Protecting the Investment in Our Future

October 2015

MANAGING THE SOCIO-ECONOMIC IMPACTS OF OIL SANDS DEVELOPMENT IN THE REGIONAL MUNICIPALITY OF WOOD BUFFALO FROM 2015 TO 2025

This report was jointly commissioned by the following organizations:

Fort McMurray Chamber of Commerce

Fort McMurray Real Estate Board

Urban Development Institute – Wood Buffalo

The following community stakeholders did not provide funding but contributed important material related to quality-of-life amenities in Wood Buffalo and have endorsed those sections that pertain directly to them.

Alberta Health Services

Fort McMurray Public School

Fort McMurray Separate School Division

Keyano College Division

Royal Canadian Mounted Police – Wood Buffalo Detachment

Project Steering Committee

A Steering Committee was established to guide the development of this report. Its members are listed below.

Fort McMurray Chamber of Commerce
Bryan Lutes, Board member

Fort McMurray Real Estate Board
Lynne Edwards, President-Elect

UDI-Wood Buffalo
Carmelo Daprocida, Board member
Mike Walsh, Board member

Project task force

In addition, each organization appointed two or more additional members to a task force that did more detailed work in support of this report. Those additional members are listed below.

Fort McMurray Chamber of Commerce
Ted Doleman, First Vice-President
Sandra Stevens, Board member
Nick Sanders, President

Fort McMurray Real Estate Board
Katie Ekroth, President
Andrew Weir, Board member

UDI-Wood Buffalo
Ben Dutton, Board member
Cliff Maron, Board member
Wesley Holodniuk, President

Teleologic would like to thank the members of the Project Steering Committee and the Project Task Force whose guidance and deep commitment to their community shaped this report. In addition, all those who consented to interviews and discussions in principle about how best to mitigate socio-economic impacts in Wood Buffalo also deserve thanks. They are too many to be mentioned here. Any errors, omissions or other deficiencies are the responsibility of the author.

Michael Evans
Teleologic Strategy and Communications
October 2015

As I speak, we face another oil price challenge that is having a more profound effect on our families and on our public finances than it might have had, because we have not always made the right choices in this Legislature.

[...]

[T]he Progressive Conservative government elected in 1971 fought a ferocious battle with Ottawa to ensure, beyond debate, that our energy resources were owned and controlled by the people of Alberta.

The PCs then set out a plan for a successful and sustainable energy industry, managed in both our people's short and long-term interests. Their plan recognized that our resources are a trust.

Those are principles to which Alberta's new government will now return.

[...]

There is a great deal that needs to be done.

This province needs to work with steady determination to create the conditions for a sustainable, diversified and prosperous economy – an economy that will provide Albertans with good jobs.

[…]

[W]e must forge a much stronger partnership with our fellow provinces and with the federal government, in order to build a Canadian Energy Strategy that ensures that a sustainable, responsible Canadian energy industry can reach markets all around the world.

We need to review how the people of Alberta – including our grandchildren and great-grandchildren, many years from now – will be rewarded for the development of their own energy resources.

[…]

It won't all happen at once.

But we will start.

We will start today, with these first steps.

Speech from the Throne
First Session of the Twenty-Ninth Legislature
June 15, 2015

Executive summary

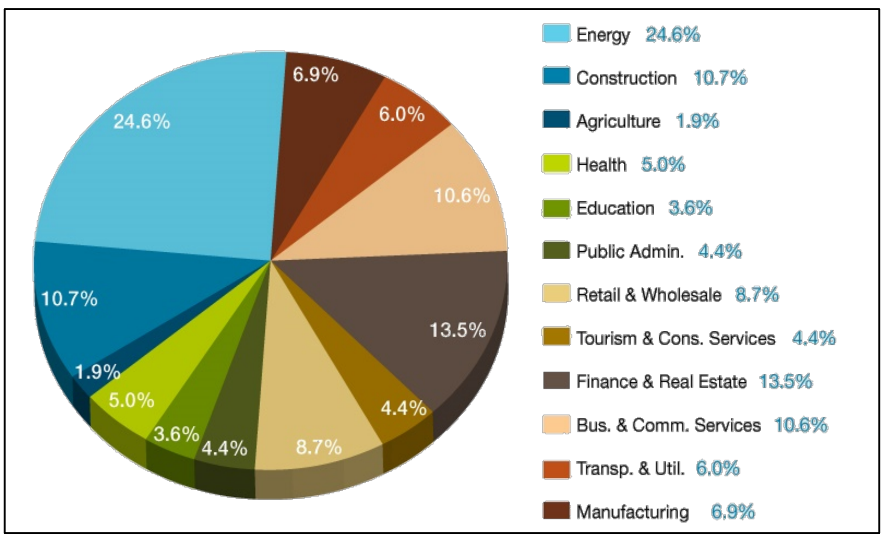
The Athabasca oil sands have been proclaimed the largest industrial project in the world, inspiring dueling hyperbole that label the Regional Municipality of Wood Buffalo the epicenter of international energy security or global environmental devastation, a land of milk and honey or a transient boom town. Such rhetoric prevents serious attention being given to serious issues; the truth, of course, is somewhere in between. Those of us who live in Wood Buffalo and call it home, however, have weathered 20 years of unprecedented growth the socio-economic impacts of which strained our community. Definite progress was made between 2006 and 2011 but that progress has stalled.

If responsible oil sands development is to continue as the engine of the provincial and national economies, and to provide the revenue to support economic growth and diversification, three things must be true.

1. The cost of oil sands production in Alberta must be globally competitive.
2. The oil sands work force must be stable following the transition from construction to operations in 2017.
3. Urban growth and community development in Wood Buffalo must be responsive and responsible and contribute to quality-of-life.

Oil sands development is the indisputable economic engine of an entire province, if not a nation, even during the present global oil price uncertainty. The oil sands industry dominates the local economy and accounts for 94 percent of the Regional Municipality's property tax revenues.[1] Over the past decade, it has accounted for one-fifth to one-third of annual provincial government revenues and GDP.[2] It consumes nearly 17 percent of national capital investment annually[3] and accounted in 2014 for almost eight percent of national GDP.[4] Oil sands development has provided coast-to-coast employment for Canadians living in regions otherwise devastated by the collapse of local primary industries, and it has been an important destination for central Canadian manufacturing. "[Oilsands] production already

Figure 1: Percentage distribution of Alberta GDP, 2013 (total $331.9 billion)



Source: "A Small Win for Alberta." Alberta Soapbox. September 8, 2014.

[1] The Regional Municipality's "Fiscal Management Strategy: 2015-2017," pegs revenue from "rural non-residential property taxes" (mostly oil sands developers) in 2015 at 94 percent of all property tax revenues. See page 14.
[2] "Backgrounder on Alberta's Fiscal Situation," 2.
[3] "Canada is missing the bigger story about the oil sands." *Macleans*.
[4] *Oil Sands Economic Benefits: Today and in the Future*, 20.

represents a significant economic contribution to the Canadian economy, with annual expenditures already greater than the gross domestic product of half of the Canadian provinces."[5] Energy, increasingly oil sands, is the chief reason that Alberta was, in 2013-14, one of only four 'have' provinces that contribute equalization payments to six 'have not' provinces and three territories.

Perhaps entranced by the revenue stream, governments have for the past two decades more often been complacent beneficiaries of, rather than active participants in, oil sands development, especially concerning the socio-economic impacts of that development on host communities. The negative effect of those impacts on oil sands development itself – not to mention the underlying threat to government revenues – has been poorly understood. For 20 years, oil sands development has been the puzzling, bedeviling, promising conundrum of three orders of government that have all struggled to respond effectively to economic, environmental, social and cultural issues.

In 2006, outgoing Premier Ralph Klein made a surprising admission.

> "[The opposition parties] were right about [us] not having a plan," Klein said. "The plan is being developed, but no one could anticipate the phenomenal growth that was taking place." [6]

That's not quite true. The Lougheed government developed a plan through the Northeast Commission in the mid-1970s that took a comprehensive view of future oil sands development, much of which was still valid 30 years later. Unfortunately, the Northeast Commission reports mostly gathered dust in the Legislature library until very recently.

Premier Ed Stelmach, Klein's successor, acted quickly to develop a new plan. *Investing in Our Future: Responding to the Rapid Growth of Oil Sands Development* (2006), better known as "the Radke report," though incredibly important, was never meant to provide a long-term solution to the challenges associated with oil sands development. Its recommendations, which expressly applied between 2006 and 2011 were, in effect, a triage exercise, an emergency response to immediate deficiencies. In 2006, Fort McMurray was overwhelmed by explosive population growth and could not confidently provide clean water, treat wastewater, handle garbage, move goods and people safely on adequate roads, or offer appropriate housing to new residents even for the next five years. Following the Radke report, the Province committed nearly $3 billion in special purpose funding projects between 2006 and 2011 that addressed transportation, water and wastewater treatment, solid waste management, municipal infrastructure, affordable housing, health, education, and policing. That investment enabled Fort McMurray to 'catch-up' to 2011 requirements. The Province also created the Oil Sands Sustainable Development Secretariat, which, at least in its beginnings, did important work to develop a 20-year strategy for responsible oil sands development. The Oil Sands Secretariat also collaborated with the Regional Municipality and other stakeholders to address significant socio-economic issues.

Regrettably, the Province has not sustained its engagement. The Oil Sands Secretariat has become less than a shadow of its former self. Instead of working together, through a coordinating agency, government departments have resumed working at cross-purposes that undermine municipal autonomy and make urban development still more expensive in Alberta's most expensive community. The Province's inattention and lack of focus the past five years has combined with global forces, including an abundance of cheap oil undreamt of a decade ago, to prevent Fort McMurray, on whom much of Alberta's prosperity has depended since 2000, from supporting responsible oil sands development as it could. Growing the prosperity Wood Buffalo generates will benefit all Albertans.

Faced with the prospect of a nationally significant economic calamity, the Fort McMurray Chamber of Commerce, Fort McMurray Real Estate Board and UDI-Wood Buffalo partnered to produce this report, *Protecting the Investment in Our Future*. Then, the Progressive Conservative Party formed the government. We identified a number of persistent issues and policy gaps that still hobble oil sands development and we have offered serious solutions. Then, in May 2015, Albertans elected a New

[5] "Alberta's oilsands touted as giants of Canada's economy. CBC News, Calgary.
[6] "Klein admits government had no plan for boom." CBC News, Edmonton.

Democratic Party government, to whom this report is now directed. We have not argued that the Province must spend significant new dollars in Wood Buffalo. Substantial funding commitments have already been made and the current fiscal environment demands restraint. But the parties that must talk to one another to protect the investments for the future already made are not talking – at least, not talking enough – and that disengagement, whether deliberate or accidental, can have chilling consequences. The solutions we have offered in this report are intended to move beyond the decade-old recommendations of the Radke report, and to reignite the critical renewal of collaborative effort among both orders of government, the oil sands industry and regional stakeholders.

We began by articulating three key strategic principles that must be achieved if Alberta's oil sands are to compete in a global marketplace. Each of these principles implies collaboration among the Province, the Regional Municipality, oil sands developers and community stakeholders, such as the sponsoring organizations, school divisions, Alberta Heath Services, RCMP, the social and non-profit sector, and more.

1. The cost of oil sands production in Alberta must be globally competitive.
   Efforts to control costs, optimize resources, maximize productivity and ensure profitability in an increasingly competitive global market, are largely matters internal to oil sands developers. However, the industry will also make a significant transition in 2017 – for the first time in over a decade, more money will be spent to operate oil sands projects than to build them, "op-ex" *v*. "cap-ex." Socio-economic factors, such as the high cost of housing, transportation, quality-of-life amenities in Fort McMurray, the proliferation of work camp accommodations, and a fly-in/fly-out (FIFO) labour force, combine to increase costs to industry and to decrease the potential for provincial revenues. These factors must be brought under control.

2. The oil sands work force must be stable following the transition from construction to operations in 2017.
   As the oil sands industry shifts its focus, it will seek permanent, full-time operations labour as opposed to temporary, trades-based construction labour. The industry itself has stated its preference, wherever possible, for its operational employees to live in the community. Making permanent residency more attractive will increase efficiency and lower costs, strengthen the social fabric of Fort McMurray, and ensure that a larger proportion of potential revenues are earned and retained in Alberta to benefit all Albertans.

3. Urban growth and community development in Wood Buffalo must be responsive and responsible and contribute to quality-of-life.
   This principle is almost exclusively associated with the improved management of socio-economic impacts in Wood Buffalo, generally, and Fort McMurray, specifically; every section of this report is in some way engaged with urban growth and community development.

These principles provided the framework to examine a host of socio-economic issues that impede responsible oil sands development, impair the Regional Municipality's ability to shift from a boomtown to a home town, and directly and indirectly reduce provincial revenues. Those issues were prioritized as a 'top-eight list; other important issues also require attention but these are the most immediately important and must be addressed in the next eighteen months as operating expenditures ("op-ex") surpass capital construction expenditures ("cap-ex"). That list is provided in Figure 2 on the next page.

The approach taken in this report also complements the efforts of the 2015 Royalty Review Panel. Determining the best course forward within its mandate is a complex undertaking and the Panel, to the government's credit, is looking well beyond royalties as a mere financial calculation. The Panel's Chair, Dave Mowat, observed that Alberta has had seven royalty reviews since the *Natural Resources Transfer*

Figure 2: Prioritized socio-economic top-eight issues ranking

Rank	Issue
1	Ineffectiveness of the Oil Sands Sustainable Development Secretariat in 2015.
2	Error prone population forecasting negatively affects planning.
3	The regional transportation network is inadequate to support public safety, responsible resource development, or urban and rural development.
4	Persistent impediments – Crown land valuation, land release, access, *etc*. – impair urban and rural development.
5	Large fly-in/fly-out (FIFO) labour force living in work camp accommodations.
6	Quality-of-life amenities, *e.g*., health care, education, post-secondary education, child care, police and emergency services, negatively affect recruitment and retention of oil sands employees.
7	New flood abatement requirements strain municipal resources.
8	Unilateral annexation of 20 townships cost the Regional Municipality $2.5 billion in lost revenues.

Act conferred authority over oil and gas resources to Alberta in 1930.[7] In 2015, the Panel hopes to eliminate the need for frequent review by establish long-lasting principles that will guide hydrocarbon resource development in Alberta for decades. Understanding the interactions, then, between oil sands development and its host communities – identifying, measuring, monitoring and mitigating socio-economic impacts – is an important contributor to ensuring that future generations of Albertans benefit from responsible resource development. In that way, this report corresponds to the economic and strategic investigation of the Royalty Review Panel. That correspondence also demonstrates how, using outcome-based planning, different stakeholders can align their efforts to achieve shared strategic outcomes.

The steering committee and task force for this report took an outcome-based approach to addressing the issues listed above. That is, an outcome was articulated for each issue that would mean its elimination. One or more strategic actions were identified to achieve each outcome. In combination, the outcome and strategic actions represent a solution that promotes a collaborative response.

Outcome-based planning is effective because it acknowledges the authority and accountability of individual parties yet still encourages alignment among those parties. Individual organizations distinguished by their own mandates and discrete funding sources – in both the private and public sectors – can collaborate within their spheres of influence to achieve outcomes based on shared values. These values and aspirations should acknowledge economic, environmental, social and cultural aspirations – that complex of public opinion from which emerges ‘social licence.’ When the parties’ efforts are aligned, then unnecessary intergovernmental confusion and socio-cultural anxiety will be minimized, the competitive environment established, and the full potential of responsible oil sands development made possible. A failure to align the many interests will encourage zero-sum confrontations that weaken economic, environmental and socio-economic performance.

This shared commitment to alignment requires discipline, courage and integrity – what our ancestors called “grit” – to ensure that the provincial and municipal governments, oil sands industry and other stakeholders are accountable to one another and to future generations, and that they play their appropriate roles.

[7] Dave Mowat, Chamber of Commerce luncheon, 17 September 2015.

Oil Sands Sustainable Development Secretariat

Rank	Issue
1	Ineffectiveness of the Oil Sands Sustainable Development Secretariat in 2015.

The Oil Sands Sustainable Development Secretariat was created in response to Recommendation 7(c) of the Radke report. In its first three years of existence, it was enormously successful. It shepherded the delivery of several transportation infrastructure projects, facilitated the servicing of new residential subdivisions, supported the creation of the Fort McMurray Airport Authority, laid the ground for the designation of the Urban Development Sub-Region, completed the AOSA CRISP, contributed to the delivery of the Lower Athabasca Regional Plan, developed *Responsible Actions*, the Province's strategic plan for the oil sands, and issued three annual updates. Its first ADM visited Fort McMurray to consult with stakeholders no less often than every two weeks.

A change in Secretariat leadership in 2010 led to a slow decline of the Secretariat's effectiveness. Since 2011, individual ministries have reverted to form, pursuing exclusive mandates with little apparent inter-ministry coordination, which results in competing objectives and confusion. The Secretariat does not seem to be supported within the institutions of government, no longer wields significant influence, and appears to have withdrawn from meaningful collaborative engagement with stakeholders in Wood Buffalo.

The gradual diminishment of the Secretariat has been a great disappointment to stakeholders and it is their belief that the catalogue of issues that follows would be shorter if the Secretariat still had the influence and resources it had when it was created. If stakeholders within Wood Buffalo, the undisputed engine of the provincial economy, could ask that the provincial government to fulfill only one of the outcomes in this report, it would be to restore the Oil Sands Secretariat to full strength or create a new agency with a similar mandate, and sufficient authority to coordinate the efforts of the provincial government in Alberta's oil sands. Numerous outcomes and strategic actions that follow should be the responsibility of the Oil Sands Secretariat or its equivalent.

Oil Sands Sustainable Development Secretariat Outcome

The Government of Alberta has an effective coordinating agency to align the policy, planning activity and spending of government departments to ensure the responsible development of Alberta's oil sands resources, including but not limited to identifying, measuring, monitoring and recommending action to mitigate the socio-economic impacts of oil sands development.

Strategic action

Government of Alberta	Restore the influence and resources of the Oil Sands Sustainable Development Secretariat to coordinate government activity in Wood Buffalo and other oil sands areas. Alternative: create an entirely new body with the same mandate and authority envisioned in this report.
	Structure the reporting relationship either directly to the Premier or to the President of Treasury Board and Minister of Finance to raise the Secretariat above a single departmental mandate.
	Hire its leader at the Deputy Minister level or equivalent.
	Consider hiring its leader from outside government to ensure a willingness to challenge the *status quo* in pursuit of government-wide strategic objectives.
Regional Municipality	Support the restoration of the Oil Sands Sustainable Development Secretariat or a similar body to coordinate government activity in the oil sands regions.

	Restore the Regional Municipality's commitment to regular stakeholder engagement through a specific mechanism (see *Future Forward 2030*) that ensures community interests support Council decision-making and the alignment of stakeholders when dealing with the provincial government.
Oil sands industry/OSCA	Support the restoration of the Oil Sands Sustainable Development Secretariat or a similar body to coordinate government activity in the oil sands regions.

For a more complete analysis, see pages 65 to 67 of the full report.

Population forecasting

Rank	Issue
2	Error prone population forecasting negatively affects planning.

Unreliable population forecasts over the past 15 years have crippled, in particular, municipal planning for rapid population growth driven by oil sands production growth. The Radke report and the decision reports of several Joint Review Panels advocated for better forecasts. Instead, disputes about how to measure and predict population growth have more often substituted for meaningful action to address its impacts. Only in the past year has a consensus emerged that population forecasts should be based on production forecasts issued annually by the Canadian Association of Petroleum Producers (CAPP). The Government of Alberta, the Regional Municipality, the oil sands industry and regional stakeholders appear to agree, for the first time, on the inputs to a shared population forecasting model. This model should be the basis for most planning, including land release, urban and rural development, capital infrastructure, community and social development, and more.

NOTE: Statistics Canada does not recognize temporary residents, the so-called "shadow population," in its count for Wood Buffalo. As a consequence, all of the Government of Canada's calculations diverge widely from those of the Regional Municipality and the Province. The 2011 federal census counted 66,896 people in Wood Buffalo[8]; the *2012 Municipal Census* counted 119,496, or 79 percent more. People who live in other jurisdictions for ten weeks or less each year live in Wood Buffalo – and use its services – for the other 42 weeks or more.

Population forecasting outcome

All stakeholders in the Athabasca oil sands area share and contribute toward the development of a single population forecasting model based upon CAPP's annual oil sands production forecast and other shared inputs. The forecast is renewed annually and used by all stakeholders for planning purposes.

Strategic actions

Government of Alberta	Adopt the consensus population forecasting model currently in development. Ensure it is used by all government departments. Contribute as required to its development.
	Use the Oil Sands Sustainable Development Secretariat or its equivalent to coordinate provincial participation in the development and implementation of the population forecast model.
Regional Municipality	Adopt the consensus population forecasting model currently in development. Ensure it is used by all municipal departments. Contribute

[8] "2011 Census Profile: Wood Buffalo." Statistics Canada.

	as required to its development, particularly data collected and analyzed through the municipal census and long-term land development, transportation, and capital infrastructure plans. Share associated information with community stakeholders, such as long-term land development, transportation (for example, deliberations underway at the Transportation Coordinating Committee), and capital infrastructure plans to support private sector participation in orderly urban and rural development.
Oil sands industry	Adopt the consensus population forecasting model currently in development. Contribute as required to its development, particularly data collected and analyzed through the annual CAPP production forecast.
Government of Canada	Adopt or adapt more appropriately the consensus population forecasting model in recognition that Wood Buffalo is Canada's economic engine and provides employment opportunities to Canadians from coast-to-coast. Ensure it or its appropriate adaptation is used by all federal government departments.

For a more complete analysis, see pages 67 to 69 of the full report.

Regional transportation network

Rank	Issue
3	The regional transportation network is inadequate to support public safety, responsible resource development, or urban and rural development.

Land and transportation have been the twin terrors of the Regional Municipality for more than a decade, reflected in the fact that development in Fort McMurray is more expensive than in any of Canada's other major urban centres or comparable communities. Land is only developable if it is accessible; land release alone, without addressing access, is less than half a solution. The Radke report acknowledged deficiencies – and said industry was responsible to provide access to new resource plays – but did not definitively link urban and rural development potential to transportation infrastructure.

Still, the Government of Alberta has made tremendous progress on projects that include: Highway 63 twinning; the Grant MacEwan Bridge and Ralph Steinhauer Bridge renewal; highway interchanges at Thickwood Boulevard, Confederation Way and Parsons Creek; a unique agreement with the Regional Municipality to bridge finance and deliver improvements to Highways 63 and 69 in the Urban Service Area. Together, these projects have a value approaching $2 billion.

But even that investment has not addressed all the critical issues. There is, still, only one road in and out of Fort McMurray, a liability thrown into high relief by the Slave Lake fire of 2011. Dangerous goods and large loads travel through the heart of Fort McMurray past 80,000 residents day and night. Up to 2 million barrels per day (bpd) of oil sands production is stranded on the east side of the Athabasca River because there is no reliable access to the resource, a road the Radke report recommended in 2006 was the oil sands industry's responsibility. Urban development is still thwarted by constrained access. And there are 47 private airfields in the region.

At the same time, provincial funding for transportation appears to be exhausted. Innovative new approaches to the financing and delivery of transportation infrastructure – many of which have been studied by the AOSA Transportation Coordinating Committee (TCC) – have to be adopted if public safety is to be maintained, responsible development to grow, and urban development to proceed that will benefit all Albertans.

