Prince Albert Regional Business Retention and Expansion Program

March 31

2009

PAREDA
Prince Albert Regional Economic Development Authority

Summary Results Report

Prince Albert Regional Business Retention and Expansion (BR and E) Program

2008/2009 Results REPORT – March 31st, 2009.

Executive Summary

The Prince Albert Regional Economic Development Authority (PAREDA) understands the importance of the success of existing businesses to the overall economic health of the region. To better understand the opportunities and challenges faced by these existing regional businesses, and as a step towards ensuring a collaborative approach to supporting regional growth, the PAREDA, along with a number of regional partners has completed a Business Retention and Expansion (BR and E) Visitation program in the Prince Albert region. BR and E is an economic development approach that recognizes the importance of existing businesses and focuses on engaging the business community in gathering important information, - information that illustrates overall trends within the region. Studies have shown that anywhere from 40 to 80% of new jobs come from existing business within a community. The PAREDA and its partnering organizations see value in working together to address challenges and build on the opportunities that businesses are experiencing within the region.

During the period of November to March, the Task Force and Volunteers conducted 201 business visits representing approximately 8% of business within the North Central Enterprise Region. The visitation process engaged two types of businesses in the region, - those designated as Primary, which export products and/or services outside the Prince Albert Region, and CRTS (Convention, Retail, Tourism, Service) which are not actively engaged in exporting.

<u>Key Findings</u>

Despite the economic downturn being experienced both within North America and globally, an outstanding 92% of businesses surveyed indicated their sales are either stable or increasing. Many reported that 2007 or 2008 was their best year in sales ever. This being said, dialogue during the interviews frequently included the statement of general concern regarding the upcoming year in relation to the downturn and a need for more time to pass before the true extent of the impact of it for the businesses within our region to be truly known.

Only a small percentage reported tangible/measurable decreases in sales, and they were mainly in the manufacturing sector, those who export their products out of Saskatchewan and those business that sell “bigger ticket” items.

Other positive information received includes:

- 66% of Primary businesses surveyed plan to expand in the next 3 years
- 67% of Primary businesses surveyed indicated their market share of the companies Key Products are increasing.
- 48% of CRTS businesses surveyed plan to expand or renovate in the next 3 years (17% physical expansions and 31% Renovations)
- 9% or CRTS Businesses surveyed plan to open new locations in the next 2 years

<u>Community Strengths</u> (Top 3)

- Geographical Location
- Customer Accessibility
- Quality of Life Positive

Workforce Challenges

- 58% of Primary firms surveyed are experiencing recruitment problems
- 33% of CRTS businesses surveyed reported that they import employees from outside the normal driving range.
- 41% of CRTS businesses reported an increased investment in employee training. While only 3% reported a decreased investment.

Future Workforce Challenges

- 94% of businesses reported their project employments needs will remain the same or increase (47% increase and 47% Stable)
- 20% of CRTS businesses reported the number of unfilled positions are increased (71% Stable)

Key Regional Needs

- Need to address growing workforce issues.
- Need to improve communication, collaboration, and engagement across businesses, agencies, and sectors.
- Need to support local businesses and focus on the creation of a “business-friendly” environment within the region.

Chapter 1 – Background on the Project

Project Synopsis

The Prince Albert Regional Economic Development Authority (PAREDA) along with a number of regional partners has completed a Business Retention and Expansion (BR & E) Visitation program in the Prince Albert region. BR and E is an economic development approach that recognizes the importance of existing businesses. Studies have shown that anywhere from 40 to 80% of new jobs come from existing business within a community and in some communities 100% of new jobs come from existing business. Traditionally, economic development strategy has been dominated by business attraction. However, looking at the potential represented by the existing business base, economic development strategy is increasingly being led by existing business programs, including business retention and expansion. "By emphasizing existing businesses, progressive communities adopting a more balanced approach are working to align their economic development strategies with real world realities."[1]

This project has identified strengths and weaknesses in the regional economy as well as issues and barriers firms are having in relation to their retention or growth in the region. Knowledge gained from this project will provide the basis for the economic development partners in the region to address these issues, working individually and collectively to not only retain existing businesses in the region but also to improve the region's competitiveness in pursuit of new investment. The BR & E program has also helped to further identify the region's competitive advantages and the specific industries that can benefit from foreign direct investment. This will set the stage for outward promotion of investment opportunities.

The survey has identified issues that need immediate attention called "red flags" and systemic issues which will require more time and effort to address. The partners have created an action teams that have dealt with the immediate red flag issues identified by the firms in the survey. After the surveys have been further analyzed the regional partners will organize project action teams that will work on systemic issues identified in the BR & E surveys.

Objectives

The program had 4 main objectives:

- Demonstrate to regional businesses that the community appreciates their contribution to the local economy
- Identify problems that could cause employers to leave a community
- Assist businesses in using programs aimed at helping them become more competitive
- Build relationships with individual company executives

Program Contributors

Enterprise Saskatchewan - REDA Enhancement Fund

Department of Foreign Affairs and International Trade's – Invest Canada - Community Initiative

Program Organization

[1] Blane Canada, Ltd. http://www.blanecanada.com/PDF/reimportance.pdf

This BR and E program was identified in the PAREDA work plan and is a direct result of the PREPARE interagency economic development working group regional strategic planning sessions where a BR and E program was identified as the first major project for the PREPARE group to undertake.

Our direct partners involved in the planning and implementation of the BR & E program include:

- The City of Prince Albert
- Saskatchewan Ministry of Agriculture
- Saskatchewan Ministry of Advanced Education, Employment and Labour
- Enterprise Saskatchewan
- The Prince Albert and District Community Futures
- The Prince Albert and District Chamber of Commerce
- Prince Albert and District Tourism
- The Prince Albert Grand Council
- The Prince Albert Downtown Improvement District Association
- RiverBank Development Corporation
- PAREDA

The partners each commit to having representation on the BR & E committee. PREPARE working groups member's role in this initiative is one of providing overall guidance to the process and working within our group to ensure that a mechanism for responsiveness to businesses' identified "red flag" items and systemic/chronic items is in place. While we have engaged our "community champions" (volunteers) to the entire process wherever practicable (as in other BR & E models) and the database entry and survey coordination was done by individuals hired through this initiative it was the PREPARE group with the support of the PAREDA that ensured the process got the needed results.

Several members of the Task force attended a one-day community BR and E training session with Karen Fischer, BRE Specialist with the Government of Ontario, on April 30th in Esterhazy Saskatchewan. As well, the majority of the Task-Force attended a half day BR and E Training session provided by Eric Canada of Blaine Canada Ltd.

Lyn Brown with the Prince Albert and District Chamber of Commerce, Warren McLeod with Enterprise Saskatchewan and Jonathon Theaker with the PAREDA have all been trained and certified by Business Retention and Expansion International (BREI) in the BR and E Process

BR and E software called E-Synchronist was provided by Enterprise Saskatchewan. Designed by Blane, Canada Ltd., the Synchronist Business Information System is an advanced Internet based software system that gives economic development organizations control over existing business information. The System helps economic development leaders organize, analyze, and report company and community information, giving community leader's invaluable insight into the business concerns as well as the dynamics of the local economy.[2]

Task-Force

Lyn Brown, Prince Albert Chamber
Joan Corneil, City of Prince Albert / PAREDA

[2] Blane Canada, Ltd. http://www.blanecanada.com/

Andrew Douglas, Prince Albert Grand Council
Rhonda Fecyk, Ministry of Advance Education Employment and Labour
Debbie Honch, Prince Albert Tourism
Brian Howell, RiverBank Development Corporation
Warren McLeod, Enterprise Saskatchewan
Don Perrault, Ministry of Agriculture
Jayne Remenda, Prince Albert Downtown Improvement District Association
Shirley Ann Rogers, City of Prince Albert / PAREDA
Junanne Spence, Ministry of Advance Education Employment and Labour
Jonathon Theaker, PAREDA
Lionel Turcotte, BDC
George Vass, Prince Albert and District Community Futures
Brent Zlukosky, City of Prince Albert

Program Coordinator – Jonathon Theaker, PAREDA
Visitation Coordinator – Tina Loustel, Prince Albert and District Chamber of Commerce

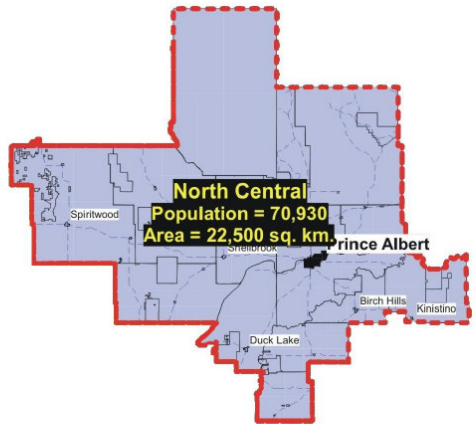
Volunteer Visitors

Joe Bexson, CTV Prince Albert
Brian Clavier, Solar North Systems
Stephanie Detillieux, Prince Albert and District Community Futures
Mary Duval, Prince Albert Tourism
Maureen Frey, Meyers Norris Penny
Charlene Hauser, SIAST
Donna Hordyski, Prince Albert Tourism
Joanna McKay, Prince Albert Tourism
Mike Mitchell, Tyrone Enterprises
Bryan Moriarty, Prince Albert and District Chamber of Commerce
Monica Patrick, Marquis AVU
Barb Reid, Fabricland
Diane Roddy, Roddy Resources
Elaine Slukava, Tigerlily Education

Firm Selection

All firms visited operate within the boundaries of the newly forming North Central Enterprise Region. This area was chosen because the successor to the PAREDA, the North Central Enterprise Region, is the best suited organization to carry out the overall coordination of projects/strategy recommended at the task force retreat.

