



## AGENDA

### INTERGOVERNMENTAL AFFAIRS COMMITTEE

February 15, 2018, 9:30 AM

LEGAL TRADITIONS COMMITTEE ROOM

#### Members

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

1. CALL TO ORDER
2. OPENING REMARKS
3. CONFIRMATION OF AGENDA
4. CONFIRMATION OF MINUTES
  - 4.1 Minutes of the Regular Meeting of the Intergovernmental Affairs Committee, 2018 January 24
5. POSTPONED REPORTS  
*(including related/supplemental reports)*  
None
6. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES
  - 6.1 Alberta Urban Municipalities Association (AUMA) (Verbal) - IGA2018-0041
  - 6.2 Federation of Canadian Municipalities (FCM) (Verbal) - IGA2018-0042
  - 6.3 Calgary Regional Partnership (CRP) (Verbal) - IGA2018-0043
  - 6.4 Intermunicipal Committees (IMC) (Verbal) - IGA2018-0044
  - 6.5 Advocacy for Extended Producer Responsibility, IGA2018-0148

6.6 Regional Water, Wastewater and Stormwater Servicing Policy, IGA2018-0089

6.7 Cooperative Stormwater Management Initiative (CSMI): Master Stormwater Agreement, IGA2018-0166

7. ITEMS DIRECTLY TO COMMITTEE

7.1 REFERRED REPORTS  
None

7.2 NOTICE(S) OF MOTION  
None

8. URGENT BUSINESS

9. CONFIDENTIAL ITEMS

9.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

9.1.1 Proposed Mediation Settlement Agreement - Intermunicipal Dispute Between The City of Calgary and Rocky View County (Glenbow Ranch Area Structure Plan), IGA2017-1134

9.2 URGENT BUSINESS

10. ADJOURNMENT



## MINUTES

### INTERGOVERNMENTAL AFFAIRS COMMITTEE

**January 24, 2018, 9:30 AM  
LEGAL TRADITIONS COMMITTEE ROOM**

**PRESENT:** Mayor N. Nenshi, Chair  
Councillor G-C. Carra, Vice-Chair  
Councillor P. Demong  
Councillor J. Farkas  
Councillor J. Gondek  
Councillor J. Magliocca  
\*Councillor G. Chahal

**ALSO PRESENT:** Deputy City Manager B. Stevens  
Acting Manager N. Younger  
Acting City Clerk J. Lord Charest  
Legislative Assistant M. A. Carlo

1. **CALL TO ORDER**

Mayor Nenshi called the meeting to Order at 9:31 a.m.

2. **OPENING REMARKS**

Mayor Nenshi welcomed everyone to the first meeting of the Intergovernmental Affairs Committee for 2018.

3. **CONFIRMATION OF AGENDA**

**Moved by** Councillor Demong

That the Agenda for today's meeting be amended by adding the following item of Confidential Urgent Business:

- Item 9.2.1, Update on Cannabis (Verbal), VR2018-0004.

**MOTION CARRIED**

**Moved by** Councillor Carra

That the Agenda, for the 2018 January 24 Regular Meeting of the Intergovernmental Affairs Committee, be confirmed, **as amended**, as follows:

**ADD CONFIDENTIAL URGENT BUSINESS:**

9.2.1 Update on Cannabis (Verbal), VR2018-0004

**MOTION CARRIED**

4. CONFIRMATION OF MINUTES

- 4.1 Minutes of the Regular Meeting of the Intergovernmental Affairs Committee, 2017 December 07

**Moved by** Councillor Carra

That the Minutes of the Intergovernmental Affairs Committee, held on 2017 December 07, be confirmed.

**MOTION CARRIED**

5. POSTPONED REPORTS

None

6. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

- 6.1 Revisions to the 2018 Intergovernmental Affairs Committee Meeting Dates (Verbal), IGA2018-0075

**Moved by** Councillor Demong

That with respect to Report IGA2018-0075, the following be approved:

That pursuant to Section 17(2) of the Procedure Bylaw 35M2017, the Intergovernmental Affairs (IGA) Committee approve the following revisions to the 2018 IGA Committee meeting dates:

- March 15 rescheduled to March 16;
- June 21 rescheduled to June 27; and
- September 20 rescheduled to September 14.

**MOTION CARRIED**

- 6.2 Alberta Urban Municipalities Association (AUMA) (Verbal), IGA2018-0036

**Moved by** Councillor Demong

That with respect to Report IGA2018-0036, the following be approved:

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

**MOTION CARRIED**

- 6.3 Federation of Canadian Municipalities (FCM) (Verbal), IGA2018-0037

**Moved by** Councillor Magliocca

That with respect to Report IGA2018-0037, the following be approved:

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

**MOTION CARRIED**

6.4 Calgary Regional Partnership (CRP) (Verbal), IGA2018-0038

**Moved by** Councillor Carra

That Report IGA2018-0038 be postponed to the Closed Meeting portion of today's Agenda pursuant to Sections 21 and 24 of the *Freedom of Information and Protection of Privacy Act*.

**MOTION CARRIED**

Pursuant to Section 197(6) of the *Municipal Government Act*, the following members of Administration were in attendance in the closed meeting discussion with respect to Report IGA2018-0038:

J. Lord Charest (Clerk), M. Cario (Clerk), B. Stevens (Advice), D. Corbin (Advice), N. Younger (Advice), D. Shearer (Advice), A. McIntyre (Advice), B. Inlow (Legal Advice), M. Surgenor-Sands (Advice), K. Cote (Advice) and S. Alexander (Advice).

**Moved by** Councillor Carra

That with respect to Report IGA2018-0038, the following be approved:

That the Intergovernmental Affairs Committee:

1. Receive the Calgary Regional Partnership (CRP) (Verbal) Report for Information; and
2. Direct that the closed meeting discussions remain confidential pursuant to Sections 21 and 24 of the *Freedom of Information and Protection of Privacy Act*.

**MOTION CARRIED**

6.5 Intermunicipal Committees (IMC) (Verbal), IGA2018-0039

**Moved by** Councillor Gondek

That with respect to Report IGA2018-0039, the following be approved:

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

**MOTION CARRIED**

6.6 Affordable Housing Federal and Provincial Update, IGA2017-1105

**Moved by** Councillor Gondek

That with respect to Report IGA2017-1105, the following be approved:

That the Intergovernmental Affairs Committee receives this Report for information.

**MOTION CARRIED**

7. ITEMS DIRECTLY TO COMMITTEE

7.1 REFERRED REPORTS

None

7.2 NOTICE(S) OF MOTION

None

8. URGENT BUSINESS

**Moved by** Councillor Carra

That the following item of Confidential Urgent Business be added to today's Agenda:

- Item 9.2.2, Update on City Charter (Verbal), VR2018-0005.

**MOTION CARRIED**

9. CONFIDENTIAL ITEMS

**Moved by** Councillor Carra

That, pursuant to Section 197 of the *Municipal Government Act*, and Sections 21, 24 and 25 of the *Freedom of Information and Protection of Privacy Act*, Committee now reconvene in Closed Meeting at 10:28 a.m. to consider the following:

- Confidential discussions with respect to Item 6.4, IGA2018-0038;
- Confidential Item 9.2.1, VR2018-0004; and
- Confidential Item 9.2.2, VR2018-0005.

For: (7): Mayor Nenshi, Councillor Carra, Councillor Demong, Councillor Farkas, Councillor Gondek, Councillor Magliocca, and Councillor Chahal

**MOTION CARRIED**

Committee reconvened in public session at 11:36 a.m. with Mayor Nenshi in the Chair.

**Moved by** Councillor Demong

That the Intergovernmental Affairs Committee Rise and Report.

**MOTION CARRIED**

9.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

None

9.2 URGENT BUSINESS

9.2.1 Update on Cannabis (Verbal), VR2018-0004

Pursuant to Section 197(6) of the *Municipal Government Act*, the following members of Administration were in attendance in the closed meeting discussion with respect to Verbal Report VR2018-0004:

J. Lord Charest (Clerk), M. Cario (Clerk), B. Stevens (Advice), D. Corbin (Advice), N. Younger (Advice), D. Shearer (Advice), A. McIntyre (Advice), B. Inlow (Legal Advice), M. Surgenor-Sands (Advice), O. Shyllon (Advice) and S. Alexander (Advice).

**Moved by** Councillor Demong

That with respect to Report VR2018-0004, the following be approved:

That the Intergovernmental Affairs Committee:

1. Receive Verbal Report VR2018-0004 for information; and
2. Direct that the Closed Meeting discussions remain confidential subject to Sections 21, 24 and 25 of the *Freedom of Information and Protection of Privacy Act*.

**MOTION CARRIED**

9.2.2 Update on City Charter (Verbal), VR2018-0005

Pursuant to Section 197(6) of the *Municipal Government Act*, the following members of Administration were in attendance in the closed meeting discussion with respect to Verbal Report VR2018-0005:

J. Lord Charest (Clerk), M. Cario (Clerk), B. Stevens (Advice), D. Corbin (Advice), N. Younger (Advice), D. Shearer (Advice), A. McIntyre (Advice), B. Inlow (Legal Advice), M. Surgenor-Sands (Advice), K. Cote (Advice) and S. Alexander (Advice).

**Moved by** Councillor Gondek

That with respect to Report VR2018-0005, the following be approved:

That the Intergovernmental Affairs Committee:

1. Receive Verbal Report VR2018-0005 for information; and
2. Direct that the Closed Meeting discussions remain confidential subject to Sections 21 and 24 of the *Freedom of Information and Protection of Privacy Act*.

**MOTION CARRIED**

10. ADJOURNMENT

That this meeting Adjourn at 11:37 a.m.

The next Regular Meeting of the Intergovernmental Affairs Committee has been scheduled for 2018 February 15 at 9:30 a.m.

CONFIRMED BY COMMITTEE ON

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CHAIR

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ACTING CITY CLERK

UNCONFIRMED



## **Advocacy for Extended Producer Responsibility**

### **EXECUTIVE SUMMARY**

Extended Producer Responsibility (EPR) is an environmental policy approach in which the producer of a product is responsible for that product through the post-consumer stage of its life cycle. EPR shifts the responsibility and costs of recycling from local governments to producers. This incentivizes producers to reduce waste associated with their products and packaging, and to create products that are readily reusable or recyclable.

In 2009, as a member of the Canadian Council of Ministers of the Environment (CCME), the Government of Alberta committed to working towards the development of EPR programs for priority products and materials. Alberta has not yet implemented a legislated EPR program, while all other provinces have implemented or are in the process of implementing a form of EPR regulation.

If the Government of Alberta implemented an EPR program, this would provide financial savings and environmental benefits for The City of Calgary, other Alberta municipalities, and tax payers.

