

**COVER** City is now ground zero for \$2 billion in oil and gas projects – and a potential \$6 billion upgrader

# Running hot in Cold Lake

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**C**old Lake is enjoying good times and bracing for boom times. This Alberta city of about 12,500, near the Saskatchewan border 300 kilometres northeast of Edmonton, will be the home base for nearly \$2 billion worth of oil projects over the next three years. That's only the good news. The amazing, slightly scary news is that a \$6 billion heavy oil upgrader might be built near Cold Lake. If it goes ahead, the upgrader would quadruple the amount of oil-related construction currently on the books near Cold Lake. **Canadian Natural Resources Ltd.** is expected to announce its upgrader plans by the end of September, according to **Dale Harrison**, economic development manager for the City of Cold Lake.

"We're holding our breath on the CNRL upgrader. If it's built anywhere in this area its going to have a dramatic impact on our community," says Cold Lake Mayor **Allan Buck**.

Based on experience from the Lloydminster upgrader project 15 years ago, Harrison estimates that construction of the CNRL project could involve up to 4,500 workers for up to three years. After that, the full-time operating staff would number nearly 1,000.

Even the upgrader wouldn't be the end of development in the Cold Lake area. "There's oil all around us, and oil sands, too," Harrison says. The Cold Lake oilsands, though smaller and not as well known as the Athabasca oilsands, are still a significant resource.

Cold Lake has been growing at about two per cent per year for the past five years, Harrison said. The upgrader could spur six per cent annual growth for a decade.

"We're getting all our development stuff in order so growth is not going to over-run us like it did Fort McMurray," Harrison said. "We're already looking at the potential development issues. Every city department is looking at what it would have to upgrade to keep up."



Photos: City of Cold Lake, Sanjita Saini/way

**Air Force jets roar over Cold Lake, Canada's largest fighter aircraft base. The Cold Lake marina, biggest in Alberta, has slips for 250 boats. Mayor Allan Buck: house prices have nearly doubled in five years, and demand is soaring.**

## Help wanted

Cold Lake shares Alberta's labour shortage. "There are help wanted signs all over town. It's hard to compete against the oilfield," Harrison said. He's hoping that shutdowns in the forest industry will free up some skilled labour, including millwrights, welders and equipment operators.

But housing is the major challenge, Harrison said. "You can find work here, but it's hard to find a place to live. The rental vacancy rate is basically zero."

Housing shortages compound the province-wide labour shortage.

"We've built nearly 700 single-family homes in the last five years, but that hasn't kept up with the growth," he said. The entry price for single family housing in Cold Lake is about \$200,000, and single-family accounts



for about two-thirds of all dwellings.

Now Cold Lake is seeking developers for multi-family housing.

“There’s one from out of town looking at a couple of hundred multi-family units, which would help ease the pressure and reduce the cost,” Harrison said.

Despite short-term difficulties, “we’re still growing, still going ahead. I call it all good problems,” Buck said. “There’s a real air of optimism in the community.”

## Air power

Oil is the biggest story in the Cold Lake economy, but it’s not the only one. The Air Force base, established in 1952, is Canada’s main air weapons training facility and its largest fighter aircraft base.

With 2,000 military personnel stationed there, about half of them living off base, CFB Cold Lake has been a mainstay of the local economy.

Now it is the nucleus of an emerging civilian and military aerospace centre.

The city is being considered as the site of a cold-weather jet engine test facility for civilian aviation.

“It could be the largest of its kind in the world, and it would bring in the world’s largest aerospace organizations, including NASA,” Harrison said.

Cold Lake already has a huge trained aerospace labour force in the form of retired military people, he said.

The military engineering test establishment

at CFB Cold Lake has more than 80 aerospace engineers, testing all equipment that goes into Canadian military aircraft. A growing amount of civilian test work is also being done in Cold Lake, Harrison said.

The sparsely populated area along the Saskatchewan border is one of the world’s largest low-fly zones for experimental aircraft. The area between CFB Suffield in southeast Alberta and CFB Cold Lake in northeast Alberta is an ideal test ground for unmanned aircraft.

Cold Lake has lagged in developing a manufacturing sector to serve local oil operations. Now the city wants to develop manufacturing to complement oil operations, and it is servicing more industrial land.

Cold Lake’s hospitality sector is doing well, with nearly 600 hotel rooms and several hotels looking at expansion.

The lake itself, 20 miles across, is large by Alberta standards. The marina has slips for 250 boats, and the water is open from about May to November. Ice fishing begins in December.

The Canadian Forces Base supports the tourism business through an annual international air training event that hosts about 6,000 visitors.

## Big boxes

Cold Lake’s retail trading zone has been estimated at 30,000 to 50,000, reaching as far as Meadow Lake, Saskatchewan, 90 minutes’ drive to the east.

A Wal-Mart store opened in 2001, helping establish Cold Lake as the regional trading centre. Harrison said Wal-Mart has been good for local merchants who don’t compete head-on with the retail giant.

“Actually Wal-Mart becomes a bit of a draw and it increases retail traffic in the community. People come in from Meadow Lake and not everything they want is at Wal-Mart. The lumber yard and some of the specialty stores, like electronics, appliances and furniture, do very well.”

Despite its rather remote location – three hours from Edmonton by road, two planes a day to Calgary – “cold Lake is a pretty amazing place to live,” Harrison said. “We have excellent pupil-teacher ratios, we have the lake, we have a ski hill 10 minutes out of town,

## Quick facts



## Cold Lake, Alberta

- Population** 12,500
- Population growth** 23 per cent since 1986
- Median house price** \$245,000
- Education** 14 public and separate schools, two colleges.
- Major employers** Air Force, oil and gas, construction and retail.

we’ve got wilderness, fishing and camping all around us.”

On average, the people of Cold Lake are well-paid and well-educated. Nearly two-thirds of adults have some form of post-secondary education, and 50 per cent had an income greater than \$60,000 in 2001. The Canadian Forces bring aerospace engineers and other specialists to town, and the oil business attracts engineers and skilled trades. Cold Lake’s people are mostly young, with just five per cent of the population 65 or over.

“A lot of our school infrastructure is fairly new,” Harrison said. “We’ve just completed a K-12 francophone school. A new elementary separate school will start construction next spring, and a new college starts construction this summer. We’re waiting for approval on an 800-seat high school, and the separate high school is due for an upgrade.”

The number of people interested in Cold Lake amazes Buck.

“Investors have been telling me that even at lower oil prices people can make money here. We have people coming from all over Western Canada, and as far away as Montreal.”

Harrison agrees, “There’s a positive future already, but if this upgrader comes in, hang onto your hat. It’s going to be fun.”◆