North Central Enterprise Region Map



*Enterprise Sask Website. The Town and RM of Blaine Lake were added after this map was created.

Firms were separated into two categories PRIMARY (exporting/manufacturing - not including primary agriculture production) and CRTS (Convention, Retail, Tourism, and Service Industries).

All PRIMARY (non-primary agriculture based) businesses identified by the Task Force were contracted for interviews. Then, with input from the task force, all for-profit businesses in the region with over 25 employees were selected for visits. Also, with the help of business directory software, a random sample of 500 regional CRTS business were drawn out of the list of approximately 2500 CRTS businesses in the region and were contacted for interviews. In addition, the team interviewed businesses who either self identified they would like to entertain a visit or where referred by task-force members.

Firm Visits

During the period of November 2008 to March 2009, the Task Force and Volunteers conducted 201 business visits. Approximately 100 primary business (business the export their goods or services out of the North Central Region) in the region were contacted for interviews, of those 39 confirmed that they would entertain a visit from the team.

500+ CRTS business (Convention, Retail, Tourism and Service Industry) in the region were contacted for interviews and162 confirmed that they would entertain a visit from the team.

Our sample of 201 businesses represents approximately 8% to 10% of businesses within the North Central Enterprise Region.

Red Flag / Request for Assistance / Referral Reviews

Once the surveys were completed and returned to the Visitation Coordinator the Project Coordinator with the assistance of the Leadership team reviewed any requests for assistance, red flags or referrals.

CRTS	**Total**	Complete	Outstanding (to date)	Cannot be resolved in the short term
Red Flags / Requests for Assistance	**9**	6	3	
Referrals	**7**	7		

PRIME	**Total**	Complete	Outstanding (to date)	Cannot be resolved in the short term
Red Flags / Requests for Assistance	**9**	7	1	1
Referrals	**6**	6		

Task-Force Retreat

The task force retreat is for addressing general issues identified in our interviews that affect a larger number of firms in the region. It took place on March 17th, 2009.

The Agenda included:

1. A presentation and explanation of the findings from the preliminary report
2. Facilitated discussion regarding the recommendations and prioritization/selection of potential projects.

The PAREDA, with funding from Enterprise Saskatchewan, engaged the services of Lorelei Nickel from MNP to facilitate the Task force retreat and assist the group in making recommendations for future BR and E projects and strategy.

Recommendations

The recommendations report was completed by Lorelei Nickel of Meyers Norris Penny in cooperation with the Task Force and was released to the community of March 31st, 2009.

Community Implementation Meeting

Most BR and E programs can not afford to reinvent projects that other groups are working on. The Community Implementation meeting includes a panel of outside resources and research to address the following questions.

1. What is already being done on the project?
2. To what extent are current programs reaching the firms the program has visited?

3. How could the BR and E Task Force collaborate/expand this type of project to better reach our firms?

The Community Implementation meeting will take place in April or May of 2009.

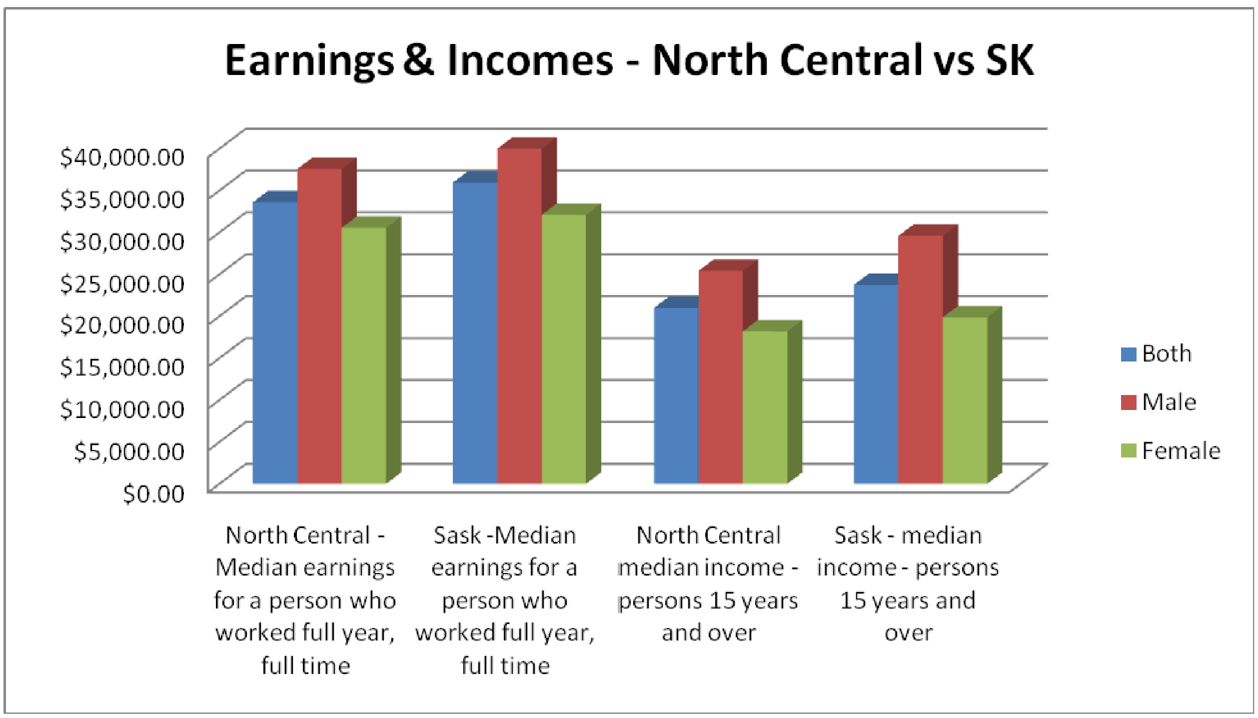
Chapter 2 – Brief Profile of the Prince Albert Region Economy

Population (North Central Sask Region)

	Population	Number	Percentage of Total
City of Prince Albert	34,100	1	49%
RM's	17,800	14	25%
First Nations Reserves	10,200	17	14%
Towns and Villages	8,000	19	12%
TOTAL	**70,100**		

*Based on 2006 Statistics Canada data (rounded to the nearest 100)

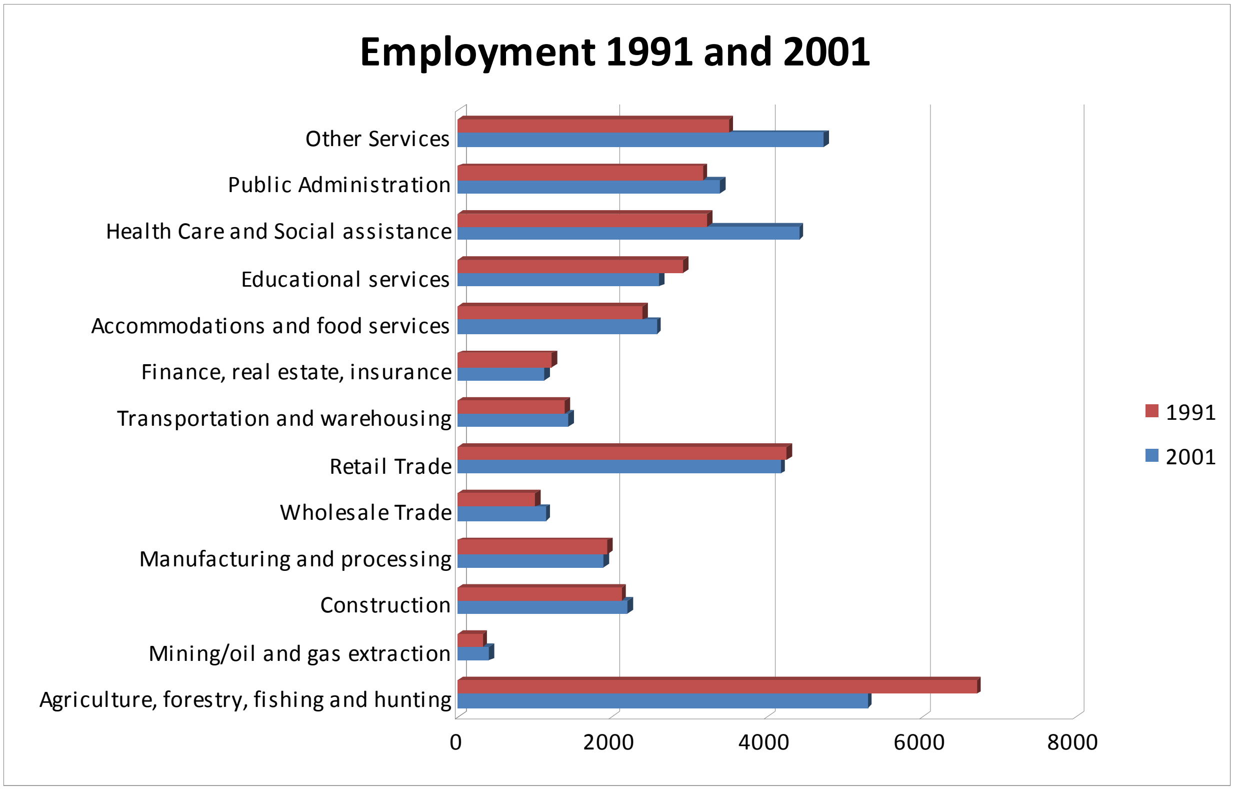
Income and Earnings



* Based on Statistics Canada 2005 Income Data. Represents the Prince Albert Parkland Health District which is similar to the North Central Enterprise Region.