### **ADMINISTRATION RECOMMENDATION:**

That the Intergovernmental Affairs Committee recommends that Council direct Administration to develop a request for decision for the Alberta Urban Municipalities Association (AUMA) Municipal Leaders' Caucus (March 14-15, 2018) to advocate that the Government of Alberta develop and implement legislation to establish Extended Producer Responsibility (EPR) in Alberta.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

Council supported EPR development in report IGA2002-51 (City of Calgary Resolutions – 2003 Federation of Canadian Municipalities Annual Conference) as part of its inventory of policy positions submitted to the 2003 Federation of Canadian Municipalities (FCM) Annual Conference. The supported position asked that “the Federation of Canadian Municipalities request the Government of Canada to pursue a mechanism(s) to achieve a harmonized national approach to develop EPR programs”.

Most recently, Council affirmed its support of nationally harmonized EPR in IGA2013-0137 (Update on the City of Calgary Intergovernmental Policy Issues and Position Statements). The position statement approved was “that the Government of Alberta and the Government of Canada pursue a mechanism to achieve a harmonized national approach to develop extended producer responsibility programs.”

### **BACKGROUND**

EPR is defined by CCME as an environmental policy approach in which a producer's responsibility for a product is extended to the post-consumer stage of its life cycle. Producers manufacture products that in turn are purchased and consumed. These products and related packaging need to be managed (disposed/recycled) at the end of their life cycle. Currently, municipalities and their tax payers are burdened with the financial and environmental responsibility for the management of the products and packaging manufactured. Disposal in landfills, recycling, and enabling the reuse of material all have cost implications that are

### **Advocacy for Extended Producer Responsibility**

currently carried by municipalities and tax payers. EPR offers the opportunity to shift the financial responsibility upstream to the producer. This incentivizes producers to reduce waste associated with their products and packaging, and to create products that are readily reusable or recyclable.

For The City of Calgary, an EPR program would provide the opportunity to shift the funding for recycling collection, processing, materials marketing and possibly operational responsibility to the producer. Funding for the Blue Cart program would be provided through the EPR program, which would be paid for by the producers and as such would lead to significant cost savings for Calgarians.

In 2009, all of Canada's provinces committed, through CCME, to work towards the development of EPR programs for a designated list of priority products and materials. Since then, each province, with the exception of Alberta (and the Territories), has developed and implemented EPR legislation for various materials. Since EPR programs have been implemented on a province by province basis, the programs have different financial models and include a broad spectrum of materials.

In 2011, The City of Red Deer brought forward a resolution through AUMA requesting that the Government of Alberta expand and refine existing recycling programs and develop EPR programs for materials including printed paper and packaging (PPP) and construction and demolition waste.

Despite a province-wide consultation on EPR in 2013 by Alberta Environment that showed support from municipalities, no further action has been taken since.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Recycling programs and the associated costs and risks of collecting, processing and marketing materials is currently the responsibility of The City of Calgary and other Alberta municipalities. The Blue Cart program budget for The City of Calgary approaches \$30 million annually, and recycling commodity markets are volatile, for example, the current restrictions due to the Chinese National Sword program.

Provincial legislation is required to enable an EPR framework in Alberta. Municipal engagement with the Province during program design will help to ensure that EPR legislation in Alberta meets the needs and matches the long-term financial and diversion goals of The City.

Administration is proposing that The City of Calgary bring a request for decision to the AUMA Municipal Leaders' Caucus (March 14-15, 2018) to advocate to the Government of Alberta for the development of legislation for EPR. Administration will continue to work with other major Alberta municipalities and the Recycling Council of Alberta (RCA) to advocate for EPR-enabling legislation to be enacted by the Government of Alberta.

A collaborative effort involving municipalities across Alberta will increase the likelihood of a well-designed province-wide EPR program.

## **Advocacy for Extended Producer Responsibility**

### **Stakeholder Engagement, Research and Communication**

At a recent RCA workshop on EPR, City staff, thirteen other Alberta municipalities and an AUMA representative had the opportunity to engage with British Columbia municipalities and the BC producer responsibility organization (RecycleBC) to learn from their experiences with EPR implementation. Administration is currently engaging other Alberta municipalities to request support for an EPR resolution, and will continue to work with other municipalities to support this initiative.

### **Strategic Alignment**

Pursuing EPR aligns with Council's priority to maintain a healthy and green city. Specifically: H1.5 Develop and implement sector and material strategies to maximize diversion; H6.1 Collaborate and create partnerships to achieve reduction and diversion outcomes, and; H6.2 Manage and improve existing diversion programs to achieve 70 per cent diversion by 2025. This report also aligns with Council's priority to have a well-run city, specifically: W2.1 Continually improve on plans and practices to manage financial health.

### **Social, Environmental, Economic (External)**

#### *Social*

EPR can increase customer awareness of consumption in general and for recycling and reuse in particular. A producer responsibility organization would be accountable to the provincial government to meet recycling targets across the province and would increase overall provincial diversion of materials.

#### *Environmental*

If producers are responsible for recycling programs, they have an incentive to find markets for their products at end of life. This means they have an incentive to buy recycled materials, reduce material use, reduce toxic use (increasing recyclability), switch to materials that have high value at end of life, and/or invest in cost effective recycling solutions. Improved resource recovery reduces reliance on non-renewable resources, and therefore the impact on the natural environment. It can also lead to reduced greenhouse gas emissions, as manufacturers switch to recycled materials in manufacturing processes rather than using energy-intensive methods of mining or harvesting virgin materials.

#### *Economic*

Studies have shown that waste diversion programs can create up to 10 times more jobs than waste disposal. EPR will support waste diversion programs across Alberta and reduce costs of diversion programs for tax payers.

### **Financial Capacity**

#### ***Current and Future Operating Budget:***

This report has no operating budget impacts. However, if an EPR program were implemented in Alberta, there could be substantial savings to WRS' operating budget, specific to the Blue Cart Program.

Utilities & Environmental Protection Report to  
Intergovernmental Affairs Committee  
2018 February 15

ISC: UNRESTRICTED  
IGA2018-0148  
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## **Advocacy for Extended Producer Responsibility**

### ***Current and Future Capital Budget:***

This report has no capital budget impacts. However, depending on the nature of an EPR program in Alberta, there could be savings on future capital projects.

### **Risk Assessment**

Implementation of an EPR program where a producer responsibility organization takes over operation of the Blue Cart Program would significantly reduce The City's control over a highly valued service with high satisfaction ratings among residents, and there is a risk that a provincial approach would not be as satisfactory for residents. Municipal concerns about maintaining high levels of customer service can be mitigated by active involvement of municipalities in drafting outcome-based legislation

The risk of inaction is that The City remains responsible for operational and capital costs of operating recycling programs in the future, when money could be spent elsewhere.

### **REASON(S) FOR RECOMMENDATION(S):**

Extended Producer Responsibility can provide financial savings and environmental benefits for The City, other Alberta municipalities, and tax payers.

### **ATTACHMENT(S)**

None

## **Regional Water, Wastewater and Stormwater Servicing Policy**

### **EXECUTIVE SUMMARY**

The City of Calgary (The City) is dedicated to implementing the Government of Alberta's *Water for Life Strategy* through an integrated watershed management approach that ensures reliable and resilient water servicing for Calgary and regional customers. The City provides drinking water and wastewater treatment for nearly one in three Albertans. Working with the Province and regional partners, The City aims to protect the water supply, use water wisely, keep rivers healthy and build resiliency to flooding. The City delivers on this commitment through three lines of service: water treatment and supply, wastewater collection and treatment, and stormwater management.

The City has provided regional water and wastewater services since approximately 1961 and provides these services to ten customers outside Calgary's boundary. Over time, the water licencing landscape has changed. In 2007, the Province closed the South Saskatchewan River Basin to new surface water licences. The Province also informed The City in 2017 that a portion of Calgary's water licences must be transferred to provide water servicing to new regional customers, which is contrary to how water has been provided to regional customers in the past. As a consequence of these new realities, The City needs to carefully consider how it manages its water licences to support Calgary's current and future growth.

The new Calgary Metropolitan Region Board (CMRB) and associated Regional Growth and Servicing Plans will likely result in additional requests for The City to provide water, wastewater and stormwater servicing to new customers in the region. The City's regional servicing policy and previous Council direction require updating to provide guidance until the CMRB establishes new Regional Growth and Servicing Plans. This policy is intended to manage cumulative effects on the watershed, protect The City's water licences, provide clear direction on how to work with development outside The City and how to respond to applications for new and expanded regional servicing. This report presents a water, wastewater and stormwater servicing policy based upon a set of principles for providing services to The City's regional customers.

#### **ADMINISTRATION RECOMMENDATIONS:**

That the Intergovernmental Affairs Committee recommend that Council:

1. Rescind the *Policy for Utility Extensions Beyond the City's Boundaries - UEP 004* (Attachment 1); and
2. Adopt the proposed *Policy on Regional Water, Wastewater and Stormwater Servicing* (Attachment 2); and
3. Direct Administration to return to Council in Q2 2018 on the 2019 – 2022 Regional Water Allocations;

## **Regional Water, Wastewater and Stormwater Servicing Policy**

### **PREVIOUS COUNCIL DIRECTION / POLICY**

1992 May 25 (OE92-31), Council approved a Policy for Utility Extensions Beyond The City's Boundaries known as Policy UEP004 (Attachment 1).

2003 May 26 (IGA2003-21), Council approved recommendations that limited requests for services beyond The City's corporate boundaries to those applications formally received from the municipality or jurisdiction in which the developments exists or is proposed to be located.

2011 March 1 in-camera report (C2011-23), Council directed that prior to Provincial approval of a regional servicing Wholly Owned Subsidiary known as the Calgary Regional Water and Wastewater Corporation (CRWWC), outside city servicing requests would be considered by City Council only for Calgary Regional Partnership (CRP) members and would be in accordance with the existing servicing policy.

2013 February 4 in-camera report (C2013-0126), Council directed Administration to discontinue work on the Calgary Regional Water and Wastewater Corporation (CRWWC) and develop a Water Resource Plan for Council approval, which addressed a long term sustainable approach to sharing Calgary's water licences with the region.

2014 October 27 in-camera report (C2014-0790), Council directed Administration to reserve, in principle, up to 27,200 ML of water from The City of Calgary's Water Licence capacity to provide water services to Airdrie, Strathmore and Chestermere for 20 years in accordance with their new Master Servicing Agreements from 2015 to 2035, subject to confirmation and Council approval every four-year business cycle.

2017 September 11 in-camera (NM2017-40, Attachment 3), Council directed Administration to review The City's existing direction and policy for utility extensions beyond The City's boundaries in light of the evolving nature of regional planning in the Calgary region and develop interim guidance that would enable Council to consider outside City servicing requests on a case by case basis that aligns with the recommendations and key messages of the Urban Municipalities Task Force until such time as the CMRB establishes a servicing plan.