As clarity emerges through the work of the TCC and others, the Province, the Regional Municipality and the oil sands industry must collaborate and make the necessary commitments that: 1) enable necessary planning work to be completed, and 2) support the creation of innovative funding and delivery programs that improve the regional transportation network consistent with the work of David Dodge as special advisor to the provincial government.

Regional transportation network outcome

The transportation network in the region of Wood Buffalo is sufficient to ensure public safety, accommodate population growth and urban development. The potential for alternative financing and delivery mechanisms to enable the planning, design, funding, construction and operation of transportation infrastructure assets is maximized.

The Fort McMurray Airport Authority is able to manage all the passenger and cargo traffic associated with being the host of the largest industrial project in the world and Canada's busiest regional airport. Air traffic throughout the region is safe.

Strategic actions

Government of Alberta	Fund and support the work of the AOSA Transportation Coordinating Committee (TCC) to prioritize transportation infrastructure projects that ensure public safety, necessary network redundancy, responsible resource development, and timely urban and rural development, including air traffic.
	Formally endorse the prioritization work of the TCC, especially the importance of the East Corridor Multi-User Access Road (ECMUAR).
	Support TCC's work to advance alternative financing and delivery mechanisms. Use the Oil Sands Sustainable Development Secretariat or its equivalent to coordinate provincial participation in the planning and development of transportation alternatives in Wood Buffalo.
	Commit sufficient funding to complete early engineering studies and other necessary planning work for prioritized transportation infrastructure projects in advance of full project funding being committed by Treasury Board.
	Deliver transportation infrastructure that supports development in North Parsons Creek and the Saline Creek Plateau, such as the Parsons Creek interchange, Saline Creek Parkway, and, in the future, the UDSR, such as ECMUAR, Highway 686, *etc*.
	Review capital plans for the next three to five years to optimize the potential to resume work on improvements to Highway 881.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to use future land release and land development plans to guide transportation infrastructure decisions, and *vice-versa*, on behalf of the different departments involved.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to resume negotiations with the Oil Sands Community Alliance to determine how best to accommodate industry's proposal to bridge finance and deliver strategic transportation infrastructure projects.
	Identify and support transportation projects that shorten commute times.

	Renew investigations to determine a cost-effective means to get rail to oil sands plant sites to transport freight, bitumen, sulphur, petroleum coke, silica sand and other products to and from the Athabasca oil sands area.
	Match the $25 million funding contributions of the Regional Municipality and the Government of Canada to the Fort McMurray Airport Authority.
Regional Municipality	Fund and support the work of the TCC to prioritize transportation infrastructure projects that ensure public safety, including those associated with air traffic.
	Formally endorse the prioritization work of the AOSA Transportation Coordinating Committee, especially the importance of the ECMUAR.
	Support TCC’s work to advance alternative financing and delivery mechanisms.
	Share information and data developed by the TCC with community stakeholders to support private sector participation in orderly urban and rural development.
	Determine the viability of further land release on the Saline Creek Plateau by identifying costs associated with the Saline Creek Parkway and the ability of the Regional Municipality and development industry to absorb those costs.
Oil sands industry	Review the industry’s 2012 “Accelerated Highway Development Proposal” to determine if it can proceed under current economic conditions and what would be required to support its implementation.

For a more complete analysis, see pages 69 to 76 of the full report.

Urban and rural development

Rank	Issue
4	Persistent impediments – Crown land valuation, land release, access, *etc*. – impair urban and rural development.

The largest suite of issues in this report – as it was for the Radke report – is related to Crown land valuation, land release, and urban and rural development, including residential, commercial and industrial development. In aggregate, these issues dramatically illustrate the Province’s historic failure over 20 years to effectively manage the Crown lands it controls exclusively. Their proxy is housing: aside from Vancouver, Fort McMurray has the highest priced homes in Canada, a fact that has increased the cost of oil sands development, caused capital to be sunk into expensive work camp accommodations and a fly-in/fly-out labour force, discouraged local economic development and diversification, reduced Alberta’s competitiveness as a manufacturing base, and caused tremendous anxiety among residents of Canada’s most volatile, most expensive real estate market. The provincial government has failed to acknowledge that its own inaction has unbalanced supply and demand, with the result that development of all types is very expensive.

The Province designated 55,000 acres in 2013 as the Urban Development Sub-Region (UDSR), a landmark commitment, and sufficient land has been immediately identified for release to accommodate up to 40,000 new residents. But other issues persist that still make land and development very expensive. The Auditor General noted in 2005 that the Province had no clear objective for land release; the overall vision to guide decision-making in this area is still absent. It remains important to receive a fair price for Crown land, a public asset; but a "fair price" must support desired development outcomes.

Other challenges include:

- heavy industry is closing in on Fort McMurray, necessitating a choice between land uses;
- the Urban Service Area expansion has been delayed;
- a lack of provisions that acknowledge the unique challenges of urban development within the boreal forest; and
- a lack of developable land in Wood Buffalo's rural areas, especially near Conklin, which undermines the Regional Municipality's municipal planning authority.

Urban and rural development outcome

Provincial Crown land has been identified and prepared for timely release according to population forecasts and urban and rural development plans that include transportation access, serviceability, economic growth and diversification, price competitiveness and other relevant factors. The Province has defined objectives for land release that encourage residential, commercial and industrial development and enable market forces to stabilize development costs.

Sufficient separation between residential communities and heavy industrial uses is mandated by provincial policy and municipal bylaw to ensure public health and safety and to minimize disturbances associated with industrial traffic, odour, and noise.

Strategic actions

Government of Alberta	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to immediately review the Crown land sale process. Identify, as recommended in the Auditor General's report of 2005, the "objectives and approach to selling land in [Wood Buffalo]" [9] and adopt a cross-government strategic policy that enables market forces to stabilize development costs.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to ensure the actions of government departments, such as Environment and Parks, Infrastructure and Transportation, and Municipal Affairs are coordinated to support urban and rural development.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to renew efforts to apply a Consultative Notation to surround the Fort McMurray Urban Service Area and the UDSR.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to clarify the effect of the Protective Notation obtained by CN and reconcile the same with the Regional Municipality's urban development plans.
	Immediately renew efforts to expand the Fort McMurray Urban Service Area to include the airport lands and other lands included in the Southgate Area Structure Plan as requested by the Regional Municipality.
	As long as there is a demonstrated need for gap and social housing, ensure the Wood Buffalo Housing & Development Corporation continues to

[9] *Report of the Auditor General on Alberta Social Housing Corporation—Land Sales Systems*, page 21.

	receive land in all new residential developments dedicated to affordable single-family and multi-family housing.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to resolve outstanding issues to support expanded commercial retail and industrial development. Work with the Regional Municipality to resolve challenges related to access, zoning, design standards, concurrent development, property taxes, *etc*.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to work with the Regional Municipality to develop a land release strategy for the Rural Service Area of Wood Buffalo.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to develop a muskeg disposal strategy in consultation with the Regional Municipality, land developers and other stakeholders.
Regional Municipality	Work with the Province and oil sands developers to develop a prioritized list of parcels of Crown land for urban and rural development.
	Work with the Province to determine appropriate criteria for the Consultative Notation and adopt a corresponding land use bylaw.
	Immediately renew efforts to fulfill the Province's requirements to expand the Urban Service Area to include the airport lands and other lands included in the Southgate Area Structure Plan.
	Adopt best practices to support residential, commercial and industrial development across the Region – access, density, design standards, parking, *etc*. – and work with regional stakeholders to identify those best practices.
	Work with the Province to develop a muskeg disposal strategy in consultation with developers and other regional stakeholders.

For a more complete analysis, see pages 76 to 91 of the full report.

Fly-in/fly-out labour force and work camp accommodations

Rank	Issue
5	Large fly-in/fly-out (FIFO) labour force living in work camp accommodations.

The fly-in/fly-out (FIFO) labour force was less than 25 percent in 2006 what it was in 2011 and so did not register in the Radke report. The FIFO labour force does, however, have a significant impact on provincial revenues and on the Regional Municipality's ability to manage its own growth.

Between 2000 and 2005, 80 percent of the new residents to Wood Buffalo settled in Fort McMurray; work camp accommodations accounted for only 20 percent of growth. Between 2006 and 2012, those figures were nearly reversed: work camps accounted for 70 percent of population growth and Fort McMurray for only 30 percent. In the 12 year period from 2000 to 2012, the work camp population grew from 5,903 to 39,271, a more than six-fold increase. It is equivalent to Alberta's ninth largest municipality, smaller only than Calgary, Edmonton, Red Deer, Lethbridge, Fort McMurray proper, Medicine Hat, St. Albert, Grande Prairie and Airdrie. Some individual camps have more than 8,000 residents. The Regional Municipality provides emergency services within its borders but, until fairly recently, t did not even have a good idea where all work camps were located, or how many residents each had. In 2011, municipal staff found 21 camps operating in violation of or without a provincial lease. In addition, many work camps purchase potable water from Fort McMurray's water treatment plant and dispose of sewage and solid waste at municipal facilities. The FIFO labour force casts a long shadow.

There is also a clear link between FIFO population growth and housing prices. The average price of a single family detached home in Fort McMurray increased 70 percent between 2002 and 2005, rising from $248,627 to $420,540. That was the same year that saw the movement away from permanent residency in Fort McMurray to FIFO labour begin. The trend lines between work camp population and housing prices are remarkably similar. The cost of buying a home in Fort McMurray is not the sole reason for the dramatic increase in work camp population but, in the years that its housing prices took off, it cannot be denied that 'staying home' and choosing FIFO employment – especially when employers covered all costs – became a much more attractive option to many than relocating and assuming significant new mortgage debt, even at oil sands wages. As they seek to control costs, however, oil sands developers have begun to realize that FIFO labour is not sustainable. Many developers are trying to withdraw the incentives for FIFO labour – or at least to source more labour in western Canada – and to restore incentives for workers to live permanently in Fort McMurray. Still others are reassigning employees – including residents of Fort McMurray – to Calgary as a lower cost alternative.

The transition from cap-ex to op-ex also emphasizes the need for a stable, permanent workforce. Turnover over of 40 percent or more, not uncommon during construction, creates unsafe working conditions in a facility as complex as an oil sands plant. Oil sands development requires more labour stability.

Finally, conservative estimates suggest FIFO workers pay between $200 and $300 million in income taxes every year in other jurisdictions. When that figure is combined with lowered profits due to FIFO labour associated write-offs, and economic leakage associated with wages being spent in other provinces, it is clear that the government is foregoing hundreds of millions of dollars of potential revenues every year due to its unexamined tolerance for work camps and FIFO labour.

FIFO labour force and work camp accommodations outcome

Work camp accommodations in Wood Buffalo provide accommodations only when strictly required. Operational employees take up permanent residency in Wood Buffalo wherever practical.

Strategic actions

Government of Alberta	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to confirm and refine provincial objectives with respect to the use and consolidation of work camp accommodations in nodes.
	Engage with the oil sands industry and other stakeholders to assess how best to manage work camp accommodations.
	Ensure that the Regional Municipality is notified of all Miscellaneous Land Leases issued within the Wood Buffalo region.
	Take sufficient precautions, including the installation of temporary traffic control measures, to ensure the safe movement of mobile workers in and out of camp accommodations and on to provincial highways.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to initiate an economic impact study to determine the lost income taxes, work camp accommodations costs, recruitment costs and more associated with oil sands employees who reside outside Alberta.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to work with oil sands companies to determine how much is spent to build,

	operate and/or provide incentives to employees to live in, work camp accommodations.
Regional Municipality	Monitor work camp accommodations and share relevant information with the Province to ensure compliance with permitting and licensing conditions.
	Formalize agreements with work camp accommodations operators to ensure appropriate water, wastewater and solid waste management practices are employed, and that the Regional Municipality is able to deliver emergency services as required.
Oil sands industry	Encourage operational employees to the greatest extent possible to take up permanent residency within Wood Buffalo.
	Undertake a cost-benefit analysis of work camp accommodations – camp capital costs, transportation, operations, corresponding incentives, and employee turnover – compared to the potential benefit of participating in the delivery of transportation infrastructure and other mitigating strategies.

For a more complete analysis, see pages 92 to 98 of the full report.

Quality-of-life amenities in Fort McMurray

Rank	Issue
6	Quality-of-life amenities, *e.g.*, health care, education, post-secondary education, child care, police and emergency services, negatively affect recruitment and retention of oil sands employees.

The Radke report identified a number of gaps in 2006 related to "quality-of-life" issues, namely health care, education, policing and recreation and culture, three of which are areas of provincial responsibility. Excellent services make a community more attractive to prospective residents. Given the population growth anticipated for Wood Buffalo, especially as oil sands developments transition from capital construction to operations, the community must be able to provide these services on par with other Alberta communities.

Health care

Nearly all the health care related recommendations in the Radke report have been fulfilled, amounting to almost $300 million in capital investment and program enhancements. One very notable exception remains.

The saga of Fort McMurray's long-term and continuing care centre has entered its eighth year. It has passed through the hands of five premiers, a dozen health, seniors and infrastructure ministers, and been proposed for three different sites but, to date, nothing more than site preparation has occurred. Thirty to forty patients continue to occupy acute care beds in the hospital that are not appropriate for their care and limit the availability of acute care services to the community.

Population growth and demographic changes continue to strain health services. The Northern Lights Regional Health Centre (NLRHC) estimates it delivers 120 live births each month, so the birth rate is much higher than it was a decade ago. Health care worker recruitment continues to be a challenge, particularly for physician specialties, sonography/ultrasound and allied health. As a consequence, many services are provided by part-time specialists that fly into the community on a regular basis but do not entirely meet the needs of the community. The strategic priorities of the NLRHC reflect population growth and recruitment challenges. The capital demands are not unusual and should be addressed within the normal budgeting process of Alberta Health Services; no special purpose capital funding requirements have been identified.

Health care outcome

Health care services in Wood Buffalo meet the needs of permanent and temporary residents and respond to demographic trends in a timely basis. Health care services are comparable to other Alberta communities of similar size, with further consideration for Fort McMurray's relative isolation and the role of the Northern Lights Regional Health Centre as the primary acute care hospital in northeastern Alberta.

Strategic actions

Government of Alberta	Through Alberta Health Services, provide the necessary supports to deliver the "2015-18 North Zone Operational Plan."
	Resolve the outstanding issues associated with the long-term and continuing care centre and begin construction at the selected site as soon as possible.
Regional Municipality	Broker a partnership among the Regional Municipality, Northern Lights Regional Health Centre, Fort McMurray's Public and Catholic school divisions, oil sands developers and Wood Buffalo Housing & Development Corporation to articulate a recruitment and retention strategy for all sectors.

For a more complete analysis, see pages 98 to 101 of the full report.

Education

The Radke report focused on service standards and the capital infrastructure required to achieve them. Those commitments have been fulfilled and, at least from a capacity standpoint, both the Fort McMurray Public and Catholic school divisions are able to accommodate current students and have new capacity to manage student enrollment growth.

The bigger challenge facing schools a decade after the Radke report arises due to disproportionate ethnic diversity. Fort McMurray students speak over 70 different languages and English as a Second Language programs are sorely lacking. Mental health services, for children and families, are also lacking. The volatility of a commodity-based economy introduces stress into households that may already have more than their share trying to adapt to a new country.

Recruitment of specialty teachers – mathematics and mechanics – remains a challenge. School superintendents believe strengthened partnerships among Alberta's post-secondary institutions to deliver degree programs at Keyano College would be beneficial.

Capital construction and maintenance costs are much higher in Fort McMurray than elsewhere in Alberta. Just as a failure to count the shadow population imperils certain services, failure to account for 'the Fort McMurray factor,' which typically adds 30 percent to the costs of construction and maintenance, imperils the physical plants for both boards.

Finally, school boards still hope for stable, predictable funding that would support long-term planning and service delivery, rather than year-to-year variances that disrupt programming.

Education outcome

Education funding and other supports in Wood Buffalo are sufficient to maintain a thriving primary and secondary education system, including adequate student supports, teacher resources and capital programs.

Strategic actions

Government of Alberta	Assess levels of support required for English as a Second Language programming plus additional supports to help newcomers to Canada to acculturate more effectively. Support a dialogue between the school divisions and Alberta Health Services to ensure adequate child and family mental health services are available in Wood Buffalo. Within the Campus Alberta model – and perhaps associated with the Northern Alberta Development Council Northern Student Teacher Bursary Program – explore practical methods to increase the training and retention of specialty subject teachers in Wood Buffalo and all of northern Alberta. Determine how to introduce a 'Fort McMurray factor' into Infrastructure Maintenance and Renewal funds to ensure education facilities are adequately maintained in order to avoid more costly repairs resulting from deferred maintenance.
Regional Municipality	Broker a partnership among the Regional Municipality, Northern Lights Regional Health Centre, Fort McMurray's public and Catholic school divisions, oil sands developers and Wood Buffalo Housing & Development Corporation to articulate a recruitment and retention strategy for public sector employees.

For a more complete analysis, see pages 101 to 103 of the full report.

Post-secondary education

The Radke report was largely silent on the subject of post-secondary education.

Fort McMurray's Keyano College is a comprehensive community institution with stewardship responsibility for the northeast region of Alberta. It provides access to a range of post-secondary programs, many of which have been encouraged, if not directly financially supported, by the oil sands industry and other community partners.

Regional colleges require significant stakeholder support to successfully deliver programs; in that sense, they differ from institutions in Alberta's two largest urban centres. Post-secondary institutions, unlike industry, cannot respond quickly to changing economic circumstances. A college cannot 'lay off' students if the economic climate changes. It is obligated to see students through to the completion of a program from the moment they register, regardless of the cost of delivering that program or emerging circumstances that might make it more difficult.

A new initiative called the Northern Collaboration Agreement – which includes the University of Alberta, Northern Alberta Institute of Technology, Athabasca University, Keyano College, Grande Prairie Regional College, Portage College and Northern Lights College – under the Campus Alberta model has been received warmly and there are hopes it will lead to improvements in post-secondary programming across northern Alberta by enabling regional institutions to broker university programs through satellite operations supported with new communications technology.

Post-secondary institutions, just like K-12 school boards, rely on predictable and sustainable funding to support long-term planning and service delivery, rather than unknown year-to-year variances that disrupt planning and programming efforts.

Post-secondary education outcome

Sustainable post-secondary education funding and other supports for regional post-secondary institutions are sufficient to maintain a thriving post-secondary education program mix, including program development and delivery, facility maintenance and long-term planning; whenever appropriate, collaboration to facilitate efficient operation and effective delivery is encouraged to improve access and program delivery across urban, rural and Aboriginal communities across northern Alberta.

Strategic actions

Government of Alberta	Support and provide sufficient resources to the Northern Collaboration Agreement as a pilot project within Campus Alberta for the purpose of improving access as well as the efficient and effective delivery of programs and services to urban, rural and Aboriginal communities across northern Alberta.
Regional Municipality	Broker a partnership among the Regional Municipality, Northern Lights Regional Health Centre, Fort McMurray's public and Catholic school divisions, oil sands developers and Wood Buffalo Housing & Development Corporation to articulate a recruitment and retention strategy for public sector employees.

For a more complete analysis, see pages 103 to 104 of the full report.

Child care and child advocacy

The serious lack of child care in Fort McMurray is one of the issues outstanding from the Radke report. There are only three accredited and licensed day care facilities in Fort McMurray, all of which are full and have waiting lists. The Fort McMurray Boys and Girls Club says it turns away parents seeking day care at the rate of two per day. There are currently 6,000 children ages six or under in Fort McMurray and its birth rate of 120 per month adds nearly 1,500 newborns every year. There is no accredited day care south of the Athabasca River.

Child abuse and child sexual assault are among the few areas in which the crime rate is on the rise. Between 2010 and 2013, reported incidents increased 189 percent. Fort McMurray has no dedicated facility – in fact, only three exist in Alberta: Calgary's Sheldon Kennedy Centre, Edmonton's Zebra Centre, and Grande Prairie's Caribou Centre – to meet the very particular needs of children subjected to physical or sexual assault. Law enforcement agencies strongly assert that dedicated facilities lead to greater success in such difficult cases.

The RCMP Wood Buffalo Detachment is spearheading a multi-stakeholder initiative including the Regional Municipality, Alberta Health Services, Fort McMurray Boys and Girls Club, and the Wood Buffalo Housing & Development Corporation (WBHDC) to renovate an existing vacant building on Crown land and to have the associated land transferred to WBHDC to operate a combined accredited child care facility and child advocacy centre in Fort McMurray. A further opportunity exists for redevelopment of the adjacent lands for affordable housing.

Child care and child advocacy outcome

Fort McMurray has sufficient child care facilities to meet the demonstrated need. It also has a child advocacy centre to facilitate best-practice management of child physical and sexual assault cases.

Strategic actions

Government of Alberta	Transfer title of the former Youth Assessment Centre and affiliated lands o the Wood Buffalo Housing & Development Corporation for redevelopment as a joint child care and child advocacy centre.
Regional Municipality	Continue to provide advocacy and in-kind support to the child care and child advocacy project.

For a more complete analysis, see pages 104 to 105 of the full report.

Police

The Radke report made three recommendations with respect to policing in Wood Buffalo, all of which have been fulfilled. The first was to implement wage supports to enhance recruitment and retention. The second was to strengthen drug enforcement capacity; the Alberta Law Enforcement Response Teams now administer a province-wide program. Third, it recommended new capital infrastructure projects that have since been built. It made no recommendations concerning other emergency services.

Issues arise due to Wood Buffalo's geography and population growth that still must be addressed. The Regional Municipality is exceptional among Alberta municipalities in that it is responsible for police services in the Fort McMurray Urban Service Area through a contract with the RCMP but all policing in the rural area is provided by officers under contract with the Province. Integration of two branches of the same service can be challenging The Regional Municipality is responsible for all other emergency services – fire, rescue, emergency medical services, and dangerous goods response – which are integrated and operated as regional services.

Nearly 30 percent of the Regional Municipality's population, about 40,000 people, lived in work camp accommodations in 2012. As a federal agency, the RCMP uses Statistics Canada data to allocate resources, and Statistics Canada's population count is significantly lower because it does not acknowledge the "shadow population." The discrepancy is particularly acute in a community like Conklin, which, according to the 2012 *Municipal Census,* had a population of 318. It is possible, however, that at full capacity, the work camps in close proximity to Conklin account for another 20,000 people. Though these may not be permanent residents, they are present, and increase the requirement for police and other emergency services. A similar situation, less severe, exists in Janvier, Fort Mackay and Anzac.

There is some interest in the creation of a municipal police force to better integrate all emergency services – police, fire and emergency medical. The size and remoteness of the Wood Buffalo region also favour a Fort McMurray-based dispatch service for emergency medical services for reasons that include quality of service, and recruitment and retention of highly sought-after personnel.

Police outcome

The police service provides exemplary service to permanent and work camp residents across the Wood Buffalo region.

Strategic actions

Government of Alberta	Lobby the federal government for additional funding to increase the number of officers available to provide appropriate police services in recognition of the impact of the work camp population.
	Acknowledge the unique requirements related to Wood Buffalo's size and geography, as well as the successful integration of the Regional Municipality's fire and emergency medical services, and support the Regional Municipality's pursuit of a fee-for-service contract with Alberta Health Services to maintain or improve its present service levels.
Government of Canada	Acknowledge the presence and impact of the work camp population and fund RCMP resources accordingly.
Regional Municipality	Broker a partnership among the Regional Municipality, Northern Lights Regional Health Centre, Fort McMurray's public and Catholic school divisions, oil sands developers and Wood Buffalo Housing & Development Corporation to articulate a recruitment and retention strategy for public sector employees.
	Determine its interest in a municipal police force.

