



AGENDA

INTERGOVERNMENTAL AFFAIRS COMMITTEE

December 7, 2017, 9:30 AM

LEGAL TRADITIONS COMMITTEE ROOM

Members

Mayor N. Nenshi
Councillor G-C. Carra
Councillor P. Demong
Councillor J. Farkas
Councillor J. Gondek
Councillor R. Jones
Councillor J. Magliocca

1. CALL TO ORDER
2. ELECTION OF VICE-CHAIR
3. OPENING REMARKS
4. CONFIRMATION OF AGENDA
5. CONFIRMATION OF MINUTES
 - 5.1 UNCONFIRMED MINUTES OF THE REGULAR MEETING OF THE INTERGOVERNMENTAL AFFAIRS COMMITTEE, 2017 SEPTEMBER 07
6. POSTPONED REPORTS

(includes related/supplemental reports)
7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES
 - 7.1 Alberta Urban Municipalities Association (AUMA) (Verbal), IGA2017-1166
 - 7.2 Federation of Canadian Municipalities (FCM) (Verbal), IGA2017-1184
 - 7.3 Calgary Regional Partnership (CRP) (Verbal), IGA2017-1187
 - 7.4 Intermunicipal Committees (IMC) (Verbal), IGA2017-1189

7.5 Update on Cannabis Legalization, IGA2017-1209

7.6 2018 Provincial Budget Submission, IGA2017-1167

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS

8.2 NOTICE(S) OF MOTION

9. URGENT BUSINESS

10. CONFIDENTIAL ITEMS

10.1 Referral Report – Calgary Regional Partnership Membership, IGA2017-1235 (FOIP 23 and 24)

11. ADJOURNMENT



MINUTES

INTERGOVERNMENTAL AFFAIRS COMMITTEE HELD 2017 SEPTEMBER 07 AT 9:33 AM IN THE LEGAL TRADITIONS COMMITTEE ROOM

PRESENT:

Mayor N. Nenshi, Chair
Councillor B. Pincott, Vice-Chair
Councillor G-C. Carra
Councillor A. Chabot
Councillor P. Demong
Councillor R. Pootmans
Councillor J. Stevenson
*Councillor D. Farrell

ALSO PRESENT:

Deputy City Manager B. Stevens
Manager D. Corbin
Legislative Assistant J. Darragh

This meeting was conducted in accordance with the Procedure Bylaw 44M2006, as amended.

1. CONFIRMATION OF AGENDA

CONFIRM AGENDA, Moved by Councillor Pincott, that the Agenda for the 2017 September 07 Regular Meeting of the Intergovernmental Affairs Committee, be confirmed.

CARRIED

DECLARATION OF INTEREST

*Councillor Farrell notified the Chair of a particular interest in all items on the Agenda and was entitled to vote on the items.

2. CONFIRMATION OF MINUTES

2.1 MINUTES OF THE REGULAR MEETING IF THE INTERGOVERNMENTAL AFFAIRS COMMITTEE, 2017 JULY 06

CONFIRM MINUTES, Moved by Councillor Pincott, that the Minutes of the Regular Meeting of the Intergovernmental Affairs Committee, held on 2017 July 06, be confirmed.

CARRIED

3. ITEMS FROM ADMINISTRATION AND COMMITTEES

3.1 ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA) - VERBAL REPORT, IGA2017-0619

APPROVE, Moved by Councillor Chabot, that with respect to Verbal Report IGA2017-0619, the following be approved:

That the Intergovernmental Affairs Committee receive the Alberta Urban Municipalities Association (AUMA) - Verbal Report for information.

CARRIED

3.2 FEDERATION OF CANADIAN MUNICIPALITIES (FCM) - VERBAL REPORT, IGA2017-0620

APPROVE, Moved by Councillor Pincott, that with respect to Verbal Report IGA2017-0620, the following be approved:

That the Intergovernmental Affairs Committee receive the Federation of Canadian Municipalities (FCM) - Verbal Report for information.

CARRIED

3.3 CALGARY REGIONAL PARTNERSHIP (CRP) - VERBAL REPORT, IGA2017-0621

APPROVE, Moved by Councillor Stevenson, that with respect to Verbal Report IGA2017-0621, the following be approved:

That the Intergovernmental Affairs Committee receive the Calgary Regional Partnership (CRP) - Verbal Report for information.

CARRIED

3.4 INTERMUNICIPAL COMMITTEES (IMC) - VERBAL REPORT, IGA2017-0622

APPROVE, Moved by Councillor Demong, that with respect to Verbal Report IGA2017-0622, the following be approved:

That the Intergovernmental Affairs Committee receive the Intermunicipal Committees (IMC) – Verbal Report for Information.

CARRIED

3.5 FUNDING FOR DRUG COURTS - PROPOSED CITY OF CALGARY ADVOCACY STRATEGY, IGA2017-0623

APPROVE, AFTER AMENDMENT, Moved by Councillor Farrell, that the Administration Recommendations contained in Report IGA2017-0623, be approved, **after amendment**, as follows:

That the Intergovernmental Affairs Committee:

1. Direct Administration to prepare a resolution for submission to the Federation of Canadian Municipalities requesting the Government of Canada to support and expand the Drug Court Program; and
2. **Request that the Mayor prepare letters to the Federal and Provincial Ministers of Justice in support of this program.**

CARRIED

4. URGENT BUSINESS

No items of Urgent Business were added to today's Meeting.

IN CAMERA, Moved by Councillor Stevenson, that in accordance with Section 197 of the *Municipal Government Act* and Sections 23, 24 and 25 of the *Freedom of Information and Protection of Privacy Act*, the Intergovernmental Affairs Committee move In Camera, at 10:05 a.m., in order to consider several confidential items.

CARRIED

The Intergovernmental Affairs Committee moved into public session at 11:23 a.m. with Mayor Nenshi in the Chair.

RISE AND REPORT, Moved by Councillor Carra, that the Intergovernmental Affairs Committee rise and report.

CARRIED

5. IN CAMERA ITEMS

5.1 ROCKY VIEW COUNTY OMNI AREA STRUCTURE PLAN UPDATE - VERBAL REPORT, IGA2017-0633

RECEIVE FOR THE CORPORATE RECORD

With the concurrence of the Mayor, the Legislative Assistant received for the Corporate Record, a copy of Administration's Recommendations with respect to Report IGA2017-0633, which are to remain confidential pursuant to Sections 23, 24 and 25 of the *Freedom of Information and Protection of Privacy Act*.