Median Earnings were roughly 7% lower in the North Central Region compared to the Provincial Medians as well as median incomes at approximately 12% lower than the provincial medians.

Regional Employment



* Saskatchewan Regional Economic and Cooperative Development - Competitive Advantage Analysis – North Central Region – March 2007

The largest employers in the region are the Healthcare/Social assistance, Retail Trade, Other services, and the declining agriculture and forestry sectors.

Economic Overview - based on the 2005 Prince Albert and Area Regional Strategic Plan

- Government is a Major Employer in the Economy
- Almost a quarter of the Regions Labour Force is involved in Health Care and Education Industry Sectors
- Together Trade and Tourism have been the major drivers for the regions economy
- Manufacturing sectors are not significant
- Prince Albert and area is the principle trade and service centre for a very large region resulting in higher than average per capita retail sales.

Demographic Profile - based on the 2005 Prince Albert and Area Regional Strategic Plan

- The City of Prince Albert accounts for approximately half of the regions population
- Aboriginal population has been driving the North Central Regions Population growth
- Prince Albert has one of the highest proportionate aboriginal population of any major western Canadian City
- The aboriginal workforce will have a major impact on the Regions Future Economy

Chapter 3 – BR and E Visitation Survey Results

201 firms were visited from the period of November 2008 until March 2009. 39 were Primary and 162 were CRTS. The following pages will include:

I. General characteristics of firms surveyed .... Page 11
II. Evaluation of the Economic Health of Regional Businesses.......... Page 14
III. Workforce Evaluation .... Page 18
IV. Community Services Evaluation .... Page 21
V. Utility Satisfaction Ratings .... Page 22
VI. Community Strength's and Weaknesses .... Page 23
VII. Technology Utilizations ....Page 25
VIII. Changes in Legislation .... Page 26
IX. Investment Forecasts .... Page 27
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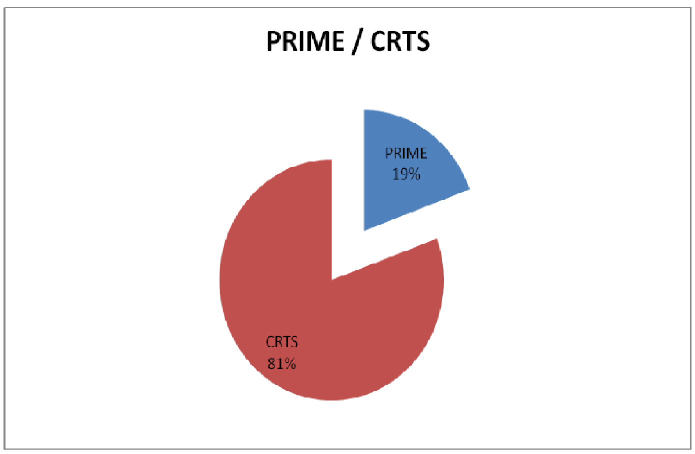
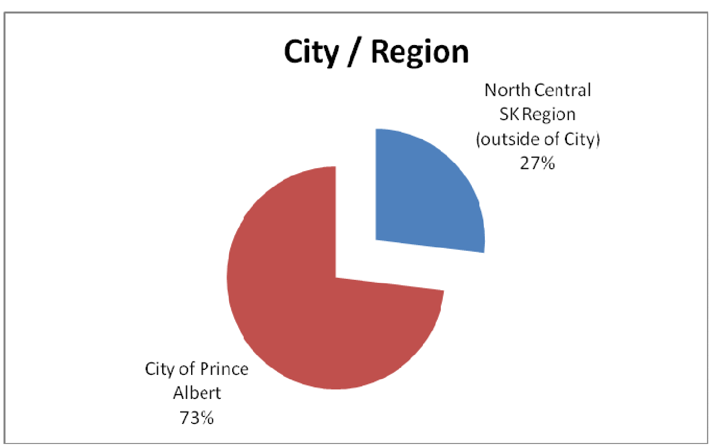
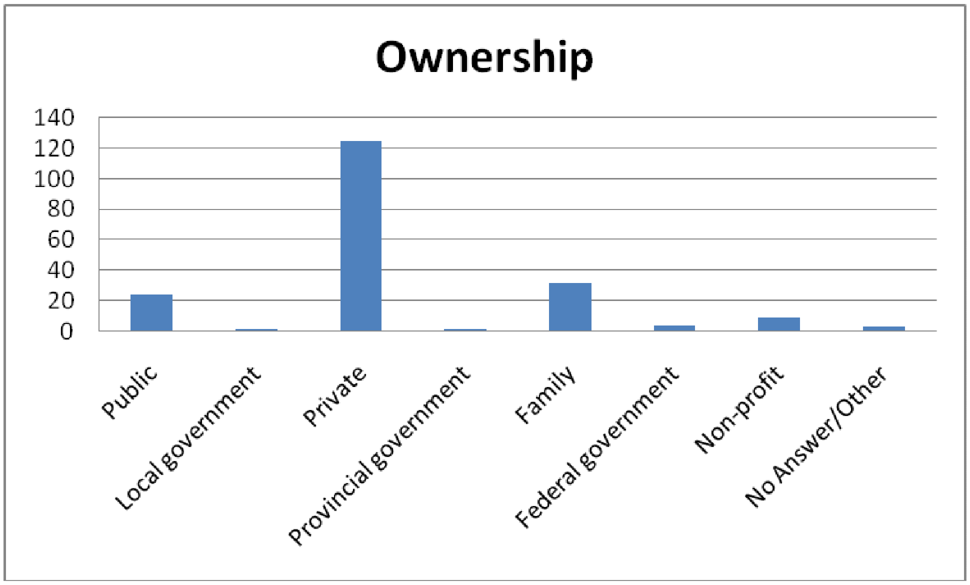
General Characteristics of Firms Surveyed



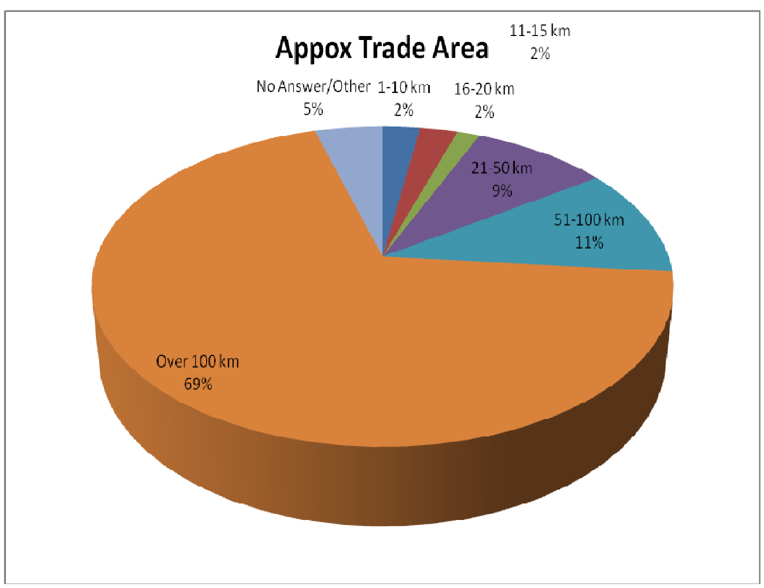
The majority of businesses surveyed were in the CRTS (Convention, Retail, Tourism and Service) industry sectors. The Task Forces intent was to interviews 100 primary business in the region however 39 of the approximately 100 agreed to entertain a visit. Of the 500 plus CRTS businesses contacted 162 agreed to entertain a visit.



73% or 147 of the business visits were within the City of Prince Albert. 27% or 54 of the business visits were outside the City of Prince Albert and within the boundaries of the North Central Enterprise Region. 18% of the total business visits were within the City of Prince Albert's Downtown Improvement District, the region's highest physical concentration of businesses.

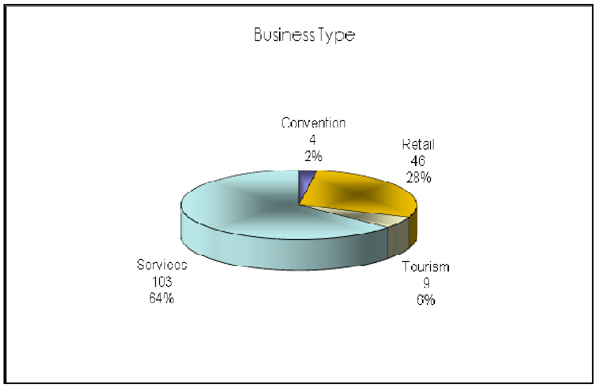


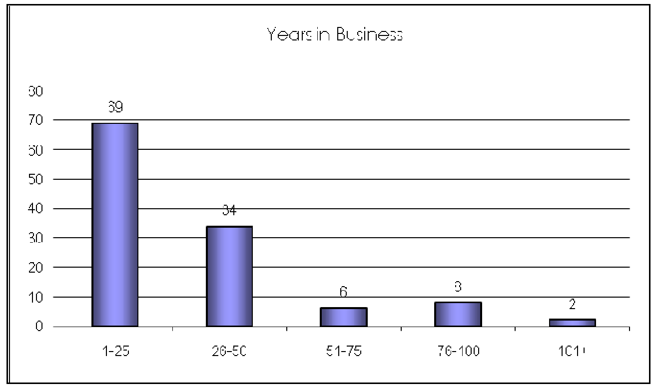
62% of the firms surveyed were privatly held companies.