For a more complete analysis, see pages 105 to 107 of the full report.

Fire and emergency medical services

The Regional Municipality is responsible for all other emergency services – fire, rescue, emergency medical services, and dangerous goods response – which are integrated and operated as regional services.

The Regional Municipality has like Red Deer and Lethbridge, reached an agreement with Alberta Health Services (AHS) that will enable it to maintain the integrated dispatch service it has operated under contract since 2008. AHS had wanted to transfer the dispatch service to Peace River. The Regional Municipality has reached an agreement with AHS to maintain its dispatch services in Wood Buffalo and has been negotiating a new fee-for-service contract for eighteen months. The contract is unchanged since 2008, when the population was 103,334; the 2012 Municipal Census counted 119,496 residents, a 17 percent increase. Call volume has increased proportionately. Wood Buffalo's dispatch service will also provide system redundancy to Red Deer and Lethbridge.

Fire and emergency medical services outcome

Municipal emergency services – fire, fire, rescue, emergency medical services, and dangerous goods response – are able to provide exemplary service in a manner that recognizes Wood Buffalo's unique geography and population distribution, including work camp accommodations.

Recommendations

Alberta Health Services	Execute the fee-for-service contract with the Regional Municipality to provide an integrated dispatch service in Wood Buffalo. Include a premium that acknowledges population growth, work camp accommodations, and the system redundancy that also guarantees no loss of service in Lethbridge and Red Deer.
Government of Alberta	Acknowledge the unique requirements related to Wood Buffalo's size and geography, as well as the successful integration of the Regional Municipality's fire and emergency medical services, and support the Regional Municipality's pursuit of a fee-for-service contract with Alberta Health Services to maintain or improve its present service levels.
Regional Municipality	Determine a suitable growth and redundancy premium for integrated dispatch services.

For a more complete analysis, see pages 107 to 108 of the full report.

Flood abatement

Rank	Issue
7	New flood abatement requirements strain municipal resources.

2013 was the worst summer for flooding in Alberta history and began in Fort McMurray. The Province quickly announced disaster recovery funding and other compensation for the affected communities and then moved to impose new regulations to protect against future flood damage, limit liability, prohibit development in high-risk areas and support relocation.

Fort McMurray had already planned a flood mitigation dike as part of the construction of the Prairie Loop Road that would provide 1:40 year flood protection. The new provincial requirement of 1:100 year flood protection requires raising the dyke two metres and considerable additional expense – somewhere between $50 and $100 million based on engineering studies yet to be completed. This has not been budgeted in the Regional Municipality's capital plans. The Province committed at least $1 billion to flood mitigation measures in southern Alberta. To date, the Regional Municipality has received no special funding from the Province to support flood abatement in the flood protection area.

Flood abatement outcome

The Regional Municipality has implemented appropriate 1:100 flood abatement measures with Government of Alberta funding support that is commensurate with flood abatement funding provided to other Alberta communities.

Strategic actions

Government of Alberta	Provide sufficient funding to the Regional Municipality to complete its flood abatement engineering studies and to implement the recommended preventative measures.

For a more complete analysis, see pages 108 to 109 of the full report.

Unilateral land transfer unresolved

Rank	Issue
8	Unilateral annexation of 20 townships cost the Regional Municipality $2.5 billion in lost revenues.

The City of Cold Lake twice applied before 2010 to the Government of Alberta to be dissolved due to persistent fiscal challenges. The Province did not accept Cold Lake's application for dissolution. Instead, it began to explore other revenue enhancing alternatives.

In 2011, the Province proposed amalgamating the Cold Lake Air Weapons Range (CLAWR) with the 20 southernmost townships of the Regional Municipality to create a new Improvement District and to consolidate rural non-residential tax revenues (read: oil and gas development, linear taxes), then about $17 million annually, and dividing them on an 'as-needed' basis between Cold Lake, Lac La Biche, the Regional Municipality of Wood Buffalo, and Bonnyville.

Based on the Regional Municipality's tax assessment rates, the project expansion schedule, and the proposed lifetime of each project, the Regional Municipality estimated annual revenues from these 20 townships alone would grow from $10 million per year up to $60 million, with lifetime revenues of $2.5 billion. The Regional Municipality understood that it would sacrifice its revenue share in the short-term but also that it would share in future revenue growth.

Instead, the Province transferred 16 of the 20 townships, containing all the SAGD projects formerly in Wood Buffalo, to Lac La Biche County. The Province created Improvement District 349 by combining the CLAWR and the remaining four townships annexed from the Regional Municipality. The government's authority to share revenues derived from Improvement District 349 is contained in Alberta Regulation 47/2012 of the *Municipal Government Act* and was first adopted in 2012. The revenues generated in Improvement District 349 so far appear to have been assigned only to the City of Cold Lake.

The Province effectively took $2.5 billion in tax revenues from the Regional Municipality without compensation. The Regional Municipality has not shared in any of the revenues associated with those territories once within its jurisdiction, nor in revenues generated in the new Improvement District 349.

Land transfer outcome

The Regional Municipality has received appropriate consideration and compensation from the Government of Alberta for its southernmost 20 townships that also enable the City of Cold Lake and Lac La Biche County to manage their own oil sands- related growth issues.

Strategic actions

Government of Alberta	Determine the most appropriate means to compensate the Regional Municipality of Wood Buffalo for the unilateral annexation of 20 of its townships and corresponding revenue losses of approximately $2.5 billion. Potential solutions could include: • repeal Order in Council 418/2011 and expand Improvement District 349 to include those lands transferred to Lac La Biche County as originally planned, and determine a revenue sharing agreement among the four local governments first engaged in negotiations in 2011; • consideration for the transfer of UDSR lands to the Regional Municipality at no cost to enable it to recover its lost property tax revenues through land sales; or • some other mechanism to be determined in negotiations between the Government of Alberta and the Regional Municipality.

For a more complete analysis, see pages 109 to 112 of the full report.

Other issues that also require attention include, but are not limited to, the following.

- There are currently no institutionalized means to identify, measure, monitor and mitigate the socio-economic impacts of oil sands development except through the completion of an Environmental Impact Assessment as part of an oil sands project application. Joint Review Panels have acknowledged since 2006 that the process is inadequate to the task. The Radke report, too, noted there was "a serious gap in capacity for current Ministry staff to review existing environmental impact assessments (EIAs), identify and address potential environmental and social impacts, and follow up on actual impacts associated with these proposals" (128). Consequently, the Regional Municipality negotiates Memoranda of Understanding with oil sands developers but Joint Review Panels have advised they cannot include MOUs as part of a project's approval conditions.
- The Radke report singled out child care for special attention, which continues to be a challenge, especially for households with two working parents, one or more of whom work the 12-hour oil sands shift and commute to and from the worksite. Indications are that child care space is still insufficient and the high rental rates in Fort McMurray make it difficult for potential operators to find appropriate space.
- The Radke report also noted the need for family violence prevention programs and addictions support services. The author of this report did not research the adequacy of these services at this time.
- The social services and non-profit sector continues to suffer in Wood Buffalo due to the high cost of doing business. Certain services are not available to meet the need. Others cannot obtain appropriate space from which to operate.
- The federal government, though the largest beneficiary of oil sands generated revenues, has so far failed to participate in any meaningful way with special purpose funding commitments that compare to those of the Government of Alberta.

- Rural development in Wood Buffalo's hamlets is a complex interrelationship of oil sands development growth, work camp proliferation, Métis communities and community benefit agreements, municipal service provision, and municipal authority that is still poorly understood and that leads to conflict between the Province, the Regional Municipality and oil sands developers, who have negotiated community benefit agreements. These interactions need to be better understood.
- A host of issues related to municipal property taxes persists, including: the oil sands industry's resentment over large property tax hikes beginning in 2006; the Regional Municipality's concern for non-residential taxpayers, like grocery stores and gas stations, in its hamlets that pay 'oil sands' rates; the risk of tax increases to rural residential taxpayers if hamlets are designated "urban service areas," and more.
- The property tax payment schedule shifts a disproportionate burden on producing oil sands developers; projects under construction pay zero property tax until they produce 'first oil.'
- Royalty payments are deferred until a company's debt is retired, meaning the Province derives no revenue from oil sands developers to help mitigate socio-economic impacts until long after those impacts have declined from their highest levels.
- Changes to the federal Temporary Foreign Worker program continue to affect employers in Wood Buffalo, which is a very constrained labour market.

All of the above issues, prioritized at a lower level by the sponsor organizations because they are "important but not urgent" in the sense that they do not need to be resolved in the next 18 months could be better addressed by the restoration of the Oil Sands Sustainable Development Secretariat to its previous authority and capacity.

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1.0 Moving beyond positions

The Athabasca oil sands have been proclaimed the largest industrial project in the world, inspiring dueling hyperbole that label the Regional Municipality of Wood Buffalo the epicenter of international energy security or global environmental devastation, a land of milk and honey or a lawless frontier town. Either pole is rhetorical gibberish that prevents serious attention being given to serious issues. The truth, of course, is somewhere in between.

Investing in Our Future: Responding to the Rapid Growth of Oil Sands Development (better known as “the Radke report”), which inspired this report, was commissioned in 2006 to help the Government of Alberta to better fulfill its responsibility to address the socio-economic impacts of oil sands development. Nearly a decade later, this investigation was undertaken by local, grassroots interests to address persistent policy gaps that continue to hamper responsible oil sands development. The Fort McMurray Chamber of Commerce, Fort McMurray Real Estate Board and UDI-Wood Buffalo understand and appreciate the impact of the Province’s response between 2006 and 2011 urged by the Radke report but they and their members also live every day the effects of the gradual evaporation of the collaborative spirit at the foundation of that response. Governments appear to have lost sight of the strategic benefits of working together. And so, this report advocates strongly for a renewal of the collaborative engagement and coordinated action once evident but now absent that would enable the region to optimize its contributions to the prosperity of Alberta and the nation. The need for collaboration is only emphasized by the current revenue crisis faced by the provincial government.

Our fundamental hope is that the three orders of government – who worked together from 1995 to 1997 to nurture an industry in its commercial infancy, and again from 2006 to 2011 to catch-up to its first significant growth stage – are prepared to renew the working relationships necessary to achieve shared outcomes in the Athabasca oil sands. If those relationships are based on sound principles, then it will not be necessary to cry out again for focused attention every five to ten years.

This report does not attempt detailed economic analysis. Other organizations, such as Alberta Treasury Board and Finance, Alberta Energy, Canadian Association of Petroleum Producers, Oil Sands Community Alliance, Alberta Energy, Canadian Energy Research Institute and others already have done so and are better equipped to undertake such analyses now and in the future.

Nor does this report address regulatory measures that affect environmental performance. Again, other agencies and partnerships, such as the Alberta Environmental Monitoring, Evaluation and Reporting Agency, Alberta Environment and Parks, Alberta Energy Regulator, Oil Sands Leadership Initiative, Canadian Association of Petroleum Producers and numerous ENGOs, are better equipped to do so as participants in the public debate about oil sands development.

Neither does this report address the rights of indigenous peoples affected by resource development within traditional territories. Again, other more knowledgeable parties have taken on that conversation.

Instead, this document assumes that responsible oil sands development remains a priority for all three orders of government, the oil and gas industry, and Albertans generally. It assumes that such development has predictable or, at least, measurable socio-economic impacts. It assumes that the majority of investment associated with oil sands development, whether for capital construction or operations, will continue to be focused in the Athabasca oil sands area – though there is growing investment in the Cold Lake and Peace River oil sands areas that would benefit from the lessons learned in Wood Buffalo.

Oil sands development occurs within a complex network of government jurisdictions. Unfortunately, all three orders of government – as well as the oil sands industry they tax and regulate – tend to adopt ‘positions’ whenever they negotiate with one another, an orientation that undermines cooperation and innovation because it ‘fixes’ inputs – sometimes even acceptable outputs – at the beginning of negotiations and casts parties in adversarial roles. Too often the conversation assumes a zero-sum outcome in which only one party can win – which means the other party, or parties, must lose. This orientation makes collaboration exceedingly difficult.

The concepts of corporate social responsibility and social licence have emerged relatively recently with respect to oil sands development, often in response to public concern over the environmental, socio-economic and cultural impacts of that development. As stated above, this report is focused on socio-economic impacts and their implications for corporate social responsibility and social licence. Though many oil sands companies have demonstrated a strong desire to address those impacts, the best means to do so have not been institutionalized and so mitigation efforts tend to be *ad hoc* and improvisatory. The result is waste on a large scale.

The previous provincial government invested significantly in research and development in the 1970s. In the mid-'90s, it worked with the federal government to create financial incentives that helped the oil sands to transition from a research-intensive investigation into a thriving industry and the single largest source of provincial revenues. Ten years that government made special purpose funding commitments to enable Fort McMurray, the oil sands' host community, to cope with overwhelming population growth. Since then, the policy and procedure changes required to secure a reasonable return on those funding commitments have fared less well, jeopardizing the Province's long-term oil sands plan at its foundation.

Perhaps the most important recent change to the setting within which oil sands development occurs is the election in Alberta of a new government – the first in more than 40 years. The New Democratic Party now enjoys a large majority but has only four re-elected Members of the Legislative Assembly. In fact, of the 87 MLAs comprising the present Legislature, 73 were elected in May 2015 or have served less than one year; one was elected September 4. It is therefore safe to assume, given the experience of the sponsor organizations of this report and the Regional Municipality over the past decade, that very few members of the 29th Legislature apprehend the complexities of oil sands development, including the socio-economic impacts of the industry on the local community. Nor do they appreciate the potential for those impacts to encourage or discourage a sustainable industry. Measures launched in 2006 that were to keep those issues within the government's compass have not been maintained.

The new government has launched two important policy initiatives: its 2015 Royalty Review Panel and its Climate Change Advisory Panel. In addition, enlisting David Dodge, the former Governor of the Bank of Canada, to advise the Province on its capital plan may also affect responsible oil sands development in Wood Buffalo. But the fact remains that all these initiatives, while critically important, are at a significant remove from oil sands development as a backyard industry. Its effects on the ground, its socio-economic impacts on the host community, must also be managed with care and attention.

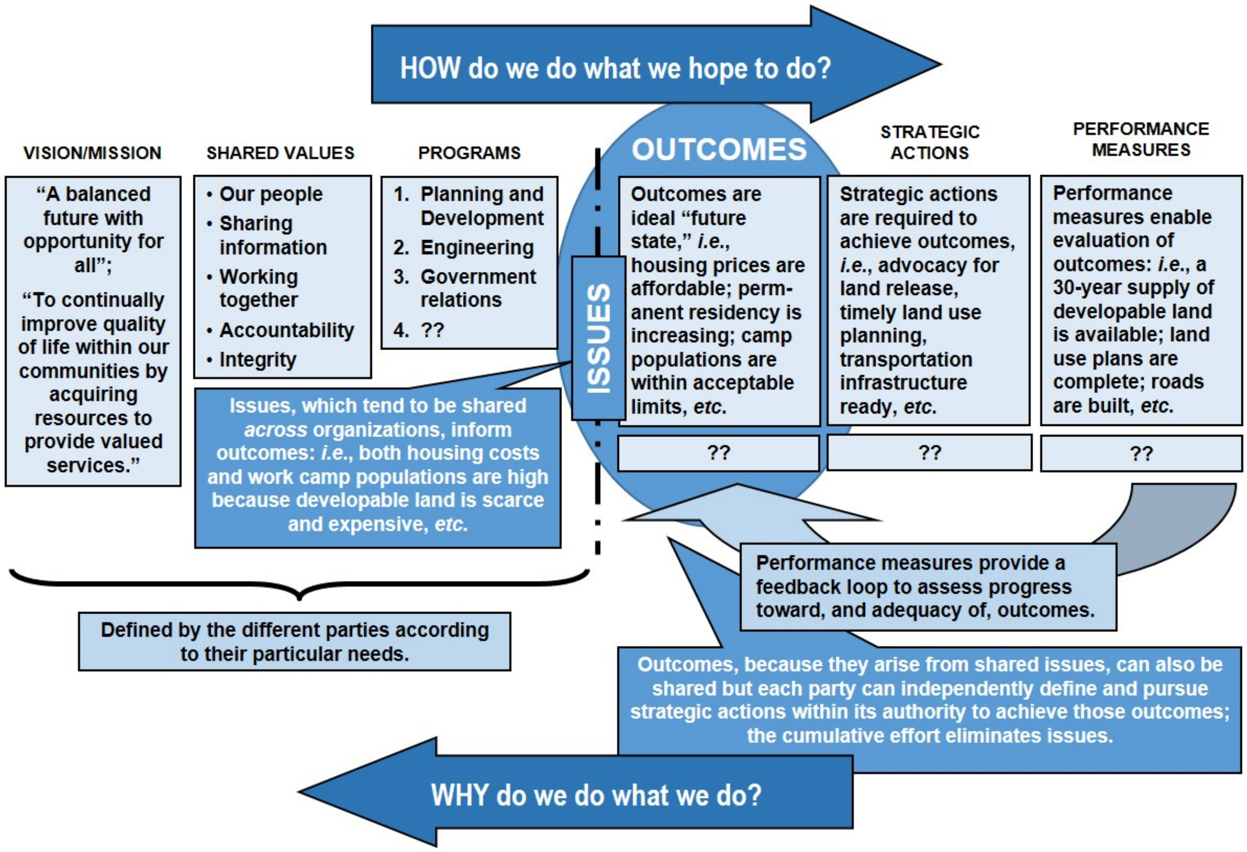
As will be demonstrated in the pages that follow, the key relationships required to effectively address the socio-economic impacts of oil sand development that will nurture responsible development are, much as they were in 2005, fractured and in need of repair. Once again, opportunity exists for the new government to make important policy changes that will help to sustain Alberta's most important industry within a responsible, sustainable framework.

1.1 Approach and methodology

This study adopts an outcome-based strategic planning model as the preferred approach to re-establish the collaborative relationships required to ensure responsible oil sands development. Outcome-based planning is effective because it acknowledges the authority and accountability of individual parties while encouraging alignment among those parties.

Output-based planning, which is more common when organizations act independently because it is, frankly, easier, is less effective. Completion of an output such as an environmental impact assessment (EIA), for example, is no assurance of long-term quality; it may do little more than meet an outdated regulatory requirement that enables a box to be ticked off within the approval process. This is especially true with respect to the current socio-economic impact assessment chapter currently required within an oil sands project EIA. A single EIA is typically three to four linear feet of paper and contains rigorous environmental impact studies based on decades of research. By contrast, the socio-economic chapter of an EIA varies from one-eighth to one-quarter of an inch and contains, at best, taxation, labour and housing forecasts.

Figure 3: Outcome-based strategic planning model



If, on the other hand, partners endorse *outcomes*, as in the example in Figure 3 above, then every stakeholder can determine subsequent strategic action within its authority to achieve that outcome as part of an overall shared strategic plan. The performance measures apply to all because the outcomes apply to all. Each stakeholder can contribute meaningfully and collaborative relationships will be strengthened rather than strained as information is shared and mutually advantageous commitments deepened.

In the illustration above, the vision, mission and shared values of the Regional Municipality have been used because they are as good as any for the present purpose. The corresponding components of *Responsible Actions*, the Government of Alberta's 20-year strategic plan for the oil sands, would have served equally well if it had been kept current. Its vision, too, accommodates a focus on the socio-economic impacts of oil sands development.

> **Vision**
> Alberta is a global leader in the innovative, responsible, and collaborative development of oil sands. The benefits of development continue to support clean, healthy, and vibrant communities for Albertans and future generations. Communities and development reside together in a manner that balances progress with environmental stewardship.

Responsible Actions, too, includes principles, outcomes and strategies that complement the approach illustrated in Figure 3. The comparison is important because the many parties that have an interest in oil sands development have to have confidence that they can work together from the unique requirements specific to their mandate toward shared outcomes that are revealed by common issues.

That said, the items to the left of the dotted line can be identified by each stakeholder consistent with its own authority and accountability. The "issues" that divide the right and left halves of the diagram are shared in one way or another by all stakeholders. In this example, challenges with respect to housing in Wood Buffalo affect all stakeholders – all three orders of government, oil sands developers and other community stakeholders.

One or more outcomes might be identified that help to address the lack of affordable housing, which requires a deeper understanding of the contributing factors. When multiple stakeholders endorse an outcome, then each can identify strategic actions to address those factors. In this case, strategic actions, some of which are already underway, could include:

- designation by the Province of Crown land specifically for urban development and timely release of that land to the Regional Municipality when required;
- building transportation infrastructure to ensure that newly released lands are accessible and developable;
- preparation and approval by the Regional Municipality of Area Structure Plans and other statutory requirements to support development of newly released lands;
- reform of current Crown land valuation processes to enable developers to deliver housing stock at a more reasonable cost;
- oil sands companies encouraging operational employees to take up permanent residence in the community;
- improvements to the transportation network that optimize the number of oil sands sites within a reasonable commute; and
- measures to ensure that work camp accommodations are not used simply as housing alternatives.

Performance measures assess the effectiveness of those actions and indicate progress. Measurement and evaluation provide the 'feedback loop' to ensure that either that the actions taken help to achieve an outcome or, in some cases, that the outcome itself requires adjustment due to changing circumstances. In that way, the plans of the various stakeholders that have adopted outcomes by consensus can be adapted and realigned – "adaptive management" – to better achieve the vision and shared values.

An outcome-based strategic planning model is capable of focusing on the long-term, responding to immediate requirements, and ensuring that multiple parties align their activities to mutual benefit.

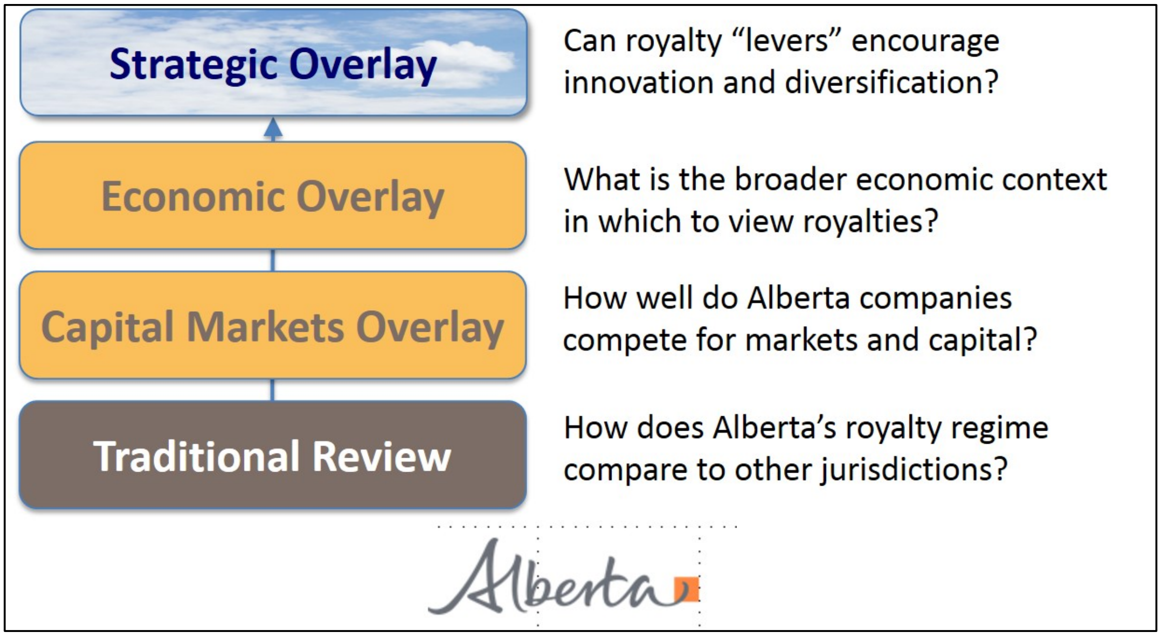
The approach taken in this report also complements the efforts of the 2015 Royalty Review Panel convened by the Province in June 2015.[10] Determining the best course forward within its mandate is a complex undertaking and the Panel, to the government's credit, is looking well beyond royalties as a mere financial calculation. Alberta has had seven royalty reviews since the *Natural Resources Transfer Act* conferred authority over oil and gas resources to Alberta in 1930.[11] In 2015, the Panel hopes to eliminate the need for frequent review by establish long-lasting principles that will guide hydrocarbon resource development in Alberta for decades. It seeks on behalf of Albertans to optimize four objectives.