### **BACKGROUND**

The City has been providing water and wastewater services outside of its corporate boundaries since approximately 1961. The City now provides these services to ten customers outside Calgary through servicing agreements. The City's Policy for Utility Extensions Beyond The City's Boundaries (UEP004) is the current key policy statement for the extension of water and sanitary infrastructure to service existing communities and future development beyond The City's boundaries. When the policy was first approved in 1992, it supported the extension of water and/or sanitary service to existing incorporated urban centres, but did not support the extension of water and/or sanitary service to rural residential or rural non-residential except in certain circumstances.

Council has in the past allowed the following exceptions to the 1992 policy:

### **Regional Water, Wastewater and Stormwater Servicing Policy**

- For environmental reasons, primarily related to source water drinking protection, the extension of sanitary service to a specific rural residential and non-residential service area along the Highway 8 corridor.
- In principle, the extension of sanitary service to existing public institutional uses that are located in rural areas and outside of priority growth areas.

In 2011, Council directed that prior to Provincial approval of the Calgary Regional Water and Wastewater Corporation (CRWWC), outside city servicing requests would only be considered by Council for CRP members and would be in accordance with the existing policy. In 2013, work on the CRWWC was abandoned.

In the 2012 June updates to the Calgary Metropolitan Plan (CMP), the City re-affirmed its commitment to provide bulk potable water and wastewater services to members of the CRP to support the growth identified under the auspices of the CMP. Access to these services was to be made available solely through Calgary's potable water and/or wastewater infrastructure where Calgary or its agents were the bulk provider.

In 2014 Council approved in-principle the provision of supplemental water servicing to Okotoks, subject to consultation with the Province. Upon further discussions with the Province, it became clear that Alberta Environment and Parks (AEP) required that Okotoks obtain an appropriate water allocation, either by securing an available licence in the region or by acquiring a portion of Calgary's water licence. The latter option is contrary to how regional water has been provided by The City to other municipalities in the past. The City is of the opinion that The City is currently acting appropriately under the Water Act in how it services regional customers. While The City is committed to being a regional service provider, discussions need to continue with the Province and regional municipalities on determining appropriate mechanisms, policies and options for ensuring there is a sufficient and secure water supply to support regional growth and economic prosperity.

Historically, The City applied and received its water licences to support operations at the Glenmore Water Treatment Plant and Bearspaw Water Treatment Plant. The City's has maintained a strong policy position that its three water licences are to be used to divert raw water for the provision of safe, clean drinking water to its customers, not for other municipal purposes such as wetlands management. The City has invested considerable resources into demand management strategies and programs as part of the 2005 Water Efficiency Plan, and has maintained river withdrawals at 2003 levels. As a result, The City has not had to use its full water licence allocation. Calgary has sufficient license allocation to support growth in Calgary until approximately 2070, based on current information.

The establishment of the CMRB and the creation of mandatory Regional Growth Plans and Servicing Plans will likely result in additional requests for The City to provide water and wastewater services to the region. In advance of these plans being developed, and given AEP's position that Calgary transfer a portion of its water licence to provide regional services, The City needs to establish an updated regional water, wastewater and stormwater servicing policy based on sound principles that protect The City's water licences. This policy is outlined in Attachment 2.

## **Regional Water, Wastewater and Stormwater Servicing Policy**

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

The South Saskatchewan River Basin is closed to new water licences. As a consequence, The City's water licences need to be protected for Calgary's current and future growth.

Administration requires direction from Council on how to proceed with discussions with the Province and CMRB related to the City's Water Licences. The City should continue to provide water servicing to existing regional customers as per existing servicing agreements, with increased volumes for 2019 - 2022 subject to Council approval.

The City's current regional servicing policy and previous Council direction require updating in advance of the CMRB and the establishment of new Regional Growth and Servicing Plans. A new policy on Regional Water, Wastewater and Stormwater Servicing is required to:

- Manage cumulative effects on the watershed, including Calgary's raw water sources while recognizing a strategic approach to available infrastructure capacity and future investments.
- Protect the City's Water Licences.
- Provide Administration direction on how to proactively work with development outside the City which may impact Calgary's source waters and pose environmental risks.
- Provide Administration direction on how to respond to applications for servicing outside the City's boundary.

The City's Policy (UEP004) and interim Council direction do not consider the current CMRB context, which puts The City at risk of providing regional servicing that does not align with The City's strategic direction. The value of clear policy was evident in the MacKenas Estates court case. In 2011 the developer of MacKenas Estates commenced a court action against The City and Rocky View County to compel a connection to The City's wastewater infrastructure servicing the Highway 8 corridor. The Court of Queen's Bench and the Court of Appeal ruled against the developer, as The City refused a connection based on existing policies rooted in fundamental differences in planning principles. This case highlights the importance of The City adhering to a defined regional servicing strategy and formal policy.

### **Stakeholder Engagement, Research and Communication**

Administration continues to have conversations with the Province on The City's Water Licences as well as the proposed mandate of the CMRB.

The Policy on Regional Water, Wastewater and Stormwater Servicing will form the basis on which The City moves forward with the CMRB on Regional Growth Plan and Servicing Plan work.

### **Strategic Alignment**

The recommendations outlined in this report align to the South Saskatchewan Regional Plan. Regional water and wastewater servicing can help advance watershed management through improving the quality of wastewater loadings entering the Bow River and Elbow River, protecting source water, and coordinating water supply and demand.

Regional water and wastewater servicing demonstrates The City's commitment and obligation to being a regional partner. This work aligns to Action Plan (2015 – 2018) Strategic Action H4 –



## **Regional Water, Wastewater and Stormwater Servicing Policy**

Work with our regional partners and the Government of Alberta on an integrated approach to the watershed.

### **Social, Environmental, Economic (External)**

Extending service to regional communities supports the Province's *Water for Life* objectives and supports The City's objectives for source watershed protection; however, The City must also ensure that its water licences are protected to support Calgary's future growth.

### **Financial Capacity**

#### ***Current and Future Operating Budget:***

There are no operating budget impacts for The City associated with this report.

#### ***Current and Future Capital Budget:***

There are no immediate implications to The City's capital budget associated with this report.

All proposed future regional infrastructure in relation to a service area would be constructed, funded and maintained by the regional customer. Any new or upgraded capital infrastructure within The City required to support regional servicing would have costs fully recovered through the rates determined by cost of service studies and as approved by Council.

### **Risk Assessment**

The implementation of a regional servicing policy will ensure that communication to external stakeholders such as the Province and adjacent municipalities is consistent.

Revising the servicing policy for wastewater servicing requests will reduce legal risks and precedent associated with past and future servicing decisions and legal challenges.

**REASONS FOR RECOMMENDATIONS:** Administration requires direction on how to respond to applications for servicing outside The City's boundary in the context of the CMRB and AEP's new requirement around transferring water licence. The City's Water Licences need to be protected for Calgary's future growth and Administration requires direction on how to proceed on related discussions with the Province and CMRB.

### **ATTACHMENTS:**

1. Policy for Utility Extensions Beyond the City's Boundaries – UEP 004
2. Proposed Policy on Regional Water, Wastewater and Stormwater Servicing
3. NM2017-40 – Notice of Motion Regarding Elbow Valley West Servicing
4. Regional Servicing Summary
5. Water Licence Allocations





THE CITY OF  
**CALGARY**  
*Proudly serving a great city*

## COUNCIL POLICY

**Policy Title:** Policy for Utility Extensions Beyond The City's Boundaries  
**Policy Number:** UEP004  
**Report Number:** OE92-31  
**Approved by:** Council  
**Effective Date:** 1992 May 25  
**Business Unit:** Land Use Planning & Policy, Waterworks and Wastewater

### BACKGROUND

#### Council's Policy on Utility Extensions Beyond The City's Boundaries

On 1992 May 25, Council approved the recommendations of Commissioners' Report OE92-31 which addressed the need for a policy on the extension of water and sanitary sewer trunk infrastructure to service development beyond the city's boundaries. The policies support the extension of water and/or sewer service to existing incorporated urban centres (for example, the Town of Chestermere) but do not support the extension of water and/or sewer service to either rural non-residential uses (exceptions were noted) or to rural residential uses. The Policy on Utility Extensions recognized that it may be in The City's overall interests, for environmental reasons, to make available City services to rural development in certain circumstances.

On 1995 March 13, Council approved the amended recommendations of Commissioners' Report OE95-13 and approved in principle, as an exception for environmental reasons to the current Council policy, the extension of sanitary sewer service to both the Pinebrook Subdivision and to the Elbow Valley development. This report was the first time an exception to the servicing policy had been made. It included the following recommendation:

Approve in principle, as an exception for environmental reasons to the current City policy, the extension of sanitary sewer service only, to the existing Pinebrook Subdivision and the Area Structure Plan covering the Elbow Valley development(s). At no point will this service be extended beyond the current Pinebrook subdivision or the currently-approved Area Structure Plan(s) for the Elbow Valley development(s).

On 2003 May 26, Council approved the recommendations of Report IGA2003-21 which included a recommendation which limited requests for services beyond the City's limits to be received from the municipality or jurisdiction in which the development exists or is proposed to be located. This is to ensure endorsement of the planned development by the governing municipal jurisdiction.

2005/11/14

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ISC: Unrestricted



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## COUNCIL POLICY

### **PURPOSE**

The policy on utility extensions beyond the City's boundaries is required:

- To continue to support a regional servicing system which encourages growth and development of existing incorporated urban centres in the Calgary region.
- To maintain the City's ability to efficiently manage its long-term growth through the protection of viable, long-term growth corridor options.
- To minimize the potential for urban/rural land use incompatibilities.
- To prevent and mitigate environmental risks and impacts to Calgary's water sources.

### **POLICY**

The policies originally proposed in OE92-31 address specific categories of use located outside the City of Calgary corporate limits as follows:

#### **Policy 1: Existing Incorporated Urban Centres**

The City of Calgary in supporting the Calgary Regional Plan's urbanization strategy, could support the extension of City water and/or sanitary sewer lines to existing incorporate urban centres.

#### **Policy 2: Rural Non-residential Uses**

The City of Calgary, as a general principle, does not support the extension of City water or sanitary sewer lines to rural non-residential uses.

(As a possible exception to the general principle, uses which must locate in rural areas due to specific locational requirements or special characteristics and choose to locate near the city but beyond the city's growth corridors, may be considered for a service extension depending on the scale, location and the specific use.)

#### **Policy 3: Rural Residential Uses**

The City of Calgary does not support the extension of City water or sanitary sewer lines to service rural residential uses.