APPROVE, Moved by Councillor Stevenson, that with respect to Report IGA2017-0633, the following be approved:

That the Intergovernmental Affairs Committee recommends that Council:

1. Approve the recommendations as discussed In Camera at the 2017 September 07 Intergovernmental Affairs Committee meeting; and
2. Direct that the In Camera discussions and recommendations received for the Corporate Record remain confidential pursuant to Sections 23, 24 and 25 of the *Freedom of Information and Protection of Privacy Act*.

AND FURTHER, that this item be forwarded as an item of Urgent Business, In Camera, to the 2017 September 11 Combined Meeting of Council.

CARRIED

5.2 UPDATE ON ALBERTA URBAN MUNICIPALITIES ASSOCIATION MEMBERSHIP, IGA2017-0624

APPROVE, AFTER AMENDMENT, Moved by Councillor Chabot, that the Administration Recommendations contained in Report IGA2017-0624, be approved, **after amendment**, as follows:

That the Intergovernmental Affairs Committee:

1. Approve Administration Recommendation 1 contained in this Report;
2. **File Administration Recommendations 2 and 3 contained in this Report;** and
3. Direct that the Report and In Camera discussions remain confidential pursuant to Sections 23 and 24 of the *Freedom of Information and Protection of Privacy Act* until this matter is resolved.

CARRIED

5.3 CALGARY REGIONAL PARTNERSHIP MEMBERSHIP, IGA2017-0638

APPROVE, AFTER AMENDMENT, Moved by Councillor Stevenson, that the Administration Recommendations contained in Report IGA2017-0638, be approved, **after amendment**, as follows:

That the Intergovernmental Affairs Committee recommends that Council:

1. **File Administration Recommendation 1 contained in this report;** and
2. Direct that this Report, Attachments and In Camera discussions remain confidential pursuant to Sections 23 and 24 of the *Freedom of Information and Protection of Privacy Act* until this matter is resolved.

CARRIED

5.4 PROVINCIAL LEGISLATION AND REGULATIONS UPDATE - VERBAL REPORT,
IGA2017-0686

APPROVE, Moved by Councillor Chabot, that with respect to Report IGA2017-0686, the following be approved:

That the Intergovernmental Affairs Committee:

1. Receive the Provincial Legislation and Regulations Update - Verbal Report for information; and
2. Direct that the In Camera discussions remain confidential pursuant to Sections 23, 24 and 25 of the *Freedom of Information and Protection of Privacy Act*.

CARRIED

6. URGENT BUSINESS IN CAMERA

No items of Urgent Business, In Camera, were added to today's Meeting.

7. ADJOURNMENT

ADJOURN, Moved by Councillor Pootmans that this meeting adjourn at 11:30 a.m.

CARRIED

CONFIRMED BY COMMITTEE ON

CHAIR

LEGISLATIVE ASSISTANT

THE FOLLOWING ITEM HAS BEEN FORWARDED TO THE 2017 SEPTEMBER 11 COMBINED MEETING OF COUNCIL:

URGENT BUSINESS, IN CAMERA:

ROCKY VIEW COUNTY OMNI AREA STRUCTURE PLAN UPDATE - VERBAL REPORT,
IGA2017-0633

THE FOLLOWING ITEM HAS BEEN FORWARDED TO THE 2017 NOVEMBER 13 REGULAR MEETING OF COUNCIL:

IN CAMERA:

CALGARY REGIONAL PARTNERSHIP MEMBERSHIP, IGA2017-0638

The next Regular Meeting of the Intergovernmental Affairs Committee has been scheduled to be held on 2017 December 07 at 9:30 AM.

Update on Cannabis Legalization

EXECUTIVE SUMMARY

On 2017 June 02, the Government of Alberta launched its public consultation on the provincial response to the Government of Canada's Bill C-45: An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts (The Cannabis Act). The Government of Alberta conducted public engagement over 2017 June and 2017 July. The responses received through provincial engagement served to inform the Draft Alberta Cannabis Framework released 2017 October 04. Albertans were given the opportunity to provide comment on the draft framework until 2017 October 27 and on 2017 November 16 the Government of Alberta tabled Bill 26: An Act to Control and Regulate Cannabis. The provincial framework and federal legislation will have significant implications on the establishment of municipal regulations, policies and procedures. This report provides an update on ongoing advocacy to the provincial and federal governments and information about Administration's approach to the legalization of recreational cannabis in Calgary given the proposed provincial and federal regulations.

ADMINISTRATION RECOMMENDATION:

That the Intergovernmental Affairs Committee receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

At its 2017 July 24 meeting, Council approved Administration's and Intergovernmental Affairs Committee's recommended responses to provincial engagement contained in Report IGA2017-0586. The response included: support for a privatized framework for retail cannabis sales, contingent upon the sharing of tax revenues with municipalities, advocacy for timely decisions by the provincial government to facilitate City processes, and advocacy for funding to support Calgary Police Service's role in legalization. A summary of The City's Advocacy Positions and comparisons to the proposed Federal and Provincial legislation is provided in Attachment 1.

At its 2017 May 04 meeting, the Intergovernmental Affairs Committee approved Administration's recommendations contained in Report IGA2017-0427. Recommendations included: allowing the continued use of the advocacy positions on cannabis legalization for ongoing discussions with the federal and provincial governments; directing Administration to report back on the progress of discussions with the Government of Alberta; and directing Administration to report back with recommendations on the necessary amendments to municipal bylaws and policy changes required to implement the legalization of cannabis.

At its 2016 November 03 meeting, the Intergovernmental Affairs Committee approved Administration's recommended advocacy position on the legalization and regulation of cannabis in Report IGA2016-0737. Recommendations for advocacy included: engaging municipalities throughout the legalization process, municipal authority and flexibility in the areas of business licensing, planning policy and nuisance factors, restriction of residential growing and discussing sharing federal tax revenues across all three orders of government.

Update on Cannabis Legalization

BACKGROUND

On 2017 April 13, the Government of Canada introduced Bill C-45, The Cannabis Act, which, subject to parliamentary approval, will legalize and regulate recreational cannabis in Canada by no later than 2018 July. In 2017 May, the Government of Alberta formed the Alberta Cannabis Secretariat (ACS) as a central office to coordinate the provincial response to legalization. Subsequent to engagement held over the summer the ACS released a draft cannabis framework for Alberta on 2017 October 04. The draft framework remained open for input until 2017 October 27.

On 2017 November 10 the Government of Canada proposed an excise duty framework for cannabis products not to exceed \$1.00 per gram, or 10 per cent of the producer's sale price of that product, whichever is higher, with this tax room divided equally between the province or territory and the federal government. The Goods and Services Tax (GST) will also be applied. There is no mention of municipalities in the tax proposal.

To support implementation of the proposed Cannabis Act, Health Canada released its proposed approach to the regulation of cannabis on 2017 November 21. The Government of Canada is asking for public input on the detailed regulatory proposals until 2018 January 20. City Administration is currently reviewing the approach for impacts to The City and its role in cannabis regulation.

