

Dear Aggregate Operators,

The County of St. Paul No. 19 wishes to notify you that Council has passed the Community Aggregate Payment Levy Bylaw which took effect on February 10, 2015. The Bylaw requires sand and gravel operators to pay a levy to the County for each tonne of sand or gravel shipped. The levy rate is \$0.25 per tonne of sand and gravel shipped.

The County acknowledges that this will have significant effects for the aggregate industry in the region. I assure you that this issue has not been considered lightly.

The County has attempted to deliver efficient services to residents and carry out its core responsibilities without implementing an aggregate levy since January 1, 2006 when the Community Aggregate Payment Levy Regulation was first passed by the Alberta government. For the past nine years, the County has witnessed a depletion of its aggregate resources. A significant portion of all aggregate extracted in our boundaries is transported and distributed outside of the County of St. Paul's boundaries. Aggregates are a precious, non-renewable resource and the County must find ways to navigate the challenges that the future scarcity of aggregate resources poses.

Additionally, the costs of municipal infrastructure and the market price of aggregate resources has risen dramatically. The County is responsible for a considerable number of assets and requires aggregate resources to construct and maintain many of these assets. The County must diligently manage its infrastructure despite unpredictable market forces.

After careful thought and consideration and after assessing alternative options, the County strongly believes that implementing a Community Aggregate Payment Levy Bylaw is in the best long-term interests of the residents of the County. By implementing a levy, the County will be able to generate revenue to be set aside for the purposes of acquiring aggregate resources in the future.

In the past, concerns have been expressed by the sand and gravel industry that the County's pursuit of seeking payment to offset road damages caused by heavy hauling and the implementation of an aggregate levy would equate to double-dipping. The County wishes to disentangle the two concepts of road damages and an aggregate levy.

Several industries in addition to the aggregate industry including agriculture, oil and gas, and forestry engage in heavy hauling within the County. The large volume of heavy

hauling results in a significant acceleration of damage to roadways. To satisfactorily maintain road infrastructure, the County has implemented road use agreements. The County has worked together with representatives from several different industries to implement these road use agreements and to enhance road infrastructure within the County. Many companies, large and small, provide the County with revenue to assist the County in maintaining and protecting road infrastructure, and in some cases, provide road maintenance services for the County.

The Community Aggregate Levy is not being implemented to generate revenue for the purposes of maintaining and protecting road infrastructure. All revenue generated from the levy will be placed in a reserve fund and accumulated to be used only for the purpose of acquiring aggregate resources or land that houses aggregate resources in the future. The levy is being introduced to address the distinct and separate issue of acquiring aggregate resources.

The Community Aggregate Levy Regulation was crafted in collaboration with and supported by the Alberta Sand and Gravel Association. At present, over thirty rural municipalities have passed an aggregate levy bylaw and the number grows every year. The implementation of an aggregate levy is a growing practice in Alberta and not an isolated act by the County of St. Paul.

A form has been enclosed for your reporting convenience for this quarter of 2015. Please make copies of this form for future use. Please return the completed form to the County of St. Paul No. 19, 5015 49 Avenue, St. Paul, AB, T0A 3A1. Attention: Linda Meger.

Following receipt of your completed quarterly reports, the County will issue an invoice at the rate of \$0.25 per tonne of aggregate shipped if applicable. Please note that if there has been no activity, a "nil" report is expected. The levy will be applied against individual aggregate operators and not the landowners.

Your cooperation in the collection of this new levy is greatly appreciated.

The County of St. Paul is committed to working with aggregate operators to streamline the administration of this new program. If you have any questions, concerns, or suggestions regarding how to improve the levy program's implementation, please do not hesitate to contact me at (780) 645-3301, Ext. 208.

Sincerely,

Sheila Kitz, CLGM

Chief Administrative Officer