Regardless of which policy applies, the applicable recommendation of IGA2003-21 states "All requests for the extension of City services originating outside the City's boundaries must be applied for by the municipality or jurisdiction in which the development exists or is to be located (i.e. M.D. of Rocky View, M.D. of

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ISC: Unrestricted



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## COUNCIL POLICY

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Foothills or Tsuu T'ina Nation). Such requests are to be accompanied by supporting information of the proposed development to be serviced."

### **PROCEDURE**

- Generally requests for the extension of utility services beyond the City's boundaries that do not meet the policy will be rejected by the Administration in writing to the applicant.
- In instances where one of the noted exceptions may be considered to apply, the Administration may forward a report on the request to City Council for servicing via the S.P.C. on Utilities and Environment.
- In instances where the request is within the existing policy, the Administration will prepare a report to the S.P.C. on Utilities and Environment for Council's endorsement.

### **AMENDMENTS**

- 2003 May 26 report IGA2003-21

### **ATTACHMENT**

- OE92-31 [Policy for Utility Extensions Beyond The City's Boundaries](#)

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ISC: Unrestricted





## Council Policy

**Policy Title:** **Policy on Regional Water, Wastewater and Stormwater Servicing**  
**Policy Number:** TBD  
**Report Number:** TBD  
**Adopted by/Date:** TBD  
**Effective Date:** TBD  
**Last Amended:** N/A  
**Policy Owner:** **Water Resources**

### 1. POLICY STATEMENT

- 1.1. Regional water, wastewater and stormwater servicing should only support sound regional planning that is fiscally responsible and balances economic and social development with the protection of wilderness, natural and environmentally sensitive areas, and farmlands. Regional servicing plans need to be developed at a collaborative level to balance the needs of all stakeholders while supporting vibrant communities with fair taxes and utility rates. Continued growth and development in the Calgary region are highlighting the need to manage the cumulative effects on the watershed, including protecting the quality of Calgary's raw water sources. The need to protect these resources must be balanced with a strategic approach to available infrastructure capacity and future investments.
- 1.2. The City of Calgary (The City) needs to carefully consider how it manages its water licences to support Calgary's future growth. With the establishment of the Calgary Metropolitan Region Board (CMRB), along with the associated requirement to create a mandatory Regional Growth Plan and Servicing Plan, The City's current *Policy for Utility Extensions Beyond the City's Boundaries (UEP 004)* requires updating and The City needs to establish an updated regional water, wastewater and stormwater servicing Council policy based on sound principles that protect The City's water licences.
- 1.3. The City will retain full ownership to its water licences. The City's existing water licences must be protected for future growth, and will not be transferred to support regional water servicing. The City of Calgary water licences are to be used expressly for the provision of safe, clean drinking water to existing City customers and The City will continue to be the water licensee of record.

### 2. PURPOSE

- 2.1. The City's existing *Policy for Utility Extensions Beyond the City's Boundaries (UEP 004)* is out of date and requires updates while the CMRB works on the new Regional Growth and Servicing Plans. An updated *Policy on Regional Water, Wastewater and Stormwater Servicing* is required to:

- 2.1.1. Manage cumulative effects on the watershed, including Calgary's raw water sources while recognizing The City's infrastructure capacity and financial implications.



- 2.1.2. Protect The City's Water Licences.
- 2.1.3. Provide Administration direction on how to proactively work with development outside The City that may impact Calgary's source waters and pose environmental risks.
- 2.1.4. Provide Administration direction on how to respond to applications for servicing outside The City's boundary.

### **3. DEFINITIONS**

- 3.1. Calgary Metropolitan Region Board: Established in January 2018 by The Province, consists of representatives from 10 municipalities mandated to develop a long term plan for managed, sustainable growth in the Calgary region.
- 3.2. Cost of Service Studies: Establish recommendations for the utility rates as set out in the Water Bylaw and Wastewater Bylaw that are based upon a consultative review by the regional customers from time to time.
- 3.3. Master Servicing Agreement: Means the duly executed contract between The City and a regional customer with respect to the long term commitment for the supply of potable water and wastewater servicing to the regional customer through the works of The City.
- 3.4. Regional Growth Plan: Means an integrated growth management plan established by the Calgary Metropolitan Region Board for the Calgary region as approved by the Minister of Municipal Affairs of the Province of Alberta.
- 3.5. Regional Servicing Plan: Means a plan established by the Calgary Metropolitan Regional Board to provide services referred to in section 16 of the Calgary Metropolitan Region Board Regulation on a regional basis.
- 3.6. Wastewater Discharge Point: Means the point where the customer owned regional wastewater transmission lines connect to City owned regional wastewater transmission lines as more particularly described in a Master Servicing Agreement.
- 3.7. Wastewater Bylaw: Means *Wastewater Bylaw Number 14M2012*, being a bylaw of The City to regulate wastewater, as revised, amended or replaced from time to time.
- 3.8. Water Bylaw: Means *Potable Water Utility Bylaw Number 40M2006*, being a bylaw of The City to regulate potable water as revised, amended or replaced from time to time.

### **4. APPLICABILITY**

- 4.1. This Council policy applies where The City is considering water, wastewater or stormwater servicing for any entity outside of The City's corporate boundaries.



## **5. PROCEDURE**

### **5.1. Regional Water Servicing**

- 5.1.1. The City will not transfer its water licence to any entity. Therefore until further notice, except under extenuating circumstances subject to Council approval, The City will not entertain potable water servicing to any new entities outside The City. Any Council considerations will be subject to a strategic approach to available infrastructure capacity and future investments.
- 5.1.2. The City will continue to provide water servicing to existing customers as per existing servicing agreements subject to Council approval in alignment with rate setting.
- 5.1.3. The City will work with the Province and regional municipalities to determine appropriate mechanisms, policies and options to ensure there is a sufficient and secure water supply to support current and future regional growth and economic prosperity.

### **5.2. Regional Wastewater Servicing**

- 5.2.1. Case by case basis subject to Council approval in consideration of:
  - 5.2.1.1. A strategic approach to available infrastructure capacity and future investments.
  - 5.2.1.2. Protection of the quality of Calgary's raw water sources, specifically the Bow and Elbow rivers.
  - 5.2.1.3. Management of cumulative effects on the watershed including the Bow and Elbow rivers, and the Nose, West Nose, Pine and Fish Creeks.
  - 5.2.1.4. Supporting geographically appropriate existing public institutional uses.
- 5.2.2. The Customer will own and operate the infrastructure required to deliver wastewater to the Wastewater Discharge Point, typically located at the first gravity manhole within City limits.

### **5.3. Regional Stormwater Servicing**

- 5.3.1. Overland drainage that matches pre-development flows does not require Council approval.
- 5.3.2. Connections to engineered infrastructure will require Council approval on a case by case basis in consideration of infrastructure capacity, cost recovery, environmental protection and source water protection.

#### 5.4. General

- 5.4.1. All formal requests for extension of City services originating outside The City's boundaries must be applied for by the municipality or First Nation in which the proposed service area exists or is to be located.
- 5.4.2. City Administration may proactively consider servicing a proposed service area without receiving a request where there is considered to be undesired environmental risks or impacts to Calgary's water sources.
- 5.4.3. Council will be the approving authority for all new service areas and will approve general conditions.
- 5.4.4. The Director of Water Resources will be the approving authority for contract terms within approved service areas in accordance with Council approved general conditions.
- 5.4.5. The City will fully recover the costs of service to regional customers through rates determined by regular Cost of Service Studies and as approved by Council as outlined in the Water Bylaw and Wastewater Bylaw.
- 5.4.6. All Customers will be required to enter into a Master Servicing Agreement with The City in accordance with the general conditions approved by Council.
- 5.4.7. Any revisions to Master Servicing Agreements will require formal amending agreements.
- 5.4.8. If formal negotiations on a Master Servicing Agreement are not initiated within two years of Council's in-principle approval, that servicing request will expire and Council's approval will be considered null and void.
- 5.4.9. Amendments and extensions in time of existing servicing contracts will be at the discretion of the Director of Water Resources.
- 5.4.10. All formal requests for new servicing areas outside The City's boundaries must be made in writing to the Director of Water Resources and include the location, size, population of the proposed service, requested flow rates, as well as any other technical information requested by the Director of Water Resources.
- 5.4.11. All formal requests for the extension of utility services outside The City's boundaries that do not meet this Council policy will be rejected in writing by Administration.
- 5.4.12. Where Administration considers a request to be in alignment with this Council policy, Administration will take a report on active requests to City Council with recommendations for approval once every six months.

5.4.13. Should Council approve a servicing request, it will be in-principle to allow negotiations of a Master Servicing Agreement to commence.

5.4.14. Once a Master Servicing Agreement has been negotiated, Administration will present the agreed upon general conditions to Council for approval. If approved, the Director of Water Resources will be responsible for negotiating and implementing the terms of the Master Servicing Agreements in accordance with the general conditions.

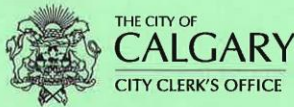
**6. AMENDMENT(S)**

Date of Council Decision	Report/By-Law	Description

**7. REVIEW(S)**

Date of Policy Owner's Review	Description





NM2017 September 11  
ISC: UNRESTRICTED

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THE CITY OF CALGARY  
CITY CLERK'S

**NOTICE OF MOTION**  
CC 661 (R2009-05)

**ELBOW VALLEY WEST SERVICING  
COUNCILLOR GIAN-CARLO CARRA**

WHEREAS The City of Calgary [The City] has an established Council Policy (UEP004) for the provision of utility servicing outside of its boundaries;

AND WHEREAS City Council directed Administration in C2011-23 that prior to Provincial approval of the Calgary Regional Water and Wastewater Corporation (CRWWC), outside city servicing requests would be considered by City Council only for Calgary Regional Partnership (CRP) member municipalities and would be in accordance with the existing servicing policy;

AND WHEREAS Rocky View County has neither joined the Calgary Regional Partnership nor adopted the Calgary Metropolitan Plan but is expected to be a member of the forthcoming Calgary Metropolitan Growth Management Board;

AND WHEREAS on 1997 September 10, The City and Rocky View County entered into an agreement for the provision of sanitary servicing for lands along the Highway 8 corridor which as amended over time include the developments of Elbow Valley, Pinebrook, Stonepine, Glencoe Golf & Country Club and United Lands (Lott Creek/Country Haven Estates). This servicing was allowed for as an exception to existing policies due to environmental and source water protection;

AND WHEREAS on 2017 June 28 Rocky View County Administration sent a letter to The City of Calgary Administration requesting that The City approve and extend servicing to 118 units in the Elbow Valley West Lands;

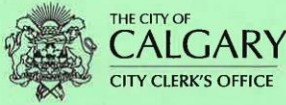
AND WHEREAS on 2017 July 14 City Administration sent a letter to Rocky View County reminding them that there were outstanding sewer capacity issues in the Highway 8 corridor and requested additional flow information prior to considering the request to service Elbow Valley West.

