



Office of the Mayor

Don Iveson
Mayor

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January 30, 2018

The Honourable Joe Ceci
President of Treasury Board and Minister of Finance
323 Legislature Building
10080 - 97 Avenue
Edmonton AB T5K 2B6

Dear Minister Ceci:

The City of Edmonton applauds your government's efforts to protect and support our families, communities and our environment through these challenging economic times. Although economic growth has returned to both the city and the province, we recognize the challenges our province continues to face. As we collectively focus on growth, diversification, job creation and prudent fiscal management, it is important that we continue to think long term in our decision-making and in our actions.

Balancing Edmonton's economic and social needs continue to be a focus of my City Council and there are several areas where ongoing investment and advocacy will ensure no Edmontonian is left behind. By focusing on poverty elimination, refugee settlement and inclusion, services for Indigenous Peoples, services for seniors, affordable and supportive housing with wraparound services and community safety, we can build stronger communities and a stronger province. This includes investment in preventative social services and appropriate funding for Family and Community Support Services.

In addition, we must continue to build infrastructure that creates and attracts investment and talent and build an economy that benefits everyone. In this regard, on behalf of the City of Edmonton, I am pleased to provide you with the following submission pertaining to the 2018-19 Provincial Budget.

City Charter: A New Fiscal Framework for Alberta's Two Big Cities

Edmonton has been a strong advocate for long-term, predictable and sustainable funding for municipalities, specifically for Alberta's two big cities which face unique pressures due to their size and scale.

A new fiscal arrangement with Alberta's big cities is essential to deliver the infrastructure, programs and services that citizens need and expect — from the building of roads, to the delivery of social programs, to the development of important arts and cultural events and spaces that enhance our citizens' quality of life.

Through the City Charter discussions, the two cities and the province have committed to working toward a fiscally sustainable approach to funding municipal infrastructure that recognizes that cities are partners in growing Alberta's economy. Your government's ongoing participation in developing a timely fiscal solution is very important for Edmonton. We are seeking a fiscal framework that includes revenue sources that align with potential shifts in roles and responsibilities; this would provide greater certainty to our City as we plan projects and enable us to use a mix of tools over time that are responsive to changing economic circumstances. Finalizing the City Charter fiscal framework discussions in early 2018 is vital, as the City of Edmonton is entering a new four-year capital and operating budget cycle in 2019.

Municipal Sustainability Initiative (MSI)

The MSI is an important source of revenue for the City of Edmonton to fund critical infrastructure renewal and replacement that supports strong, safe and resilient communities. In the current capital cycle (2015-18), nearly 20% of the City's capital plan is contingent on MSI, of which 70% is used for renewal of existing infrastructure such as aging arenas and urgent utility upgrades on city attractions. Another significant benefit of the MSI program is its broad eligibility guidelines, which allow the City to determine how best to use the grant to address ongoing infrastructure needs and priorities. This makes the grant a key source of funding for a broad cross-section of our capital programs. While great strides have been made in addressing the condition of our aging infrastructure, there is still a long way to go. Maintaining this funding for the long term, at predictable and sustainable levels, is important for Edmonton.

The expected extension of MSI beyond the previously anticipated wind-down date of March 2019, without a new funding commitment in place, would create significant challenges for the City, specifically impairing our ability to continue to maintain critical infrastructure. Furthermore, any existing or future capital funding program that does not give the City the same flexibility and latitude to determine how the funding can be utilized should not be viewed as a replacement to MSI. We request that any future funding model be a permanent and legislated measure, provide a comparable level of funding to the current MSI, and include a growth component.

Environmental Leadership and Transformational Infrastructure

Cities like Edmonton will be a major driver for broader efforts to adapt to climate change and improve our global energy resilience. In order to achieve our shared environmental goals, support for the full build-out of Edmonton's LRT system should be prioritized as a means of reducing greenhouse gas emissions and improving the quality of life for our citizens.

As we move towards approval of this plan, Edmonton looks forward to a commitment of near-term funding for the City's LRT that matches — at minimum — the Government of Alberta's commitment of up to \$1.5 billion for Calgary's Green Line LRT. This would take into account your government's generous additional funding of \$176 million for Phase 1 of Edmonton's Valley Line LRT.