This chart confirms that majority of our firms operate within an extended trade area of 100+ km. In previous studies completed by the City of Prince Albert it was found that its primary trade area extends from Duck Lake – Melfort – LaRonge – Spiritwood area. While the secondary market extends further into Northern Saskatchewan and Manitoba.

CRTS Business Specific Information





The large majority (149) of businesses surveyed were in the Service and Retail Sectors.

PRIME Business Specific Information

Sales

21	Increasing	54%
1	Stable	3%
2	Decreasing	5%

Exporting

12	Increasing	31%
6	Stable	15%
2	Decreasing	5%
4	No Answer	10%
15	No export	38%

Primary Markets

14	Regional	36%
6	National	15%
4	International	10%

Market Share of Key Product/Service

19	Increasing	49%
5	Stable	13%

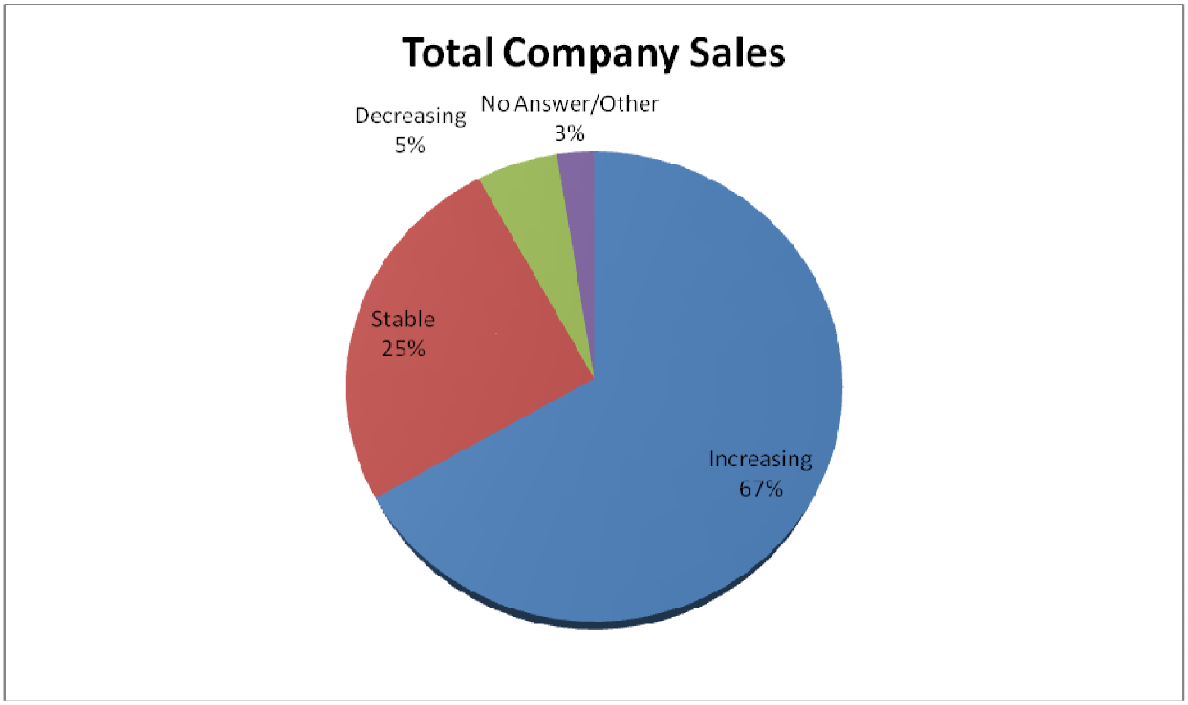
Product

1	Declining	3%
2	Emerging	5%
18	Growing	46%
3	Maturing	8%

Primary Export Markets (out of Sask)

Alberta
British Columbia
NWT
Manitoba
Quebec
Peru
India
Nova Scotia
Australia
USA
Japan
Central and South America
Middle East

Evaluation of the Economic Health of Regional Businesses



Increasing	134
Stable	51
Decreasing	11
No Answer/Other	5

Despite the economic downturn being experienced both within North America and globally, an outstanding 92% of businesses surveyed indicated their sales are either stable or increasing. Many reported that 2007 or 2008 was their best year in sales ever. This being said, dialogue during the interviews frequently included the statement of general concern regarding the upcoming year in relation to the downturn and a need for more time to pass before the true extent of the impact of it for the businesses within our region to be truly known.

Only a small percentage reported tangible/measurable decreases in sales, and they were mainly in the manufacturing sector, those who export their products out of Saskatchewan and those business that sell “bigger ticket” items.

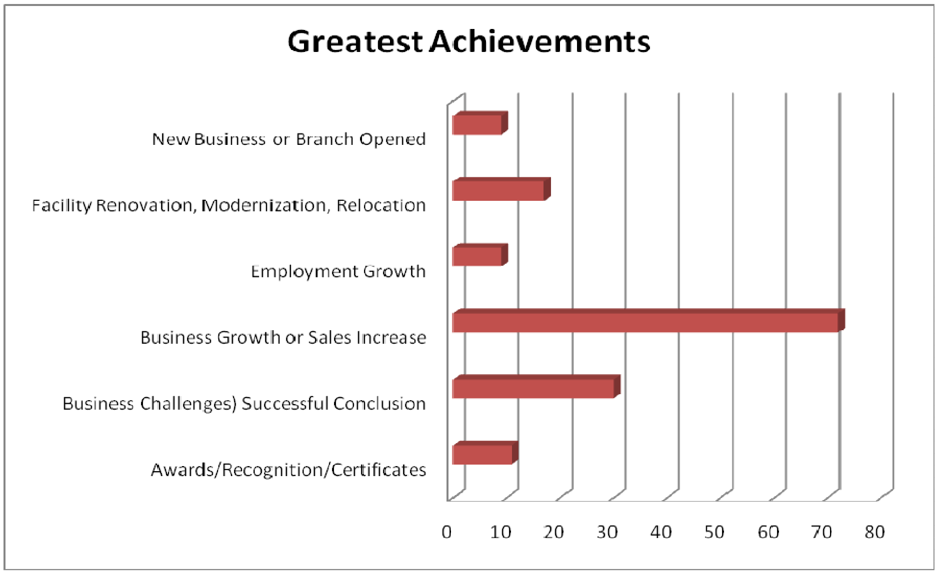
Other positive survey information received includes:

- 66% of Primary businesses surveyed plan to expand in the next 3 years
- 67% of Primary businesses surveyed indicated their market share of the companies Key Products are increasing.
- 48% of CRTS businesses surveyed plan to expand or renovate in the next 3 years (17% physical expansions and 31% Renovations)

- 9% or CRTS Businesses surveyed plan to open new locations in the next 2 years

Greatest Achievements

Company executives were asked what their greatest achievement was as a company in the last 3 years. Responses were categorized with the top 6 categories in the graph listed below. The overwhelming majority of business executive's responses were recorded in the business growth or sales increase category.

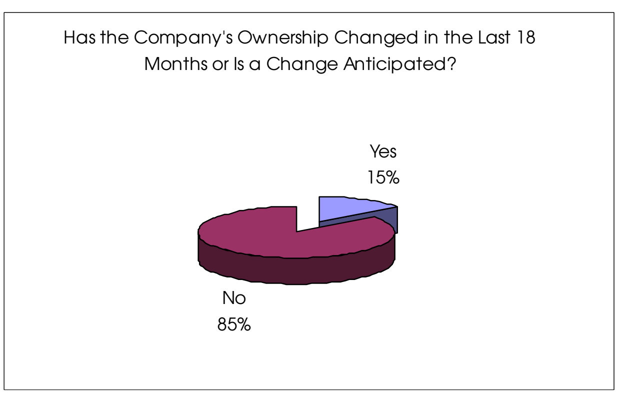


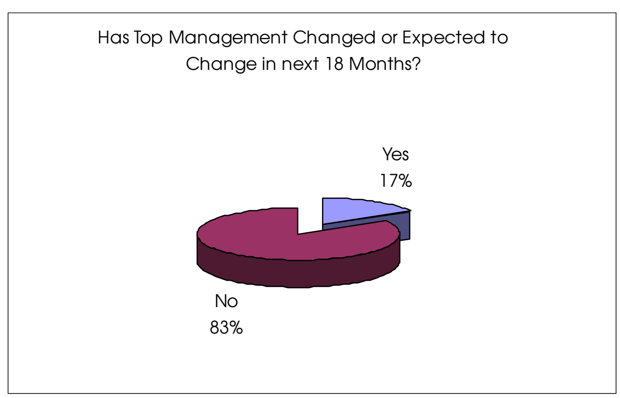
*Top 6 categories

Changes in Management

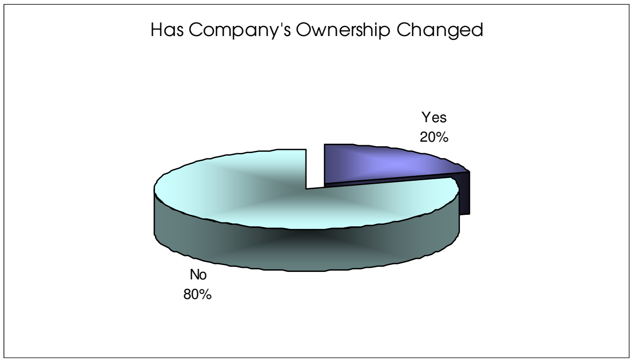
Within both the PRIME and CRTS sectors an environment of management/ownership continuity was articulated. When a change was indicated, it was frequently in relation to a planned retirement and/or sale of the business.