AND WHEREAS on 2017 August 10 Rocky View County Administration provided additional flow information to City Administration with respect to the Highway 8 corridor.

AND WHEREAS Elbow Valley West is an existing development that currently holds its wastewater in a storage tank which is then pumped out and hauled away to a treatment facility;

\_\_\_\_\_  
Signature of Member(s) of Council





NM \_\_\_\_\_

## NOTICE OF MOTION

CC 661 (R2009-05)

AND WHEREAS in 2011 the developer of MacKenas Estates commenced a claim against The City and Rocky View County, which went all the way to the Court of Appeal, to allow a connection to the City's wastewater infrastructure servicing the Highway 8 corridor, and the Courts ruled against the developer as The City refused a connection based on existing policies rooted in fundamental differences in planning principles;

AND WHEREAS City Council on 2010 July 29 referred a previous motion on this matter to Administration to be considered with the implementation of the regional servicing strategy;

AND WHEREAS City Council on 2015 May 25 tabled a previous motion on this matter until such a time as Rocky View County joins the Calgary Metropolitan Plan (CMP);

AND WHEREAS The City of Calgary worked with The City of Chestermere, The City of Airdrie and The Town of Cochrane to establish the Urban Municipalities Task Force (UMTF) to address regional concerns including reducing regional sprawl and fiscally responsible planning to specifically address issues of concern for the UMTF partners with respect to Rocky View County's development plans and the potential adverse impacts of those plans on the region;

AND WHEREAS in keeping with its mandate of a "shared common municipal interests, infrastructure and a vision for a sustainable region" the UMTF approved the content of those interests in the form of a regional story which included the following key points:

- 1. Regional planning must be built on a foundation of fiscally responsibility;
- 2. Growth for the sake of growth makes it impossible to correct planning errors;
- 3. One opportunity to get regional planning right;
- 4. Regional planning should serve needs of all stakeholders;
- 5. Collaborative approach to develop region and create fiscally responsible, vibrant communities, supported by fair taxation, and responding to agricultural priorities;
- 6. Regional planning focuses on balancing economic and social development with the protection of wilderness, natural and environmentally sensitive areas, and farmlands;

AND WHEREAS the evolving nature of regional planning in the Calgary region has established the need for Calgary to review its existing servicing policies prior to and following the establishment of the Calgary Metropolitan Growth Management Board and resolution of Water Licence discussions with the Province;

\_\_\_\_\_  
Signature of Member(s) of Council



THE CITY OF  
**CALGARY**  
CITY CLERK'S OFFICE

NM \_\_\_\_\_

## NOTICE OF MOTION

CC 661 (R2009-05)

NOW THEREFORE BE IT RESOLVED that City Council:

1. Reaffirm its commitment to not extend servicing beyond its boundaries without specific authorization from City Council;
2. Direct Administration to review The City's existing direction and policy for utility extensions beyond The City's boundaries in light of the evolving nature of regional planning in the Calgary region and develop interim guidance that would enable Council to consider outside City servicing requests on a case by case basis that aligns with the recommendations and key messages of the Urban Municipalities Task Force until such time as the Calgary Metropolitan Region Board establishes a servicing plan.
3. Direct Administration to continue negotiations of a new Master Servicing Agreement with Rocky View County for the provisions of wastewater servicing in alignment with the sound regional planning principles established through the Urban Municipalities Task Force, and return to Council for approval of a new service area that includes Elbow Valley West once it is confirmed that The City's wastewater system has sufficient capacity.

Signature of Member(s) of Council





## Regional Servicing Summary

This servicing summary is intended to provide a high level summary of regional matters relevant to Council which are related to regional water and wastewater servicing, and inter-municipal drainage.

Table 1: Existing Regional Water & Wastewater Customers

Customer	Type of Existing Service	2019-2022 Flow Rate Amendments Required in 2018 <sup>1</sup>	MSA / Agreement <ul style="list-style-type: none"> <li>Expiry Date</li> </ul>	CRP Member	CMRB Member	Servicing Since
City of Airdrie	Water & Wastewater	✓	MSA <ul style="list-style-type: none"> <li>2035 Jan 1</li> </ul>	Yes	Yes	1976
City of Chestermere	Water & Wastewater	✓	MSA <ul style="list-style-type: none"> <li>2035 Jan 1</li> </ul>	Yes	Yes	1983
Town of Cochrane	Wastewater	✓	MSA <ul style="list-style-type: none"> <li>2035 Jan 1</li> </ul>	Yes	Yes	1998
MD of Foothills	Spruce Meadows <ul style="list-style-type: none"> <li>Water</li> </ul>		Agreement with Spruce Meadows directly <ul style="list-style-type: none"> <li>2021 Mar 31</li> </ul>	No	Yes	1986
Nexen Gas Plant	Water		Agreement <ul style="list-style-type: none"> <li>2009</li> </ul> MSA under negotiation	N/A	N/A	1961
Nexen Power Plant	Water & Wastewater		Water Agreement <ul style="list-style-type: none"> <li>2022</li> </ul> Wastewater Agreement <ul style="list-style-type: none"> <li>2027</li> </ul>	N/A	N/A	2002

Table 1 Continued: Existing Regional Water &amp; Wastewater Customers

Customer	Type of Existing Service	2019-2022 Flow Rate Amendments Required in 2018 <sup>1</sup>	MSA / Agreement <ul style="list-style-type: none"> <li>Expiry Date</li> </ul>	CRP Member	CMRB Member	Servicing Since
Rocky View County (RVC)	Elbow Valley Service Area <ul style="list-style-type: none"> <li>Wastewater</li> </ul> Bears paw School <ul style="list-style-type: none"> <li>Wastewater</li> </ul>		Elbow Valley Service Area Agreement <ul style="list-style-type: none"> <li>2022 Sept</li> </ul> Bears paw School Agreement <ul style="list-style-type: none"> <li>No expiry</li> </ul> MSA under negotiation.	No	Yes	1998
Town of Strathmore	Water	✓	MSA <ul style="list-style-type: none"> <li>2035 Jan 1</li> </ul>	Yes	Yes	2009
Tsuut'ina	Water & Wastewater	✓	MSA <ul style="list-style-type: none"> <li>2039 Mar 19</li> </ul>	No	No	1972

<sup>1</sup> Water Licence Balance Sheet for customers with Water servicing will require Council approval.

<sup>2</sup> Church's Farm formerly a customer of the City of Airdrie, is within Calgary City limits. The Balzac Community Hall formerly a customer of the City of Airdrie and was identified in the Airdrie MSA and service area and listed as a customer on the Term Sheet taken to Council.

Definitions:

- **"MSA"** means Master Servicing Agreement for water and or wastewater servicing which is a standardized and modernized servicing contract for an approved Service Area based on a Council approved term sheet. The MSA contains provisions and language which are not found in other regional servicing agreements still in effect.

Table 2: Regional Drainage

Municipality	Comments
Rocky View County (RVC)	<p>Cooperative Stormwater Management Initiative (CSMI)</p> <ul style="list-style-type: none"> <li>The Cooperative is working on executing a master agreement</li> </ul> <p>12 Mile Coulee Winter Drainage</p> <ul style="list-style-type: none"> <li>RVC has agreed seasonal operational changes to Watermark pond to mitigate the winter drainage issue.</li> </ul>

Table 3: Regional Strategy

Item	Comments
Source Water Protection Planning	Work ongoing.
Regional Water Supply & Licencing Strategy	Work ongoing.
Calgary Regional Partnership (CRP) & Calgary Metropolitan Plan (CMP)	<p>No ongoing water, wastewater or drainage work.</p> <p>The Calgary Municipal Region Board (CMRB) will replace the CRP on servicing matters.</p>
Calgary Metropolitan Region Board (CMRB)	<p>Regulations in place</p> <p>Awaiting formation of the Board</p>



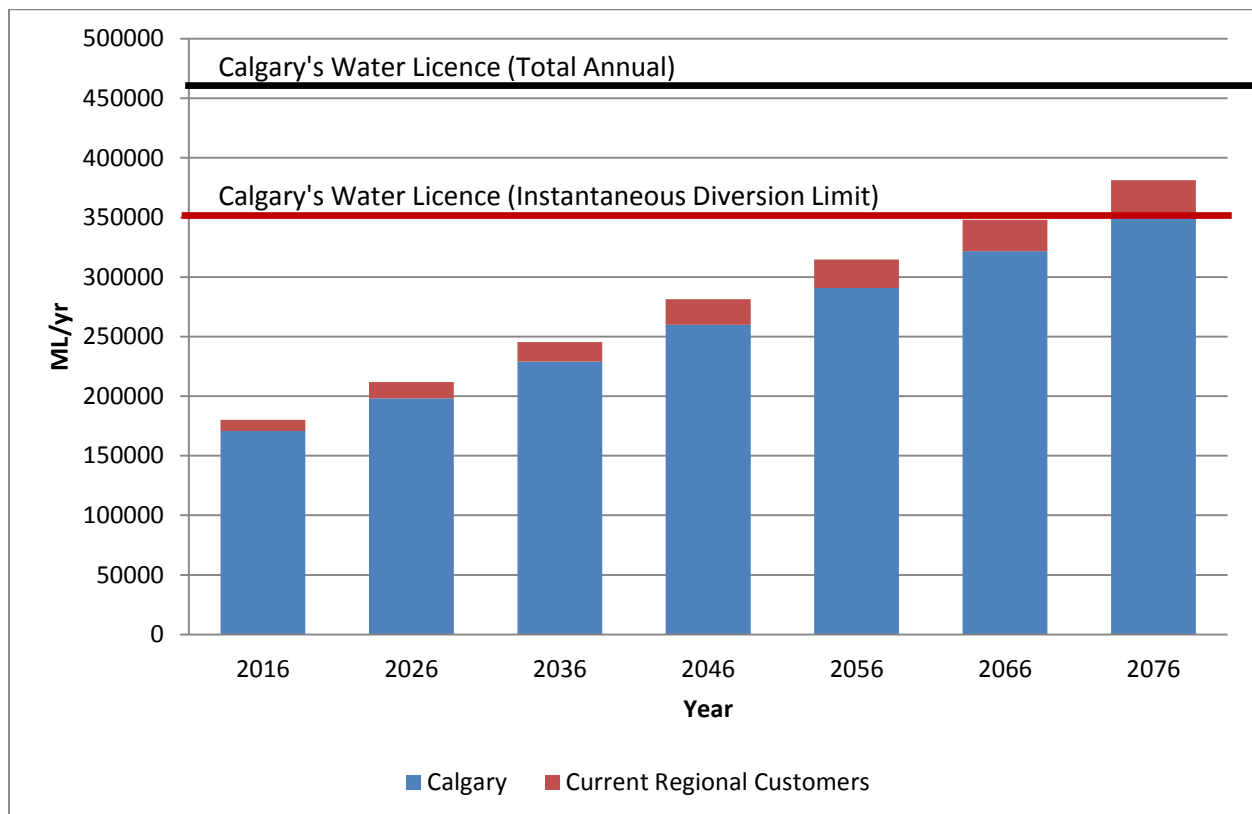
## Water Licence Allocations

Item #6.6  
ISC: UNRESTRICTED  
IGA2018-0089  
ATTACHMENT 5

**Table 1: City of Calgary Water Licences**

Intake	Licence (Issue date)	AEP File Number	AEP Document Viewer #	Priority
Bearspaw Raw I (Bow River)	No. 8834 (Aug 2 1977)	38	46164, 46165	Aug 2 1895 Nov 29 1971
Bearspaw Raw II (Bow River)	No. 14568 (Dec 7 1988)	16351	34656	Nov 2 1981 Jul 18 2005
Glenmore Raw (Elbow River)	No.8835 (Aug 2 1977)	2029	44679, 44680	Oct 24 1929 Nov 25 1971

