challenged (uranium); Molybdenum mine has been proposed but has not proceeded.

Big White Ski Resort (Area E), near Kelowna, is one of the main contributors of taxes to the entire Regional District; plans for expansion are underway, but access to more water is considered a constraint and has caused some concern amongst other areas that draw water from the Kettle River.

7.0 RECOMMENDATIONS FOR MOVING FORWARD WITH TRANSITION

As noted earlier, the Boundary Region already has some capacity and organizational structure to assist with the Transition activities, but more is likely required due to the severity of the problems in the local economies. This may imply that the existing organizations need to become more effective or some new initiatives are necessary. The following recommendations have either come directly from community input or are extrapolations by the consultants. Regardless, it is imperative that assistance is provided in both the short term (to address the current situation and conduct baseline work) and for the long term (economic development and diversification, sustainability of the communities and long term success). Most of these recommendations relate to organizational, programs, staffing, communication and funding support.

7.1 Midway

1. Need immediate assistance for the Village to move forward with Visioning, planning, specific transition steps; (Province, Community Futures or Consultants).
2. The Province must be made to understand that it does not have staff (planning and engineering) to address the needs for conditional funding.
3. The Province is prepared to help fund “shovel” ready projects but planning and engineering is required in advance. The Village needs assistance to determine how it will deal with this issue, negotiate or reassess its priorities.
4. Support extra staff at Community Futures or draw upon Provincial assistance/programs.
5. A regional Board of Trade /Chamber of Commerce that spans from Big White to Christina Lake is supported to help achieve economies of scale and effectiveness.
6. Communication with the Ministry of Forests with regard to securing fibre supply for the Fox Mill.
7. Communication on a regional basis regarding the continued supply of protective/emergency services (fire, ambulance, police).



7.2 Greenwood

1. Secure a trust fund or long term loan (similar to Columbia Basin Trust).
2. Source and secure immediate seed funds to be able to match 50/50 grant opportunities supplied by Senior Government.
3. Access support staff/consultants (engineering and planning) for downtown/Main Street beautification/revitalization.
4. Request Regional District or couple of the municipalities to retain services of a heritage planner or architect to assist with building renovation/design of older/heritage buildings. This could be a major benefit for a small amount of investment in time and money.
5. A Tourism Action Plan for Greenwood based upon heritage theme/enhancement.
6. Revitalize the Board of Trade and investigate regional cooperation.

7.3 Grand Forks and Area

1. Determine how to remove hurdles to access government grants.
2. Continue to address the Railway closure issue with senior government officials.
3. Open communication with Interfor re future plans.
4. Address the streamlining of development approvals at City Hall.
5. Significant interest in a Regional Chamber or Board of Trade; initiate dialogue amongst business community in all three communities and Christina Lake.
6. Regional District needs to address the water supply issue in Christina Lake.
7. Continue to explore impacts of developing seniors housing in a rural area like Christina Lake; this implies ongoing planning for Area C.
8. Assess opportunities for the Industrial Park development at Christina Lake vis a vis impacts on tourism/outdoor recreation assets and market.



Major suppliers to forest sector are being dramatically affected by mill closures

7.4 Opportunities for Regional Cooperation and Sharing of Services

The Community Transition Branch requested a desire to appreciate some key opportunities for how the communities could share services or be addressed better on a regional basis with regard to transition. The following 13 items have been constantly raised by both rural and urban centres in the Boundary Region. They have been suggested and presented with these headings for general definition only, and may be more appropriately “tagged” by the Provincial or local authorities to help them move forward within the context of Provincial Government protocol, programs and funding, and the capacity of the local agencies.

These are in no order of priority but they should ALL be considered critical to help the Boundary Region move forward in the near future.

1. Creation of a **Regional Chamber of Commerce** or Board of Trade to address the common marketing and business needs of the retail and service sector in the rural and urban centres of the Boundary Region. Such a group should also look at ways to strengthen existing enterprises, say clustering, value chains and business management, (e.g. sponsoring of the “MAP” – Management Assistance Program for small businesses that has been very popular in other provinces, especially in the initial phases of economic hardships).