On 2017 November 14 the Government of Alberta introduced Bill 29 - An Act to Reduce Cannabis and Alcohol Impaired Driving that establishes new provincial sanctions for cannabis-impaired and cannabis/alcohol-impaired driving offences. On 2017 November 16 the Provincial Government tabled Bill 26 which further clarified the roles of provincial and municipal governments in Alberta. With the new legislation, the Government of Alberta has proposed:

- A minimum age of 18 to purchase and consume cannabis.
- A public possession limit for adults of 30 grams.
- The ability to grow up to four cannabis plants at home for personal use.
- Provincial oversight and regulation of wholesaling and distribution of cannabis products through the Alberta Gaming and Liquor Commission (AGLC).
- Privately owned and operated cannabis retail stores.
- Restrictions on retail locations selling alcohol, tobacco or pharmaceuticals together with cannabis.
- Standard provincial setback distances and hours of operation.
- Online sales exclusively through the Government of Alberta.
- Provincewide restrictions on where cannabis can be used in public, with an emphasis on protecting children and limiting second-hand exposure.
- Though cannabis cafes and lounges will not be permitted on July 1, 2018, the proposed legislation also gives the authority to regulate these forms of establishments should the provincial government decide to allow them at a later date.

Update on Cannabis Legalization

Bill 26 sets out a framework for privatized retail stores and provides municipalities the authority to further restrict the public consumption of cannabis. Because recreational cannabis retail stores will be privately operated it will be necessary to establish a comprehensive municipal regulatory framework to accommodate these types of businesses. Private cannabis retail businesses were considered when drafting the public research and engagement plans and Administration will be able to utilize public engagement when drafting bylaw amendments. In 2018 February proposed Land Use Bylaw amendments will be brought to the SPC on Planning and Urban Development that would facilitate new cannabis stores, see Attachment 3 for the anticipate timeline. The other areas that the provincial and federal governments had indicated would be subject to municipal oversight, such as public nuisance aspects and business licensing, have also been included in the ongoing public research and engagement.

In 2016, in anticipation of pending legalization, Administration established a working team of Subject Matter Experts (SMEs) from across the organization, including representatives from Intergovernmental & Corporate Strategy, Law, Planning & Development, Calgary Neighbourhoods, Calgary Community Standards, Calgary Transit, Human Resources, the Calgary Fire Department and the Calgary Police Service. This group identified issues of concern and potential impacts of legalizing cannabis to The City of Calgary, which formed the basis of The City's participation in the Task Force engagement and the development of advocacy positions that were approved by the Intergovernmental Affairs Committee in 2016 November. These advocacy positions, as well as further direction from the Intergovernmental Affairs Committee in 2017 July, were used to inform The City of Calgary's responses to the Government of Alberta's online engagement in the summer of 2017, and the draft Alberta Cannabis Framework that was released on 2017 October 4. In addition to providing formal written submissions to provincial engagements, The City has had direct conversations with the Government of Alberta through the ACS and other provincial relationships.

Along with providing updates and recommendations to Council through IGA Committee, on 2017 February 06, Administration organized a Strategic Meeting of Council to provide information and insight about cannabis legalization.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Administration continues to work closely with representatives from the ACS and other municipalities and organizations across Alberta to provide input on provincial regulations. Administration has also been working with national organizations such as the Federation of Canadian Municipalities to influence federal decisions and share information and strategies with other municipalities across Canada with respect to cannabis legalization. Members of Administration have also taken part in local, national and international seminars and conferences on cannabis and have been working with representatives from local governments in Canada and the United States to establish best practices and lessons learned.

City Administration has a program of extensive public engagement and statistically valid research currently underway which is expected to be completed by 2018 January. This information will be used to inform potential bylaw amendments in the areas where The City will have the authority to regulate. Results of the engagement and research will be shared with Council when available in early 2018.

Update on Cannabis Legalization

In 2017 October, the Calgary Police Service (CPS) formed a Drugs & Opioids Strategy Enforcement (DOSE) sub-committee on cannabis legalization. This committee will provide recommendations to the CPS Executive on the implications of legalization to the Service for the following:

- Police powers
- Human resources (recreational cannabis only)
- Partner alignment, information sharing and collaboration
- Traffic safety
- Cannabis related data, intelligence gathering, monitoring and reporting
- Public education and awareness on cannabis for the public and members
- Managing public safety around grow operations (medicinal/recreational)
- Targeting/enforcement of black market production and trafficking

Although some details are outstanding, proposed federal and provincial legislation and regulations have been tabled. These proposed regulations have been beneficial in clarifying the municipal role in the legalization of cannabis. Based on the information currently available, the role of municipalities in Alberta will be primarily based around:

- Location and regulations for cannabis businesses – the Government of Alberta has determined that retail cannabis stores will be privately operated.
- Public consumption – provincial legislation sets minimum standards for public consumption but municipalities will have the ability to further restrict where cannabis will be consumed.
- Education – municipalities will need to inform citizens on the specific municipal regulations, once approved by Council.
- Enforcement – Municipalities will be responsible for enforcing aspects of federal, provincial and municipal regulations including criminal regulations, provincial acts, municipal bylaws, and building and fire codes

Other important aspects of legalization, such as impaired driving, advertising, workplace safety, and age limits fall under the regulatory frameworks proposed by the provincial or federal governments. See Attachment 2 for a detailed breakdown of the responsibilities of the different orders of government.

Administration continues to approach the legalization through a cross-corporate working group with a stated goal of transitioning from the illegal market to the sustainment of responsible production, distribution, and use of legalized recreational cannabis in Calgary. The working group has established principles to guide the work associated with the legalization of cannabis. The principles include:

- Community orientation: the location of point of sale, production and consumption considers and responds to local context
- Informed Calgarians: citizens are aware of legislation, regulation, risks and responsible use of cannabis

Update on Cannabis Legalization

- Accountability: remedies are established for conduct that violates The City's regulatory framework and relevant legislation
- Financial sustainability: emphasis on cost recovery for the regulatory regime and public education, while minimizing the impact on the mill-rate
- Fair, equitable and transparent process: clearly defined rules and procedures that support business, community and consumers
- Evidence-based decisions: supported by best practices and analytic research that is responsive to the community and the evolving industry

The legalization of cannabis is a project with tight deadlines and corporate-wide significance. As such, the timing of the bylaw amendments will be critical to ensuring that there is a viable regulatory system in place in Calgary. Administration has worked with City Clerks to develop a calendar of Committee and Council dates that will allow opportunity for public engagement and research, development of regulations, and the potential implementation of bylaws, with enough time to allow for public education and businesses to be open for 2018 July. See Attachment 3 for a timeline of important dates.