**Figure 1: Forecasted Use of Water Allocations**





## **Cooperative Stormwater Management Initiative (CSMI): Master Stormwater Agreement**

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### **EXECUTIVE SUMMARY**

The City is dedicated to implementing the Government of Alberta's *Water for Life Strategy*, through an integrated watershed management approach that ensures reliable and resilient water servicing for Calgary and regional customers. Working with the Province and regional partners, The City aims to protect the water supply, use water wisely, keep rivers healthy and build resiliency to flooding. The City delivers on this commitment through three lines of service: drinking water treatment and supply, wastewater collection and treatment, and stormwater management.

To accommodate long-term growth, The City of Calgary and surrounding municipalities require a stormwater drainage solution for future development of lands within, and east of Calgary. The City has participated in the Cooperative Stormwater Management Initiative (CSMI) as one of six regional members since 2012. The CSMI is a regional approach to stormwater servicing for areas, including Belvedere lands, with plans to build a new stormwater canal system parallel to the current Western Irrigation District (WID) irrigation canals. Concurrently, The City has also been evaluating a City-only alternative, which could provide stormwater servicing for the Belvedere lands via Forest Lawn Creek.

To date, work with CSMI has centered on determining the most appropriate engineering solution and governance structure for the initiative. In 2017, the CSMI members negotiated a governance agreement - the Master Storm Water Agreement (MSA), proposing rights and obligations of partners with respect to funding, development and operation principles.

In 2017, the Province mandated regional planning and collaboration through the Calgary Metropolitan Region Board (CMRB). The CMRB will be required to develop a Metropolitan Region Servicing Plan by 2021 that will address water, wastewater and stormwater servicing.

In the fall of 2017, the CSMI partnership received approval for a \$7.6 million grant for design and first stage construction costs from the Alberta Community Resiliency Program (ACRP) conditional upon all six members entering into a governance agreement – the MSA. Five partners have signed, with The City of Calgary still outstanding. To execute the grant, Alberta Environment and Parks (AEP) requires the MSA to be signed by 2018 February 28.

This report recommends Council direct Administration to sign the CSMI MSA by 2018 February 28 to maintain partnership status with the CSMI. Given current information, advantages to The City outweigh the disadvantages. Potential liabilities and risks have been mitigated through conditions The City had included in the MSA, and there are several opportunities or “off ramps” to leave the partnership if deemed advantageous or necessary.

### **ADMINISTRATION RECOMMENDATIONS:**

That the Intergovernmental Affairs Committee recommend that Council:

1. Direct Administration to sign the Cooperative Stormwater Management Initiative (CSMI) Master Storm Water Agreement no later than 2018 February 28, and
2. Direct this report to the 2018 February 26<sup>th</sup> Regular Council Meeting.

## **Cooperative Stormwater Management Initiative (CSMI): Master Stormwater Agreement**

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### **PREVIOUS COUNCIL DIRECTION / POLICY**

On 2012 October 17, the Standing Policy Committee (SPC) on Utilities and Corporate Services received the Shepard Regional Drainage Plan (SRDP) (Phase 1) for information (UCS2012-0676). Following the discontinuance of the SRDP, Water Resources has participated in the CSMI. An in-camera verbal update was provided to City Council in 2015 June. In 2016, in-camera verbal updates were provided to IGA.

### **BACKGROUND**

Discussions for a regional stormwater solution started in 2008 as part of the SRDP which encompassed lands along the eastern portion of Calgary (including Belvedere and a portion of residual lands east of Stoney Trail), Rocky View County (RVC) and Chestermere (Attachment 1). Typically, The City manages drainage within its own municipal boundary, however, the Shepard lands present a unique challenge due to topography, and the fact that there is no natural drainage course to the Bow River.

The SRDP was discontinued by stakeholders in 2013 due to feasibility challenges and high costs (\$230 million over 50 years). Two potential alternative drainage options have subsequently been identified:

1. Forest Lawn Creek (FLC) is a City-only solution intended to direct all Belvedere stormwater runoff flows to the FLC system to the west (Attachment 2).
2. CSMI is a regional solution to drain development areas, including Belvedere and a portion of residual lands east of Stoney Trail into a new stormwater canal system largely on WID land parallel to the existing irrigation canals (Attachment 3).

Preliminary assessments have been completed on both the FLC and CSMI options. Feasibility studies and cost estimates are expected to be complete in 2019.

#### ***An alternative City-only solution – Forest Lawn Creek (FLC)***

Concurrent to participating in CSMI, The City has been assessing the feasibility of an alternative drainage solution within the City. The Belvedere Area Structure Plan (ASP) was approved in 2013 and called for the creation of a Master Drainage Plan (MDP) that identified stormwater servicing for the plan area. The feasibility and impacts of servicing the plan area via the Forest Lawn Creek and Shepard stormwater system are being evaluated. Administration is also studying potential impacts to wetlands to further quantify the associated mitigation and compensation costs.

#### ***The Cooperative Stormwater Management Initiative (CSMI)***

Since 2012, The City has been participating as a member of the CSMI, with Rocky View County, City of Chestermere, Town of Strathmore, Wheatland County and the WID. The Municipal members of CSMI are pursuing a regional drainage solution in partnership with the WID. The WID, also a member, will own, manage and operate the resulting system on behalf of, and under the direction of the CSMI Board.

Early work with CSMI centered on engineering feasibility and governance structure for the initiative. An engineering feasibility study and water balance analysis was completed in 2014 and 2015. The water balance assessment was used to calculate proportional costs to each



## **Cooperative Stormwater Management Initiative (CSMI): Master Stormwater Agreement**

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municipal partner based on their proposed development area and runoff volume contributions. Calgary's pro share is 9 per cent of the total.

Five governance models were evaluated and the cooperative model was agreed upon by all CSMI members. A cooperative allows each CSMI partner to appoint one Director each with one vote. The primary governance role for the Cooperative would be to administer a 25 year CSMI Stormwater Management Plan and authorize system operations and maintenance as well as operating and capital budget expenditures.

In the fall of 2017, the CSMI partnership received approval for a \$7.6 million grant from the ACRP conditional upon all six partners entering into a governance agreement – the MSA, and the grant being executed by the Province by 2018 March 31. To meet this timeline, the MSA will need to be signed by 2018 February 28.

Work by the CSMI membership in 2017 has centered on negotiating the MSA, which sets out the rights and obligations of partners with respect to funding, development and operation principles. A summary of the MSA can be found in Attachment 4. So far, five of the six CSMI members have signed the MSA, with The City of Calgary still outstanding.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Signing the MSA is required for The City to continue as a member in the CSMI partnership. The MSA also sets the foundation for three Subsequent Agreements (Development Agreement, Management Agreement and User Agreement; see Attachment 4) which must be signed by all partners within one year of signing the MSA, unless the timeline is unanimously extended by all six members. The MSA will become void if all the Subsequent Agreements are not signed by all partners.

Additionally, the MSA outlines conditions for termination of membership, pro share costs, dispute resolution mechanisms, ownership principles and timelines. Water Resources, Law and Intergovernmental and Corporate Strategy (ICS) reviewed the MSA to identify risks and potential liabilities (see Risk Assessment section of this report) and mitigations were negotiated into the final MSA.

If The City proceeds with CSMI, work in 2018 will involve negotiating the three sub-agreements, renegotiating the Western Headworks Stormwater Management Agreement (WHsMA) with the WID (a City of Calgary Condition Precedent in the MSA), and completing detailed engineering assessment and construction cost estimates. Construction would potentially start in 2019 or 2020.

Signing the MSA by the deadline of 2018 February 28 will ensure The City receives a share of the Provincial funding. Since regional stormwater servicing will be addressed by the CMRB through the Metropolitan Region Servicing Plan, this Cooperative allows The City to maintain regional partnerships, relationships, and facilitate well-planned drainage on the east side of Calgary.

Signing the MSA does not formally commit the City to the project; there are several "off ramps" should The City wish to leave CSMI. For example, not signing any one of the Subsequent Agreements. Signing also does not preclude The City from completing the FLC evaluation and potentially developing the FLC option instead of, or in combination with, the CSMI option.

## **Cooperative Stormwater Management Initiative (CSMI): Master Stormwater Agreement**

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### **Stakeholder Engagement, Research and Communication**

An update to CSMI was provided to the Corporate-wide Regional Leaders Forum and Integrated Growth Committee (DIGC) where no major concerns were identified and signing onto the next phase of CSMI received general support.

### **Strategic Alignment**

Regional stormwater servicing demonstrates The City's commitment and obligation to being a regional partner as part of the new CMRB and aligns to The City's proposed regional water, wastewater and stormwater servicing policy. This work also aligns and contributes to several Strategic Action areas in Council's Priorities for 2015-2018 including "A city of inspiring neighbourhoods" and "A healthy and green city".

### **Social, Environmental, Economic (External)**

Participation in the CSMI reinforces regional collaboration that will occur through the CMRB. The Cooperative provides a mechanism to collectively balance environmental impacts with increasing demand for urban, industrial and commercial land development in the region. The CSMI approach ensures sustainable stormwater management by leveraging partner resources to address regional environmental issues while allowing economic growth. The CSMI will improve collective accountability for water quality by ensuring any adverse downstream impacts to receiving waterbodies is avoided or minimized and mitigated. CSMI may also provide opportunities to develop regional wetlands and reduce future needs for costly and land-intensive evaporation ponds.