- To provide optimal returns to Albertans as owners of the resource.
- To continue to encourage industry investment.
- To encourage diversification opportunities such as value-added processing, innovation or other forms of investment in Alberta.
- To support responsible development of the resource.

Though the Review Panel's charge is to examine all three streams of Alberta's energy industry – oil sands, crude oil and liquids, and natural gas – the fact remains that the oil sands industry is, in every way, its single biggest component. The oil sands are also focused in a relatively compact geography. Understanding the interactions between oil sands development and its host communities – identifying,

[10] "Province names chair of royalty review advisory panel." Government of Alberta news release, 26 June 2015.
[11] Dave Mowat, Chamber of Commerce luncheon, 17 September 2015.

Figure 4: Overlay approach to royalty review



Source: 2015 Royalty Review, Government of Alberta

measuring, monitoring and mitigating socio-economic impacts – is an important contributor to ensuring that future generations of Albertans benefit from responsible resource development. That describes the aspirations of the sponsoring organizations of this report, and fits into the "Economic Overlay" box in the diagram in Figure 4 above. That correspondence also demonstrates how outcome-based planning can unite diverse stakeholders in the same strategic direction.

1.2 Specific issues that seeded this investigation

The sponsoring organizations began by articulating three key principles that must be achieved if Alberta's oil sands developments are to compete in a global marketplace. Each of these principles implies collaboration among the Province, the Regional Municipality, oil sands developers and community stakeholders, such as the sponsoring organizations, school divisions, Alberta Heath Services, RCMP, the social and non-profit sector, and more.

1. The cost of oil sands production in Alberta must be globally competitive.
   Efforts to control costs, optimize resources, maximize productivity and ensure profitability in an increasingly competitive global market, are largely matters internal to oil sands developers. However, the industry will also make a significant transition in 2017 – for the first time in over a decade, more money will be spent to operate oil sands projects than to build them, "op-ex" *v.* "cap-ex." Socio-economic factors, such as the high cost of housing, transportation, quality-of-life amenities in Fort McMurray, the proliferation of work camp accommodations, and a fly-in/fly-out (FIFO) labour force, combine to increase costs to industry and to decrease the potential for provincial revenues. These factors must be brought under control.

2. The oil sands work force must be stable following the transition from construction to operations in 2017.
   As the oil sands industry shifts its focus, it will seek permanent, full-time operations labour as opposed to temporary, trades-based construction labour. The industry itself

has stated its preference, wherever possible, for its operational employees to live in the community. Making permanent residency more attractive will increase efficiency and lower costs, strengthen the social fabric of Fort McMurray, and ensure that a larger proportion of potential revenues are earned and retained in Alberta to benefit all Albertans.

3. Urban growth and community development in Wood Buffalo must be responsive and responsible and contribute to quality-of-life.
   This principle is almost exclusively associated with the improved management of socio-economic impacts in Wood Buffalo, generally, and Fort McMurray, specifically; every section of this report is in some way engaged with urban growth and community development.

These three principles provided the framework to examine a host of socio-economic issues that impede responsible oil sands development, impair the Regional Municipality's ability to shift from a boomtown to a home town, and directly and indirectly reduce provincial revenues. Some were first identified in the Radke report and persist a decade later. All the issues catalogued by the sponsoring organizations were then prioritized into a 'top-eight list' on the basis of being both important and urgent, urgency meaning they must be addressed within the next 18 months as operating expenditures ("op-ex") surpass capital construction expenditures ("cap-ex"). These issues should influence the findings of the 2015 Royalty Review Panel and the Climate Change Advisory Panel, as well as work undertaken by David Dodge to advise the Province. Other issues also require attention but can be addressed over a longer period as the Government of Alberta and Albertans affirm their commitment to responsible oil sands development.

The list of prioritized issues is shown in Figure 5 below.

Figure 5: Prioritized socio-economic top-eight issues ranking[12]

Rank	Issue
1	Ineffectiveness of the Oil Sands Sustainable Development Secretariat in 2015.
2	Error prone population forecasting negatively affects planning.
3	The regional transportation network is inadequate to support public safety, responsible resource development, or urban and rural development.
4	Persistent impediments – Crown land valuation, land release, access, *etc*. – impair urban and rural development.
5	Large fly-in/fly-out (FIFO) labour force living in work camp accommodations.
6	Quality-of-life amenities, *e.g*., health care, education, post-secondary education, child care, police and emergency services, negatively affect recruitment and retention of oil sands employees.
7	New flood abatement requirements strain municipal resources.
8	Unilateral annexation of 20 townships cost the Regional Municipality $2.5 billion in lost revenues.

It is important to remember that any one issue may encourage the development of one or more outcomes, that any one outcome may require one or more strategic actions, and that a single strategic action may also contribute, in the reverse direction, to one or more outcomes. The outcomes and strategic actions articulated in this document overlap to greater or lesser degrees but, as the solution to mitigate persistent socio-economic impacts, are no less essential to the responsible development of Alberta's oil sands resources than getting royalties right and addressing climate change.

[12] This figure from the Executive Summary is repeated.

1.3 Understanding the setting

Before leaping from the issues listed above to outcomes, it is important to better understand the underlying factors that have caused those issues to persist or emerge. That requires at least a modest investigation of the history of oil sands development in Wood Buffalo and the past activities of the different orders of government that have influenced that development. That analysis is provided in Section 2.0.

Then, especially in the context of socio-economic issues present in Fort McMurray, it is important to review the efforts of the various orders of government and the oil sands industry itself to address those issues since the Radke report was released in 2006. Initially, the Radke report served as the catalyst for better management of Alberta's oil sands, including mitigation of socio-economic impacts. That review comprises Section 3.0. Sections 4.0 and 5.0 summarize efforts taken by, respectively, the federal government and the Regional Municipality to address socio-economic impacts. Section 6.0 introduces the most recent efforts of the oil sands industry to engage with the Regional Municipality and other stakeholders to address socio-economic impacts.

1.4 Socio-economic impacts in 2015

Section 7.0 includes detailed analysis of the priority issues listed in Figure 5. The outcomes and strategic actions recommended represent a call to all stakeholders – the provincial and federal governments, the Regional Municipality, the oil sands industry, community stakeholders, *etc*. – to renew the kind of collaborative engagement that proved so successful between 2006 and 2011 following the Radke report.

The various Joint Review Panels convened since 2002 to review oil sands project applications all implied, if they did not explicitly recommend, that a coordinating agency was essential to marshal provincial and other resources in support of responsible oil sands development. The Radke report made that recommendation explicit and led directly to the creation of the Oil Sands Sustainable Development Secretariat. Unfortunately, the Secretariat has withered and is no longer an effective coordinating agency within the Government of Alberta. It is our position that the diminishment of the Oil Sands Secretariat is largely the reason for the lack of meaningful engagement since 2011 and that the failure to sustain the Secretariat is a failure of leadership.

2.0 Setting the stage

In 2006, outgoing Premier Ralph Klein lamented

> [The opposition parties] were right about [us] not having a plan. […] The plan is being developed, but no one could anticipate the phenomenal growth that was taking place. [13]

The lack of a placed such strain on the Regional Municipality of Wood Buffalo that it took the unprecedented step in 2006 of intervening in three oil sands project applications to argue oil sands development was threatening the viability of the community. That strain was exemplified by double-digit annual population growth, municipal and transportation infrastructure deficits, land and housing shortages, labour shortages, stressed social and non-profit agencies

Premier Ed Stelmach acted quickly to fill the planning void. His government commissioned *Investing in Our Future: Responding to the Rapid Growth of Oil Sands Development*, or "the Radke report," to articulate the necessary response between 2006 and 2011. Most – though not all – of Radke's 30 recommendations were accepted by the Alberta government and have been fulfilled but not all commitments have been sustained. In some cases, such as the provincial government's capacity to coordinate the activity of its own departments through the Oil Sands Secretariat, for example, its focus has dissolved with disappointing consequences.

Between 2006, when the Radke report was released, and 2014, total bitumen production nearly doubled from 1.25 million bpd to 2.1 million bpd. In its most recent annual report, notwithstanding slowed oil sands production growth, the Alberta Energy Regulator still estimates that Alberta will produce more than 4 million bpd by 2024.[14] If the recommendations contained in the Radke report were intended to help the Regional Municipality 'catch up' to the impacts of oil sands development as understood in 2006; if the Radke report was not expected to apply beyond 2011; if no progress reports on oil sands development have been issued since 2011; and if there is little evidence of meaningful collaboration to address outstanding issues in 2015, then the question begs to be asked of the Government of Alberta and others: how will the Province work more effectively with the Regional Municipality, the oil sands industry and other stakeholders to mitigate the ongoing socio-economic impacts of oil sands development? How will it ensure that the community remains capable of hosting that development, on which so much of Alberta's prosperity clearly depends?

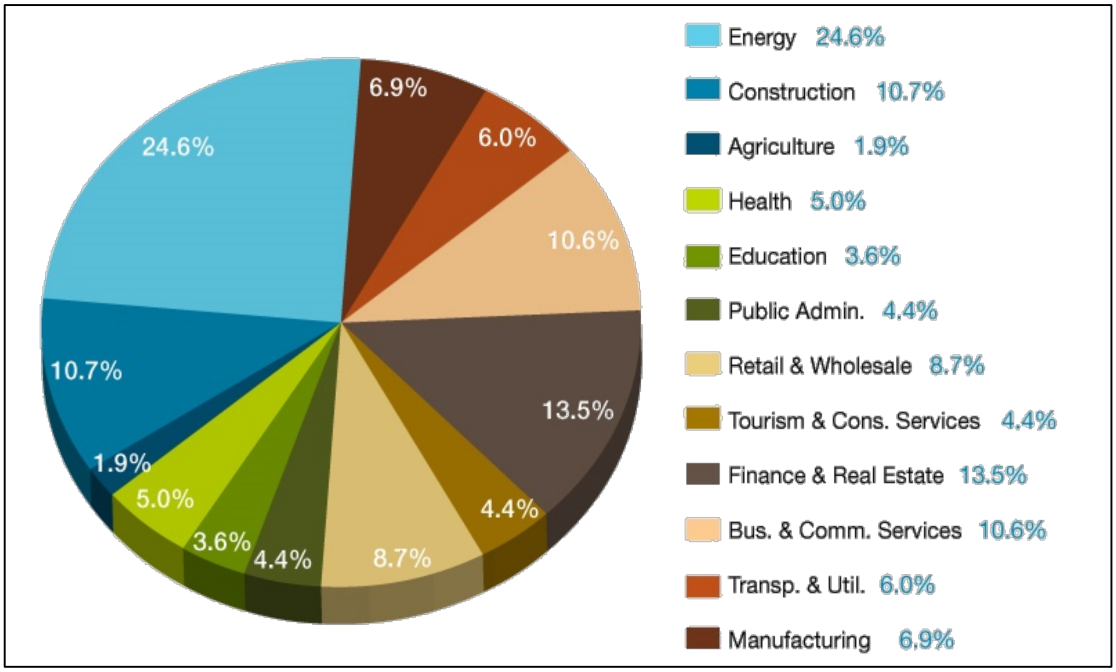
2.1 The economic impact of oil sands development

Oil sands development is the indisputable economic engine of an entire province, if not a nation, even during the present uncertainty. The oil sands industry dominates to an overwhelming extent both the local economy and the finances of the Regional Municipality, accounting for 94 percent of its property tax revenues.[15] The oil sands industry has accounted over the past decade for a very large percentage provincial government revenues and GDP – between 20 and 30 percent.[16] Recent studies indicate it consumes nearly 17 percent of national capital investment annually[17]; and that it accounted in 2014 for almost eight percent of national GDP.[18]

[13] "Klein admits government had no plan for boom." CBC News, Edmonton.
[14] *AER ST98-2015: Alberta's Energy Reserves 2014 and Supply/Demand Outlook*, 3-19 to 3-25.
[15] The Regional Municipality's "Fiscal Management Strategy: 2015-2017," pegs revenue from "rural non-residential property taxes" (mostly oil sands developers) in 2015 at 94 percent of all property tax revenues. See page 14.
[16] "Backgrounder on Alberta's Fiscal Situation," 2.
[17] "Canada is missing the bigger story about the oil sands." *Macleans*.
[18] *Oil Sands Economic Benefits: Today and in the Future*, 20.

> [Oil sands] production already represents a significant economic contribution to the Canadian economy, with annual expenditures already greater than the gross domestic product of half of the Canadian provinces.[19]

Figure 6: Percentage distribution of Alberta GDP, 2013 (total $331.9 billion)



Source: "A Small Win for Alberta." Alberta Soapbox. September 8, 2014.

For more than a decade, oil sands development has been among the largest, if not *the* largest, revenue generators for both the Government of Alberta and the federal government. It has been a source of coast-to-coast employment for Canadians living in regions where the collapse of the local primary industry would have otherwise devastated their communities. The oil sands have provided an important market for central Canadian manufacturing. Energy, increasingly oil sands, is the chief reason that Alberta was, in 2013-14, one of only four 'have' provinces that contribute equalization payments to six 'have not' provinces and three territories.

At the same time, governments, perhaps entranced by the revenue stream, have also historically been most often the complacent beneficiaries of, rather than active participants in, oil sands development. It seems the negative effect of socio-economic impacts on oil sands development itself – not to mention the underlying threat to government revenues – has been poorly understood. It is useful, therefore, to provide a brief overview of oil sands development in Alberta and a summary of the government policy initiatives that have made it possible.

The main point is that numerous Joint Review Panels convened to review oil sands project applications have affirmed that it is government's responsibility to regulate the industry, including how best to prepare for and manage socio-economic impacts.

2.2 Oil sands development is a collaborative endeavour

Economic development that is supported and encouraged by governments is a public trust. The investment of public resources to support private opportunity – which, in turn, repays that investment in

[19] "Alberta's oilsands touted as giants of Canada's economy. CBC News, Calgary.

resource royalties, higher tax revenues, more jobs, greater economic security and resilience – requires that governments, industries and communities agree upon desired outcomes, articulate strategies to achieve those outcomes, identify performance measures to evaluate progress and, through stringent application of those measures, accept accountability to achieve and report publicly on progress toward those outcomes based on shared values.

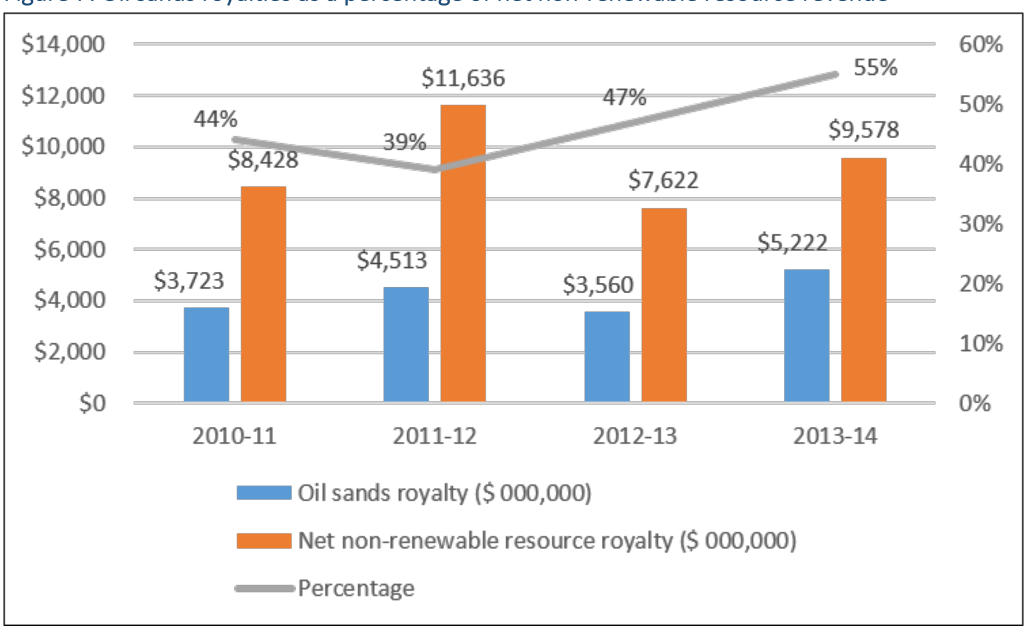
Individual public and private organizations distinguished by their own mandates and discrete funding must collaborate within their spheres of influence to achieve shared outcomes. Those outcomes need to acknowledge environmental, economic, social and cultural values and aspirations – that complex of public opinion from which emerges 'social licence.' When efforts are aligned, then unnecessary intergovernmental confusion, debilitating (as opposed to market-enhancing) competition, and socio-cultural anxiety will be minimized and the full potential of Alberta's oil sands optimized.

That is why this report builds upon issues that are shared among stakeholders across Wood Buffalo. All parties must take a long-term view of economic prospects wed to environmental and social responsibility to ensure Alberta is resilient and its prosperity sustained, and that, together, we create an abundance of opportunity for future generations. This shared perspective requires discipline, courage and integrity – the "grit" our ancestors leveraged to create Alberta– to ensure that stakeholders are accountable to one another and to future generations, and that they play their appropriate roles.

2.3 What do the oil sands mean for Alberta?

Since the first discovery of oil in Alberta near Waterton in 1902 to the present day, oil and gas resources have assumed increasing importance in the provincial economy. The energy sector accounted for nearly 25 percent of Alberta's gross domestic product in 2013 and, even now when oil prices are low, is

Figure 7: Oil sands royalties as a percentage of net non-renewable resource revenue



Source: "Alberta's Non-Renewable Resource Revenue." Alberta Energy.

expected to provide 20 percent of provincial revenues in 2015. Since 2009, oil sands royalties have supplanted natural gas as the single largest contributor of non-renewable resource revenue to the Province. That share has grown, as shown in Figure 7 above, in spite of price volatility and the so-called "bitumen bubble." Oil sands royalties of $5.2 billion accounted for more than half of non-renewable resource revenue of $9.6 billion in 2013-14.[20] Since 2000-01, when they were a fraction of what they are today, oil sands royalties have accounted for 20 to 30 percent of government revenues since 2000-01.[21]

Oil sands revenues still provide the base upon which rest Albertans' ambitions to grow domestic value-added processing and to diversify into other economic sectors that would reduce the impact of unpredictable energy prices. Energy revenues are also the most likely source of funding to develop new renewable energy resources; it is improbable that agriculture, forestry, tourism or fishing will fund the transition from hydrocarbons to a greater reliance on appropriate energy alternatives.

However, any attempt to understand and better manage oil sands development that focuses merely on economic data, such as royalties, corporate taxes, production forecasts, capital investment, profit margins, employment, and balance sheets, will fail if it does not also acknowledge the profound effect of that development on its host communities that is rarely captured in industry-specific economic data.

This document shares its primary focus with the Radke report, the first attempt made by the Government of Alberta to understand and address the socio-economic impacts of oil sands development since the 1970s. This document seeks to move beyond the Radke report to strengthen our shared understanding of the industry's socio-economic impacts in Wood Buffalo and to renew government's long-term commitment to measuring and mitigating those impacts.

2.4 Policy innovations that have supported oil sands development

The Canadian Association of Petroleum Producers (CAPP) new production forecast is for flat growth for the next three years.[22] However, oil sands development will still drive the economy in Alberta and Canada for years, perhaps decades. CAPP's forecasts still suggest capital investment in 2015 of $23 billion.[23] Even slower growth will continue to have meaningful, cumulative impacts on the socio-economic fabric of Wood Buffalo.

There have been four key government policy initiatives in the past 40 years that made development of the Athabasca oil sands possible.

The first of these was the formation by government in 1974 of the Alberta Oil Sands Technology and Research Authority to develop oil sands technologies that would enable bitumen to be recovered at relatively low cost. Almost $1 billion was distributed over the next 25 years to seed the industry.[24] Associated at the time, but of lesser long-term importance, was the creation of the Northeast Commission under Victor Henning, which had unprecedented planning and management authority to encourage and accommodate oil sands development, though a lack of necessary technology prevented much growth until the late 1990s.

The second policy initiative was the formation in 1993 of the National Task Force on Oil Sands Strategies. In 1995, the Task Force recommended a generic royalty regime beginning with a smaller royalty share for government at the start of a development and a larger share after developers had recovered their costs. As an unconventional resource, oil sands development is highly capital intensive. In 1996, Suncor and Syncrude operated just one mining project each. Total bitumen production was about 160,000 bpd, or 13 percent of Alberta's total crude oil and equivalent production. Oil sands royalties in the fiscal year 1995-96 were just $312 million, significantly less than other economic and industry sectors.[25] The new Oil Sands Royalty Regulation, an effective 'royalty deferral', was adopted in 1997 and it encouraged significant new investment.

[20] "Revenue Collected. Alberta Energy.
[21] *The Building Alberta Plan: Budget 2014*, 17.
[22] *2015 Crude Oil Forecast*.
[23] "Low world oil prices to slow growth of Canadian oil production." Canadian Association of Petroleum Producers. News release, June 9, 2015.
[24] "Alberta's Oil Sands: Resourceful. Responsible," 12.
[25] "Alberta's Oil Sands: Update on the Generic Royalty Regime."

The third policy initiative was the amalgamation of the City of Fort McMurray and Improvement District No. 143 in 1995 to create the Regional Municipality of Wood Buffalo. Before that, all oil sands property tax revenue was paid to I.D. 143; nearly all the socio-economic impacts were absorbed by the City of Fort McMurray. Amalgamation enabled the resulting special municipality to direct tax revenues toward municipal infrastructure and services. It should be noted, however, that Wood Buffalo's population in 1996 was still only 33,000.[26]

And then things *changed*. The new royalty regime and the replacement of bucket wheel excavation by truck and shovel mining combined to reverse widespread fears that the oil sands dream might have to be abandoned. Instead, Suncor and Syncrude, the only significant developers in the field, increased investment dramatically. The later introduction of *in situ* techniques, such as steam-assisted gravity drainage (SAGD), further increased recoverable reserves, enhanced profitability, and established an enterprise of global significance. By 2007, just ten years later, oil sands production had increased nearly eight-fold to 1.25 million bpd. Eighty-seven different oil sands projects or expansions had been initiated in Alberta. Total capital investment reached $45 billion. [27] In 2007, the provincial government's annual royalties topped $2.5 billion, also an eight-fold increase.[28]

The Province began for the first time to market the oil sands beyond Canada as a significant investment opportunity, promoting a resource base "the size of Florida." Though investment was, indeed, attracted to Alberta, so, too, were opponents of hydrocarbon development who stole the pitch but added an overtone of horror: a resource base "the size of *Florida!*" The sudden attention of the international environmental lobby pushed the oil sands conversation beyond business profitability to include environmental performance, socio-economic impacts and corporate social responsibility – factors that contribute to what is now known as "social licence."