Stakeholder Engagement, Research and Communication

The City has contracted third-party vendors to conduct public opinion research and public engagement on the topic of cannabis legalization. Both public opinion research and public engagement have been ongoing since 2017 November. SMEs from across the Corporation have been engaged about their key concerns and considerations in relation to the legalization and regulation of cannabis. Internal engagement informed the public research and engagement projects that are currently ongoing.

A communications plan has been developed in concert with the public engagement project in order to reach as many Calgarians as possible. The communications plan also includes consideration of communicating any potential regulatory changes in advance of legalization.

Strategic Alignment

The proposed federal and provincial legislation generally aligns with The City's previously established advocacy positions, with some exceptions, as outlined in Attachment 1.

Social, Environmental, Economic (External)

Legalizing, regulating and restricting access to cannabis has social, environmental and economic implications. Administration's advocacy positions and proposed approach to municipal regulations will continue to consider the breadth of implications to City operations and Calgarians.

Update on Cannabis Legalization

Financial Capacity

Current and Future Operating Budget:

The current proposal by the Government of Canada does not include a share of tax revenue for municipalities. The City has, and continues to advocate for the sharing of revenues from the taxation of recreational cannabis with municipalities. Responsibilities delegated to municipalities from the provincial and federal legislative changes will likely require additional resources. An estimate of operating costs to The City as a result of cannabis legalization is currently being developed. This estimate will be based on an in-depth analysis of the affected Business Units and will be shared with Council once it has been finalized in the coming weeks.

Current and Future Capital Budget:

Responsibilities delegated to municipalities from the provincial and federal legislative changes will likely require additional resources. An estimate of capital costs to The City as a result of cannabis legalization is currently being developed.

Risk Assessment

The timeline established by the federal government for the legalization of recreational cannabis has necessitated that The City move forward with research, engagement and drafting amending bylaws in the absence of certainty regarding some aspects of provincial and federal legislation. Delaying aspects of the recreational cannabis legalization project or postponing the amending bylaws would likely result in the absence of a municipal regulatory framework when recreational cannabis is legalized.

The legalization of recreational cannabis will result in a variety of costs to the municipality. If The City does not receive a share of the revenue from the provincial or federal tax regime it is likely that part of the costs associated with legalization will be borne by The City.

REASON(S) FOR RECOMMENDATION(S):

The Government of Canada and the Government of Alberta have introduced legislation to legalize, regulate, and restrict access to cannabis. This report is intended to inform IGA Committee of the potential impact of these legislative changes for The City and Calgarians, and outline how Administration is preparing to respond.

ATTACHMENT(S)

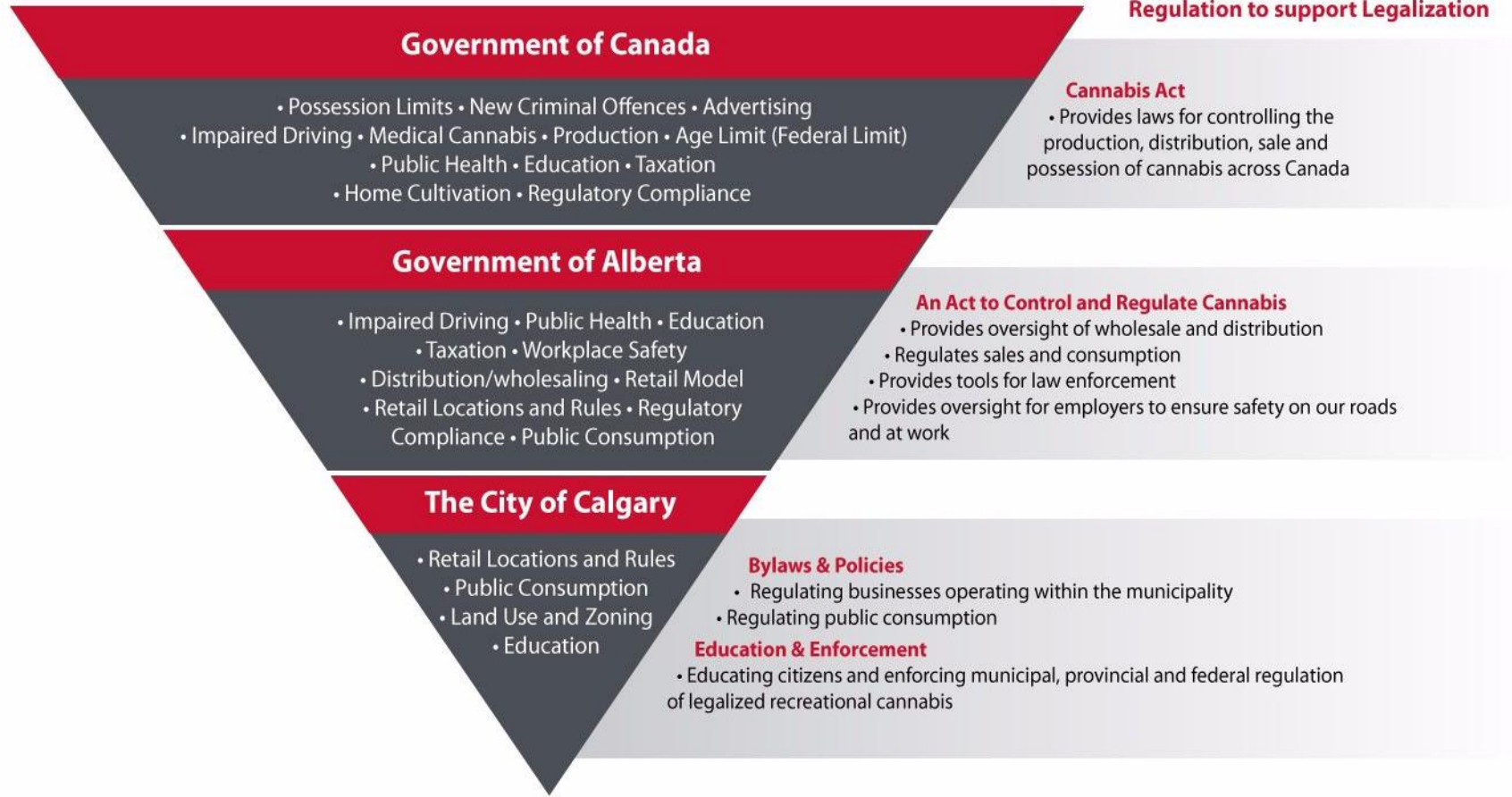
1. Attachment 1 – The City of Calgary's Advocacy Position – Comparison to proposed Federal and Provincial Legislation
2. Attachment 2 – Responsibilities for Recreational Cannabis Legalization by Order of Government
3. Attachment 3 – City of Calgary Legalization Timeline