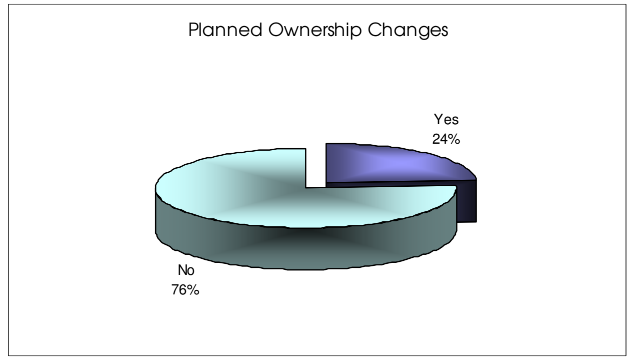
PRIME





CRTS (in the last 18 months)

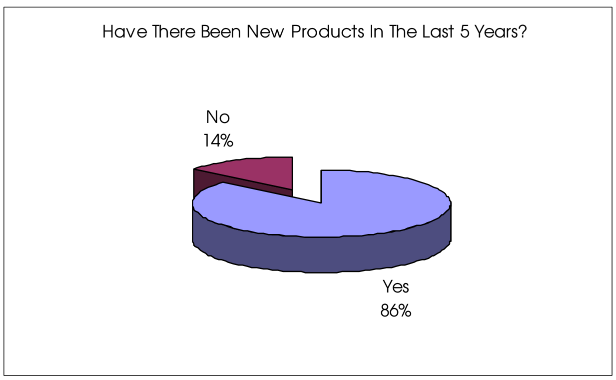


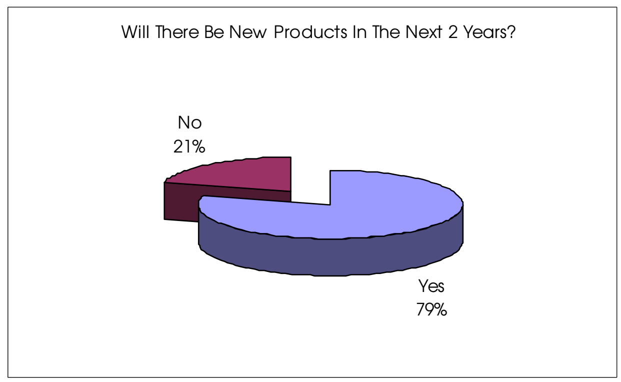


Product/Service

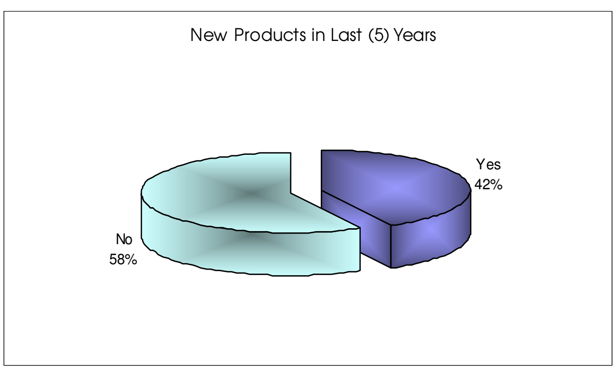
PRIME showed a greater degree of product change, both historic and anticipated, than CRTS.

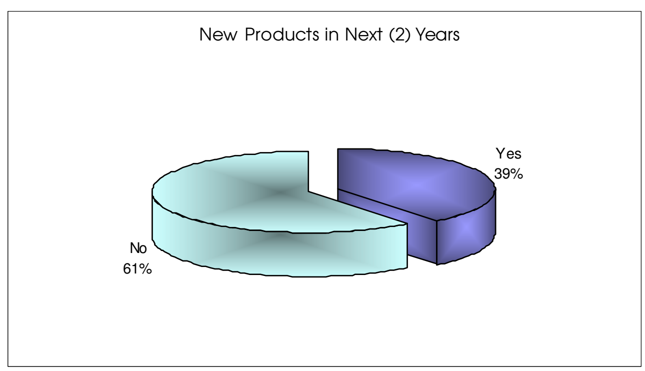
PRIME





CRTS



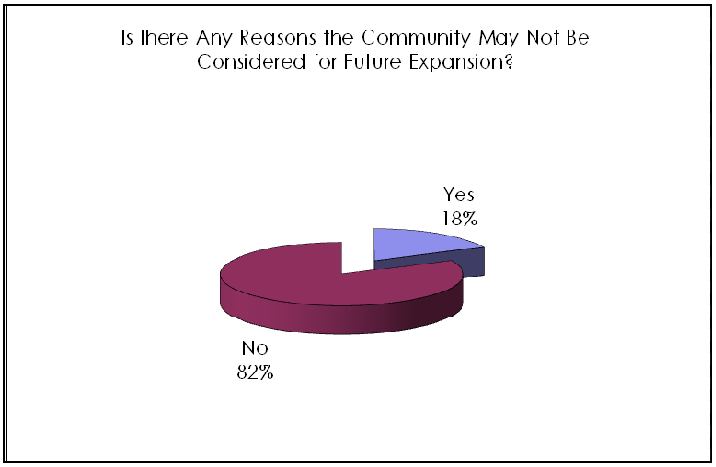


Community Product and Service Gaps?

Executives were asked "What type of businesses or products are their customers looking for that they cannot find in the community?". Common responses included that their customers are looking for the following:

- More high end clothing and footwear stores
- More dining choices - more high end and specialty/ethnic restaurants
- More nightlife options for 21+ individuals: pubs, nightclubs, etc
- More diverse recreation and cultural activities
- Specialty retail outlets

Reasons for not considering future expansion



Reported barriers for expansion included:

- Lack of skilled trades people/qualified technicians in the area
- Unable to find anyone to fill vacant positions
- Lack of cooperation between different levels of government
- Lack of significant population or major industry
- Attitudes of some members of the community

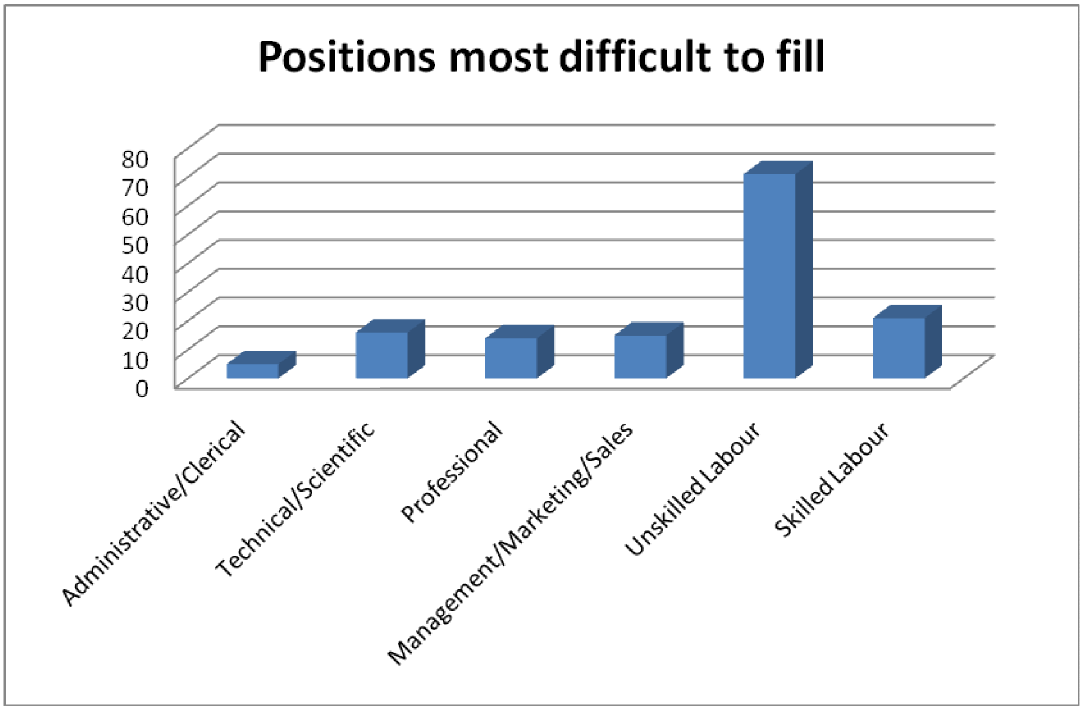
Workforce Evaluation

Executive/Owners were asked to rate the availability, quality, stability and productivity of the workforce on a scale of 1 to 7. Both the availability and quality of the regional labour force was rated below average in both CRTS and PRIME. Challenges that were articulated fell into a number of broad categories: younger workforce, skills area and Full-time/Part-time Status

- **Younger workforce**: The incongruence of expectations between younger employees and employers. Employers frequently indicated that they found the expectations of younger employees regarding hours of work, amount of pay and position status at the time of hiring (managerial level often sought at time of initial hiring) to be unrealistic.