(RECOMMENDATION FOR ACTION: Call for meeting of key members of existing Chambers and Boards of Trade, include an independent facilitator or consultant to speak to benefits and possibilities, and address concerns of respective groups)

2. Investigate a **Fibre Supply Study Task Force** or facilitator to address the challenge of competition for /availability of fibre for existing mills that have made major investments in equipment. This will involve securing a champion at the Provincial level (Ministry of Forests Minister, official staff and forest experts) and communication between local level community political leaders and economic development representatives. This initiative should also address other uses of fibre for value added production in the region and how to compete with loss of local fiber to “super” mills located in other regions of BC.

Boundary Region Transition Study Scoping Report

(RECOMMENDATION FOR ACTION: Community meeting request with key members of the Ministry of Forests, MLA and local leaders, including Mayor of Midway and Fox Lumber officials)

3. Study and collective action to support **Agricultural Diversification and Growth**. This should also address the implications of the ALR in and around Midway and Grand Forks, specifically. There are many unresolved issues influencing the potential of agricultural land, including but not limited to water supply/irrigation, soil capability, exclusion options from ALR, interim uses, Christmas Tree/ Nurseries, grape/vinefera production, farm cooperatives, abbatoir feasibility, etc. There are a number of completed studies that have not been scrutinized for action but suggest considerable opportunity. The Province and BEDC is about to launch another study that may address much of this issue.

(RECOMMENDATION FOR ACTION: Establish a regional agriculture committee/task force made up of agricultural community and expertise, with an explicit mandate to address ALR/ALC issues along with advancing specific business opportunities within the agricultural sector. This is partially underway regarding setting up the cooperative. Midway's issue specific to the airport lands may also warrant independent action with a land use planning consultant.)

4. **Mining** has considerable history in the Boundary. Explore opportunities to resurrect this sector with **baseline study and evaluation**. Determine obstacles to opening mines or further geological exploration that could lead to mining activity.

(RECOMMENDATION FOR ACTION: BEDC to work with the Province and Mining industrial officials; secure funds to study or evaluate former work)

5. **Heritage and Tourism Planning and Design** appear to be required in both the urban centres and for the Regional District. Funds, capacity and expertise could be sought on a regional level for tourism planning, streetscape planning and design, heritage building restoration and architecture and overall marketing of the region's attributes. Provincial program money should address a long term implementation plan or strategy to see the areas tourism and heritage assets build to become true economic drivers for the future

Boundary Region Transition Study Scoping Report

diversification of the region. Greenwood and Grand Forks stand the most to benefit but all regional reps should participate.

(RECOMMENDATION FOR ACTION: Obtain funds to secure an appropriate consulting team to initiate discussion and develop a scope of work or terms of reference for what needs to be done for the respective communities or entire region)

6. **Training and Retraining of former forest workers** is going to be a long term initiative. Key players will likely be the College and Ministry of Education in collaboration with local school board and CFB.

(RECOMMENDATION FOR ACTION: Initiate dialogue with Selkirk College, other local organizations and School Board or Provincial Ministry of Education to establish program of courses, other approaches and means to address this growing opportunity. It is known that other regions of the country that have experienced similar economic downturns have created educational programs that have drawn students from distant locations as well as from the locally affected areas. *CFB may require more assistance in the skills development program.*)

Note: More discussion on this item will prevail within the Grand Forks Community Transition Study Plan.

7. **Health and Social Programs** will involve **continued monitoring** of all aspects at the regional level. This should include protective services, emergency services, medical services, mental health and family/child services, along with education and learning for youth.

(RECOMMENDATION FOR ACTION: Continued support and strengthening of BISM as the regional body that induce further action and preplanning. Explore other community models such as "Partners in Action" and similar efforts.)

8. **Domestic Water Supply and Quality** must be ensured to sustain existing residents and potential for future development. There appears to be a concern throughout the region with the threat of pollution of aquifers, streams and rivers, and the general availability and capacity to sustain growth of new subdivisions. Continued study and action to address site specific remediation and source issues.