Most stakeholders in Wood Buffalo believe the Radke report, the fourth policy initiative, was as important as the three policy initiatives that preceded it. In effect, the first combined to make the fourth imperative. As oil sands development grew, its socio-economic impacts in Wood Buffalo grew proportionately and demanded attention. The Radke report resulted in much-needed capacity development both provincially and municipally, significant capital investment, and an unprecedented collaborative approach to addressing socio-economic impacts. It vindicated the concerns of the Regional Municipality, its residents and other stakeholders.

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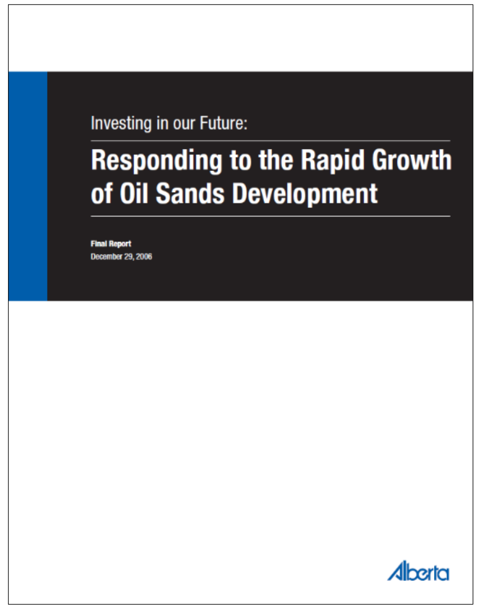
[26] "Profile of Census Metropolitan Areas and Census Agglomerations, 1996 Census." Statistics Canada.
[27] "Alberta's Oil Sands: Resourceful. Responsible," 3.
[28] "Royalty Archive." Alberta Energy. .

3.0 ‘Catching up’: beginning with *Investing in Our Future*

3.1 Gap identification: oil sands development and socio-economic impacts



The *Wood Buffalo Business Case 2005* represented the joint efforts of the Athabasca Regional Issues Working Group (RIWG)[29], Regional Municipality of Wood Buffalo, the Fort McMurray Public and Catholic school divisions, Northlands School Division, Keyano College and the Northern Lights Health Region, to quantify capital infrastructure and program investment requirements in areas of provincial jurisdiction necessary to respond to rapid population growth.

In 2006, the Regional Municipality intervened in three successive oil sands project applications to the Alberta Energy and Utilities Board (EUB).[30] The Regional Municipality focused on socio-economic impacts, especially the inadequacy of existing municipal infrastructure and the scarcity of accessible and affordable housing to accommodate population growth.

In its *Decision 2006-112* report, the EUB

> emphasized the need for a reliable source of information on the social and economic challenges facing the region and acknowledged the role RIWG[31] and other regional issues management forums have played in advancing socioeconomic issues. The Board also suggested that a process is needed that takes this information and provides a coordinated and effective channel through which regional and cumulative socioeconomic impacts can be addressed in a meaningful and demonstrated way. *A coordinated approach is still not evident* (12-13, emphasis added).

The Government of Alberta convened the Oil Sands Ministerial Strategy Committee that year, which directed Mr. Radke in the preparation of *Investing in Our Future*. The report promised “a coordinated *short-term* [emphasis added] action plan to address the social, environmental and economic impacts of oil sands developments.”[32]

The Radke report began with an assertion that had until then been resisted by elected government officials and civil servants. It stated:

> a number of factors make the situation in Fort McMurray unique. As a result, special attention, both in planning and in investment, is required to meet the needs in the Regional Municipality of Wood Buffalo. Comparing the population of the Regional Municipality of Wood Buffalo to the population of Alberta indicates that for every one dollar per capita “taken off the top” of the Alberta budget and dedicated to meeting the needs in the Regional Municipality of Wood Buffalo, it would reduce the

[29] RIWG was the first oil sands industry association, founded in the late 1990s, replaced, first, by the Oil Sands Developers Group and, then, by the Oil Sands Community Alliance (OSCA).
[30] The EUB was replaced in 2008 by the Energy Resources Conservation Board (ERCB) and then, in 2013, by the Alberta Energy Regulator (AER).
[31] “RIWG” was the Regional Issues Working Group, an industry-led task force that became the Oil Sands Developers Group and then the Oil Sands Community Alliance.
[32] *Investing in Our Future*, 4.

per capita allotment to other Albertans by 2.43 cents, a small price to pay for future prosperity.[33]

The assertion of uniqueness and the preliminary cost-benefit analysis were made, in part, to pre-empt anticipated objections that the region was about to receive disproportionate provincial funding. Of the Radke recommendations directed specifically to address gaps in the Regional Municipality, most have been fulfilled or otherwise addressed. Some important gaps remain. It is worthwhile, however, to review the report's recommendations to fully appreciate the magnitude of the government's response and how that response can be sustained to the advantage of all Albertans.

3.2 Drawing conclusions

The Radke report drew the following carefully measured conclusions to provide the context for its subsequent recommendations. [34]

1. The overall planning and decision-making process within the Alberta government is deficient in some respects.
2. Coordination between the province and its agents can be improved.
3. Planning for growth resulting from oil sands development is adequate in some respects and deficient in others.
4. Provincial and municipal responsibilities and funding capacity do not always match.
5. Fort McMurray is unique.
6. The provincial government has special obligations.
7. Future oil prices will sustain growth in the oil sands.
8. Population in the oil sands areas will grow at different rates, with the greatest growth in the Athabasca oil sands area.
9. Investment in the future of the oil sands is crucial for the continued prosperity of the province.
10. Investment requirements include additional resources in some provincial government departments.

In summary, the Radke report concluded that the government's decision-making processes in 2006 were deficient to respond effectively to the demonstrated needs in Wood Buffalo. Conclusions 1 through 4, with emphasis added, illustrated the need for:

- funding formulae that include appropriate *high-growth modifiers*;
- good data inputs, such as *population forecasts*, to support decision-making;
- capital *and* operating, or 'lifecycle,' cost requirements to better inform decision-making;
- *better coordination* among government departments with different mandates;
- improved environmental management and coordination; and
- better appreciation that *equal* funding across Alberta is not necessarily *equitable* funding to support province-wide economic growth.

The report included additional observations of merit:

- The severe housing shortage in Fort McMurray needs to be addressed on an urgent basis. […] Provincial land sales in the Fort McMurray area need to

[33] *Investing in Our Future*, 9.
[34] *Ibid*, 116-129.

continue to include conditions regarding the pace of development as well as provision for affordable housing (121).

- There is some urgency to improve the traffic flows throughout the region. However, the priority should be on the section of Highway 63 from the junction at Highway 881 and north to Fort McKay. Traffic volumes are higher on this section of the highway and are expected to grow substantially as oil sands projects north of Fort McMurray begin to ramp up (121).
- [E]nhanced social services to provide child care, family violence prevention programs and addictions support services are currently needed. Enhancement of these services will assist in addressing other issues such as lack of workforce and increased family stress which place a burden on currently limited support services (122).
- In the case of Fort McMurray, the Regional Municipality of Wood Buffalo does not have and will not likely be able to raise the kind of revenue it requires in the time available to provide the infrastructure and services necessary to support the development of a resource which is clearly of such benefit to the entire province. It is, perhaps, unfair to expect a relatively small regional municipality to undertake all of the investment necessary to ensure the future prosperity of the entire province (123).

Further, “Fort McMurray is a relatively isolated community with no major centres within a reasonable driving distance” (124). Consequently, it must absorb as best it can all the population growth and provide the quality-of-life amenities expected by residents, such as retail outlets, restaurants and recreation, without any expectation that those might be shared with neighbouring communities.

When the Radke report was written, Fort McMurray’s “growth rate over the [previous] ten years [had] been almost double the rate of Alberta’s [then] second fastest growing community, Grande Prairie and [was] four times the average growth rate for Alberta” (124-25). By 2006, the impact of rapid population growth on housing had, in effect, already gone underground – or, perhaps more accurately, ‘to the campground,’ and will be discussed in greater detail later in this report.

Costs related to housing of all kinds began substantial and sustained annual increases in 2004, proving in contrast to the Radke report, that there was not “sufficient land identified to meet housing requirements through 2011 and beyond” (121), though it argued forcefully for greater land release in a subsequent section. The most relevant factor was then, and remains in 2015, that the “Province of Alberta holds all of the land surrounding Fort McMurray. Annexation, resale and the rate at which the land is released are not controlled by the community” (125). In contrast, municipalities in Alberta’s agricultural, or ‘white,’ area can obtain developable land much more easily. What the Radke report and government officials who have taken guidance from it have failed to appreciate is that land – *developable* land – is largely dependent upon access, and so land and transportation infrastructure cannot be considered in isolation. Managed by different departments, however, the two are rarely coordinated.

The Radke report said

> the top two priorities – housing and health services – are the two areas showing the largest gaps. And it is in these two areas where the municipality is least likely to have the financial ability to provide these services all by itself. In the case of the shelter priority for Fort McMurray, the nature of the surrounding landscape – lands owned by the province and difficult to develop – provides additional challenges for the Regional Municipality of Wood Buffalo (126).

Fort McMurray’s location at the confluence of four rivers made it an ideal location for fur trading; that same topography within the boreal forest has posed considerable challenges to urban development. Access to developable lands, clearing and servicing those lands, and building housing at a reasonable cost remain among the most persistent challenges in Wood Buffalo a decade later.

The Radke report also acknowledged that “the Regional Municipality of Wood Buffalo [lacked] the financial capacity to [provide] for basic services supporting good health, like clean water, safe treatment and disposal of waste […] in the short term and still provide some of the other services expected of a municipality in Alberta (such as municipal roadways and recreation)” (127). This section concluded with the following:

> given the peculiar circumstances of the Athabasca oil sands area and its importance to the province as a whole, the provincial government has a special obligation to provide additional financial assistance of a bridging nature for servicing land for housing and for the safe supply of water, wastewater treatment and landfills in the Regional Municipality of Wood Buffalo (127).

When Premier Stelmach announced the first new funding commitments in Wood Buffalo arising from the Rake report, he spoke about “growing the pie” to benefit all Albertans. The overall strategic value of Wood Buffalo could not then and cannot now be disputed.

3.3 Making recommendations

The Radke report noted gaps, equivalent to the “issues” of this report and made 30 recommendations to address them. There is no precedent in Alberta’s history for the kind of regionally focused capital and program spending that followed; then again, there is no precedent for a single region having the economic importance that Wood Buffalo has today. Neither is there any precedent for a single region bearing the brunt of that intense economic activity.

More detailed analysis of the Radke report’s recommendations is included in Appendix 1. Only those recommendations from the Radke report for which gaps persist are addressed below.

Recommendation 5 called for planning in high growth areas to be separated from the regular government planning process and to take a longer view. In effect, the creation of the Oil Sands Sustainable Development Secretariat, which assumed responsibility to coordinate government departments and to support decision-making, was intended to fulfill this recommendation. However, the Secretariat no longer wields influence inside government, and appears to have withdrawn from meaningful collaboration with stakeholders. Its 20-year strategic plan has not been updated since 2011. This recommendation, once filled with promise, is *unfulfilled*.

The three-part **Recommendation 7** specifically drove the creation of the Oil Sands Secretariat and, through that body, was initially addressed. Again, however, the Secretariat is no longer an effective agency. This recommendation in 2015 is *unfulfilled*.

Recommendations 17 through 27 focused on mitigating the socio-economic impacts of oil sands development on Fort McMurray. Again, only those that are unfulfilled, or for which new gaps have emerged, are treated here.

Recommendation 17 addressed provincial land release, municipal land use planning, and urban development. These recommendations have been met and subsequent work, such as the installation of deep infrastructure in the Saline Creek Plateau, is complete. However, the observation that “[s]ufficient land has been identified to meet housing requirements to 2011 and well beyond” (135), missed the vitally important link between land and transportation that turns ‘available land’ into ‘developable land.’ Though the specific recommendation have been fulfilled, ongoing development challenges linked to land valuation, topographical and landscape impediments, development sequencing, and inadequate transportation infrastructure mean its intention remains *unfulfilled*.

The two parts of **Recommendation 20** concerned the “completion of master plans needed to do proper long-term municipal planning” and the commitment of “direct funding to the Regional Municipality of Wood Buffalo for basic municipal infrastructure […] depending upon the extent of future municipal tax revenues" (138). Since the Radke report was issued, the Regional Municipality has completed its new *Commercial Industrial Land Use Study* (2010), *Municipal Development Plan* (2011), *City Centre Area Redevelopment Plan* (2012), numerous Area Structure Plans to support both urban and rural development, corresponding land use bylaw amendments, and master service plans (transit, transportation, recreation, *etc*). The Regional Municipality has adopted capital planning and budget policies intended to better reconcile revenues and expenses. For the most part, the discrete elements of this recommendation are fulfilled with the caveat that now, because they are better understood, municipal planning issues persist, some due to provincial action or inaction. Its intention is at least partly *unfulfilled*.

Recommendation 21, also two parts, focused on health services as a public health and safety obligation of government and as a key contributor to the quality-of-life of residents. Since the creation of Alberta Health Services, much of the action advocated here was absorbed into a provincial program. Recommendations for specific capital improvements, such as new clinics, isolation units, medivac capacity, and wage supports have been fulfilled. Notably, however, the recommendation for the

> [d]evelopment and funding (capital and operating) of a continuing care and supportive living facility located outside the hospital which will free up space in the existing hospital for active care treatment (139)

is, almost a decade later, *unfulfilled*.[35]

Recommendation 23 was focused on specific transportation requirements for the entire region that have been largely fulfilled. However, just like municipal planning associated with Recommendation 20 above, because they are better understood, transportation issues that impede access to oil sands resources, slow urban development, and threaten public safety persist and so, its intention, too, remains *unfulfilled*.

Recommendation 25 called for "more affordable quality child care in the region," including "enhanced child care subsidies for low income families." Child care is especially problematic for lower income families in the service and public sectors that require two or more working adults to manage the high cost of housing and other living expenses in Fort McMurray. The lack of space makes it challenging even for families with two working parents earning oil sands wages. Though investment has been made to address child care, the need persists and is deterred by high rents and a lack of appropriate space and so this recommendation is at least partly *unfulfilled*.

3.4 Special purpose funding commitments

Notwithstanding the seven unfulfilled recommendations listed above, it is important to acknowledge that the Radke report made unprecedented recommendations for provincial investment in Wood Buffalo, most of which have been fulfilled.

The Government of Alberta committed $3.0 billion in special purpose funding, shown in Figure 8 on the next page. These commitments included public infrastructure – highways, bridges, interchanges, schools, health care facilities, water and wastewater treatment plants and affordable housing – and public sector wage supports. Though some of the projects had been announced prior to the Radke report, such as improvements to Highway 63, most projects arose directly from the report. Another $300 to $500 million was committed as a result of Oil Sands Secretariat investigations.

[35] The tender for the new Parsons Creek Continuing Care Centre was awarded in May 2015, with the expectation that construction would begin in the summer of that year though, by August, no progress had been made.

Figure 8: Government of Alberta public infrastructure investment summary

Project	Amount
New Grant MacEwan and Athabasca River bridges across the Athabasca River	$ 155 million
Holy Trinity High School – Fort McMurray Catholic School Division (FMCSCD)	55.8 million
École McTavish Junior High – Fort McMurray Public School Division (FMPSD)	49 million
Bill Woodward School, Northland School Division, Anzac	18.3 million
Highway 63 twinning	680 million
Sport and Wellness Centre, Keyano College	33.4 million
Cost of Living Allowance (COLA) for public sector employees	33.2 million
Affordable housing, Wood Buffalo Housing & Development Corporation	54 million
Enhanced health care funding, Northern Lights Regional Health Centre (NLRHC) (at 81%, the largest increase in the province) • Three new clinics • Long-term and continuing care centre (land purchase)	206.4 million
Water treatment plant upgrade – Regional Municipality of Wood Buffalo (RMWB)	103 million
Highway 881 widening and paving	118 million
Phase 1 Timberlea RCMP detachment	52 million
Investing in Our Future response • Thickwood and Confederation Way interchanges • Long-term and continuing care centre (construction), NLRHC • Lower townsite wastewater collection system upgrade, RMWB • Regional landfill development, RMWB • St. Paul's Elementary and St. Anne school maintenance and renewal, FMCSD and FMPSD • Community Health and Wellness Centres, AHS • Northern Lights Regional Health Centre expansion (ambulatory care, ICU, emergency department and ambulance bay) • Child care centre construction RMWB • Strategic municipal planning, RMWB	417 million
Parsons Creek North Community Development Plan, RMWB	95 million
South RCMP Station and cell block, RMWB	10 million + land
Parsons Creek North and Saline Creek Plateau deep-servicing infrastructure, RMWB	241 million
MacDonald Island Park Recreation Centre ($1.3M) and Ft. McMurray Historical Society ($1M)	2.3 million
Green Transit Incentives Program (GreenTRIP), RMWB	35.9 million
Archie Simpson Arena, Fort Chipewyan, RMWB	1 million
Homeless outreach support programs, RMWB	2.7 million
Land exchange agreement*, RMWB	131.8 million
Hospital emergency services helipad, NLRHC	5.5 million
Former Willow Square site land purchase and grant funding for affordable housing, RMWB	20 million
Parsons Creek interchange	300 million
	$ 3.0 billion

Most projects are complete or well underway but some – long-term and continuing care, Highway 881 improvements – have been delayed.
* This is a nominal value based upon historical prices and recent appraisals. The actual value will not be determined until the land is sold.
Source: Various, includes Government of Alberta news releases and the Oil Sands Sustainable Development Secretariat. [36]

[36] "Government accelerates housing and road development in Fort McMurray: Improvements to water and waste water treatment facilities also planned." Government of Alberta news release, issued 6 July 2005.
"Local athletes will be faster, stronger with new sport centre for Fort McMurray." Government of Alberta news release, 19 October 2006.
"Cost of living allowances extended to all employees of provincially funded organizations in Fort McMurray." Government of Alberta news release, 19 June 2007.
"Funding for Fort McMurray helps meet urgent needs brought on by oil sands growth: $396 million over three years will address critical report recommendations." Government of Alberta news release, 26 February 2007.

A five kilometre commute from Timberlea across the Athabasca River to the downtown could, as late as 2012, take anywhere from 20 minutes to two hours, usually without warning as to which it would be. Both water and wastewater treatment were listed in the Radke report as being "moderately over capacity" in 2006 with the expectation they both would be "severely over capacity" in 2011. Now, both facilities are equipped to manage the requirements of a population of 133,000. The deep-servicing infrastructure necessary to launch residential subdivisions in North Parsons Creek and the Saline Creek Plateau, which, combined, are planned to house 40,000 new residents, has been delivered through provincial funding. The Radke report helped to initiate the transformation of Fort McMurray from a boomtown into a home town that is still underway.

The scale of funding committed must not be underestimated. In 2015, the Government of Alberta committed $877 million in total Municipal Sustainability Initiative (MSI) grants to all Alberta municipalities. MSI funding, largely determined on a *per capita* basis, is intended to help Alberta municipalities deliver infrastructure. The Government of Alberta allocated $37.2 million to the Regional Municipality in 2014 and 2015 combined.[37] By comparison, the special funding commitments prompted by the Radke report – even discounting projects exclusively within provincial jurisdiction, such as highways, schools or hospital upgrades – is, at nearly $800 million, the equivalent of nearly 22 years of MSI funding. This does not mean those commitments were in any way excessive or that they did not generate a return on investment. The simple growth of oil sand royalties between 2006 and 2013 proves the wisdom of the government's investment: those royalty revenues, totaling $31.6 billion, a 10-to-one return, which otherwise would not have grown at the same rate, have since been spent across Alberta.[38]

"Government of Alberta fulfills Radke Report infrastructure recommendations for the Regional Municipality of Wood Buffalo." Government of Alberta news release, 31 January 2008.
"Communities share $254 million to help create 2,200 units of affordable housing." Government of Alberta news release, 27 May 2008.
"Province begins development of two new communities in Fort McMurray: Partnerships key to providing housing and community facilities for 40,000 Albertans." Government of Alberta news release, 23 June 2008.
"Construction begins on new five-lane bridge in Fort McMurray." Government of Alberta news release, 23 June 2008.
"Government invests in infrastructure for oil sands expansion.' Government of Alberta news release, 26 September 2009.
"Crown land sold in Fort McMurray for industrial and commercial development." Government of Alberta news release, 1 March 2011.
"Fort McMurray students benefit from new schools." Government of Alberta news release, 24 May 2011.
"Doors open to 18 new schools in Calgary and Edmonton." Government of Alberta news release, 30 August 2011.
"Alberta's largest bridge deck opens in Fort McMurray." Government of Alberta news release, 26 October 2011.
"Alberta government provides more support for Fort McMurray's homeless." Government of Alberta news release, 14 December 2012.
"New road to growth coming for Parsons Creek." Government of Alberta news release, 22 October 2013.
"New schools for Fort McMurray." Government of Alberta news release, 16 December 2013.
"Province addresses growth issues in Fort McMurray." Government of Alberta news release, 30 January 2014.
"Renovations to the emergency care area at the Northern Lights health centre are now complete." Government of Alberta news release, 30 April 2014.
"New partnership will share oil sands history and grow tourism." Government of Alberta news release, 24 July 2014.
"Premier Prentice announces new Fort McMurray EMS helipad." Government of Alberta news release, 2 October, 2014.
"Land deal clears the way for affordable housing in Fort McMurray." Government of Alberta news release, 21 November 2014.

[37] "2014 Municipal Sustainability Initiative Allocations" and "2015 Municipal Sustainability Initiative Allocations."

[38] "Revenue Collected." Alberta Energy.

3.5 Oil Sands Sustainable Development Secretariat

Recommendation 7 from the Radke report advocated the creation of a new agency to coordinate government departments and support Cabinet decision-making with respect to oil sands development.

> **ISSUE 7**: Management and coordination of infrastructure and services to support oil sands development would be improved by establishing an ongoing process for facilitating Cabinet-level review and decision making.
>
> **RECOMMENDATION 7(a)**: The role and mandate of the Oil Sands Ministerial Strategy Committee (Cabinet Committee) should be expanded to include:
>
> - Management and direction of the provincial delivery of infrastructure and services to the Regional Municipality of Wood Buffalo
>   […]
> - Identification and resolution of any policy gaps and inconsistencies impacting oil sands development
>
> **RECOMMENDATION 7(b):** The Chair should be a member of the Agenda and Priorities Committee of Cabinet and Treasury Board.
>
> **RECOMMENDATION 7(c):** The Committee should be supported by a small Oil Sands Sustainable Development Secretariat (four to five people) headed by a Deputy Minister level appointment (132).

When it implemented the Radke report, the Province took a slightly different course: it created the Oil Sands Sustainable Development Secretariat led by an Assistant Deputy Minister. Placement within Treasury Board maintained the link with strategic and capital planning without limiting its ability to act across government departments by constraining it within the narrower mandate of any specific ministry.

The first Secretariat ADM was a 12-year resident of Fort McMurray, an oil sands professional seconded from industry, and past-President of the Regional Issues Working Group.[39] She was selected in a process that included the participation of the Mayor of the Regional Municipality to ensure the successful candidate had practical, hands-on knowledge of the challenges associated with oil sands development. The new ADM traveled to Fort McMurray no less often than every two weeks.