### **Financial Capacity**

The operational and capital costs are estimates based on preliminary feasibility and design. Refined costs will be determined in 2018 as part of detailed engineering design work. Actual costs and The City's cost share will be based on final designs, buildout, and measured use of the system. All City capital costs will be recoverable from landowners within the city that will benefit from the stormwater drainage system. Overall, signing the MSA will effectively commit the City to \$322,940 in operational and capital funds for 2018.

#### ***Current and Future Operating Budget:***

Annual operating costs for the Cooperative cover all non-capital costs including office costs and staff, accounting and legal costs, board costs, as well as water quality and quantity monitoring (operational and regulatory) once the system is operational. The City's portion of operating costs for 2018 are estimated at \$83,000 with subsequent annual operating costs for The City estimated at between \$60,000 and \$90,000.

#### ***Current and Future Capital Budget:***

The estimate for the total capital cost of the project is \$85 million over a 25 year build out period. The City's portion is estimated at \$7 million with the inclusion of a portion of the \$7.6 million Provincial ACRP grant the CSMI partnership received. The Grant will be shared by all the members and will cover 70% of the design cost and early stage construction costs. The Municipal partners will be collectively responsible for 30% of these costs or \$2.4 million.

## Cooperative Stormwater Management Initiative (CSMI): Master Stormwater Agreement

In addition to the CSMI capital improvements, a regional collector system is required to convey flows from the Belvedere area to the CSMI point of entry. Additional capital funds will be required for this regional collector system, however, the collector will be required for both the FLC and CSMI options.

Table 1 outlines the budget estimates including the ACRP grant, but does not include a Federal New Building Canada Fund (NBCF) grant, which is pending approval; if approved, the capital cost to The City for 2018-2020 would be reduced. Capital costs for 2019-2022 will be incorporated in the Water Infrastructure Investment Plan (WIIP).

**Table 1. CSMI Total Capital Cost Estimate and City of Calgary Cost Share**

<b>CSMI CAPITAL FUNDING</b>	<b>2018</b>	<b>2019-2020</b>	<b>2021-2042</b>	<b>Total Capital Cost (2018-2042)</b>
Total CSMI Capital Cost	\$2,660,000	\$8,150,000	\$74,070,000	\$84,880,000
<b>City of Calgary Capital Cost Share</b>	<b>\$239,940</b>	<b>\$165,510</b>	<b>\$6,549,750</b>	<b>\$6,955,200</b>

Specific timing of Stage 2-5 capital costs (2021-2042) will be determined and outlined in the Subsequent Agreements and based on actual build out timing and each Municipalities' need to use the system. Municipalities requiring the system prior to the CSMI build timeline will have the option to pay the development costs and recover proportional costs from the other members once they need the system and have recovered or set aside appropriate funds.

### Risk Assessment

The City of Calgary has conducted an extensive evaluation of potential risks associated with CSMI and the signing of the MSA, resulting in the following key risks and mitigations:

#### Technical Risks

- Technical feasibility of the CSMI solution has only been preliminarily studied and will be evaluated further in 2018 during an engineering assessment and design. If engineering proves to be problematic, there are mechanisms in place in the MSA for The City to leave the partnership even if the other members decide to continue.
- Potential impacts to Weed Lake and other watercourses have only been preliminarily confirmed and will be further evaluated in 2018 as part of regulatory requirements. A monitoring program will also be implemented once the system becomes operational to monitor water quality and volumes.

#### Partner/Stakeholder Risks

- The other partners on the CSMI Board may carry a vote that unfairly disadvantages The City. The City has built a dispute mechanism (arbitration) into the MSA that can be invoked by a Municipality or Municipalities should a board vote be viewed as disadvantaging that member. The Cooperative governance structure allows for one board member with one vote for each member of the Cooperative.

## **Cooperative Stormwater Management Initiative (CSMI): Master Stormwater Agreement**

- CSMI agreements are ratified before the CMRB growth plans are in place. The MSA, at the request of Calgary, recognizes the governance of CMRB regarding development planning.
- Not signing the MSA may jeopardize regional relationships. The City will continue to manage regional relationships as positively as possible.
- The timing of the agreement and regional stormwater infrastructure may not align with The City's priorities and growth strategy. The work associated with CSMI will inform The City's strategy for east Belvedere.

### **Regulatory Risks**

- CSMI may negatively impact or jeopardize Calgary's ability to meet the conditions of the WHSMA. Calgary's Condition Precedent in the MSA requires the WID and AEP to enter renegotiation of the WHSMA.

### **Financial Risks**

- Detailed costs will be estimated as part of the detailed engineering design for CSMI, and timing will be determined in Subsequent Agreements to be negotiated in 2018 as a condition of the MSA.

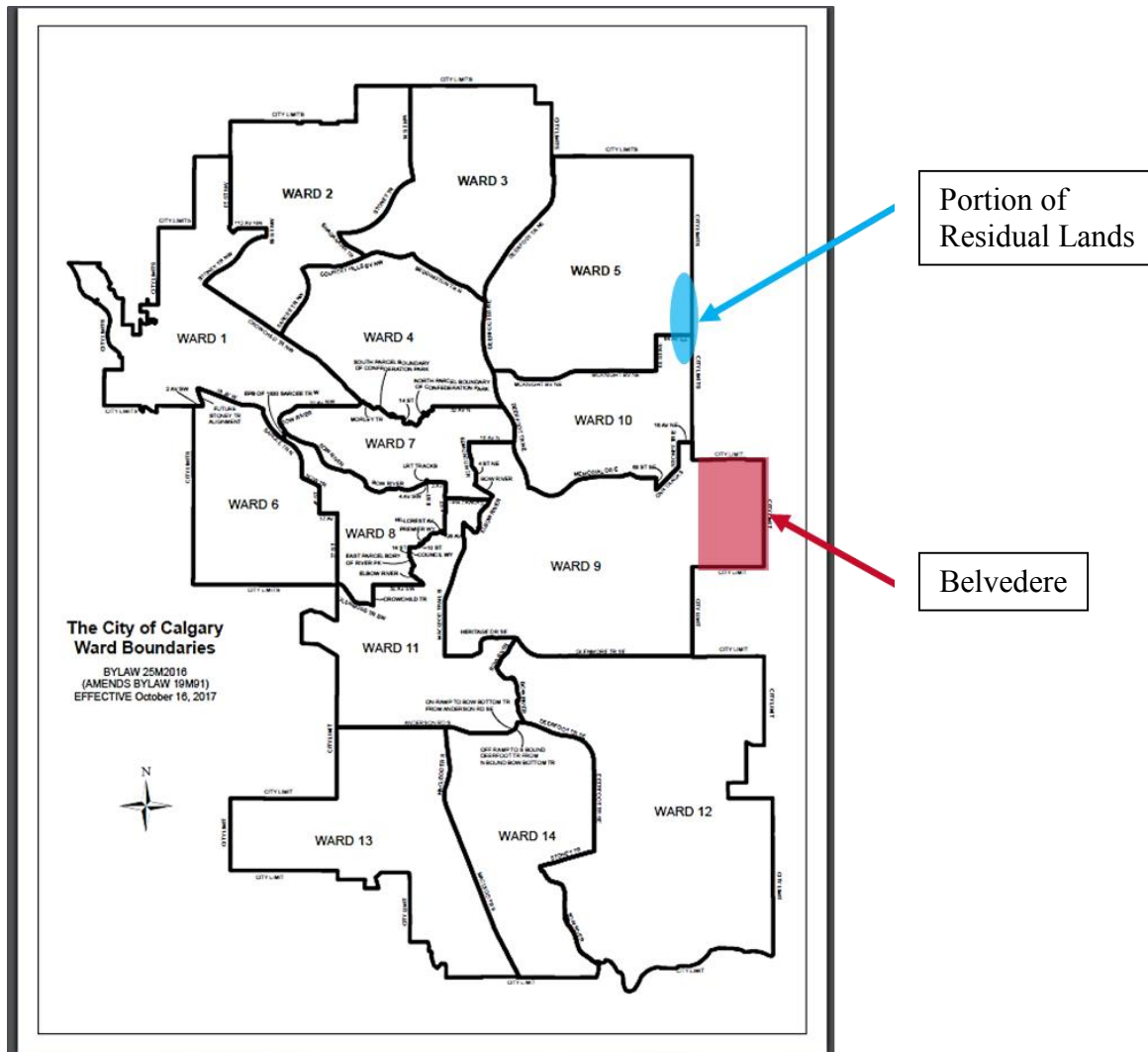
### **REASONS FOR RECOMMENDATION:**

1. CSMI is a regional solution that will be completed by the CSMI partnership with or without The City; staying involved allows The City to maintain regional relationships, influence and lay the foundation for well-planned drainage on the east side of the metropolitan area. This should result in better input to the CMRB Growth Plan and Servicing Plan and potentially mitigate long-term risk to the City from poor drainage planning and implementation east of The City.
2. Signing the MSA keeps The City at the CSMI table and both drainage options available until the FLC evaluation is completed, and costs for both options are finalized.
3. CSMI provides an opportunity to renegotiate the WHSMA as a Condition Precedent of the MSA.
4. The CSMI will improve regional accountability for water quality by ensuring any adverse downstream impacts to receiving waterbodies is avoided or minimized and mitigated. It also may provide opportunities to develop regional wetlands and reduce future need for costly and land-intensive evaporation ponds.
5. The cost commitment by signing the MSA and continue working with CSMI is relatively small (\$322,940 in 2018), but allows The City to share in the ACRP grant funding and potentially NBCF grant funds (\$700 thousand-\$1 million). Not signing now and entering the partnership at later date, will have increased costs and negative regional relationship implications for The City.
6. Signing the MSA does not commit The City to the project. However, signing and an investment of funds in 2018 could signal and create the expectation that The City is moving forward with development planning and servicing.

