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Fort McMurray: Can its mayor put the brakes on the boom?

Oil-sands workers enticed by five-star Alberta paycheques find a two-star city that needs help to manage growth, DAWN WALTON writes

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With a report from Katherine Harding

FORT McMURRAY, ALTA. -- Melissa Blake lays out a map of northeastern Alberta to point out the massive oil-sands projects chewing through the earth north of Fort McMurray and wonders whether the boomtown of 64,000 may one day see homes razed to get at the black gold.

But the municipality's mayor turns her attention to the more pressing concern of the smaller oil plays creeping up on the city and smaller communities from the south.

"This is where I go, 'Holy cow,' " she says, singling out tiny Janvier (pop. 218) and Conklin (pop. 338), "these guys are surrounded by new leases."

According to some estimates, 177 billion barrels of oil are on record as recoverable right now, an amount exceeded only by Saudi Arabia, but Ms. Blake also cites optimistic projections of 1.7 trillion barrels that could be recoverable in this region in the future. Already, \$100-billion in oil-sands development is on the books over the next decade.

She looks back at the map. "This is the future," she says.

She's busy fighting it. So is her council. There's too much growth and not enough money.

Deputy mayor Phil Meagher told reporters in Fort McMurray yesterday that he was pleased with a new provincial government plan that will inject \$396-million into the region over the next three years to help with its rapid and unprecedented growth.

"Is it all we need. No? But it's a start," Mr. Meagher said.

Ms. Blake, the 37-year-old first-term mayor of the Regional Municipality of Wood Buffalo, which includes Fort McMurray and the bulk of Alberta's oil sands, has been begging the province and its energy regulator to put the brakes on the boom. She has even threatened to refuse any new property development unless she gets her way.

The municipality doesn't currently have the infrastructure such as roads, sewage systems or social, education and health-care services to cope with the growth. Neither, she says, can the landscape.

"Rather than carte blanche, issuing development approvals that say, 'Yeah, go hog-wild crazy and take all you can any way you can,' you've got to start saying, 'This is what we're prepared to do as related to environmental concerns,' " Ms. Blake says.

"These are the kinds of things that I would be hoping over the long term Canadians are starting to influence."

But here, she has been largely dismissed as a heretic of progress. She's looking outside the province for help. Her timing may be right.

The environment is the top concern for Canadians, according to a recent public opinion poll. In Ottawa, opposition parties are forcing the Conservative government to adhere to Kyoto commitments to cut greenhouse-gas emissions (research points to the oil sands as contributing to almost half of the country's growth in such emissions). Even U.S. President George W. Bush is talking about climate change and how his country should cut energy use.

"Something has got to change," Ms. Blake says. "This is a moment where we've got to put a concerted effort into that."

She moved to Fort McMurray, 475 kilometres northeast of Edmonton, when she was 12, after the asbestos industry went bust in the Eastern Townships of Quebec. Her father, a heavy-duty mechanic, ended up working at Syncrude Canada, now the country's largest oil-sands producer. So did she, for a decade as a tour guide and a recruiter, before turning to local politics. She had two terms as a city councillor, then beat the incumbent in the mayoral race of 2004.

She drives a Toyota Highlander hybrid (she enjoys seeing the battery and not the gas tank working in traffic) and has a four-year-old son with her long-time fiancé.

The couple have been too busy to get married, but Ms. Blake, a slight woman with long wavy hair and a quick grasp of numbers, is hoping to make it official on July 7. (That's the date brides everywhere are vying for as the luckiest: The seventh day of the seventh month of 2007.) She is an unapologetic booster of the region. The people. The services. The outdoors.

Yet nothing is classically beautiful about this place. Fort McMurray feels like a two-star town with five-star paycheques.

The most impressive buildings are a pair of ordinary seven-floor red-brick government offices on downtown's main drag, Franklin Avenue. Ms. Blake has a spacious corner office on the top floor of one of them.

The city has sprung up in pockets along the Athabasca and Clearwater rivers. Development is limited by the waterways and hilly topography, although Ms. Blake prefers to describe it as a "challenge."

Forest covers the muskeg except where mining for oil has picked the land clean of vegetation and massive mechanical cityscapes emerge from the ground. New trees have grown on land reclaimed from old mines.

The odour of oil hangs in the air and occasionally wafts into the city. When asked whether it bothers him, Alain Moore, a Syncrude spokesman, talks about air-quality monitoring (it's as clean as anywhere else in the province, he explains). He is used to the smell of money.

Workers pull in huge salaries (the median family income in Wood Buffalo was \$120,100 in 2004, the highest in the country according to Statistics Canada, and locals talk of clearing \$1,000 a week). Housing prices make Vancouver look affordable. New single-family homes sell for around \$500,000, but many folks live in mobile homes edging toward \$300,000.

The municipality's population is growing at 9 per cent a year, pushing the number of residents to 79,810 -- almost double since 1999. Fort McMurray is home to most of that growth, but also staggering is the "shadow population" of temporary residents in work camps set up by industry, which has almost tripled since 1999 to 10,442 last year.