- **Position type:** While certain skills areas were more difficult to recruit and retain, as indicated in the following tables it was unskilled labour that presented the most challenges in both attraction and retention.

- **Full-time and Part-time status**: Part-time positions were more difficult to recruit and retain that full-time as the extent of commitment by the part-time employee to the employer was limited to either augmenting studies, augmenting other work hours, or balancing other personal life commitments.



Executives reported that the most difficult positions to fill were unskilled labour included positions such as clerks, kitchen staff, housekeepers, food and beverage servers, support staff, etc.

Other Workforce Challenges of companies surveyed:

- 61% of Primary companies are experiencing recruitment problems
- 31% of CRTS businesses reported that they import employees from outside the normal driving range.
  - Where are our businesses recruiting their employees from?
    - Outside the region in Saskatchewan (Saskatoon, Region, other)
    - Alberta, BC, Manitoba, Ontario, Nova Scotia
    - United States
    - Philippines
    - Germany
    - Chile
    - Mexico
- 44% of CRTS businesses reported an increased investment in employee training. While only 2% reported a decreased investment.

Future Workforce Challenges of companies surveyed:

- 96% of businesses reported their project employments needs will remain the same or increase (46% increase / 50% Stable / 4% Decrease)
- 18% of CRTS businesses reported the number of unfilled positions are increased (75% Stable)

Training (CRTS)

- Average use of on the job training: 73%
- Average use of outside training: 27%

Almost one third of executives surveyed anticipate significant changes in their workforce. Some of those anticipated changes in the workforce include:

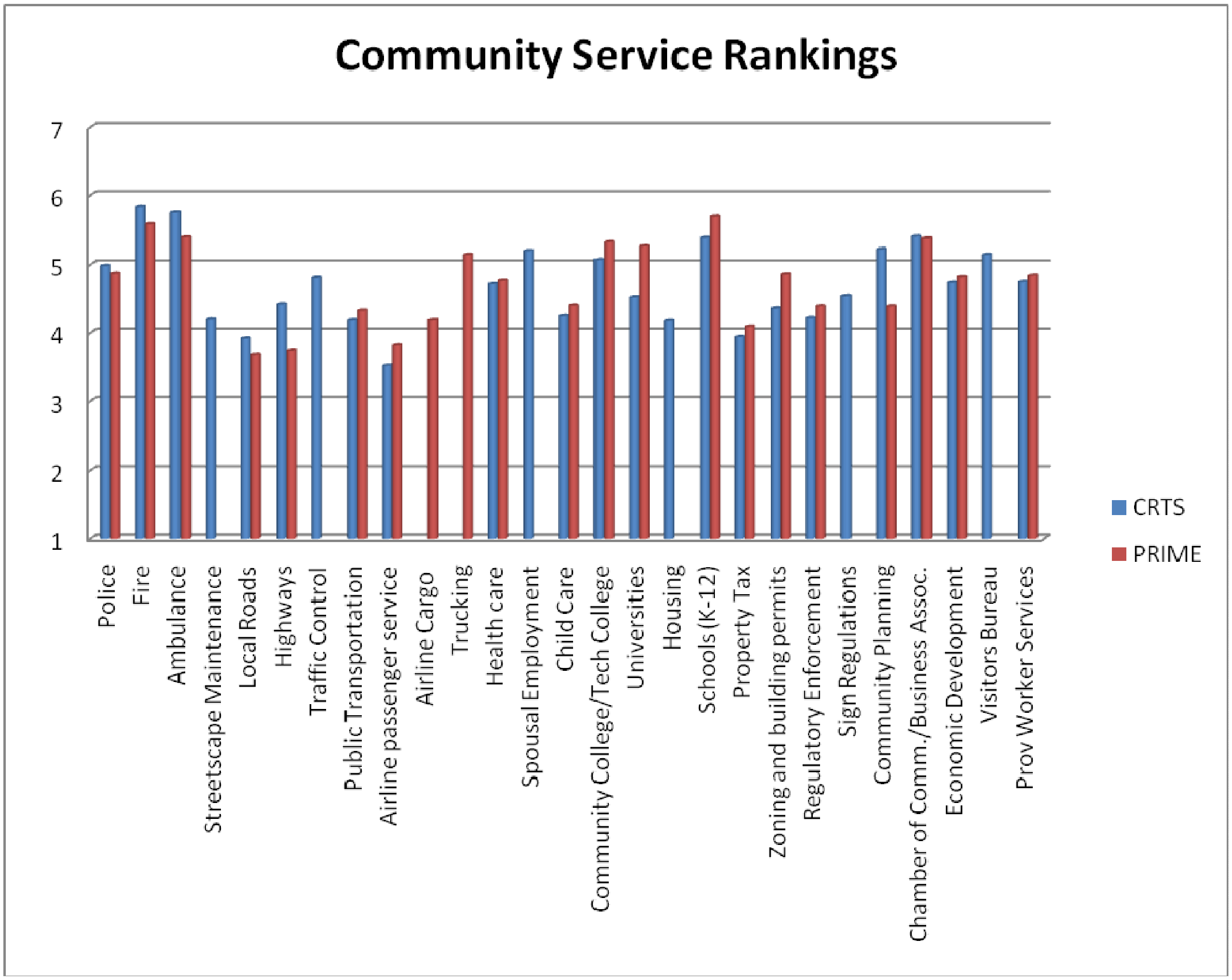
- Aging of workforce will require “flexing” certain elements of the work environment to retain older workers and “flexing” different elements of the work environment to attract younger workers.
- May have to pay more in wages to attract and retain employees in a market that has more demand for employees than supply of them.
- May experience a lower performance level in employees despite higher wages being paid for them, in cases where little/no work experience is being brought to the positions filled.

When asked how they will deal with the changes in the workforce, they responded:

- Greater integration of first nations workforce
- Increased importing of employees from abroad
- Increase investment in training
- May have to raise salaries to reflect Western Canadian average
- Greater emphasis on employee retention programs

Some concern was expressed that despite much being communicated through the media regarding the untapped potential of a young First Nations workforce, the reality is that this workforce is not for the most part “work-ready” at this time. With no work experience, a lack of life-skills knowledge (how to approach an employer for work, the importance of punctuality and dependability etc.) and unrealistic expectations of the nature of unskilled labour (wages, hour of work, position status etc.) they are not presenting as a viable option for employers desperate to hire.

Community Services Evaluation



* Scale of 1-7 (lowest to highest)

Executives were asked to rate the quality of the above services provided in/by the community of a scale a "1" being the lowest and "7" being the highest. Anything with a ranking of less than 4 is considered below the average. The highest Community Service satisfaction rating was for Fire Services, and this was the case throughout the region.

Community Service Rankings with a score less than the average of 4 (PRIME/CRTS Avg.):

Local Roads

Executives reported:

- Poor clean up/snow removal
- Better maintenance needed
- Paving of whole City of Prince Albert needs to be completed

This was also an issue throughout the broader region.

Airline Passenger Services

While acknowledgement was often given for the many routes flown to Northern Saskatchewan communities, many executives were concerned about the lack of service to the South or lack of connecting flights. The removal of flight times south to Saskatoon and Regina that would facilitate business day meetings and same-day return to Prince Albert was also noted frequently as a concern.

Property tax assessment

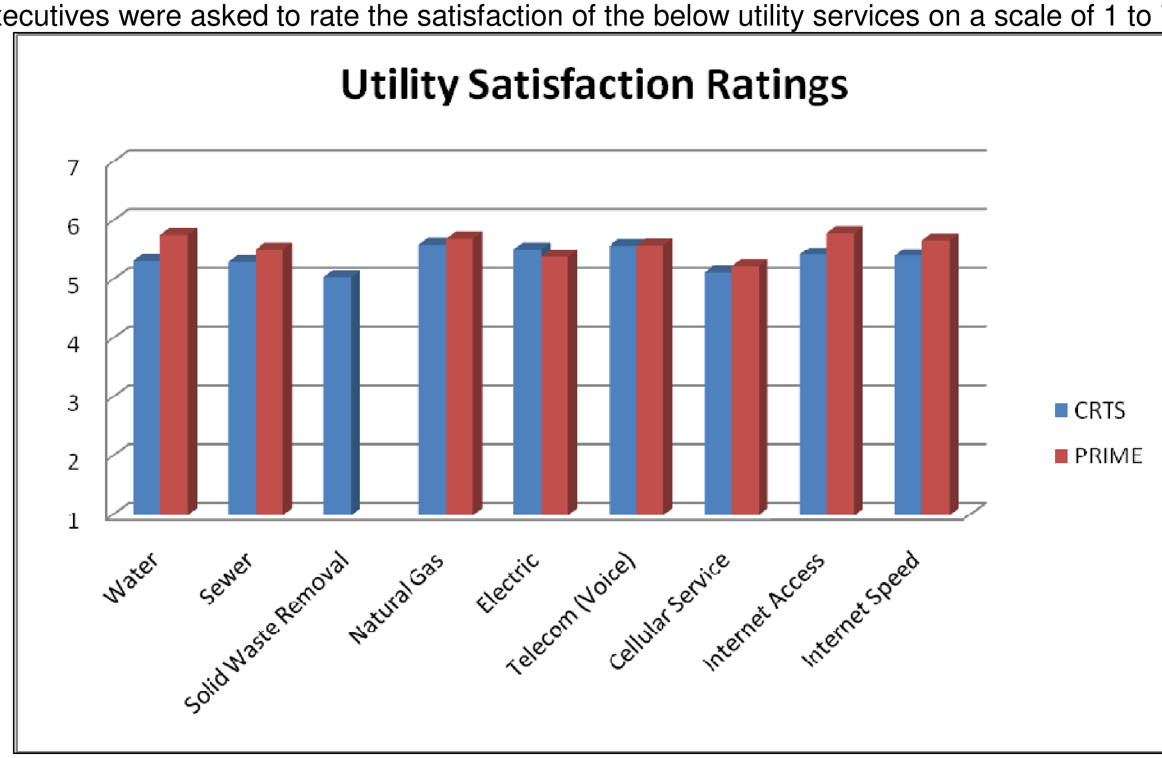
There was a common feeling that commercial property taxes were either too high for services received by the community or too high compared to other Western Canadian Cities.