Boundary Region Transition Study Scoping Report

(RECOMMENDATION FOR ACTION: This issue warrants regional dialogue at the Regional District level from Big White/Area E to Christina Lake)

9. **Airports/airstrips** in Grand Forks and Midway can benefit the entire region for recreational flying, fire suppression/forest service needs, emergency medical evacuation, and industrial (airside and ground side) uses. A champion for aviation is warranted to assist with grant applications, marketing, land use planning and overall management of the facilities.

(RECOMMENDATION FOR ACTION: Investigate regional cooperation and services at the Regional District level.)

10. **Economic Development planning and action** will be required now more so than ever in the Boundary Region. The BEDC is in place but the organization will require strengthening and support in the form of operating funds, capacity and staffing with well trained expertise. Without capacity, all future strategic planning could become wasted effort and further frustrates the existing community officials and current CFB staff. The hope is that the contract with CFB can be extended beyond 3 years to allow for effective progress of initiatives. This recommendation also supports the need to support many economic development initiatives already underway at the regional level.

(RECOMMENDATION FOR ACTION: BEDC Strategic Plan to be revised to ensure support from all parties, long term structure and capacity building; work towards a signed agreement with RD, municipalities and CFB.)

11. **Creation of a Trust Fund** should be pursued on a regional basis. Similar to other communities that have experienced economic decline, some or all of the Boundary Region will stand to benefit from a long term pool of funds that can contribute to day to day operation and economic development/community initiative programming.

(RECOMMENDATION FOR ACTION: Regional District officials have initiated dialogue with Provincial Ministers and Columbia Basin Trust officials)

Boundary Region Transition Study Scoping Report

12. **Seed Funds or in-kind help** are urgently required by all of the municipalities in the Boundary, especially to assist them access Senior Government Program funds that typically require 50% share contributions. These funds are typically required for studies, plans, engineering and design, capital, consulting expertise, and even marketing. Minor amounts are often required to spin off significant benefits to a community.

(RECOMMENDATION FOR ACTION: Convene a meeting with CFB and regional municipalities to discuss means to access funds and programs.)

13. **Securing Transportation/Shipping Options - Investigation** of “community control” of the rail line similar to activities undertaken in Saskatchewan and elsewhere.

(RECOMMENDATION FOR ACTION: Defer to existing committee.)

An outline for a preliminary Terms of Reference for a full Transition Plan Study is included in the Appendix.

8.0 PRELIMINARY ECONOMIC DEVELOPMENT INITIATIVES

The last section of this report builds on the recommendations to move forward with transition by providing an overview of the economic development projects or ideas that the respective communities felt could work for them. Although it was not the mandate of this exercise to delve into development opportunities or initiatives, all communities were eager to talk about the “future” and how they could possibly avoid the catastrophe being experienced in the region today. The common theme in this part of the discussion was “grow several smaller projects/employers instead of reliance on one or two large ones” all in the interest of diversification and avoiding vulnerability in the forest sector.

These are in no order of priority; however, if future economic development planning or visioning sessions are carried out, these ideas should be brought to the table for discussion and ratification for advancement or prioritization.

8.1 Grand Forks

Grand Forks will convene its own public meetings, Council meeting and focus groups in April to address economic development ideas, nevertheless the BEDC and other community events in the past have already suggested numerous ideas. (See BEDC Report of Jan/09)

Recommendations during the focus group with the selected businesses included the following:

- Address the aging infrastructure immediately
- Protect the rail line
- Pacific Abrasives
- Airport (continued enhancement and marketing)
- Attract a full hotel/convention/meeting facilities
- Protection of Kettle River
- Revitalization of streetscape and buildings in the downtown core/entry off highway
- Agricultural Coop and similar agricultural initiatives
- Grape Growing in and around Grand Forks
- Christmas Tree farms

Boundary Region Transition Study Scoping Report

- Streamline approvals at City Hall
- Land Development projects around Grand Forks (residential, amenity based housing, resort, golf course, etc.)