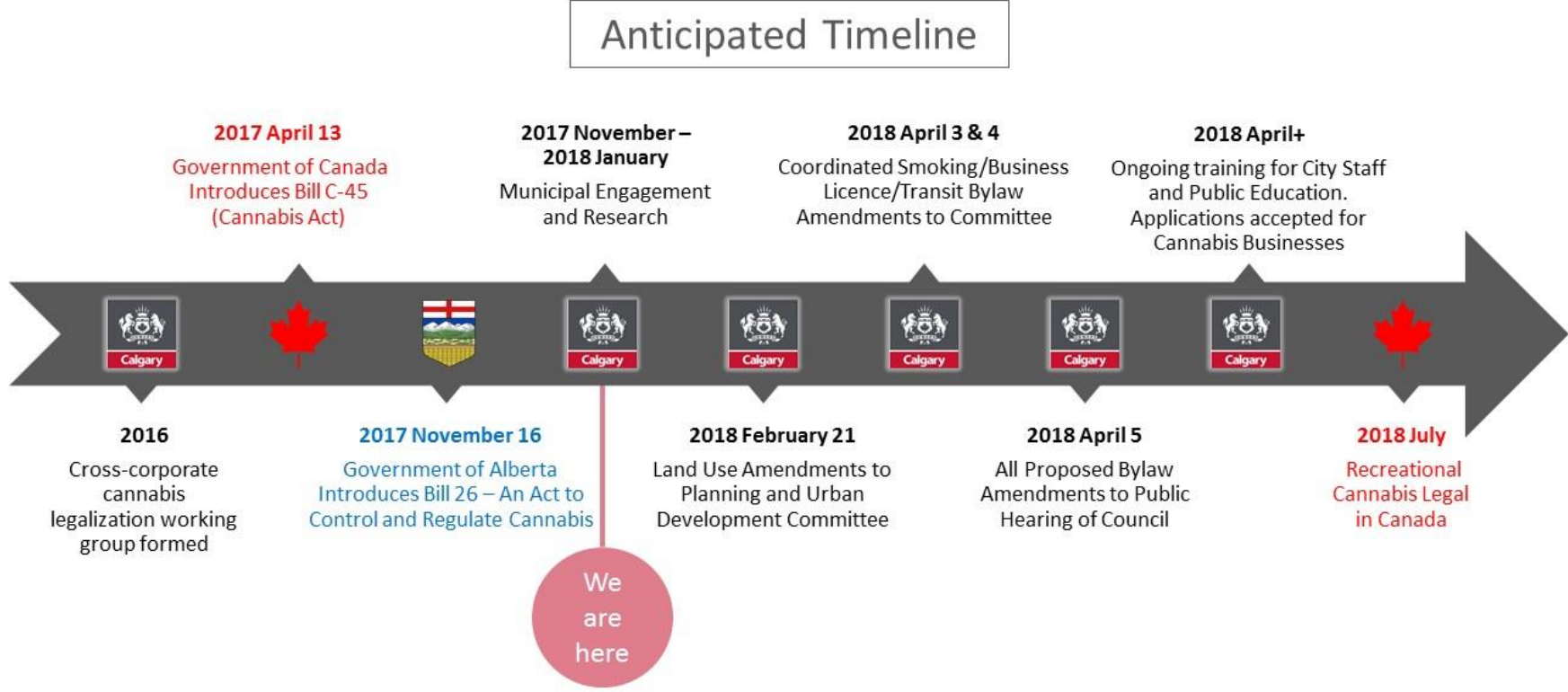
City of Calgary Advocacy Position	Government of Canada	Government of Alberta
<ul style="list-style-type: none"> IGA2016-0737 (2016 November 03) IGA2017-0586 (2017 July 24) 	<ul style="list-style-type: none"> The Cannabis Act 	<ul style="list-style-type: none"> Alberta Cannabis Framework An Act to Reduce Cannabis and Alcohol Impaired Driving An Act to Control and Regulate Cannabis
<p>Engagement and role clarity:</p> <ul style="list-style-type: none"> Continue to engage municipalities throughout the legalization process to ensure clear delineation of roles and expectations between federal, provincial and municipal governments 	<p>The Government of Canada continues to engage municipalities, primarily through the Federation of Canadian Municipalities (FCM). The latest federal consultations focus on the Government of Canada's proposed tax regime for cannabis and its proposed approach to the regulations that support the Cannabis Act.</p> <p>The Cannabis Act articulates the role of the Government of Canada in legalization as well as what provincial governments, together with municipalities, will be responsible for.</p>	<p>The City of Calgary was in direct communication with the Alberta Cannabis Secretariat (ACS) throughout the summer and fall, communicating City concerns and lending City expertise to inform the draft Framework. ACS has indicated this engagement with The City will continue leading up to legalization in order to finalize all provincial regulations with municipal implications and ensure continued coordination between the two governments.</p> <ul style="list-style-type: none"> The Alberta Cannabis Framework and associated legislation outlines the responsibilities of the Government of Alberta and allows for additional municipal oversight in the areas of public consumption, land use planning and business licensing.
<p>Authority of each order of government:</p> <ul style="list-style-type: none"> Advocate for a national or province-wide licensing system Municipalities should have authority over the planning policy around the growing and sale of medical and recreational cannabis. For example, things like signage, location and size, among others Municipalities should have authority to regulate public and private 	<p>Aligned with position. The Cannabis Act establishes a federal licensing system for production, and provincial (and possibly municipal) licensing for distribution and retail.</p> <p>Aligned with position. The Cannabis Act includes the ability for provinces and territories, together with municipalities, to establish zoning rules for cannabis-based businesses. Flexibility is also provided in the bill to enable provinces and territories, together with municipalities, to tailor rules in their own jurisdictions.</p> <p>Aligned with position. Specifically, the Cannabis Act gives provinces, together with</p>	<p>Aligned with position. The Alberta Cannabis Framework and Bill 26 allow for privately owned and operated cannabis retail stores. These stores will be provincially licensed but there is flexibility for additional municipal business licensing to govern these businesses according to local context.</p> <p>Aligned with position. There will be provincial rules established to control the location of retail stores, in particular, the minimum distance retail outlets must be from schools, community centres, liquor stores and each other. However, the Government of Alberta has indicated that municipalities will be able to set their own zoning and land use requirements.</p> <p>Aligned with position. The City of Calgary expects to have authority to regulate public and private nuisance factors related to cannabis use. Provincial legislation</p>