The collaborative engagement of the Oil Sands Secretariat with the Regional Municipality and other stakeholders led in time to:

- the release of 1,000 acres of Crown land along Highway 63 for business industrial development;
- the launch of the new North Parsons Creek and Saline Creek Plateau residential subdivisions;
- the creation of the Keyano College Land Trust;
- the transition of the Fort McMurray Regional Airport Commission (a Part 9 municipal subsidiary) to the Fort McMurray Airport Authority; and
- the formal designation of 55,000 acres of Crown land for urban development to guarantee the Regional Municipality had, for the first time, undisputed access to enough land to develop a 20-year plan.

The Oil Sands Secretariat also completed or took the lead on several policy initiatives that looked beyond the five-year horizon of the Radke report, including *Responsible Actions*, the 20-year strategic plan for the oil sands, AOSA *Comprehensive Regional Infrastructure Sustainability Plan* (CRISP), and a Social and Infrastructure Assessment Modeling (SIAM) tool. Its ADM also chaired the Regional Advisory Committee for the Lower Athabasca Regional Plan.

That was then. Those early successes have been squandered.

[39] RIWG had produced the 2005 *Wood Buffalo Business Case* in partnership with regional stakeholders.

3.6 Land and housing

Though largely undisturbed boreal forest sits, literally, at residents' doorsteps and extends in hundreds of miles in every direction, none of that land is available to the Regional Municipality for urban development without first being released by the Government of Alberta. The topic was first addressed in the *Report of the Auditor General on Alberta Social Housing Corporation—Land Sales Systems* in October 2005. The report reviewed the sale process for Parcels B, C, D, E and F in Fort McMurray. The report noted

> objectives for land sales are not clearly defined or recorded. […] The [Province's] objectives and approach to selling land in Fort McMurray have varied significantly over time and between agreements. It has made sales to dispose of land for the highest price, to create affordable housing, to get lots on the market quickly, to create competition in the market, or a combination of these objectives (21).

Then it noted "the timing of land sales has not met the needs of the Municipality. Since 1999, the timing of the Corporation's land sales has been sporadic" (22), which has worked against any meaningful, long-term planning. Then the Auditor General reported "current housing prices are *very high* because of the *pent-up demand*" (24, emphasis added). If this was true in 2005, when the price of the average single family detached house in Fort McMurray was $420,540, it is even more true now: the average price in 2014 was $765,353 – 80 percent higher. The Auditor General concluded that "housing requirements may not be met without a long-term plan for selling land in Fort McMurray." The notion that enabling urban development is simply a matter of Crown land release has prevented an understanding of the factors that affect housing and will be challenged in detail below.

The Radke report took its lead from the Auditor General and noted "[t]he province needs to ensure that provincially owned land is released in a timely fashion to meet housing needs well in advance of actual requirements" (136). It encouraged the Province to expedite the release of Parsons Creek North and the Saline Creek Plateau. Even now, these two subdivisions look to be sufficient to support population growth for the next decade. However, converting both from raw boreal forest into developable land has turned out be much more difficult than imagined, and the lone identification of these parcels has done little to expedite development. Housing prices have continued to rise faster than anywhere else in Alberta.

The land release process has been, and remains, unnecessarily complicated and, so far, ineffective. Consolidating Crown land ownership within Environment and Parks – when the Auditor General's and Radke reports were written, land was held within several different ministries, including Seniors and Community Supports – is an improvement, but the land release process is still cumbersome and the preparatory work required to expedite land release remains incomplete. In addition, the government has so far failed to acknowledge that land *prices* in Wood Buffalo have been artificially inflated due to its failure to release land, which keeps housing costs high, and clashes with housing affordability.

3.7 Health care

As noted above, recommendations in the Radke report to improve health care services – including new clinics, pandemic response, medivac helipad[40], and wage supports – have been fulfilled. Further work is ongoing to facilitate the development of long-term plans that respond adequately to population growth.

Of the Radke report recommendations, only the long-term and continuing care centre remains unfulfilled, and that project has taken on an enormous political dimension. In the eight years since it was first announced, the long-term and continuing care centre has passed through the hands of five premiers, a dozen health, seniors and infrastructure ministers, and been proposed for three different sites. Alberta

[40] Funding for this project was committed in 2014; however, it has been deferred.

Health Services has long advocated a different tack than the Fort McMurray Golden Years Society. To date, only site servicing has been initiated.

Current health care issues relate mostly to population growth and the unique characteristics of a city in which family and social supports are scarce.

3.8 Transportation

The Government of Alberta has made tremendous if still incomplete progress on transportation infrastructure. Highway projects include Highway 63 twinning; the new Grant MacEwan Bridge and Ralph Steinhauer Bridge renewal; underpass access to MacDonald Island; highway interchanges at Thickwood Boulevard, Confederation Way and Parsons Creek; and an innovative, if flawed, agreement to partner with the Regional Municipality to bridge finance and deliver improvements to Highways 63 and 69 in the Urban Service Area. Together, they approach a value of $2 billion.

Equally as significant from a planning perspective was the completion by the Oil Sands Secretariat of the *Comprehensive Regional Infrastructure Sustainability Plan for the Athabasca Oil Sands Area* (AOSA CRISP) in 2011. CRISP captures in a single document all the proposed transportation, education, health and regional water treatment infrastructure projects projected for the Athabasca oil sands area through to 2045 and provides order of magnitude pricing nominally identified at $8 to $10 billion.[41]

The Fort McMurray Urban Development Sub-Region Memorandum of Understanding also created the AOSA Transportation Coordinating Committee (TCC) to further refine CRISP and to “provide strategic advice and recommendations on transportation planning, design, funding, construction, operations and maintenance; including all classes of roads, transit, rail, and air traffic within the Athabasca oil sands area.”[42] The AOSA TCC has met regularly since 2012 and has prioritized the first $1.5 to $2 billion of proposed transportation infrastructure projects. It has also explored alternative financing and delivery mechanisms.

There is one recommendation in the Radke report that remains outstanding and warrants mention because it proposes an approach that had not then and still has not been implemented in Alberta – third-party funding of transportation infrastructure.

> **RECOMMENDATION 23(d):** The $150 million east Athabasca corridor road requested by RIWG should be considered an industrial road used principally for industry access to oil sands projects and therefore should be funded entirely by industry (140).

This recommendation – and the discussion in the *Wood Buffalo Business Case* about industry’s exploration of a non-for-profit monopoly to manage rail transport within the Region (36-37) – are particularly relevant to the current conversation about the East Corridor Multi-User Access Road. In addition to a highway, the potential benefit of a river crossing that includes rail capability remains very high.

Unfortunately, Alberta Transportation tends to interpret its mandate as providing for the effective movement of people and products *between* urban centres, from point A to point B. The initial planning for the Thickwood and Confederation interchanges was focused on moving traffic unimpeded *through* Fort McMurray on Highway 63 without appreciating that some 10 to 20,000 vehicles had to access Highway 63 from residential neighbourhoods every day. Interchanges and access to them had to be re-engineered to handle commuter traffic. That hiccup points toward the deep misunderstanding in the

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[41] The AOSA CRISP also explored the viability of a new town north of Fort McKay as proposed in the Radke report, a work community south of Conklin, and water/wastewater, health and education capacity requirements across the Wood Buffalo region. The new town concept has since been abandoned as too expensive and too close to Fort McMurray.

[42] “New advisory body to coordinate transportation planning in oil sands region.” Government of Alberta news release, 4 January 2012.

provincial capital that the transportation network in Wood Buffalo – its present and future adequacy, impact on urban development, livability, and public safety – remains a persistent issue.

The Radke report also recommended in 23(f) that an "airport master plan should be developed for […] Wood Buffalo to coordinate future development of private and public airports" (141).

3.9 Education and post-secondary education

The two recommendations in the Radke report concerning education advised that new capacity was required to accommodate population growth. The Province made several notable investments to address the shortage of school spaces in Fort McMurray. Significant upgrades have been made to Fort McMurray Composite High School and three new schools have been built: Holy Trinity Catholic High School, Walter and Gladys Hill Public School, and St. Kateri Catholic School. In addition, contracts have been awarded to build three additional schools and three more schools are in the design and/or planning stages.[43]

Interviews with the superintendents of both the Fort McMurray Catholic School Division (FMCSD) and the Fort McMurray Public School Division (FMPSD) confirm that overcrowding is not a current issue.[44] FMPSD Superintendent Nicholls noted, for example, that the public school division built its first new elementary school in 26 years, a period in which Fort McMurray's population tripled. FMCSD Superintendent McGuigan noted the Province's acumen in contracting Bird Construction to build three new schools, bringing cost efficiencies to a community in which the so-called "Fort McMurray factor" can increase costs 30 percent more in comparison to other jurisdictions.

Both superintendents also noted the importance of wage supports that have improved the recruitment and retention of young teachers. Superintendent Nicholls said of teaching staff that "retention is stronger; terms are longer."

The Radke report was largely silent on post-secondary education, recounting previous funding commitments but making no recommendations for future action.

3.10 Police services

The Regional Municipality is unique among Alberta municipalities in that it is responsible for police services within the Urban Service Area through a contract directly with the RCMP but all policing beyond Fort McMurray, including nine hamlets and the Rural Service Area of the second-largest municipality in Canada, is provided by the Province through its contract with the RCMP.

The Radke report made three recommendations to address policing gaps in the region.

The first was to ensure pay scales were sufficient to recruit and retain police officers. The RCMP are among those public sector organizations that have also negotiated a subsidized housing arrangement with the Wood Buffalo Housing & Development Corporation to enhance recruitment.

Noting a relatively high number of drug offenses, the Radke report recommended that the Province create a province-wide drug response program, which is now handled by the Alberta Law Enforcement Response Teams (ALERT) "that brings together, under one umbrella, Alberta's various integrated policing units to strategically disrupt and dismantle serious and organized crime across the province."[45]

The third recommendation related to existing inadequate facilities and led the Province to make two important capital infrastructure commitments. The Province provided $52 million for the new RCMP detachment in Timberlea and another $10 million plus the land to build a new south RCMP station and cell block to replace the dilapidated remand centre in the basement of the Jubilee Building.

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[43] "School Projects." Alberta Infrastructure. <http://projects.alberta.ca/>.
[44] Both interviews occurred June 23, 2015 at the Clearwater Public Education Centre.
[45] "Alberta Law Enforcement Response Teams." Public Safety Canada.

The Radke report and the subsequent creation of the Oil Sands Sustainable Development Secretariat provided the blueprint for extraordinary, *albeit* short-lived, collaboration between the Government of Alberta, the Regional Municipality, and other regional stakeholders. It resulted in, among other things, a brief but seismic shift in the provincial government's attitude toward the socio-economic impacts of oil sands development in Wood Buffalo. It was expressed in remarkable special purpose funding commitments and policy supports.

The response was truly unprecedented in the history of Alberta: but, then, as was acknowledged in the Radke report, Wood Buffalo is an unprecedented community. It is host to the largest industrial project in North America, if not the world, and the engine of economic activity for an entire nation. The Government of Alberta's recognition that Fort McMurray was, indeed, unique and that growth-related pressures threw into relief government's special obligation represented a deeply satisfying accomplishment for the local government and its residents. But in 2015, government decision-making rarely appears to benefit from substantive local input, and collaborative engagement has faded near to non-existence.

4.0 Federal absenteeism

Though it is the target of aggressive international anti-oil sands lobbying, the Government of Canada seems in 2015 mostly disinterested in and disengaged from any practical affiliation with oil sands development other than pipeline advocacy. While tidewater access is important to ensure that the full value of the resource is realized, there are other challenges that are also within the purview of the federal government and for which its assistance would be welcome.

4.1 Federal special purpose funding commitments

Jurisdiction over natural resources was transferred to the western provinces in 1930. The federal government, however, as a clear financial beneficiary of oil sands development, retains some responsibility to support that development.

Contrary to popular wisdom, the Canadian Energy Research Institute (CERI) estimated in 2005 that between 2000 and 2020 the Government of Canada will receive the largest share of oil sands revenues. Its $51 billion, or 41 percent of all associated revenues compares to Alberta revenues of $44 billion, or just 36 percent.[46] Over the twenty year period of the forecast, the federal government is expected to earn a 14 percent higher dividend than Alberta.[47] In 2014, CERI revised its forecast: it said over the 25-year

Figure 9: Government of Canada public infrastructure investment summary

Project	Amount
Highway 63 twinning	$ 150 million
Fort Chipewyan Airport safety enhancements	0.2 million
Homeless supports	0.775 million
Highway 63 improvements in the Urban Service Area	53 million
Water main replacement	6.7 million
Fort McMurray International Airport (FMAA)	25 million
	$ 236 million

Source: Various, includes Government of Canada and FMAA news releases.[48]

period from 2014 to 2038 that the federal government would receive $574 billion in tax revenues, nearly twice the revenues that would accrue to Alberta of $303 billion.[49] Alberta's total revenues will, according to CERI, eventually eclipse federal revenues as royalty payments increase. However, the fact remains that between 2000 and 2020, including the same period of exceptional growth that precipitated

[46] The remaining 23 percent is divided among the other provinces and territories and some Canadian municipalities.
[47] *Economic Impact of Alberta's Oil Sands*, Study No. 110, Canadian Energy Research Institute, 2005, xi.
[48] Data sources for Figure 8 include the following.
"Canada and Alberta Partner to Twin Highway 63." Government of Canada news release, issued 29 August 2006.
"Canada's new government funds airport safety project in Alberta." Government of Canada news release, issued 2 April 2007.
"The Government of Canada delivers support to help those who are homeless in Fort McMurray." Government of Canada news release, issued 3 April 2008.
"Next section of Highway 63 twinning will improve safety for motorists." Government of Canada news release, issued 25 May 2010.
"Government Partnership to expand Fort McMurray International Airport." Fort McMurray International Airport news release, issued 27 March 2015.
[49] "Canadian Economic Impacts of New and Existing Oil Sands Development in Alberta (2014-2038)," pages 6-9.

extraordinary special purpose funding by the Government of Alberta, the chief government beneficiary was the Government of Canada.

The federal government's investment, shown in Figure 9 on the previous page, has not reflected the benefit it has received. Discounting contributions from the federal Gas Tax Fund, which are awarded to all municipalities on a *per capita* basis,[50] the Government of Canada has committed just $236 million in special purpose funding over the past decade, less than eight percent of Alberta's investment. No matter how these amounts are compared, the discrepancy reveals a puzzling parsimony that does not reflect the oil sands' national impact or Alberta's willing contributions to Confederation through equalization payments that result from a positive balance sheet.

As recently as 2012, the Northern Alberta Minister's Regional Office engaged in discussions with the Regional Municipality about federal interest in crossing the Clearwater River by road and rail, a project with national significance. CN Rail at one time expressed interest in building such a crossing if it obtained the contract to move all the Province's BRIK[51] barrels to the Northwest Upgrader in the Industrial Heartland but abandoned the project when cost estimates hit $600 million and it appeared CN would be the sole funder. A road and rail bridge aligned with the ECMUAR may well represent an opportunity to the federal government for redemption, especially since it is able to provide funds directly to a transportation authority rather than funnel them through the provincial government. As noted above, the oil sands industry itself once floated the idea of a not-for-profit rail monopoly, which, if combined with road construction, could be accommodated within the model of a transportation authority as explored by the TCC.

[50] "The allocation formula was modified slightly for the Northwest Territories, Yukon, Nunavut and Prince Edward Island" to address the lower population in those regions. *See* http://www.actionplan.gc.ca/en/initiative/gas-tax-fund.
[51] "Bitumen royalty in-kind."

5.0 After Radke: municipal action to address socio-economic impacts

Beginning in 2005, the Regional Municipality demonstrated it had been overwhelmed by rapid population growth. The Radke report noted that the Regional Municipality lacked the capacity to manage that growth, specifically citing the following issues that required provincial government attention if the Regional Municipality was to successfully address them.

- A scarcity of available land for urban development.
- Outdated or absent planning documents required for a municipality of this size.
- Inadequate municipal infrastructure to meet the demands of a growing population, especially water/wastewater treatment and solid waste management.
- A profound shortage of accessible and affordable housing.
- Overburdened and under-represented public services, *i.e.*, health, education, policing, social services, *etc*.

In its "Submission of Intervention" to the Joint Review Panel for Total's Joslyn North Mine application, the basic position of the Regional Municipality had become more sophisticated.

> There is no question that oil sands development results in tremendous economic benefits, not only to the Regional Municipality, or to the Province of Alberta, but across Canada and, even, internationally. Economic benefits, however, must be evaluated against other parameters, including but not restricted to environmental and socio-economic impacts. Development and its impacts are indivisible. One is not possible without the other. The challenge is to appropriately predict, prepare for, manage and mitigate those impacts so that development is compatible with other social and cultural values (4).

The Regional Municipality made several important adjustments after the Radke report to take upon itself, where appropriate, preparation for continued population growth. Its most recent planning exercises, in particular, represent a marked step forward.

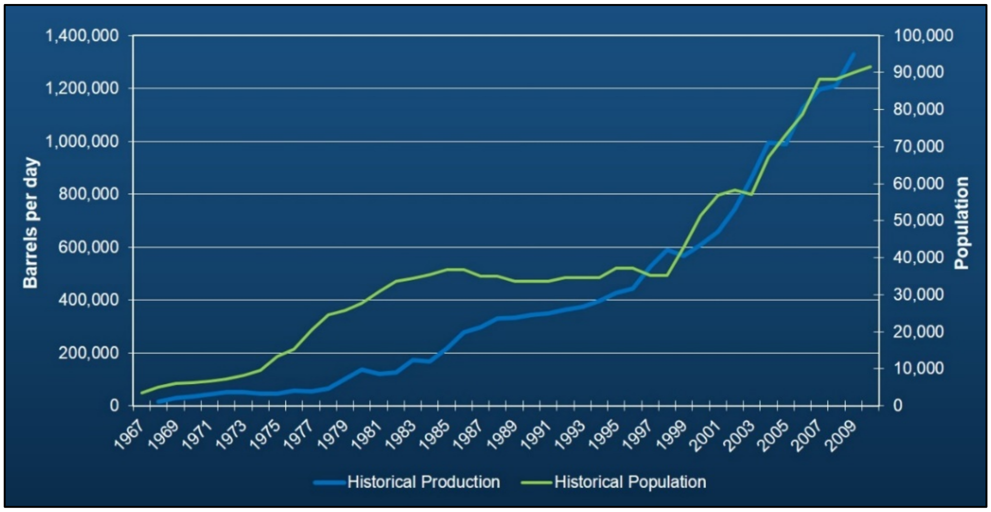
5.1 Population growth, past, present and future

The link between population growth and production growth has always been vaguely understood but there was, until very recently, too little analysis of the nuances for a consensus population forecasting model to emerge. The graph in Figure 10 on the next page demonstrates the relationship between production growth and population growth between 1967 and 2010. Both took a striking upward turn in 1998 following royalty harmonization and the introduction of truck and shovel mining.

From 2000 to 2010, Fort McMurray's population more than doubled, with an annual growth rate of 7.24 percent. Over the same period, Calgary grew at 2.6 percent, Edmonton at 1.9 percent, Red Deer at 3.2 percent, Lethbridge at 2.3 percent, the Province of Alberta overall at 2.1 percent, and Canada at only 1.1 percent. The Regional Municipality's growth rate was more than three times the provincial average and nearly seven times the national average. By 2014, oil sands production had reached 2.1 million bpd – a 30 percent increase – and the Regional Municipality's population, including work camp accommodations, had just topped 120,000 – a 20 percent increase in the same four years.[52]

[52] The 2015 *Municipal Census* was not complete at the time of writing of this report but preliminary numbers were shared with the understanding that they had to be confirmed.

Figure 10: Production growth drives population growth, 1967 to 2010



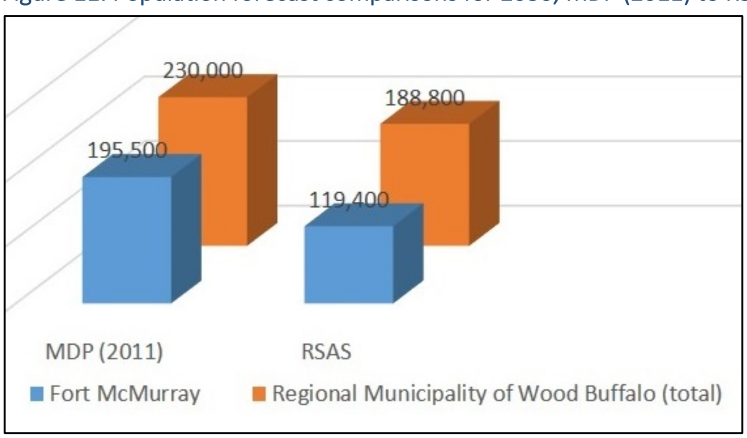
Source: "Municipal Engagement with Camp Accommodations." Camp Logistics and Workforce Accommodations.

In 2009, Mayor Melissa Blake reflected with disappointment on the Regional Municipality's 2000 *Municipal Development Plan* at the Joint Review Panel for the Total Joslyn North Mine. She noted the divergence between industry's predictions and actual growth and its effect on the Regional Municipality.

> In 2000, the RMWB, recognizing the need to plan for growth, created a Municipal Development Plan […] based on population projections provided by industry partners. Relying on this information, the RMWB's MDP estimated a population of approximately 52,000 by the year 2021. In reality, the population reached that level in just four short years […]. Unrelenting population growth over the past decade has made it extremely difficult for the RMWB to plan, budget for, and build the required infrastructure and services to meet the ongoing growth in the region.[53]

Naturally, then, the Regional Municipality overcompensated on its next planning exercise, predicting through the investigations to support *Future Forward 2030: The Fort McMurray Vision* that Wood

Figure 11: Population forecast comparisons for 2030, MDP (2011) to RSAS (2014)



Source: "Regional Structure Action Strategy Population and Employment Forecasts." Council report. Regional Council meeting, 23 June 2015.

[53] Submission of Intervention of Regional Municipality of Wood Buffalo. Joint Review Panel Hearing of Application No. 1445535, Joslyn North Mine Project, page 21.

Buffalo would reach a population of 230,000 by 2030. Industry argued that production growth forecasts did not support such a large population; various provincial departments put forward other forecasts but were unable to agree on a methodology among themselves; and the Regional Municipality held firm because it had already been fooled once.

The Regional Municipality's figure proved to be strictly aspirational. As shown in Figure 11 on the previous page, population figures proposed in *Future Forward* and retained in the 2011 *Municipal Development Plan* have been refuted by the Regional Municipality's own *Regional Structure Action Strategy* (RSAS). RSAS suggests a reduction of long-term population projections in Fort McMurray from 195,500 residents to 119,400, down 39 percent. The Oil Sands Community Alliance (OSCA) notified stakeholders in the spring of 2014 that production growth was likely to be flat for the next two to three years at least, and so further adjustment may still be necessary.

5.2 Land use plans and other planning documents

Until very recently, Crown land release bypassed the local government and went straight to the private sector. The Radke report also said there was enough land identified to accommodate population growth in Fort McMurray; it said that municipal planning had become the real cause for delay.

> Sufficient land has been identified to meet housing requirements to 2011 and well beyond. The current issue is not about the province's ability to release new lands in a timely fashion. The issue is about how quickly planning can be completed to enable that land to be sold and developed so that new housing can be built as quickly as possible.
>
> There has been criticism in the past about the slowness of the province to release land for housing. However, the delay in increasing the amount of land for housing is now the result of delays in the municipal planning and approval processes. For example, the area structure plan for the Saline Creek Plateau has yet to be completed and a number of issues such as the Rotary Club lease, which could provide additional land for housing, have not been resolved within the municipality (135-36).