**All of these do not preclude continued support of the existing industries and suppliers already located in and around Grand Forks.*

8.2 Midway

- Host more events/festivals like the Bonanza Meats event weekend
- Locate a prison in the vicinity
- Coal fired gas plant
- Car race track
- Portable abattoir (using biomass for production of power)
- Create a “community” trust as was established for Gold River, BC
- Cater to the RV market
- Provincial park/quality campground (potentially combined with airpark, river, golf)
- Industrial Greenhouses
- Airpark
- Telus Broadband Project
- Small businesses like the recent one that located in Midway to be near the border

8.3 Greenwood

- Downtown Beautification (along Highway where heritage buildings are located)
- Assess all heritage buildings for improvements (churches, etc.)
- Regional Cooperation re tourism, marketing and small business
- Celebration/Interpretation of the Mining History in the area
- Greater celebration of the of the Japanese culture
- Campground/trailer pads (recently started, but more may be appropriate in future)
- Events and festivities
- Tourist Information Centre/Signage

9.0 APPENDIX A – KEY POINTS FOR TERMS OF REFERENCE

The Boundary Region of the Regional District of Kootenay Boundary consists of three incorporated municipalities and three electoral (rural) areas. These are the City of Grand Forks, City of Greenwood and the Village of Midway; and electoral areas 'C' (Christina Lake area), 'D' (Grand Forks Rural), and 'E' (West Boundary to Beaverdell area). The Scoping Study provided a baseline of information for future transition work that may be required as a result of the downturn in the regional economy. It has been determined that the closure of the mills (in Grand Forks and Midway) and mines (in the Greenwood area) have had an impact on the entire Boundary Region. Although Grand Forks has already progressed through initial transition planning, the remainder of the Boundary Region should also be considered as a candidate for transition planning and studies that could help diversify and strengthen the economy of this area.

The following is a preliminary Terms of Reference to assist with formalizing a Transition Plan Study for the Boundary (it is appreciated that some overlap with Grand Forks will apply).

Intent

1. Gain a more detailed appreciation of the economic situation in the Boundary communities.
2. Acknowledge the input from community leaders and businesses with respect to current circumstances and opportunities for the future of the Boundary.
3. Understand the community and social services available to the area.
4. Identify gaps in service to benefit both social and economic future.
5. Examine economic diversification opportunities
6. Seek cooperative arrangements and action to allow the area to take advantage of its potential and opportunities.

Administration

1. Create a Steering Committee that is responsible for Transition Assessment in the Region
2. Seek public input from a cross section of the region

Boundary Region Transition Study Scoping Report

3. Liaise with Provincial Government Officials (Community Development/Rural Secretariat)
4. Address and confirm preliminary input obtained during the Scoping Study

Public Input

1. Through Focus Groups or community meetings, solicit public input through the use of objective facilitators
2. Talk to community leaders at the Regional District and municipal levels
3. Document the input for future reference and dialogue with senior government

Municipal Issues

1. Address needs of the small municipalities (eg Midway and Greenwood)
2. Advise on possible short term actions to address their service issues caused by economic downturn
3. Advise on economic development directives including dialogue with senior government

Health, Education and Family Issues

1. Identify current health and family (social) services
2. Identify gaps and issues in health and social services to the local community
3. Communication with regional or provincial agencies regarding social service delivery in the Boundary (includes health, education, family, children)
4. Analyze education needs, re programs, facilities, technology, etc.
5. Consult with School District to assess their observations/direction

Small Business

1. Identify all small business needs, including management, finance, marketing, labour, etc
2. Identify small business transition issues
3. Work with the Business organizations (Boards of Trade, etc) to determine how to assist/address business needs community wide.
4. Identify business opportunities or diversification potential
5. Address potential for a region wide Chamber of Commerce

Economic Asset Inventory

1. Identify key assets of the region that can be built upon for future growth and economic diversification

Boundary Region Transition Study Scoping Report

Economic Development

1. Examine opportunities to stimulate the local economy through consultation with interested stakeholders
2. Review previous work conducted by government agencies and assess shortfalls in progress or means to reactivate initiatives. (eg. studies, plans, development, etc)

Implementation

1. Suggest an economic development framework for future work and short term action (Say two to five years)