City of Calgary Advocacy Position	Government of Canada	Government of Alberta
<ul style="list-style-type: none"> IGA2016-0737 (2016 November 03) IGA2017-0586 (2017 July 24) 	<ul style="list-style-type: none"> The Cannabis Act 	<ul style="list-style-type: none"> Alberta Cannabis Framework An Act to Reduce Cannabis and Alcohol Impaired Driving An Act to Control and Regulate Cannabis
nuisance factors related to cannabis use	municipalities, the ability to restrict where cannabis can be consumed.	allows for cannabis to be consumed in most public areas where tobacco can be consumed but allows municipalities to restrict further.
Support a privatized framework for legal retail cannabis sales similar to the existing retail alcohol store model, contingent upon the sharing of tax revenues to compensate for the increased costs to The City.	N/A	Aligned with position. The Alberta Cannabis Framework and Bill 26 allow for privately owned and operated, stand-alone cannabis retail stores that prohibit cannabis from being consumed in stores. This privatized retail system, similar to the existing retail alcohol model, allows municipalities flexibility to regulate and administer retail locations considering the local context.
Restrict residential growing	Aligned with position. The Cannabis Act allows for a limit of four plants per residence grown for personal use. The Act was amended to remove the 1 metre height restriction originally included in the Cannabis Act. In addition, to address issues of local concern, the Act enables provinces to impose more restrictive limits on personal cultivation, including lowering the number of plants or restricting where plants may be cultivated.	Aligned with position. The Government of Alberta is allowing Albertans to grow up to four plants per household with seeds purchased from cannabis retail stores. The provincial government is restricting further and not allowing Albertans to grow cannabis plants outdoors.
Discuss sharing federal tax revenues created by the legalization and regulation of cannabis across all three orders of government.	Not aligned with position. On 2017 November 10 the Government of Canada proposed an excise duty framework for cannabis products not to exceed \$1.00 per gram, or 10 per cent of the producer's sale price of that product, whichever is higher, with this tax room divided equally between the province or territory and the federal government. The Goods and Services Tax (GST) will also be applied. There is no mention of municipalities in the tax proposal. The Government of Canada has allocated funds to Health Canada, the RCMP, the Canada Border Services Agency and Public	More details required. The Alberta Cannabis Framework and Bill 26 does not establish a tax framework for cannabis in Alberta, and the municipal share of revenue remains unclear. Additional aspects of the Alberta Cannabis Framework – such as details around drug-impaired driving, taxation and workplace safety – will be empowered through updates to other pieces of legislation before July 2018. Provincial funding has not been allocated to municipalities.

City of Calgary Advocacy Position	Government of Canada	Government of Alberta
<ul style="list-style-type: none"> IGA2016-0737 (2016 November 03) IGA2017-0586 (2017 July 24) 	<ul style="list-style-type: none"> The Cannabis Act 	<ul style="list-style-type: none"> Alberta Cannabis Framework An Act to Reduce Cannabis and Alcohol Impaired Driving An Act to Control and Regulate Cannabis
	Safety Canada to ensure there is appropriate capacity to license, inspect and enforce all aspects of the proposed Cannabis Act and to undertake robust public education and awareness activities. There have been no federal budget allocations to municipalities.	
Advocate for provincial regulations and funding models that clarify and support the Calgary Police Service's role in enforcing drug-impaired driving.	Aligned with position with concerns. In 2017 September the Government of Canada announced up to \$274 million to support law enforcement and border efforts to detect and deter drug-impaired driving and enforce the proposed cannabis legalization and regulation. Of this, provinces and territories will be able to access up to \$81 million over the next five years for new law enforcement training, and to build capacity to enforce new and stronger laws related to drug-impaired driving.	<p>Aligned with position with concerns. Bill 29: <i>An Act to Reduce Cannabis and Alcohol Impaired Driving</i> outlines new provincial sanctions for cannabis-impaired and cannabis/alcohol-impaired driving offences. The new impaired driving legislation is well crafted and sends a clear message that drug impaired driving will not be tolerated.</p> <p>However, to date, the Government of Alberta has not allocated additional money to support the Calgary Police Service's role in enforcing drug-impaired driving.</p>
<p>Timing:</p> <ul style="list-style-type: none"> Give The City of Calgary and other municipalities time to develop and implement necessary local regulations. Advocate that the province provide their Cannabis Framework in a timely a fashion to facilitate The City's engagement process. 	Subject to parliamentary approval and Royal Assent, the Government of Canada intends to provide regulated and restricted access to cannabis no later than 2018 July. Meeting this deadline will be challenging for Calgary and other municipalities given that so much of the regulatory framework and governance details for recreational cannabis will be under the Province's control. This timeline will likely mean operational activity on municipal bylaws and rules will be happening at the same time as conversations with the provincial government.	The final Alberta Cannabis Framework and associated provincial legislation clarifying the municipal role in legalization was released in 2017 November. There is still considerable work to be done to meet federal timelines and have provincial and municipal rules in place for 2018 July. The Government of Alberta will develop supporting regulations about the sale of cannabis, including licensing criteria and other rules for private retailers in the new year. City staff will continue working collaboratively with the Alberta Cannabis Secretariat on regulations with municipal impacts.

Legalization of recreational cannabis - who's responsible for what?





2018 Provincial Budget Submission

EXECUTIVE SUMMARY

The City of Calgary is provided the opportunity to provide input and inform the Government of Alberta as it develops its 2018-2019 budget. Administration recommends that this year's submission emphasize that the province maintain its existing schedule of financial commitments to The City, conclude the Fiscal Framework between The City of Calgary and Government of Alberta with respect to revenue sharing for capital investments, and continue to work together on mutual priorities that address current economic challenges, including transportation infrastructure, economic diversification, and also ensure quality programs and service for all Albertans.

ADMINISTRATION RECOMMENDATION:

That the Intergovernmental Affairs Committee approve the approach to The City of Calgary's advocacy efforts around the 2018 provincial budget, as outlined in this Report.

PREVIOUS COUNCIL DIRECTION / POLICY

The Intergovernmental Affairs Committee approved the approach to The City of Calgary's pre-budget consultation and submission to the Finance Minister for the Government of Alberta 2017-2018 Budget on 2016 December 01 (IGA2016-0911).

BACKGROUND

Each year the Government of Alberta invites key stakeholders including The City of Calgary to identify economic, social, and municipal priorities that will inform the development of the provincial budget. The City's prior submissions for budgets 2015-2016 through to 2017-2018 can be organized around four broad themes requesting that the Government of Alberta provide funding for: transportation infrastructure projects; enhance infrastructure resilience and mitigate risks associated with climate change including green infrastructure; support for low and middle income Calgarians struggling in the current economic environment by expanding social programs and affordable housing; and finally, develop and fund policies that promote job creation and economic diversification to reduce reliance on the oil and gas industry to drive Calgary's local economy.