It is true that municipal processes had been overrun in 2005, as the Regional Municipality testified in its submissions to Joint Review Panels in 2006 and 2010. But the Radke report was also overconfident the Province would release sufficient land in sufficient time. Identified for development in 2006, it took six more years for developers and local builders to begin work in both North Parsons Creek and the Saline Creek Plateau because of prolonged disagreements over the approach to development, land values and transportation access.

Nonetheless, the Regional Municipality began to address its planning deficiencies in 2007 and has since completed a number of relevant reports.

- *Fringe Area Development Assessment* (2007) identifies potential developable lands on the periphery of the Urban Service Area.
- *Future Forward 2030* (2007) develops a "community vision" for the Regional Municipality based upon aspirational population growth to 230,000.
- Saline Creek Plateau Area Structure Plan (2007) guides development of a 16 to 20,000 person residential subdivision.
- *Lower Townsite Area Redevelopment Plan* (2009) was the first attempt to encourage redevelopment of the downtown area to bring it forward from the 1970s into the 2000s.
- North Parsons Creek Outline Plan (2009), submitted by the Government of Alberta and approved by Regional Council, is used by the Province to guide development of a 20 to 24,000 person residential subdivision.

- *Commercial Industrial Land Use Study* (CILUS, 2010) identifies a deficit of nearly 600 acres for industrial development and over 2 million square feet for commercial development.
- Numerous master plans address water and wastewater treatment, solid waste management, recreation and 'social-profit' services.
- *Municipal Development Plan* (2011) is the comprehensive growth and development plan for the region and is based upon a revised 20-year planning horizon.
- *City Centre Action Plan* and the *City Centre Area Redevelopment Plan* (2012) propose a renewed vision for the lower townsite, especially the downtown core.
- *Regional Structure Action Strategy* (RSAS, 2014) uses the most recent population forecasts and other information to take a broader view of population growth, urban and rural development, and transportation requirements across Wood Buffalo.
- *Strategic Plan 2015-2017* (2015) identifies key actions to be undertaken by the Regional Municipality over the next three years to address immediate pressures.

The Regional Municipality has addressed its planning deficiencies.

5.3 Basic municipal infrastructure, transportation and recreation

As noted above, the Radke report prompted funding commitments from the Government of Alberta that enabled the Regional Municipality to address most of its basic municipal infrastructure deficiencies related to public health and safety. Issues persist with respect to transportation, which is a shared responsibility. Recreational and cultural facilities, which are a municipal responsibility, are also in a much better state in 2015 than they were in 2006 and the Regional Municipality is planning additional facilities in Fort McMurray and its hamlets.

5.4 Taking socio-economic impact mitigation into its own hands

In 2006, Regional Council unanimously adopted Resolution 198/06 as a 'standing order' to administration to intervene in all future oil sands projects to ensure that the provincial and federal governments had a more complete understanding of the socio-economic impacts of oil sands development, and also to encourage oil sands developers to take pre-emptive action to identify and address those impacts.

The Regional Municipality's justification for seeking intervener status was that project applications – particularly the Environmental Impact Assessment (EIA), which includes a chapter intended to identify and propose mitigation measures for socio-economic impacts – are inadequate with respect to socio-economic impact assessment. A typical EIA consists of three to four linear feet of paper and contains rigorous environmental impact studies; by contrast, the socio-economic chapter of an EIA is typically one-eighth to one-quarter of an inch, and contains, at best, taxation, labour and housing forecasts. The failure of the 2000 *Municipal Development Plan*, which was based on industry projections, was sufficient cause to justify the Regional Municipality's skepticism regarding those forecasts.

In 2010, the Regional Municipality intervened when the Total Joslyn North Mine project came before the Energy Resources Conservation Board (ERCB).[54] Just days before the hearing opened, it concluded negotiations with Total for its first Memorandum of Understanding (MOU) to mitigate socio-economic impacts. The MOU addressed the following:

[54] The Energy Resources Conservation Board was the successor to the Alberta Energy and Utilities Board.

- water/wastewater treatment and solid waste management;
- odour management;
- reclamation;
- property taxes;
- local procurement;
- fly-in/fly-out labour force and work camp accommodations;
- housing;
- transportation and related matters;
- emergency health care and mutual aid;
- education; and
- policing.

The Regional Municipality has since entered into similar agreements with every oil sands developer that has sought and received approval from the ERCB or, since 2013, the Alberta Energy Regulator.

Unfortunately, enforcement of an MOU is less a matter of legal compulsion than it is of moral persuasion. In its decision report, the ERCB's Joint Review Panel noted it was "encouraged by TOTAL's and RMWB's agreement to manage the project's impacts on infrastructure and municipal services.[55] However, the Chair told the Regional Municipality that the ERCB could not include the MOU as a condition of project approval, nor, by implication, any subsequent MOU with any oil sands developer.[56] Because they are intended to address gaps in the current socio-economic impact assessment process that is not satisfactory, these MOUs are presently the only means to document additional socio-economic impacts and, as agreements, are the only place in which both parties commit to specific undertakings to mitigate those impacts. But their 'enforcement' is, perforce, pressed into the public, rather than the regulatory, arena.

5.5 *Regional Structure Action Strategy*

Though it took time, the Regional Municipality came to understand it had to rely less on the oil sands industry and provincial government to help it identify, quantify, predict and monitor socio-economic impacts and take on a larger responsibility for its future. One of the Regional Municipality's most recent documents, the *Regional Structure Action Strategy* (RSAS), is an important expression of that independence and deserves further discussion.

RSAS is notable because, for the first time, the Regional Municipality generated its own data for planning purposes rather than relying upon industry or the Province to do so. In fact, RSAS has, in notable areas, improved upon provincial and industry data, and provided decision-support tools that have been used elsewhere. RSAS arose, in part, out of dissatisfaction with the Province because it had focused its attention – not without encouragement – almost entirely on Fort McMurray for the past decade. This orientation meant that emerging issues beyond the Urban Service Area have received short shrift, especially since the weakening of the Oil Sands Secretariat.

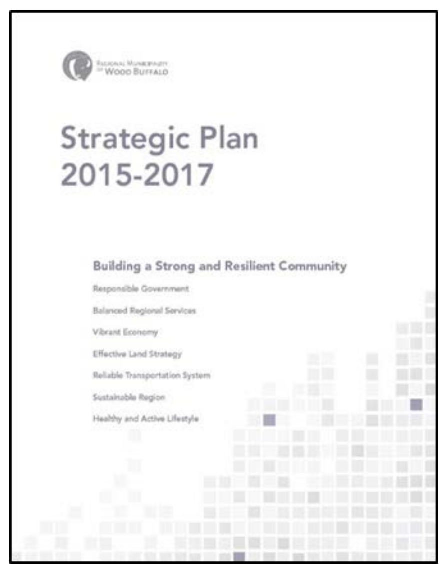
As shown in Figure 11 on page 52, RSAS deconstructed previous population projections and demonstrates that a downward adjustment is required. The Regional Municipality, Government of Alberta and the oil sands industry all appear to have reached a consensus that the annual production forecasts of the Canadian Association of Petroleum Producers will provide the benchmark for population projections. A more detailed analysis of labour force requirements and other factors, such as plant location, census demographics, transportation access and commuting viability, will provide all parties with better data to support long-term population forecasts and corresponding infrastructure requirements.

[55] *Decision 2011 ABERCB 005*, page 62.
[56] *Proceedings at Hearing*. Volume 7. ERCB Application No. 1445545.

Another marked benefit of RSAS is its more detailed analysis of transportation infrastructure in the AOSA CRISP, projected with a nominal value between $8 and $10 billion. The sheer magnitude of those projects intimidates governments that depend upon volatile resource revenues to fund capital construction. The Province has also already committed nearly $2 billion for transportation infrastructure in the Wood Buffalo region. It is not reasonable to expect it to make any new funding commitments for transportation, especially with current revenue restraints, without a much better cost-benefit analysis than has been available in the past.

RSAS clearly demonstrates there is little value to be realized any time soon in the realignment of Highway 63 west of Fort McMurray proposed by Alberta Transportation that could cost up to $2 billion simply for the bridge to cross the Athabasca River. Deferring or even cancelling that project reduces the cost of the AOSA CRISP by 20 to 30 percent. RSAS also confirms the findings of the AOSA Transportation Coordinating Committee that the East Corridor Multi-User Access Road is the preferred ‘next priority’ among significant transportation projects. This extension of Highway 881 would provide access to up to 2 million bpd of potential new bitumen production, as well as contributing notably to public safety by adding alternatives – network redundancy – to the regional transportation network. RSAS also demonstrates the value to be derived from improvements to Highway 63 north of Fort McMurray that would ease congestion, increase safety, and facilitate the improved movement of people, goods and services.

5.6 *2015-2017 Strategic Plan*



Regional Council adopted a new municipal *Strategic Plan* in May 2015. The plan identifies seven key strategies and related objectives, and “addresses the steps the Municipality will take over the next three years to foster the vision and goals of its longer-term *Municipal Development Plan*.” Three of those seven strategies are integrally related to the issues identified in this report.

3. Building a vibrant economy – To systematically collaborate with local businesses, residents and industry to encourage creation of a viable and sustainable marketplace.
4. Building an effective land strategy – To have an integrated and planned approach to the effective and efficient release and development of land.
5. Building reliable transportation – To provide sustainable and reliable transportation and so improve the quality of life throughout the Region.[57]

The key strategies and related objectives allude to outstanding issues and persistent irritants that compromise the Regional Municipality’s pursuit of a strong and resilient community. Like this report,

[57] No page numbers.

the *Strategic Plan* identifies population forecasting as one of the most important inputs to effective municipal planning.

The *Strategic Plan* also commits the Regional Municipality to develop "an integrated and planned approach to the effective and efficient release and development of land" that will complement the 2011 *Municipal Development Plan* (MDP) and help to achieve goals first articulated in 2010 in the *Commercial and Industrial Land Use Study*. Urban development – residential, commercial and industrial development, economic development and diversification, and other issues associated with the transition from a boomtown to a home town – are integrally linked with land release. The Regional Municipality cannot succeed in this endeavour without re-establishing effective collaborative engagement with the Province.

Also of interest is Regional Council's explicit recognition that providing a "sustainable and reliable transportation" network, a shared responsibility with the Province, is essential to "improve the quality of life throughout the Region."

6.0 The oil sands industry's commitment to socio-economic impact mitigation

The oil sands industry has taken the brunt of criticism for the socio-economic impacts that demand the attention and resources of other parties because it is the principal source of those impacts. While it is true that the Province and the Regional Municipality can, together, do more, industry is the *prima causa* and so, in most arguments, bears the greatest responsibility to better identify, measure, monitor and help mitigate socio-economic impacts.

The matter becomes more complicated, however, as soon as the blanket term "industry" is employed. The legacy companies, Suncor and Syncrude, have for decades been committed corporate citizens, providing significant funding in the early days for employee housing and transportation, and, more recently, a host of corporate sponsorships ranging from health care to education, job training to recreation, arts and culture to Aboriginal capacity building. As unlikely as it may seem today, Syncrude paid for and built the Ralph Steinhauer Bridge[58] across the Athabasca River in the 1970s (Radke, 21-22). Oil sands developers that have arrived on the scene since 1998 have displayed a much less consistent, and less significant, commitment to corporate social responsibility.

The most recent incarnation of the oil sands industry association, the Oil Sands Community Alliance (OSCA), initiated stakeholder engagement in the fall of 2014 with the elected councils and other key stakeholders in three host communities: Fort McMurray, Lac La Biche and Wabasca/Desmarais. OSCA has taken a proactive stance to renew the dialogue with its host communities on the subject of socio-economic impacts.

Because OSCA's effort is underway, further analysis is not appropriate. However, it is worthwhile to note there is considerable overlap among issues and potential outcomes in the OSCA engagement and those articulated in this report. Figures 12 and 13 on the following pages show the analysis and choices made by stakeholders from Wood Buffalo and Lac La Biche County.[59] Though the issues, rankings and outcomes are similar between the two communities, the stakeholder engagement exercise appears to have had different effects in each community. The status column for the Wood Buffalo engagement shows, for the most part, OSCA's commitment to future actions in support of the specified outcome. The status column for the Lac La Biche engagement largely shows activity to date and future commitments of Lac Lac Biche County; it appears as if Lac La Biche County has used engagement with OSCA to more directly supplement its own strategic planning, which is perhaps consistent with its own relative immaturity as a host to oil sands development. With respect to virtually all issues, however, and in both communities, the tables demonstrate the strong probability that different parties can identify shared outcomes and subsequent strategic actions to achieve those outcomes. Collaborative engagement to develop outcome-based, strategic plans that employ adaptive management works.

The complete documents from which both tables are taken are available online from the OSCA website at www.oscaalberta.ca.

[58] The project cost $300 million then, the equivalent today of $1 billion.
[59] Nothing is yet publicly available concerning stakeholder engagement in Wabasca/Desmarais.

Figure 12: Priority issues list, Regional Municipality of Wood Buffalo

Issue	Category	Score	Outcome	Stakeholders	Lead	Status May 2015
Enhanced transportation access to new oil sands developments	Infrastructure	52	Regional road projects (including Hwy 881 enhancements and the Clearwater East Multi-User Corridor*) improve productivity, permanent residency and public safety. * This project is known now as the East Corridor Multi-User Access Road (ECMUAR).	RMWB, GoA, OSCA, FMCoC	GoA	GoA to work with OSCA, RMWB and other key stakeholders to support infrastructure initiatives in the AOSA through the Transportation Coordinating Committee (TCC).
Lack of affordable retail space	Economic Development	43	Cost competitive local retail and commercial markets that incent business to meet the needs of the region.	RMWB, OSCA, GoA	RMWB	RMWB to work with OSCA, GoA and the business community to facilitate retail and commercial development.
Alignment between industry and government	Leadership	35	Regional planning and decision-making support infrastructure investment and public services.	RMWB, GoA, OSCA	Shared	OSCA to work with RMWB and GoA to share information to the extent to which the respective goals, mandates and facility for collaboration can be aligned.
Lack of appropriate housing and care options for seniors Aging-in-Place2	Infrastructure	33	The RMWB has appropriate and affordable housing and care options for residents in need.	RMWB, WBHDC, GoA, AHS, OSCA	GoA RMWB AHS	OSCA's engagement to be based on appropriate progress and needs assessment.
Incentivize living in local communities	Housing	32	Population growth ensures long-term community sustainability.	RMWB,OSCA, UDI, Employers, FMCoC, GoA, FMAA	Shared	OSCA to work with RMWB to provide appropriate information for policy makers to optimize local residency and understand the diversity of business needs. OSCA to assess the need for updated information on mobile workers.
Lack of medical specialists and resources (*e.g.*, maternal care, mental health and wellness, long-term care)	Economic Development Community Well-Being	32, 25, 22	RMWB has appropriate medical resources, services and facilities, similar to other Alberta communities of comparable size that are accessible and support those in need, both local and non-resident.	RMWB, GoA, AHS, OSCA	GoA AHS	OSCA's engagement to be based on appropriate progress and needs assessment. Construction contract signed for Fort McMurray Continuing Care Centre located in Parsons Creek.
Tax structure	Economic Development	20	RMWB has developed a long-term, capital plan and appropriate population forecasting to guide sustainable investment of property tax revenues.	RMWB, OSCA, FMCoC	RMWB OSCA	OSCA to collaborate with RMWB to enhance financial planning initiatives and to optimize property assessments and mill rates.

Figure 12: Priority issues list, Regional Municipality of Wood Buffalo (cont.)

Issue	Category	Score	Outcome	Stakeholders	Lead	Status May 2015
Labour attraction and retention	Labour and skills	22, 21	There are appropriate strategies developed to attract and retain skilled labour in the region and to optimize local residency in the RMWB.	OSCA, GoA, RMWB, FMCoC, KC, FMPSD	Shared	OSCA to support GoA, RMWB and other key stakeholder's efforts to attract and retain skilled labour requirements.
Capacity of the social profit sector	Community Well-Being	20	Commit to the Community Strategy Road Map and build the capacity of the social profit sector in the RMWB.	RMWB, GoA, OSCA, WBHDC	RMWB GoA	OSCA to work with key community stakeholders to identify appropriate next steps for operationalizing the Community Strategy Road Map.

Source: Oil Sands Community Alliance.

Stakeholder key

AHS	Alberta Health Services
GoA	Government of Alberta
FMPSD	Fort McMurray Public School District
FMCoC	Fort McMurray Chamber of Commerce
KC	Keyano College
OSCA	Oil Sands Community Alliance
RMWB	Regional Municipality of Wood Buffalo
RCMP	Royal Canadian Mounted Police, Fort McMurray detachment
UDI	Urban Development Institute – Wood Buffalo chapter
WBHAC	Wood Buffalo Health Advisory Council
WBHDC	Wood Buffalo Housing & Development Corporation

Figure 13: Priority issues list, Lac La Biche County

Issue	Category	Score	Outcome	Stakeholders	Lead	Status March 2015
Road safety (Hwys 36, 55 and 881) • wider roads • passing lanes • increased enforcement • more turnout lanes • twinning	Transportation and Safety	64	The regional transportation network is adequate to the traffic demands.	GoA, LLBC, LLBDCC, OSCA	Jointly GoA and OSCA	LLBC met with Alberta Transportation to present their strong support for transportation improvements.
Highway 881 • maintenance • wider shoulders	Transportation and Safety	44	Highway 881 is maintained at the level required to accommodate traffic demands.	GoA, LLBC, LLBDCC, OSCA	Jointly GoA and OSCA	LLBC met with Alberta Transportation to present their strong support for transportation improvements.
Emergency services	Transportation and Safety	33	Improved response times throughout the region.	AHS, LLBC,OSCA,RRC MP	LLBC	LLBC is reviewing opportunities for improvement with AHS.
Incoherent social vision/ coherent vision/where is vision for community and industry?	Leadership and Governance	31	Lac La Biche County, residents and community stakeholders are aligned in support of a clear community vision.	AHS, GoA, LLBC, LLBDCC,NLSD, OSCA, PC	LLBC	LLBC is taking appropriate steps to develop a coherent vision for the community with appropriate planning documents.
Growing local businesses	Economic Development	29	Lac La Biche-based businesses are important suppliers to oil sands operators in the south AOSA.	LLBC, LLBDCC, LLBREDA, OSCA, Private business	LLBC	LLBC is reviewing mandate and governance of economic development authority.
Municipal infrastructure to support growth • water/sewer • municipal roads	Essential Services	28	Servicing infrastructure is ahead of the demand for residential and commercial development.	GoA, GoC, LLBC, NLSD	LLBC	LLBC is reviewing immediate capital infrastructure requirements to align with current population needs. LLBC will be developing a longer term capital infrastructure plan.
Need medical diagnostic equipment	Essential Services	25	Services once provided in Edmonton can be accessed in LLBC.	AHS, GoA, LLBC, LLBHCC, OSCA	AHS	LLBC has met with AHS and options are being considered. Health Foundation is actively being developed.
Affordable and social housing	Essential Services	24	A variety of affordable and social housing options are available to residents.	GoA, GoC, LLBC	LLBC	LLBC is pursuing seniors housing opportunities with the Province.
Aging municipal infrastructure	Essential Services	23	Aging infrastructure is rehabilitated or replaced at the optimal time to reduce costs.	GoA, GoC, LLBC, NLSD	LLBC	LLBC is developing a sustainable capital infrastructure plan in their 2015 capital budget deliberations.

Figure 13: Priority issues list, Lac La Biche County (cont.)

Issue	Category	Score	Outcome	Stakeholders	Lead	Status March 2015
Build local workforce	Workforce and Education	20	County and industry have developed strategies for a long-term plan for property tax revenues.	LLBC, LLBDCC, LLBREDA, OSCA, PC	Shared	LLBC strongly supports the development of local workforce and is looking for opportunities to work with Portage College and industry members to meet current and ongoing needs for skilled trades as well as other local employment and business opportunities including Aboriginal initiatives.
Rail blockage in LLB hamlet	Transportation and Safety	20	Rail traffic, especially marshalling rail cars, does not disrupt vehicle traffic unreasonably.	CN, LLBC, OSCA, GoA	Jointly LLBC/ CN	LLBC has developed some options and is scheduling discussions with CN.
Property taxes and assessment rates	Leadership and Governance	17	County and industry have developed strategies for a long-term plan for property tax revenues.	LLBC, OSCA	Jointly LLBC/ OSCA	LLBC is finalizing 2015 capital and operating budgets recognizing the needs of their residents and the current economic climate. Planning to approve budget in March and set tax rates in May. LLBC administration to present 2015 budget details to industry.

Source: Oil Sands Community Alliance.

Stakeholder key

AHS	Alberta Health Services
CN	CN Rail
GoA	Government of Alberta
LLBC	Lac La Biche County
LLBDCC	Lac La Biche & District Chamber of Commerce
LLBHCC	Lac La Biche Health Care Centre
LLBREDA	Lac La Biche Regional Economic Development Authority
NLSD	Northern Lights School District
OSCA	Oil Sands Community Alliance
RCMP	RCMP, Lac La Biche detachment

7.0 One decade after Radke: it's not about money

Alberta is an oil and gas province: our prosperity and immediate aspirations for economic growth and diversification rest upon the foundation of the energy sector. That sector has itself evolved over the past century and is, today, dominated by oil sands development. Since the 1970s, as discussed in Section 3.0, the Government of Alberta has taken action four times in support of the oil sands.

1. It established the Alberta Oil Sands Technology and Research Authority in 1974 and invested $1 billion to facilitate the creation of a commercial oil sands industry.
2. It joined the National Oil Sands Task Force in 1993 to determine a royalty structure that would help an industry in its infancy transition into a profitable enterprise.
3. It amalgamated the City of Fort McMurray and Improvement District 143 in 1995 to ensure the newly created Regional Municipality of Wood Buffalo was capable of hosting an industry that, at the time, produced 133,000 bpd of bitumen.
4. It commissioned the Radke report in 2006 and laid out an emergency response plan to help Wood Buffalo cope with rapid oil sands production growth and corresponding population growth that had tripled residents in the same decade.

The Radke report provided the jumping off point to improve provincial policy and discharge the Province's financial obligations, and to strengthen municipal capacity and service delivery. It identified shortcomings and proposed solutions. It had the effect, as noted previously, of facilitating extraordinary, though now forgotten, collaboration between the Government of Alberta, the Regional Municipality, the oil sands industry and community stakeholders. The transformation of Fort McMurray that occurred between 2006 and 2011 was truly astonishing. But the starting point was abysmal and the transformation is not complete.

The spirit of collegiality that launched that transformation has not been maintained. It is now nearly a decade since Radke; it will soon be five years since its recommendations will have 'expired.' The migration of people and capital to Wood Buffalo did not stop in 2011 and, though it slowed in 2014, there is no great likelihood it will stop for the next several decades. The socio-economic impacts of oil sands development continue to be felt and still have not been addressed in a systematic way. Since the Radke report was tabled, oil sands production has increased 68 percent to 2.1 million bpd. The regional population, including permanent residents and the 'shadow population,' has grown proportionally, increasing by 58 percent. Some old growth-related issues remain and new issues have emerged that require provincial attention.

To safeguard the investments that the Province and the Regional Municipality have already made, and to identify those with the greatest potential beneficial impact in the future, problematic issues must be identified and outcomes defined to eliminate those issues. The importance of the transition beginning in 2017 from cap-ex to op-ex cannot be overemphasized. And, more important, all parties must demonstrate their willingness to commit once again to collaborative engagement.

