






Subject: **Community Aggregate Payment Levy**  
 Meeting Date: Tuesday, November 19, 2024  
 Prepared By: Ushba Khalid, Municipal Intern  
 Presented By: Ushba Khalid, Municipal Intern

**STRATEGIC PLAN ALIGNMENT: (Check all that apply)**

	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input checked="" type="checkbox"/>
High Quality Infrastructure		Economic Resilience		Quality of Life		Effective Leadership		Level of Service	

**RELEVANT LEGISLATION:**

**Provincial (cite)** - Municipal Government Act, Part 10, Division 7.1, Alberta Regulation 263/2005

**Council Bylaw/Policy (cite)** - N/A

**BACKGROUND/PROPOSAL:**

The Government of Alberta introduced the CAP Levy regulation (263/2005), which came into effect on January 1<sup>st</sup>, 2006. This initiative authorizes municipalities, upon passing a CAP levy bylaw, to collect levies from private sand and gravel, known as aggregate, operators based on their aggregate shipments from each pit that is within the municipality’s boundaries. The levy was implemented to help municipalities manage repair and maintenance costs associated with road surfaces along primary transportation routes for aggregate trucks. The substantial weight of these vehicles accelerates the deterioration of road infrastructure, adversely affecting travel quality. Revenue from the levy is used to offset the expenses incurred from the damage caused by heavy haulers operating from sand and gravel extraction sites, ensuring that municipalities can maintain essential road infrastructure.

The Municipal Government Act (MGA) Part 10, Division 7.1 outlines what a CAP Levy authorizes a council do to and the person liable to pay the levy. The CAP Levy regulation addresses the details and practical applications under Division 7.1 of Part 10 of the Act. The Provincial Government first set a maximum levy rate of \$0.25 per tonne of sand and gravel shipments. In 2018, the CAP Levy regulation was amended, and the maximum levy rate was increased from \$0.25 per tonne to \$0.40 per tonne of sand and gravel. From the inception of this program, 40 municipalities have adopted the CAP Levy, resulting in approximately \$137 million in contributions from the Industry to the respective municipalities.

Administration is proposing a CAP Levy Bylaw aimed at imposing a levy on private aggregate operators based on their shipping tonnage. This initiative is designed to enable the County to derive benefits from the implementation of the bylaw. Surrounding municipalities have already implemented CAP Levy Bylaws, enabling them to allocate generated revenue toward infrastructure projects, primarily focused on road maintenance and improvement within their boundaries. The purpose of bringing forward the CAP Levy is to ensure that Kneehill County can similarly enhance its infrastructure funding and address the associated costs of aggregate transportation.



### **DISCUSSION/OPTIONS/BENEFITS/DISADVANTAGES/OTHER CONSIDERATIONS:**

The suggested Bylaw for Kneehill County is designed to authorize a levy on aggregate operations to fund infrastructure and related costs within the County. Operators are required to report their quarterly shipments of sand and gravel, with reports due within 30 days after each quarter ends. The levy is set at \$0.40 per tonne, and notices of the levy will be sent within 45 days after each quarter, with payment due within 30 days of the notice. Notably, the bylaw exempts shipments for Crown or municipal projects and those covered by other agreements. Enforcement mechanisms include fines for non-compliance, with Peace Officers authorized to issue violation tickets for inaccurate reporting. Operators must maintain records for five years and allow inspections by designated officers. Additionally, operators may promote projects funded by the levy with approved signage. The bylaw will take effect following its third reading and signing by the Reeve and Chief Administrative Officer.

#### *Benefits:*

Implementing a CAP Levy Bylaw provides Kneehill County with a crucial opportunity to recover revenue from sand and gravel shipments that might otherwise be lost. Currently, these shipments are impacting County infrastructure, and the funds from the levy could be instrumental in addressing those repair needs. By collecting revenue through the CAP Levy, we can ensure that the haul routes used by sand and gravel operators are maintained efficiently and responsibly. Beyond mitigating the impact of pit operations, the levy also offers the potential to support various community projects and services. The specific initiatives the County can undertake will largely depend on the revenue generated.

#### *Challenges:*

One of the primary challenges of the CAP Levy is the finite nature of sand and gravel aggregate, as it is a non-renewable resource. This could lead to a decline in revenue as supplies diminish, potentially jeopardizing the Levy's future. Additionally, many community members may not fully recognize the contributions local operators make through the Levy, highlighting the need for Kneehill County to be transparent and proactive in demonstrating how these funds are utilized. The Levy was designed to build positive relationships between aggregate companies and residents by reinvesting in community projects. Therefore, it is essential to communicate these tangible benefits to maintain public support and trust.

#### *Other Considerations:*

At this time, Administration cannot provide a precise estimate of projected revenues from this program due to limited data on private pit gravel and sand processing within the County. However, confidence exists in the approach for allocating funding. All Levy payments will be directed to the gravel reserve for the initial years. This strategy will ensure preparedness to assess revenue levels, enabling the development of an effective utilization plan moving forward. Implementing a CAP Levy provides municipalities with a dedicated revenue stream to fund essential infrastructure projects such as road maintenance. This initiative ensures that the local community benefits directly from aggregate extraction activities occurring within its jurisdiction, addresses the financial needs of the county, and promotes responsible resource management.

### **FINANCIAL & STAFFING IMPLICATIONS:**

The financial implications primarily relate to the expected revenue generated by the bylaw. While the exact amount is currently unknown, an increase in budgeted revenue is anticipated. Regarding staffing implications, the work required to formalize the bylaw and implement the collection process can be integrated into existing work plans.



**ATTACHMENTS:**

CAP Levy Bylaw  
CAP Levy Presentation  
Community Aggregate Levy Regulation

**RECOMMENDATION:**

That the Committee of the Whole recommend Administration to bring forward the Community Aggregate Payment (CAP) Levy Bylaw with proposed amendments to Council for first reading.

**APPROVAL(S):**

Mike Haugen, Chief Administrative Officer

Approved-