Unfortunately, the ability of the Government of Alberta to respond to the current economic challenges is severely hampered by its reliance on declining revenues from the petroleum resources sector. On 2017 March 16 the Government of Alberta tabled its 2017-2018 Budget. The Fiscal Statement accompanying the annual budget forecasts this year's deficit at \$10.33 billion, and, without adding any new spending programs, projects future budget shortfalls for 2018-2019 of \$9.7 billion and 2019-2020 of \$7.2 billion for a three-year aggregate total of \$27.2 billion in new debt by year-end 2020.

With respect to budget specific details, many items in the Government of Alberta's 2017 Budget lacked details with respect to funding commitments for municipal initiatives, particularly with respect to capital investments for Affordable Housing and other social infrastructure programs.

2018 Provincial Budget Submission

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Economic Outlook

On 2017 October 17 the Conference Board of Canada published its *Metropolitan Outlook Autumn 2017* stating that as global oil prices stabilized during 2017 the “*worst appears to be over for Calgary and Edmonton. Alberta’s economy has been getting stronger thanks to a rebound in drilling and increases in oil production, which has helped to fuel renewed economic growth in the province’s largest cities.*” Indeed, Calgary is currently experiencing 4.6% growth in its local economy, the highest rate of increase in gross domestic product for any large municipality in Canada. However, this pace of economic growth is not expected continue. The City of Calgary’s *Fall 2017 Calgary and Region Economic Outlook* forecasts “modest and stable growth until 2022”. Predictions by economists from both The City and Conference Board suggest Calgary’s 2018 economic growth will range between 1.0 and 2.2 per cent. Although Calgary’s economy is improving, the city’s unemployment rate continues to trend above the rest of Canada at approximately 8 per cent compared to a national average of 6.1 per cent. Additionally, many of the new jobs added to Calgary’s labour market over the past year are positions that pay at a lower hourly rate compared to pre-recession positions. As a result, many Calgarians continue to struggle with problems relating to income, food and housing insecurity.

City Strategy for Economic Stimulus

Earlier this year Council directed Administration to focus on linking infrastructure projects to job creation, community improvement, and supporting the diversification of the local economy. On 2017 March 6 Council reviewed a list of capital projects in the form of themed investments that included transit and transportation, housing, education, main streets, education and infrastructure resilience. Council unanimously approved fourteen projects that focused on diversifying the local economy by positioning Calgary as a major inland port and transportation hub. This would be achieved by making improvements to roads, bridges and other transportation infrastructure. In addition, Council further directed Administration to increase the spend rate on existing capital programs and focus on community investments in multi-service facilities, parks and public spaces. Finally, Council provided specific direction to make local improvements to the culture and entertainment district in the downtown core, as well as support the development of an innovation/education/wellness area around Foothills Hospital and the University of Calgary.

Government of Alberta’s Budget

On 2017 March 16 the Government of Alberta released its 2017-2018 Budget. This budget proposed the ninth budget deficit in ten years. The key drivers for these provincial budget deficits are population growth, a decline in oil and gas royalties, and a series of expensive natural disasters. In his Fiscal Statement accompanying the 2017-2018 annual budget, Finance Minister Ceci forecast the 2017 deficit at \$10.33 billion. The Fiscal Statement also projected future budget shortfalls for 2018-2019 of \$9.7 billion and 2019-2020 of \$7.2 billion for a three-year aggregate total of \$27.2 billion in new debt, for a total debt of \$33.7 billion by year-end 2020. However, accounting for all provincial obligations including Crown agencies, pension liabilities, and obligations under private partnerships, the province’s total gross liability is projected to reach \$71.1 billion by 2020. It should be emphasized that these projections are predicated on the assumption that there will be no new provincial spending programs.

2018 Provincial Budget Submission

Impact on Calgary

From a municipal perspective, the Government of Alberta's current finances and significant debt severely limits its ability to provide support for existing or new municipal programs. Indeed, to help resolve its emerging budget crisis, the Government of Alberta may continue to reprofile and restructure capital payment schedules for prior commitments to The City by delaying transfers over an extended period, as it has done in the past with the Municipal Sustainability Initiative. Administration accordingly **recommends** that The City urge the Government of Alberta to maintain its current capital commitments and payment schedules as to avoid The City incurring unnecessary debt finance charges.

Charter Benefits: Fiscal Framework

The ongoing tri-partite City Charter negotiations, between the Government of Alberta, and The City of Calgary and The City of Edmonton, continued through 2017. New collaboration tables were developed that will support and sustain dialogue necessary to build a strong, positive long-term relationship with the Government of Alberta. This will enable the parties to focus on more efficient and effective service delivery. Administration recommends that collaboration with the Government of Alberta be continued to ensure that Calgary's needs are represented at the federal level with the Government of Canada as the federal order of government continues to develop and implement infrastructure programs and plans.

Another component of the City Charter process is the Fiscal Framework. The Cities of Calgary and Edmonton agreed to pursue a revenue-sharing model to help fund municipal capital programs. Tri-partite negotiations began recently to identify how this model will operate in practice. Administration **recommends** that the Government of Alberta reiterate its commitment to a capital revenue-sharing model be in its budget submission.

On 2017 October 17 Premier Notley stated that a "key pillar of the (Government of Alberta's) economic focus will be "Putting Albertans to work today while building the infrastructure our economy will need for tomorrow" and she accordingly appointed an "experienced and well-know champion for Calgary as minister of infrastructure". Administration **recommends** that The City lever this focus through specific requests for capital investments from the Government of Alberta.

City Strategy – Economic Development Investment Fund

The economic downturn since 2014 resulted in significant economic stresses to Calgary's downtown core, which resulted in high office vacancy rates and business failures. The City responded to this crisis on 2017 June 19 when Council approved the creation of an Economic Development Investment Fund (C2017-0370) with the objective of creating conditions for economic growth, diversifying the economy, leveraging funds for private and public-sector investments, stimulating employment, enhancing Calgarians' quality of life, and supporting a vibrant downtown. To address these issues, Administration further **recommends** the Government of Alberta implement tax relief for downtown businesses, particularly reducing or redirecting the Government of Alberta's share of property taxes collected on downtown properties. It is recommended that the Government of Alberta redirect these funds to augment the Economic Development Investment Fund.

2018 Provincial Budget Submission

In addition, Administration **recommends** that the Government of Alberta work with The City to develop strategies to re-vitalize Calgary's downtown core. For example, the Government of Alberta create a fund that will support re-purposing out of date office buildings either to include office to residential conversions and / or to bring buildings up to energy efficiency standards. Other initiatives to support Calgary's downtown core include incentives, either through capital or other funding arrangements, to attract or encourage post-secondary institutions to locate in the downtown; small business grants, and or provide low-interest loans or tax incentives for start-ups and entrepreneurs to locate business in the downtown.