### **ATTACHMENTS**

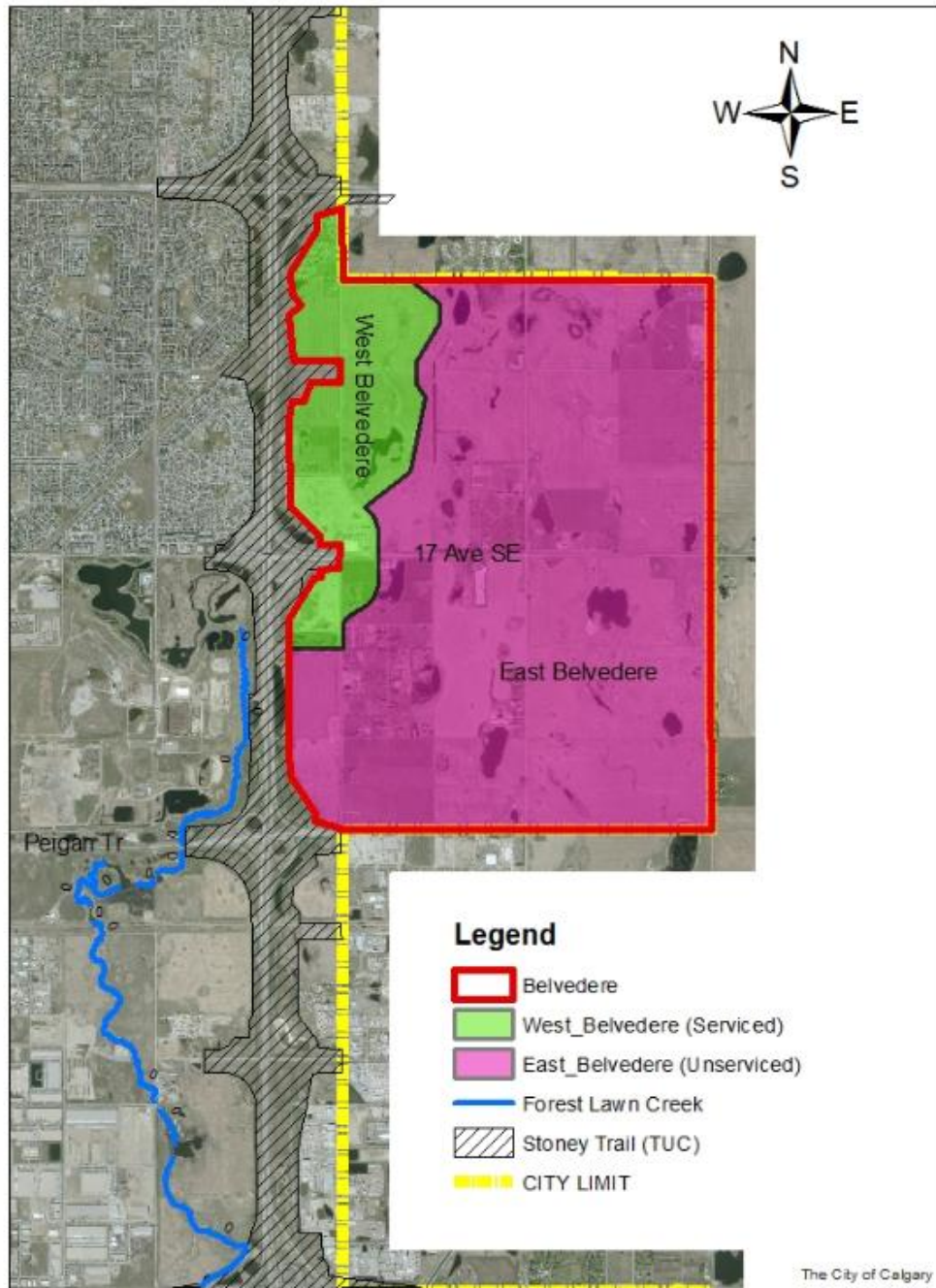
1. Map of Belvedere and Residual Lands East of Stoney Trail
2. Map of Forest Lawn Creek Route/Area
3. Map of CSMI Area
4. CSMI Master Storm Water Agreement Summary

## MAP OF BELVEDERE AND RESIDUAL LANDS EAST OF STONEY TRAIL





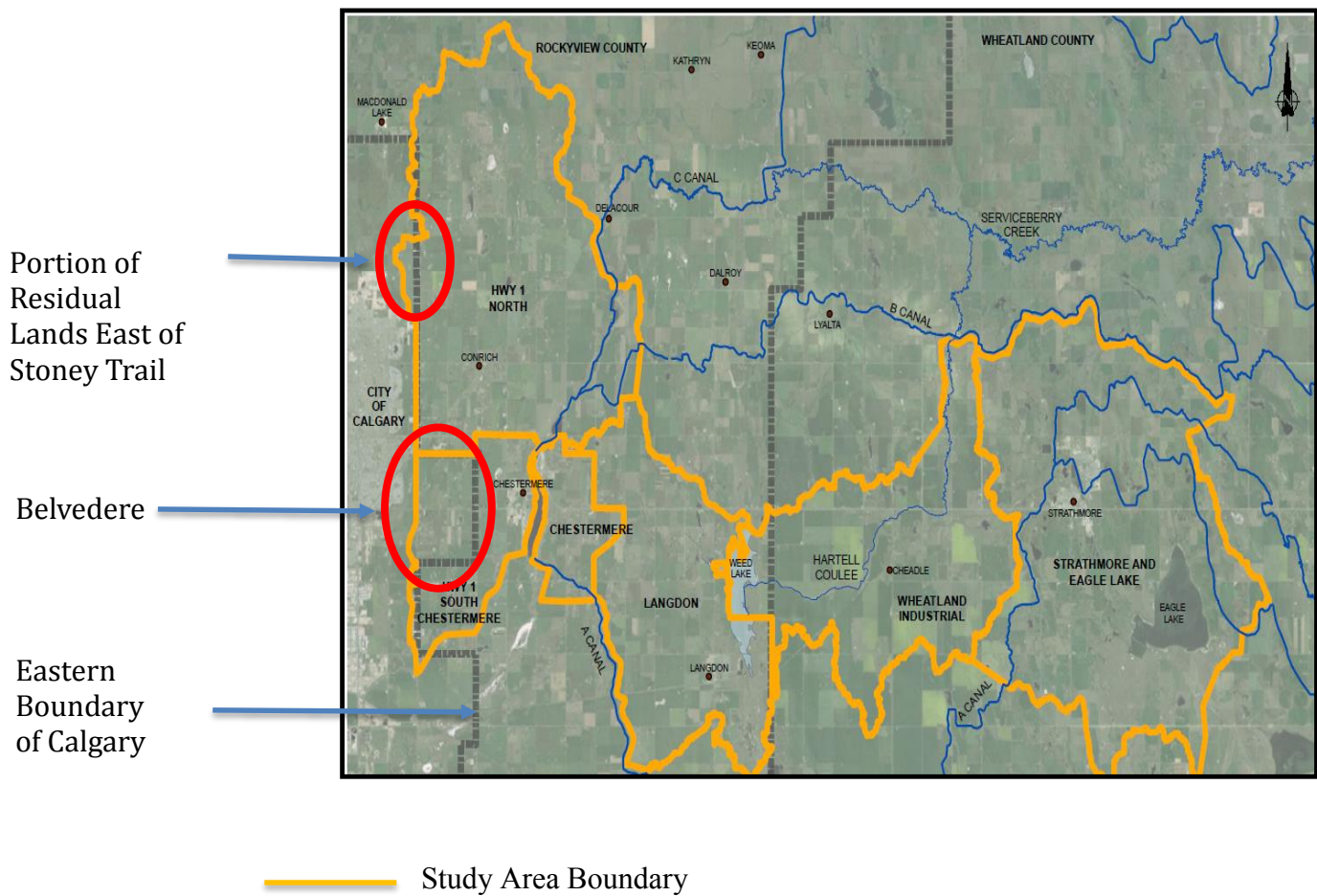
Map of Forest Lawn Creek (FLC) Route/Area







### Map of Cooperative Stormwater Management Initiative (CSMI) Area





## **CSMI Master Storm Water Agreement Summary**

The Cooperative Storm Water Management Initiative (CSMI) members have developed a Master Storm Water Agreement (MSA) to proactively collaborate as part of a regional storm water management solution. CSMI is comprised of the Western Irrigation District (WID) and five Municipalities; The City of Calgary, Rocky View County, City of Chestermere, Town of Strathmore and Wheatland County. These parties agreed in principle to establish a Cooperative to administer and fund the development and ongoing operations of a regional CSMI storm water system referred to as the Storm Water System.

The MSA sets out the proposed rights and obligations of the Municipalities, the Cooperative and the WID with respect to the development, funding, operation and maintenance of the Storm Water System. The MSA contains principles, conditions and requirements regarding ownership of the Storm Water System, termination of the MSA, Subsequent Agreements and plans, financial capital contributions from each Municipality, principles and conditions for dispute resolution, and Schedules.

The Storm Water System is the regional out-of-canal stormwater system and associated infrastructure located within the CSMI region on lands predominantly owned by the WID which will be developed, maintained and operated by the WID on behalf of the Cooperative through funding from the Municipalities and Provincial and Federal grants.

The MSA contains conditions referred to as Mutual Conditions Precedent which are required to fulfil the obligations set out in the MA: the approval of each Subsequent Agreement, approval of any changes to the Development Pro Shares, securing \$7.6 M through the Alberta Community Resiliency Program (ACRP) Grant or other government grant applications for Development Costs, and the Cooperative obtaining all regulatory approvals on or before the Agreement Approval Date (365 days after the MSA becomes effective).

The MSA also contains Conditions Precedent from Rocky View County, Chestermere and the City of Calgary. A Municipality has the option to leave CSMI if these conditions are not satisfied or waived as stated in the MSA.

Each Municipality will feed its storm water runoff into the Storm Water System in a regulated and monitored manner at designated points of entry, and runoff will be carried through, and ultimately discharged into, a natural water course. The development, construction and management of the Storm Water System will be governed by the following Subsequent Agreements:

- The Municipalities and the WID will enter into a Unanimous Members Agreement (UMA) which will address governance.
- The Development Plan/Development Agreement will be between the WID as the “Development Manager” and the Cooperative with respect to development timelines, budget, detailed engineering, construction drawings and specifications of the Storm Water System.
- The User Agreement is the agreement entered into between the Cooperative and the WID, and the Municipalities with respect to granting each Municipality the right to use the Storm Water System.
- The Management Plan/Agreement will be entered into between the WID as Operations Manager, and the Cooperative with respect to the management, operations, monitoring and maintenance policies for the Storm Water System.

The MSA specifies the conditions for termination of membership in the Cooperative. Each Municipality will need to pay their respective Development Pro Share (respective percentage of Development Costs) of all Development Costs. These are costs incurred to plan, design and construct the Storm Water System. The MSA specifies that no Municipality will be required to contribute capital funds until such time as all the municipalities have collected sufficient development levies or are otherwise able to fund the capital contributions. The capital and operating contributions will be calculated based on each Municipality's Pro Share.

The MSA includes principles and conditions for dispute resolution procedures should a dispute arise and CSMI members are not able to resolve issues. Mechanisms for dispute resolution include mediation and binding arbitration.

The MSA includes the following Schedules (not included here):

Schedule A (Development Pro Share and Estimated Development Costs);

Schedule B (System Maps);

Schedule C (Estimated Development Timeline);

Schedule D (Existing Agreements); and

Schedule E (Monitoring Program Guiding Principles and Objectives).