Not included above there were specific area or regional Concerns (noted by 3 or more businesses)

- Response times of RCMP and EMS services to some smaller communities within the region.
- Unavailability in some smaller communities to attract and retain health care services
- Trouble with crime and vandalism in Downtown Prince Albert
- General uncleanliness of commercial areas a concern
- Highway Infrastructure poor in certain Rural areas
- Child Care – lack of available spaces/long waiting lists
- Housing – concerns with lack of availability of rental housing
- Public Transportation – expansion of routes and additional routes needed (i.e. City North Industrial)

Utility Satisfaction Ratings

Executives were asked to rate the satisfaction of the below utility services on a scale of 1 to 7.

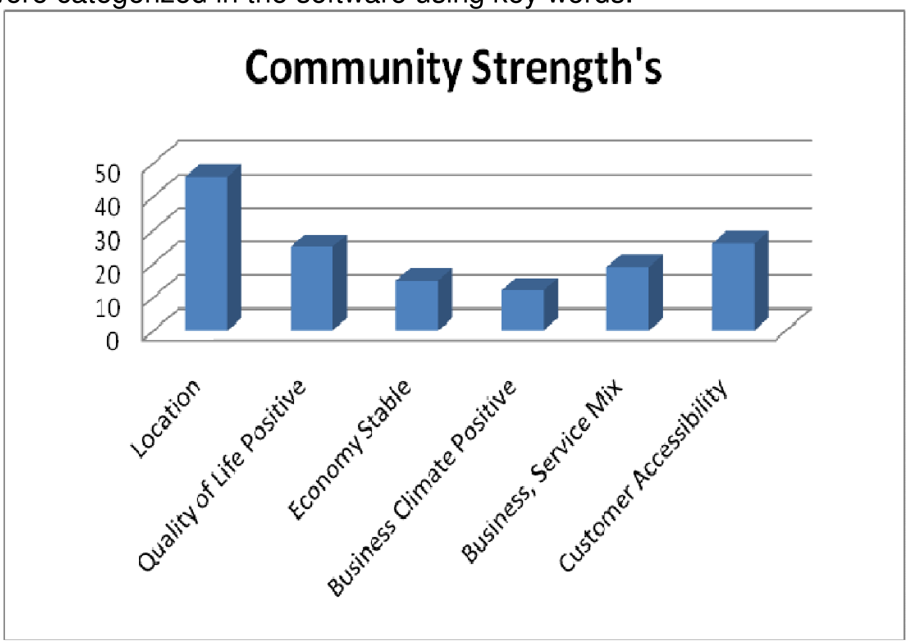


Overall, utility services in general were rated above average; however cost was noted as an issue in many conversations. The lowest ratings were given to Solid Waste removal where business has concerns with the garbage not being removed enough times per month. In general, businesses outside the City of Prince Albert reported reduced satisfaction with some utilities, specifically cellular phone network access and Internet access/speed, where cellular towers were not in proximity to their business.

Community Strengths and Weaknesses

Community Strengths

Executives were asked "What are the community's strengths as a place to do business?" Responses were categorized in the software using key words.



* based on 10 or more similar responses.

Top 4 Community Strengths:

1. Geographical Location

The response to Community Strengths was location; specifically

- geographical "location" in relation to its proximity to regional and northern lakes and recreational amenities/activities
- region is the largest and closest service centre for many communities in Northern Saskatchewan.

2. Customer Accessibility

- Large trade area both primary and secondary
- Prince Albert and region is the #1 northern Saskatchewan service and retail centre
- Good access to customers

- Strong loyalty from northern residents to spend in the region

3. Quality of Life Positive

- Friendly community
- Good place to raise a family
- Affordable region to live
- Diverse Community
- Recreational amenities near by

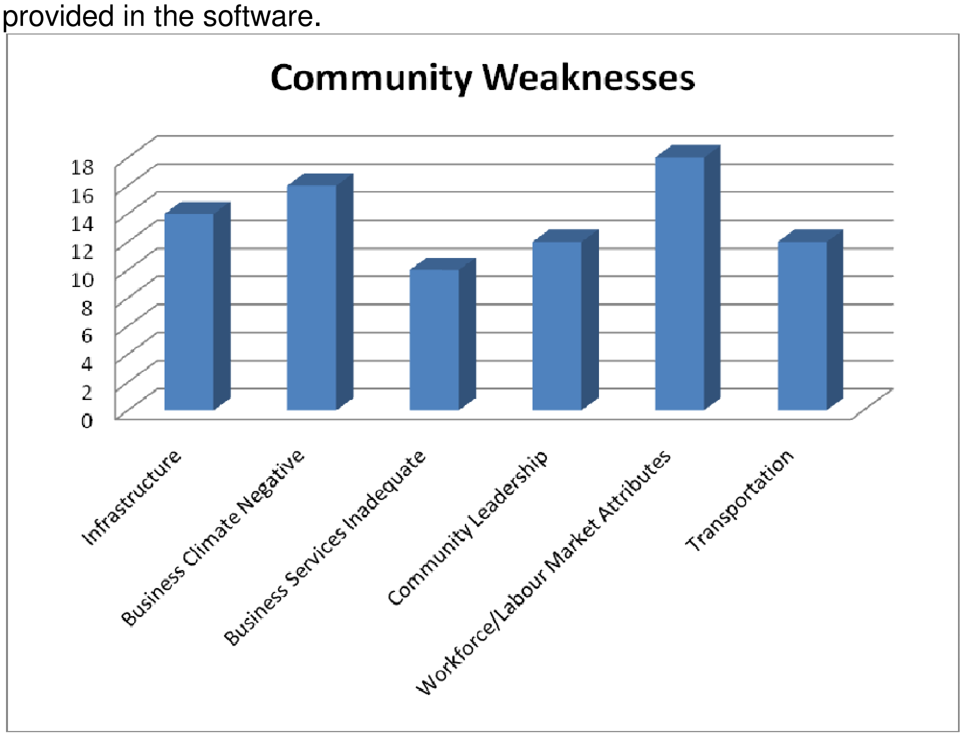
4. Business, Service Mix

- Good mix of businesses and services within the region
- Their customers can for the most part purchase whatever they need within the region

Geographical Location and Quality of life comment are closely linked as the geographical location of the region was felt to provide many opportunities linked with quality of life/work-life balance issues.

Community Weaknesses

This report was based on executive responses when asked "What are the community's weaknesses as a place to do business?". Responses again were recorded according to key categories provided in the software.



* based on 10 or more similar responses.

Top 4 Community Weaknesses:

1. Workforce/Labour Market Attributes

- Inability to retract and retain workers from the area (both skilled and unskilled labour)

2. <u>Business Climate Negative</u>

- Property taxes too high
- A need to be more business friendly
- Locals purchasing services from larger centers rather than supporting local businesses

3. <u>Infrastructure</u>

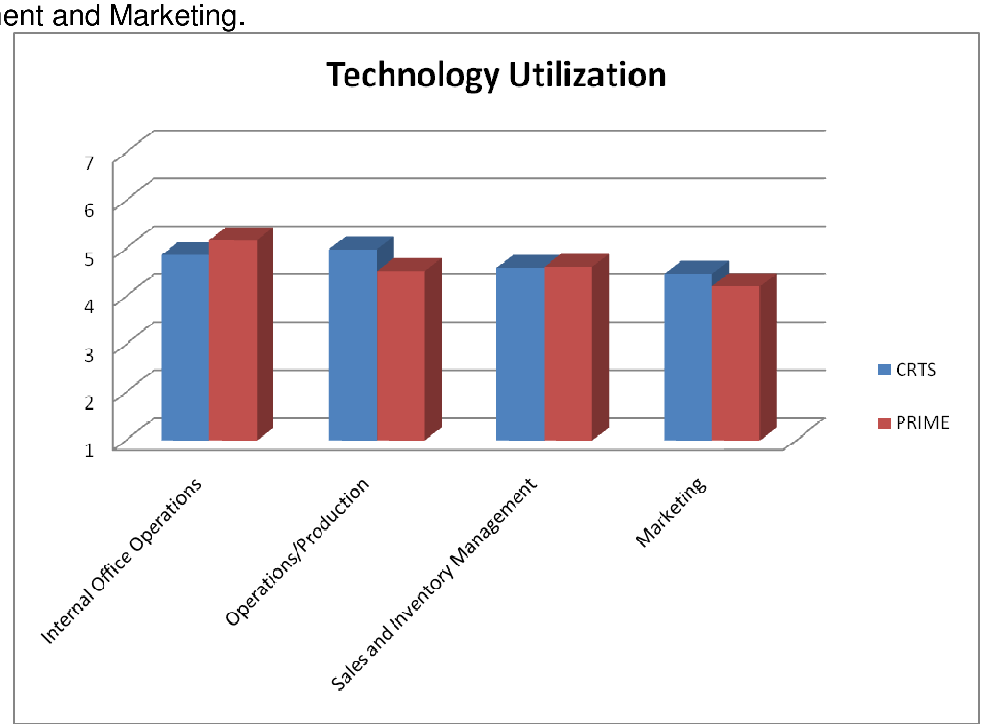
- Particularly roads – both local roads and highways in some areas of the region are in poor condition