Affordable Housing

The economic down turn also poses challenges for Calgarians. A significant number of Calgarians continue to be challenged with issues relating to income, food, and housing insecurity. Administration recommends that The City continue to press the Government of Alberta to address issues related to affordable housing and continue its current commitment with respect to its affordable housing plans and priorities. Specific priorities for The City regarding affordable housing include housing lifecycle maintenance and urban sustainable housing. A priority for The City is housing lifecycle maintenance. The average housing unit in The City owned portfolio is forty-four years old and showing significant deterioration due to deferred maintenance resulting from insufficient funding for operating subsidies and underfunded capital investment. Also, The City is in a partnership with the Government of Alberta to redevelopment two existing affordable housing sites that are nearing the end of their useful life. This partnership for Urban Sustainable Housing Renewal requires that the Government of Alberta allocate funding for capital maintenance. Administration accordingly **recommends** that Council request the Government of Alberta to address the existing capital and operating shortfall for The City's social and affordable housing infrastructure.

Public Safety

Also, recent citizen surveys indicate that Calgarians continue to be concerned with public safety. Police crime statistics indicate that although violent crime has increased slightly and that the overall crime rate has stabilized in Calgary, citizens continue to worry about crime and do not feel safe. Community policing is a significant deterrent to crime and a visible means of allaying Calgarian concerns. In addition, upcoming cannabis legalization may stretch police resources which have been recently described as "spread thin". Administration therefore **recommends** that The City request support and funding for Calgary Police Services to provide more community policing and address both cannabis legalization and the enforcement issues arising from the current opioid crisis.

Cannabis Legalization

Furthermore, with respect to cannabis legalization, Administration is concerned about additional and unbudgeted new costs with respect to the regulation and enforcement of cannabis distribution and use. Multiple City services in addition to policing will be involved in this initiative. During hearings on the legalization of cannabis The Government of Canada proposed a revenue sharing formula based on an equal split of revenues with the provinces. Finance Minister Ceci's response on 2017 November 10 was unequivocal, arguing that *"As the majority of implementation work will be at the provincial and local levels so it is reasonable that all or the majority of tax revenues come to the provinces."* The Finance Minister further acknowledged that municipalities will be looking for a share of the provincial revenues.

2018 Provincial Budget Submission

Administration agrees with the Finance Minister. However, using the Finance Minister's logic, Administration recommends that The City emphasize that the majority of implementation and regulation costs for cannabis legalization will be borne by municipalities. The City will require additional resources to effectively meet municipal roles and responsibilities in the regulation of this new policy area. For example, The City will incur costs with respect to additional resources and tools to adequately measure, educate and enforce neighbourhood nuisances, business licensing, land use, public safety and impaired driving. Accordingly, Administration **recommends** that Council seek either full reimbursement from the Government of Alberta for these added costs or alternatively, receive a majority share of the new revenues sources accruing to the Government of Alberta from the legalization of cannabis.

Calgary Ring Road

Finally, the 2017 Citizen Satisfaction Survey also continues to highlight citizen concerns with infrastructure, traffic and roads a priority area for all three orders of government. The 2016 Budget did not specifically identify Calgary's Ring Road, development being a provincial responsibility. However continued delays in completing the ring road adversely impacts the movement of people, goods and services in the city. Administration therefore **recommends** that Council urge the Government of Alberta continue the timely development of Calgary's Ring Road.

Summary of Advocacy Recommendations to the Government of Alberta for the 2018 Budget

Administration recommends the following be communicated to the Government of Alberta. That the Government of Alberta:

1. Maintain its current capital commitments and payment schedules as to avoid The City incurring unnecessary debt finance charges;
2. Reiterate its commitment to a capital revenue-sharing model be in its budget submission;
3. Implement a program of tax relief for downtown Calgary businesses, particularly reducing or redirecting the Government of Alberta's share of property taxes collected on downtown properties; furthermore, that the Government of Alberta
4. Redirect these funds to augment the Economic Development Investment Fund;
5. Collaborate with The City to develop strategies that will re-vitalize Calgary's downtown core. Examples include creation of a fund that will support re-purposing out of date office buildings either to include office to residential conversions and / or to bring buildings up to energy efficiency standards; development of incentives through capital or other funding arrangements, to attract or encourage post-secondary institutions to locate in the downtown; small business grants; and finally, develop a program that provides low-interest loans or other tax incentives for start-ups and entrepreneurs to locate business in the downtown;
6. Address the existing capital and operating shortfall for The City's social and affordable housing infrastructure;
7. Support and funding for Calgary Police Services to provide more community policing and address both cannabis legalization and the enforcement issues arising from the current opioid crisis; and additionally, that the Government of Alberta
8. Fully reimburse The City with respect to added costs to effectively meet municipal roles and responsibilities with respect to educating Calgarians and enforcing neighbourhood

2018 Provincial Budget Submission

nuisances, business licensing, land use, public safety and impaired driving associated with the use and distribution of cannabis, and finally,

9. That the Government of Alberta continue the timely development of Calgary's Ring Road.

Stakeholder Engagement, Research and Communication

Intergovernmental & Corporate Strategy coordinated a review of the provincial budget with subject matter experts from across the organization. This review, along with The City of Calgary's "Calgary and Region Economic Outlook", historical research of prior provincial budgets, The City's 2017 Citizen Satisfaction Survey, and ongoing City of Calgary advocacy and collaboration with the provincial government informed the recommendations in this report.

Strategic Alignment

The proposed submission to the 2018-2019 provincial budget is in alignment with The City of Calgary's strategic direction and priorities.

Social, Environmental, Economic (External)

The Government of Alberta's budget can provide targeted funding that will assist The City in improving social, environmental, and economic objectives.

Financial Capacity

Current and Future Operating Budget:

Provincial funds have a positive impact on current or future operating budgets.

Current and Future Capital Budget:

Successful conclusion of the Fiscal Framework will enable The City of have a predictable source of capital funding for infrastructure development and will have a significant impact on future capital budgets.

Risk Assessment

If the City does not submit recommendations to the Minister of Finance, it risks missing an opportunity to advance its issues of concern and advocate to the provincial government its priorities for funding.

REASON(S) FOR RECOMMENDATION(S):

The City of Calgary is provided an opportunity to highlight its financial priorities with the Government of Alberta to inform and help develop the 2018-2019 provincial budget. The recommendations in this report will enable Administration to prepare The City of Calgary's submission to the Minister of Finance and will identify the requirement for additional advocacy efforts during the development of the 2018-19 provincial budget.

ATTACHMENT(S)

None