Whitney Salopree and Neal Berlinguette, both 31, figure into that number much of the year. Over drinks at a hotel where they are staying courtesy of a daily stipend of \$150 each for lodging and food, they talk about how they pitch a tent in the summer near the sites where they construct Lego-style offices for oil companies.

The men complain about the crack deals being made in plain view, and how much other men spent on booze and women.

(Town boosters don't like that kind of talk repeated. Just the mention of an article in *Chatelaine* magazine last year which exposed the city's booming escort business and the competition for wealthy husbands, and they roll their eyes. "They'll assume all we have are women prostituting themselves or gold-digging," Ms. Blake says. "That's

a larger-than-life representation.") Mr. Salopree and Mr. Berlinguette also talk about how all this digging for oil is affecting the land, the climate.

"I'm disgusted with myself for working here," says Mr. Salopree, a self-described "tree hugger."

Mr. Berlinguette shares his distaste for the work and the lifestyle away from his daughter in Edmonton. "The money," he says, "is too good."

Fort McMurray is what some call the city, but the municipality has hit a financial brick wall. Its 2007 budget includes a debt level of \$338-million (the maximum the province will allow), as well as capital and operating budgets of \$445-million.

And still, the municipality's overburdened infrastructure and existing services cannot keep up.

The city's waste-water treatment plant, which was built for 50,000 people, is also being upgraded with help from the province, but by the time it's done in two years, it will be inefficient for a population expected to hit 100,000 within five years.

Yesterday, the provincial government pledged millions for a new sewage treatment facility. More than \$50-million has been set aside to help build 300 housing units. Roughly half of the new government funding, about \$200-million, has been earmarked for health care, including building three new clinics in the region.

Ms. Blake says she can't raise any more money from increasing property taxes. She relies on handouts from the province. It's not clear whether Alberta's planned review of its royalty regime for the oil sands will address allocating a portion specifically to the municipalities.

Alberta NDP Leader Brian Mason has called for a temporary moratorium on new oil-sands development to help the region get a handle on growth.

Alberta's new Premier, Ed Stelmach, and his cabinet ministers bristle at the suggestion to slow things down.

"It's a delicate balance," said Guy Boutilier, a former mayor here and now the province's Minister of International, Intergovernmental and Aboriginal Affairs.

"It's a global economy and these dollars are being invested in Alberta, they will go to other parts of the world. Do we want to lose the opportunity? No, we don't."

Ms. Blake has told Alberta's energy regulator repeatedly she wants oil-sands projects delayed so the region can catch up on its infrastructure needs, but the Alberta Energy and Utilities Board ignored her and approved the proposals. However, the regulator twice publicly questioned political leadership, in November telling the Alberta government that there was a "short window of opportunity" to fix the situation, and in December telling both Edmonton and Ottawa that the situation was "critical."

Former Alberta premier Ralph Klein admitted his government had no plan for the boom. In a rare rebuke, former premier Peter Lougheed criticized the Klein government for creating a mess of the oil sands by allowing too much development, too fast.

Gil McGowan, president of the Alberta Federation of Labour, has been saying for months that the pace of growth in the oil sands is unsustainable.

He is looking to Mr. Stelmach to clean up the mess. So is Ms. Blake, who hasn't decided whether she'll run for a second term in October. "There is so much riding on this right now, for not just this region, but for the rest of the province, and to some extent the nation as well," she says. "We can't afford to fail. And if I have, then I will step away."

The problems of rapid growth

Population growth: The municipality is growing at 9 per cent a year. Its population has almost doubled since 1999 to 79,810 people. That number is expected to reach 100,000 by 2012.

Housing: A land shortage and a massive demand for housing has pushed the cost of a new single-family home to about \$503,000. The rental vacancy rate is nearly nil, with rents ranging from \$1,000 for a bachelor suite to about \$1,600 for a two-bedroom apartment. Thousands of people are living at local campgrounds or at one of the region's 56 work camps.

Municipal infrastructure: Local politicians want to keep up with the growth by spending \$1.2-billion on everything from a new water treatment plant to new bridges, police station and a landfill site.

Health care: The region's hospital has one of the busiest emergency rooms in the province and a chronic shortage of beds and staff. There are estimates that Fort McMurray needs to double the number of its doctors and full-time nurses to 83 and 82, respectively. More than 200 health-care positions, including physiotherapists and lab technicians, remain vacant.

AN UNSETTLED POPULATION

Length of residency in Fort McMurray

0 to less than seven months	10.0%
Seven months to less than one year	6.8%
One year to less than three years	16.6%
Three years to less than six years	18.2%
Six years to less than 11 years	13.8%
11 plus years	34.6%

FROM NEAR AND FAR*

Where residents new to Fort McMurray in the last 12 months came from

Other Alberta	4.8%
Eastern Canada (Nfld., PEI, N.B., N.S.)	4.6%
Central Canada (Que., Ont.)	1.8%
Western Canada (B.C., Man., Sask.)	2.5%
Northern Canada (Yukon, NWT, Nunavut)	0.2%
Other country (English first language)	0.4%
Other country (English not first language)	0.7%

*Percentages are of the total population of the town.

SOURCE: REGIONAL MUNICIPALITY OF WOOD BUFFALO