We also look forward to partnership and support for the City's implementation of local energy transition and climate change programs, including supporting low carbon communities and renewable energy. The City asks that funds from the Climate Leadership Plan be a means of ongoing funding for transformational green infrastructure.

Cannabis Revenue-Sharing

The City is pleased that your government has acknowledged in principle the important role of municipalities, and the costs cities will assume, in supporting the implementation and enforcement of cannabis legalization and regulation. Our municipal government will be responsible for amending, administering and enforcing zoning, permitting and licensing, along with rules around smoking restrictions in public, public nuisance, safety concerns related to building codes and enforcement of driving impairment.

City Administration is still working out the precise fiscal and resource impacts of cannabis legalization and regulation, based on our current understanding of evolving federal and provincial cannabis frameworks, legislation and regulations. Preliminary estimates show that City administration costs (not including those from Edmonton Police Service) could range between \$3.7 and \$4.1 million annually in the first couple of years of legalization, made up of over 30 additional staff members and associated administrative costs. In addition, the Edmonton Police Service estimates their costs could rise by \$5 - \$7 million to support 25 to 35 new police officers. Initial start-up costs will likely drop somewhat after the first couple of years, as cannabis legalization and regulation is fully implemented and becomes normalized as part of our society. These cost estimates are consistent with costs being developed by other Canadian cities.

The City of Edmonton has and will continue to reiterate the need for a municipal share of federal-provincial cannabis taxation revenues — at minimum one-third — as the municipal level is where direct services, as described above, will be provided.

Regional Collaboration

The City is supportive of your government's recognition of the importance of regional relationships and partnership through Growth Management Boards and the requirement for mandatory Intermunicipal Collaboration Frameworks. We would support the prioritization of region-benefitting projects that involve co-investment by multiple municipalities, such as shared transit opportunities and regional infrastructure relating to roadway improvements and servicing.

Further, we believe the Edmonton Metropolitan Region Board could provide value by helping to inform provincial priorities in our region, thereby encouraging continued collaboration and engagement among municipalities in our region.

That said, provincial support continues to be an essential component as we move toward greater regional collaboration. For example, the City of Edmonton and the City of St. Albert have signed a Memorandum of Understanding to establish a Regional Transit Service Commission to allow for the development of a regional transit system. This is an important step toward greater collaboration and shared service delivery; however, as was stated in a letter of December 5, 2017 to Minister Mason and Minister Anderson, financial support from your government will be key to advancing this collaborative work.

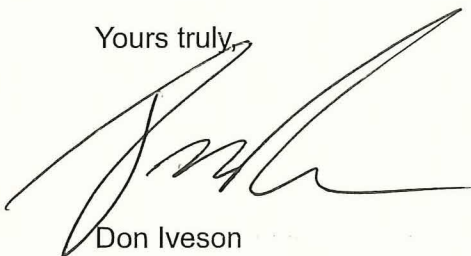
Edmonton is a Willing Partner

Cities can help deliver on your government's mandate — but only if we are brought into the conversation early and often. We would like to reiterate the need for municipal engagement during the phase two bilateral conversations with the federal government on the Investing in Canada Plan. As municipalities deliver a bulk of Canada's infrastructure to citizens and bring extensive infrastructure experience to the table, it is important to ensure the phase two infrastructure programs meet municipal needs and reflect priorities for design, implementation and delivery. Most notably, collaboration and the opportunity to influence and inform is essential with respect to provincial cost sharing, provincial allocation of funding for the green and social envelopes, flexible program parameters, project identification and selection and reporting frameworks.

As your government works to finalize the 2018-19 budget, we hope that you will work to align your priorities with our shared goals. While we continue to respect the challenging economic context facing Alberta, we hope any proposed funding changes consider the long-term ability of Edmonton to deliver the infrastructure and services our citizens and businesses need and expect.

I look forward to further discussions on these and other important matters that will benefit Edmontonians and Albertans alike.

Yours truly,



Don Iveson
Mayor

c: Members of Government of Alberta Cabinet
Edmonton MLAs
Members of Edmonton City Council