4. <u>Community Leadership</u>

- Need for community leaders to be more proactive vs. reactive.
- Need for additional community involvement in decision making.
- Challenges working with municipalities

Technology Utilization

Compared to their business segment, executives were asked to rate their use of technology in the following categories: Internal Office Operations, Operations/Production, Sales and Inventory Management and Marketing.

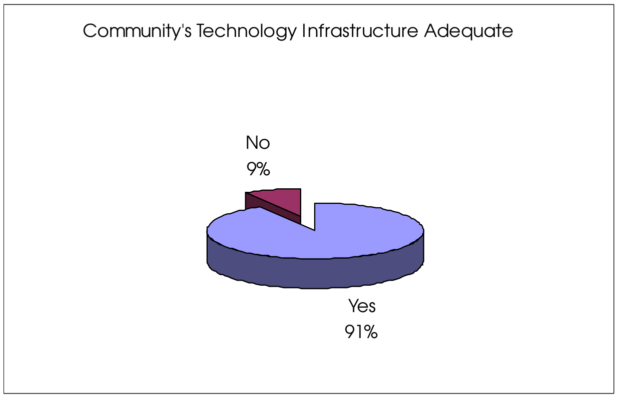


On average, in all categories, executives rated their use "above average" when compared to their business segment/competition: the highest rating was for internal office operations and the lowest for marketing.

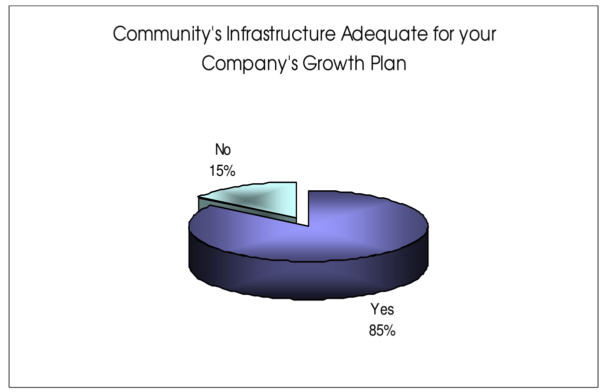
Both the CRTS and Prime companies rated their actual investment in technology above average.

Is the communities Technology Infrastructure adequate for the companies growth plan?

PRIME



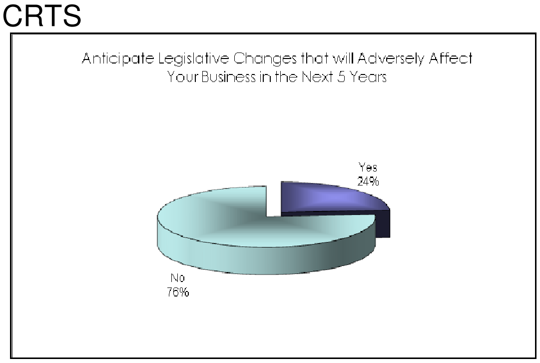
CRTS

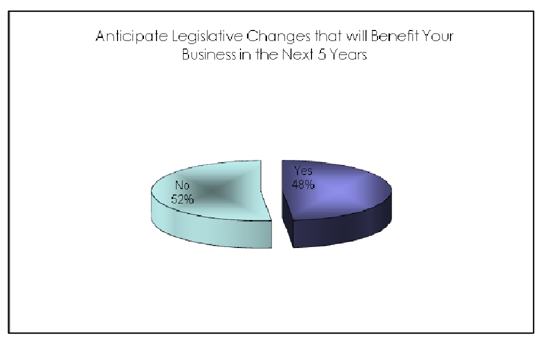


A large majority of the executives felt that the community's infrastructure was adequate for the company growth plan. This included high speed internet, etc. The main concerns noted that high speed internet is still not easily available in some rural areas and that there was a lack of technicians in the area to serve technology implements.

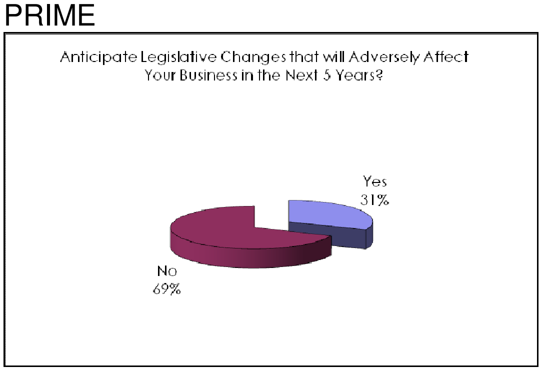
Changes in Legislation

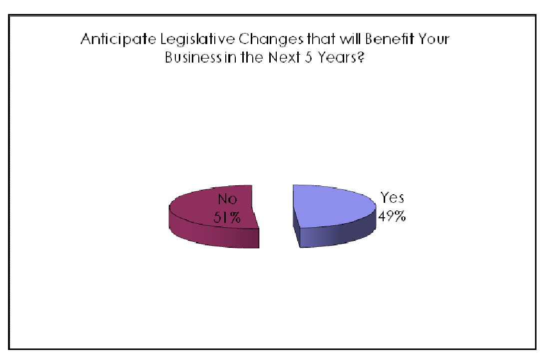
CRTS





PRIME





Companies were asked to determine the anticipated impact of the local, provincial and federal government on their business in the next 5 years. Overall the majority business felt that there would be no legislation adversely impacting their business in the next 5 years. Many also added the comment that often the adverse changes that arise are not anticipated by the business community but rather are initiated by government with very little lead time provided to business.

Exceptions occurred in cases where executives reported:

- An overall trend to tightening federal and provincial environmental regulations was anticipated to have some impact on the way business would be conducted in the future.
- Anticipated increases in minimum wage
- Anticipated increases in property taxes

More than half of the executive surveyed expected legislation that would benefit their business in the next 5 years.

Benefits Anticipated:

- Reduction in corporate taxes
- Increase infrastructure spending
- Increase in incentives to small businesses

Investment Forecast

From the companies that were visited, executives reported an estimated:

- combined $58 million dollars in investment within our region (Expansions/Renovations) in the next 3 years
- adding 1700+ new jobs in the next 3 years.

9% of CRTS Companies plan to open new locations in the next 2 year.

This report was prepared by the PAREDA. For more information please contact:

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Appendix 1 – Workforce Evaluation Ranking Averages

Workforce Evaluation	***Average Ranking (1-7)***
CRTS	
Availability	3.5
Quality	3.54
Stability	3.68
Productivity	5.27
PRIME	
Availability	3.54
Quality	4.11
Stability	4.78
Productivity	5.4

Appendix 2 – Community Service Rankings Averages

	Ranking 1 (Low) - 7(High)	
Community Service	**CRTS**	**PRIME**
Police	4.98	4.87
Fire	5.83	5.58
Ambulance	5.75	5.39
Streetscape Maintenance	4.2	n/a
Local Roads	3.92	3.68
Highways	4.42	3.74
Traffic Control	4.81	n/a
Public Transportation	4.19	4.33
Airline passenger service	3.52	3.82
Airline Cargo	n/a	4.19
Trucking	n/a	5.14
Health care	4.72	4.77
Spousal Employment	5.2	n/a
Child Care	4.25	4.4
Community College/Tech College	5.07	5.32
Universities	4.52	5.26
Housing	4.18	n/a
Schools (K-12)	5.38	5.69
Property Tax	3.94	4.09
Zoning and building permits	4.36	4.86
Regulatory Enforcement	4.22	4.39
Sign Regulations	4.54	n/a
Community Planning	5.22	4.39
Chamber of Comm./Business Assoc.	5.4	5.37
Economic Development	4.74	4.82
Visitors Bureau	5.14	n/a
Prov Worker Services	4.75	4.84

Appendix 3 – Utility Satisfaction Ratings Averages

Utility Service Ratings	**CRTS**	**PRIME**
Water	5.32	5.76
Sewer	5.3	5.52
Solid Waste Removal	5.05	n/a
Natural Gas	5.6	5.7
Electric	5.52	5.39
Telecom (Voice)	5.58	5.59
Cellular Service	5.13	5.23
Internet Access	5.43	5.79
Internet Speed	5.41	5.67