



April 3, 2018

Priorities and Finance Committee
The City of Calgary
P.O. Box 2100, Station M
Calgary, AB, T2P 2M5

RE: CAPL Program Update

Mayor Nenshi and Committee Members,

On behalf of our members, I am writing to express our Association's thanks for the constructive relationship that your administration has long worked to achieve with the aggregates industry. That relationship has a number of touch points. One of these is the work undertaken by the Community Aggregate Payment Levy ("CAPL") Committee. This committee was created in 2008 and has been an important tool for constructive dialogue and decision making related to the CAPL funds collected by the City. I understand that the CAPL bylaw is being brought before your committee for review and I would wish to affirm the following points:

- Industry is very pleased with the support being provided to the CAPL program by the City CAPL Committee and would wish for this support to continue
- Industry is supportive of CAPL being increased from \$0.25/tonne to \$0.40/tonne in the City of Calgary with an effective date of July 1st
- In absence of changes to provincial regulation, industry would recommend against further changes to the City CAPL bylaw

Since it was first adopted in 2008, the City has collected some \$12.5 million dollars in CAPL. This committee has steered the expenditure of these funds. Successes include top lift upgrades to 85th Street, 144 Avenue, and Symons Valley Road to name a few. In 2017, the committee piloted a road sweeping program in areas around NW gravel sources and funded by CAPL collections. This pilot program successfully reduced public complaints related to haul road debris by 70%.

In late 2017, the Alberta Government made changes to the regulation governing CAPL. That regulation allowed for the levy rate to be increased from the current \$0.25/tonne to a rate of \$0.40/tonne as of January 1st 2018. The ASGA had lobbied for changes to the CAPL program. Those lobby efforts had been focused on three areas: clarification of intent, prescription to ensure intent is achieved, a portion of CAPL dedicated to orphan pits and public education.

The ASGA has long considered the City of Calgary as a model for a positive and responsible approach to CAPL. City administration has long recognized the intent of CAPL which is to make improvements in communities and areas directly affected by gravel operations. Numerous successful projects in these areas attest to this recognition. City administration has also worked hard to maintain and support the CAPL Committee. The committee has strong City leadership and Terms of Reference to guide its activities. These are critical as a means to ensure that CAPL intent is respected and that a forum for constructive dialogue between industry, City, and public concerns are recognized and addressed.

The final element regarding orphan pits and public education is a province wide issue and should be addressed through provincial regulation. It should be noted that City representatives spoke at our Annual General Meeting in 2013. This was done as a means to educate other municipalities about the successes that are possible through a collaborative approach to CAPL. Indeed, many of the specific reforms put forward by the association such as mandatory CAPL committees for top collecting jurisdictions were based

on the successful program being demonstrated by the City of Calgary.

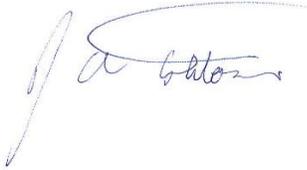
Ultimately, the ASGA was unsuccessful in achieving program reforms in this update to the provincial regulation. The ASGA will continue to lobby for common-sense reforms. The City would be compliant with many of these reforms at present day.

In closing, after learning of the change allowing for CAPL to be increased from \$0.25 to \$0.40, the ASGA wrote to municipalities to request deferment of the increase from January 1, 2018 to July 1, 2018. Commerce in aggregates largely relies on bids which can be concluded many months before the start of a project. A sudden change in CAPL would impact numerous projects across the City by increasing costs on projects that had been bid many months ago. The requested extension will allow these bids to remain viable for both the aggregate providers and recipients. By July 1st, our industry will be issuing bids adjusted to the \$0.40 CAPL.

It is also worth noting that, in most municipalities, 2/3 of CAPL revenue is generated in the 3rd and 4th quarters of the calendar year. The loss of revenue would be minimal, but the economic stability and aggregate supply security would outweigh that loss in most cases.

If ASGA can be of further assistance, please feel free to contact me.

Regards,

A handwritten signature in blue ink, appearing to read "John Ashton". The signature is fluid and cursive, with a large initial "J" and "A".

John Ashton
Executive Director, Alberta Sand & Gravel Association