In its *Decision 2006-112*, the Energy Resources Conservation Board posed three essential questions that still apply (11):

- What is the significance of socioeconomic impacts after taking into account efforts to mitigate the impacts?
- What is the appropriate mechanism for managing socioeconomic impacts?
- Who should bear the cost of addressing socioeconomic impacts?

Because the Board did not then answer those questions, and no one has since, they remain valid.

The Radke report provided a short-term blueprint for unprecedented collaboration between the Government of Alberta, the Regional Municipality and community stakeholders that led to, among other things, the commitment of special purpose funding of $3 billion, creation of the Oil Sands Sustainable Development Secretariat, launch of the new Parsons Creek and Saline Creek residential subdivisions, release of 1,000 acres of Crown land for business industrial development, formation of the Fort McMurray Airport Authority, designation of 55,000 acres of Crown land for future urban development, and other key policy initiatives.

But the Radke report, which presented a five-year plan to respond more effectively to growth pressures, was also very much a backward-looking exercise. It identified existing deficiencies arising out historical neglect. It was, in effect, a triage exercise, an emergency response to immediate, overwhelming circumstances. A long-term plan would require a long-term commitment.

The Oil Sands Sustainable Development Secretariat assumed responsibility to articulate and deliver that long-term commitment. It coordinated government departments as previous Joint Review Panels and the Radke report both had recommended, and it supported decision-making by the Province to address emerging issues by providing defensible data and other decision-support tools. The Oil Sands Secretariat was very successful for a time.

It introduced *Responsible Actions*, a 20-year strategic planning document with an adaptive management framework. It issued annual progress reports in 2009, 2010 and 2011 – but it has not issued a progress report since. 2011, then, appears to be a 'watershed' date. With the exception of work undertaken by the AOSA Transportation Coordinating Committee (paradoxically chaired by the former ADM of the Oil Sands Secretariat), collaborative engagement in Wood Buffalo, at least originated by the Province, has effectively disappeared. Efforts between governments to establish benchmark indicators have ceased without consensus, and subsequent efforts have been led largely by industry. This means, in effect, that though the Province continues to receive substantial royalty and income tax revenues from the Athabasca oil sands, its engagement in Wood Buffalo is unfocused, and different departments frequently work at cross-purposes that undermine the Regional Municipality's own efforts to manage socio-economic impacts.

Persistent and emerging issues imply something important for the new provincial government, especially as it grapples with a bigger financial crisis than its predecessors faced in 2008. It is important to emphasize that after a decade and the commitment of $3 billion in special purpose funding, this report does not, with very few exceptions, recommend that the Province invest more of its diminished revenues. The next phase of oil sands development requires a renewal and further enhancement of collaborative engagement among the Government of Alberta, Regional Municipality, community stakeholders and the oil sands industry.

The next phase is not about money:
it's about relationships, collaborative engagement,
shared outcomes and coordinated action.

Each section following corresponds to a high priority issue that must be addressed to mitigate the cumulative socio-economic impacts of oil sands development and to lay the foundation for future optimization.

7.1 Oil Sands Sustainable Development Secretariat

Rank	Issue
1	Ineffectiveness of the Oil Sands Sustainable Development Secretariat in 2015.

The Province created the Oil Sands Sustainable Development Secretariat in response to Recommendation 7(c) of the Radke report as discussed on page 43. The Secretariat's first ADM was a seconded oil sands professional who was also the outgoing president of the Regional Issues Working Group.

In its first three years of existence, the Oil Sands Secretariat was enormously successful. A short list of its accomplishments includes that it:

- shepherded the delivery of several transportation infrastructure projects;
- facilitated the servicing of new residential subdivisions;
- led the formation of the Fort McMurray Airport Authority;
- oversaw the release of 1,000 acres of Crown land to support much-needed industrial development;
- laid the groundwork for the designation of the Urban Development Sub-Region;
- completed the AOSA CRISP;
- supported the creation of the Keyano College Land Trust;
- contributed to the delivery of the Lower Athabasca Regional Plan;
- developed *Responsible Actions*, the Province's 20-year strategic plan for the oil sands and issued three annual updates; and
- developed a Social and Infrastructure Assessment Modeling (SIAM) tool.

The Secretariat's first ADM took an active leadership role to coordinate government departments and, sometimes, assumed an almost ombudsman function. At other times, she held firm on behalf of government to manage regional expectations. To take this 'honest broker' position, she visited Fort McMurray no less often than every two weeks and was engaged in a wide range of conversations and consultations with stakeholders.

A change at the Deputy Minister level within Treasury Board and a change in Secretariat leadership in 2010 appears to have led to the Secretariat's slow decline. No progress reports have been released since 2011. It was moved from Treasury Board to Alberta Infrastructure, where it was led by a Managing Director; and from Infrastructure to Alberta Energy. When the Secretariat was moved to Alberta Energy, its department's Deputy Minister was so skeptical of the Secretariat's mandate and capacity that he became personally involved in the designation of the UDSR. He and his Assistant Deputy Minister of Oil Sands took the leadership reins, travelled frequently to Fort McMurray, and ensured the UDSR was announced shortly before both transitioned to new positions outside government. There could be no better demonstration that the Oil Sands Secretariat must be led at the most senior levels than the initiative taken by the Deputy Minister of Energy to fulfill its mandate. A Managing Director simply does not have sufficient authority. On this Deputy Minister's departure, his successor reclassified the leadership of the Secretariat from a Managing Director to a Director, and the unit now resides within a Policy Branch several levels removed from senior leadership.

Individual ministries since 2011, in the absence of an effective coordinating body, have more often than not pursued exclusive mandates with little apparent inter-ministry coordination or stakeholder consultation; this neglect results in competing objectives and confusion. For example, when Alberta Infrastructure sold the 1,000 acres of raw Crown land on Highway 63 in 2011 for industrial development, it strongly encouraged the purchaser to bring new industrial lots to market quickly and at competitive pricing. Alberta Transportation, on the other hand, entered into lengthy and arguably unfair negotiations with the purchaser to have it commit to fund a network interchange, well above the obligation of a developer. Alberta Transportation eventually withdrew its demand but only after months of negotiations and a heightening of tensions between the Province, the developer and the Regional Municipality. A coordinating agency may well have been able to resolve this conflict. Though transportation access has not been the only impediment, the fact remains that not a single development permit has yet been issued at the Prairie Creek Business Park four years after purchase.

It is important, as well, to note that the hiring practice to choose the leadership of the Oil Sands Secretariat has also changed. The first two Secretariat ADMs were selected from outside government in a process that included the Mayor of the Regional Municipality, intended to ensure that the successful candidate had a thorough understanding of regional issues. Compensation was slightly higher than the normal pay scale for ADMs but the position was not permanent and did not have the same retirement or termination provisions. As noted above, the Secretariat ADM served almost as much as an ombudsman as a bureaucrat, and her employment status encouraged that dual role. Not having a long employment history with the government and little likelihood of acquiring one, she was not discouraged from challenging other ministries if doing so meant that an issue in Wood Buffalo might be resolved consistent with larger government objectives.

Her successor was not familiar with issues in Wood Buffalo and, in nearly a year, traveled to Fort McMurray just twice. The position was downgraded. The third Secretariat leader, now a Managing Director, retired after just six months. The fourth had never been to Fort McMurray before assuming the position. The fifth head was succeeded in just over a year by the Secretariat's sixth leader since 2008.

The Oil Sands Secretariat does not seem to be supported within government, no longer wields significant influence, and appears to have withdrawn from collaborative engagement with stakeholders. It is no longer clear, even within government, which ministry is responsible to address outstanding issues.

The gradual ruination of the Oil Sands Sustainable Development Secretariat has been a great disappointment to stakeholders in Wood Buffalo and it is the belief of many that the catalogue of issues that follows would be much shorter if the Secretariat still had the authority and resources it had in 2008. The confusion, uncertainty and delay that have resulted from its decline have undermined the Regional Municipality's efforts to direct its own future, frustrated many stakeholders and, in real ways, contributed to the slowed growth of oil sands revenues.

Oil Sands Sustainable Development Secretariat outcome

The Government of Alberta has an effective coordinating agency to align the policy, planning activity and spending of government departments to ensure the responsible development of Alberta's oil sands resources, including but not limited to identifying, measuring, monitoring and recommending action to mitigate the socio-economic impacts of oil sands development.

Strategic action

Government of Alberta	Restore the influence and resources of the Oil Sands Sustainable Development Secretariat to coordinate government activity in Wood Buffalo and other oil sands areas. Alternative: create an entirely new body with the same mandate and authority envisioned in this report.
	Structure the reporting relationship either directly to the Premier or to the President of Treasury Board and Minister of Finance to raise the Secretariat above a single departmental mandate.
	Hire its leader at the Deputy Minister level or equivalent.
	Consider hiring its leader from outside government to ensure a willingness to challenge the *status quo* in pursuit of government-wide strategic objectives.
Regional Municipality	Support the restoration of the Oil Sands Sustainable Development Secretariat or a similar body to coordinate government activity in the oil sands regions.

	Restore the Regional Municipality's commitment to regular stakeholder engagement through a specific mechanism (see *Future Forward 2030*) that ensures community interests support Council decision-making and the alignment of stakeholders when dealing with the provincial government.
Oil sands industry/OSCA	Support the restoration of the Oil Sands Sustainable Development Secretariat or a similar body to coordinate government activity in the oil sands regions.

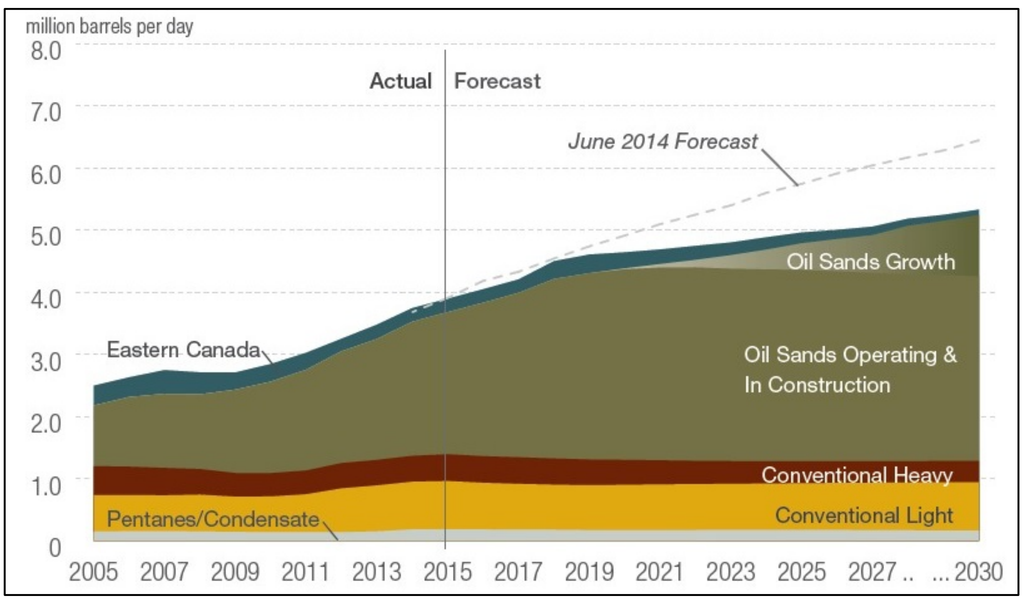
7.2 Population forecasting

Rank	Issue
2	Error prone population forecasting negatively affects planning.

More than enough has been said above about unreliable population forecasts. It must be repeated, however, that even among provincial government departments, there has been no consensus since the Radke report. Disputes about population forecasting between the Province, the Regional Municipality and the oil sands industry have too often substituted for meaningful action to address population growth.

According to growth principles adopted by Regional Council at its meeting of June 23, all parties – the Regional Municipality, Government of Alberta and the oil sands industry – appear, finally, to have reached an agreement that production forecasts of the Canadian Association of Petroleum Producers (CAPP) will provide the benchmark production data to calculate population forecasts. Other inputs may include municipal census data, 'commutability' analyses, and work camp accommodations occupancy trends. The Regional Municipality is expected to incorporate revised population forecasts in its 2016 budget and capital plan.

Figure 14: Canadian oil sands and conventional production



Source: Canadian Association of Petroleum Producers. *Crude Oil Forecast, Markets & Transportation*, 2015.

The challenge for all is that for the first time in 20 years, production, and by implication population, appears to have entered a period of much slower growth for at least the next decade as shown in Figure 14 above. The Regional Municipality planned between 2007 and 2013 for a population of 230,000 in 2030. Its own *Regional Structure Action Strategy* mandated a reduction of that target because CAPP's best-case scenario did not support that population. The most recent CAPP production forecast suggests a 15 percent reduction in daily production by 2030 measured against previous forecasts. Of course, the longer the time frame, the less reliable the forecast; but it is irrefutable that slowed growth in the oil sands will have a corresponding effect on population growth.

A revised population forecast is expected for the autumn of 2015. The Regional Municipality will have completed its *2015 Municipal Census* and other inputs will also be available to refine population projections. This new population model should be the shared basis for most Wood Buffalo planning exercises, including land release, urban and rural development, capital infrastructure, community and social development, and more.

NOTE: Statistics Canada does not recognize temporary residents within Fort McMurray – either casual renters or hotel residents – or the work camp accommodations population, the so-called “shadow population,” in its count for Wood Buffalo. As a consequence, there is a wide discrepancy between the Government of Canada’s population count and the population attributed by the Regional Municipality and the Province. The 2011 federal census counted 66,896 people in urban and rural Wood Buffalo[60]; the *2012 Municipal Census* counted 119,496, or 79 percent more. People who live in other jurisdictions for ten weeks or less each year often claim Cape Breton, Saskatoon or the Gaspé as their home and are counted by the federal government there; but they live in Wood Buffalo – and use its services – for the other 42 weeks or more.

Population forecasting outcome

All stakeholders in the Athabasca oil sands area share and contribute toward the development of a single population forecasting model based upon CAPP’s annual oil sands production forecast and other shared inputs. The forecast is renewed annually and used by all stakeholders for planning purposes.

Strategic actions

Government of Alberta	Adopt the consensus population forecasting model currently in development. Ensure it is used by all government departments. Contribute as required to its development.
	Use the Oil Sands Sustainable Development Secretariat or its equivalent to coordinate provincial participation in the development and implementation of the population forecast model.
Regional Municipality	Adopt the consensus population forecasting model currently in development. Ensure it is used by all municipal departments. Contribute as required to its development, particularly data collected and analyzed through the municipal census and long-term land development, transportation, and capital infrastructure plans.
	Share associated information with community stakeholders, such as long-term land development, transportation (for example, deliberations underway at the Transportation Coordinating Committee), and capital infrastructure plans to support private sector participation in orderly urban and rural development.
Oil sands industry	Adopt the consensus population forecasting model currently in development. Contribute as required to its development, particularly data collected and analyzed through the annual CAPP production forecast.
Government of Canada	Adopt or adapt more appropriately the consensus population forecasting model in recognition that Wood Buffalo is Canada’s economic engine and

[60] “2011 Census Profile: Wood Buffalo.” Statistics Canada.

provides employment opportunities to Canadians from coast-to-coast. Ensure it or its appropriate adaptation is used by all federal government departments.

7.3 Regional transportation network

Rank	Issue
3	The regional transportation network is inadequate to support public safety, responsible resource development, or urban and rural development.

So much attention has been paid to the scarcity of developable land in Wood Buffalo that transportation, or at least its significance with respect to land development, has tended to be overlooked. In fact, "land and transportation" have together been the twin terrors of the Regional Municipality for more than a decade. Land is only developable if it is accessible; land release, alone, without addressing transportation, is less than half a solution. The Radke report acknowledged transportation deficiencies – while it spoke a great deal about land and urban development – but it did not definitively draw the link between transportation infrastructure and land development.

In the absence of that understanding, public safety has dominated the conversation. Horrendous collisions and the too frequent, tragic loss of life on Highway 63 has caused the Province to accelerate twinning of the highway between Grasslands and Fort McMurray. Seventy percent is complete as of September 2015, and the entire project is anticipated to be complete by the fall of 2016. This single project represents a commitment of $1.2 billion. [61]

The Government of Alberta has made tremendous progress on other transportation projects, too, including:

- the new Grant MacEwan Bridge and Ralph Steinhauer Bridge renewal;
- highway interchanges at Thickwood Boulevard, Confederation Way and Parsons Creek; and
- a unique (if flawed) agreement to partner with the Regional Municipality to bridge finance and deliver improvements to Highways 63 and 69 in the Urban Service Area.

Including the twinning of Highway 63, these projects, which have eased congestion within Fort McMurray have a value approaching another $800 million.

But the lack of alternatives in the regional transportation network is also a matter of public safety. Highway 63 is not simply the major route for the movement of people, goods and services to and from Fort McMurray; it is also the *only* road through the city and the *only* road out of town. There are no alternatives: no Stoney or Henday ring roads, no Crowchild Trail or Whitemud Drive, no Gaetz Avenue, Baseline Road, Whoop-Up Drive or secondary highways. Eliminating comparison with Alberta's two largest metropolitan areas, Fort McMurray still suffers in comparison to Grand Prairie, Lethbridge, Medicine Hat, Red Deer or Strathcona County. Highway 63 carries *all* local and regional traffic: oil sands commuters, dangerous goods, large loads and modules, school buses, goods and services, urban commuters, shoppers. There are, accordingly, inarguable transportation improvements that still must be delivered to enhance public safety in Fort McMurray.

The tragedy of the Slave Lake fire in 2011 – which miraculously did not include the loss of life – is by itself ample demonstration of the need for redundancy in a transportation network. There were three routes available for the 7,000 residents of Slave Lake to escape that fire. That same year, a six hundred thousand hectare wildfire, slightly larger than Prince Edward Island, burned out of control north of Fort McMurray, which is serviced by a single highway. It would require only 15 to 20 kilometres of new highway to link Fort McMurray to Highway 881, which could begin to offer important route alternatives.

[61] "Getting closer to a fully twinned Highway 63." Government of Alberta news release, 24 September 2015.

Highway 63 also carries an increasing volume of large loads, modules and dangerous goods right through the heart of Fort McMurray. No other sizeable Alberta community has to tolerate that kind of dangerous traffic past its residential neighbourhoods and downtown core. Edmonton, Calgary and other comparable communities are all serviced by ring roads and other alternatives. A bypass road for Fort McMurray to reduce the risk of transporting dangerous goods and large loads has been contemplated for over a decade. The AOSA CRISP includes proposals for both a west and east bypass.

More recent investigations have proved the west bypass to be of little practical value. Due to geo-technical limitations, a west side Athabasca River crossing would be too far away to be linked to Fort McMurray or most existing mine sites. The Regional Municipality's *Regional Structure Action Strategy* proposes axing the project for that reason alone. In addition, the nominal cost just to bridge the Athabasca River on the west side has been estimated at $2 billion, money the Province does not have under the current economic circumstances.

The east bypass, or East Corridor East Multi-User Access Road (ECMUAR), is, however, a different story. Proposed as a northward extension of Highway 881 across the Clearwater River to the bottom of the Firebag Road, the ECMUAR would provide an alternate route for dangerous goods and large loads, an additional escape from Fort McMurray in the event of an emergency, and, according to a presentation of the AOSA Transportation Coordinating Committee to the *Canada Transportation Act* Review Secretariat, access to up to 2 million bpd of potential bitumen production that is effectively stranded on because there is no reliable access to the resource. In 2008, the Radke report said in Recommendation 23(d), since access to this resource was the oil sands industry's responsibility, that it should fund the "East Athabasca Road," the precursor to the ECMUAR.

Falling oil prices and the decline in provincial revenues also led to the deferral in 2013 of all proposed improvements on Highway 881, the main access route to most of the SAGD projects in the south. Not long ago, industrial traffic had to travel more than 200 kilometres north from Grasslands up Highway 63 to the connector to Highway 881, just 16 kilometres south of Fort McMurray, and back again to reach these projects. Improvements to Highway 55 between the Highway 63 turnoff to Fort McMurray and Lac La Biche funded by the oil sands industry have enabled a much higher volume of industrial traffic to reach these sites by a shorter route through Lac La Biche. But now, Highway 881, too, has much more industrial traffic than it was designed for, and it is sometimes used as a commuter alternative, which means it is much busier than it was when first built. It is also the only access to Conklin, Janvier, Cheecham Village and other communities unprepared for the new volume of traffic.

As noted above, releasing Crown land without securing transportation access to that land is less than half a solution to urban development challenges. Effective urban development depends upon transportation access. The best illustration of the failure to understand the interdependency of urban development and transportation infrastructure is provided by two recent examples, both of which relate to provincial highways.

Development of the North Parsons Creek subdivision has been delayed awaiting the completion of phase one of the Parsons Creek interchange at Highway 63. Alternate access through Timberlea reached capacity in late 2013 before the first phase of residential development was completed and, therefore, stalled at a little over 800 units. New construction will likely wait until 2016 to proceed. A second, perhaps more illustrative example, is provided by the Saline Creek Plateau subdivision. Contrary to expectations, the March 2013 provincial budget did not include funding for improvements to Highway 69. As a consequence, the new $258 million airport terminal building was about to be opened in the middle of a field to which there was no access. A lengthy and public dispute between the Regional Municipality and the Province resulted in a partial solution when the Province agreed to deliver the minimal intersection required to provide safe airport access. However, Alberta Transportation realized residential development on the Saline Creek Plateau was similarly constrained, it refused access to developers for several months. Eventually, the Province and the Regional Municipality negotiated the "Wood Buffalo Land Exchange Agreement" through which the Regional Municipality is bridge financing and delivering improvements to Highways 63 and 69 valued at $131.8 million. It expects to be reimbursed over time by the sale of Crown lands within the Region.[62]

Ironically, bridge financing was a responsibility the Radke report said belonged to the Province in 2006.[63] Unfortunately, Crown land has typically been, as will be demonstrated below, over-valued by the Province, and so projected revenues must be, at best, provisional. Further risk exposure weakens the agreement when it is acknowledged that Lots 1, 6, 7 and 8 on the Saline Creek Plateau depend upon construction of the Saline Creek Parkway for development to be viable. Again, transportation access constraints put limits on residential development. The lowest cost estimate for the parkway in 2013 was $160 million – and it is unfunded. The Regional Municipality hopes to generate that revenue through developer charges; no such charges were applied to developers in Parsons Creek North.

Among the lessons to be learned from the negotiation of the “Wood Buffalo Land Exchange Agreement” is that even before the most recent global oil price collapse, the Province was ‘tapped out’; it could no longer commit special purpose funding for transportation in Wood Buffalo. Not including the Parsons Creek interchange, commitments of actual provincial dollars since 2011 have been less than $30 million. When Joe Ceci, the new President of Treasury Board and Minister of Finance, was in Fort McMurray this past summer to discuss the upcoming provincial budget, he said repeatedly to those in attendance that, to paraphrase, ‘there is no money.’

But that is no reason to stand pat. Too often in the past Alberta Transportation has waited to begin design work until full project funding has been approved by Treasury Board. The examples of Parsons Creek North and Saline Creek Plateau are enough to show that planning work must to be done separate from construction to avoid costly delays. Similarly, work should be done to identify the next phase or phases of urban development within the Urban Development Sub-Region and to identify the necessary transportation access to enable that development. Planning is paramount, as the absence of a plan revealed in 2006. The aphorism is proved in Wood Buffalo: a failure to plan is a plan to fail.

And so, no matter how obvious it may be to all parties within the Region that the long-term transportation requirements outlined (but unfunded) in CRISP, or the medium-term requirements subsequently tested and refined through the work of the Transportation Coordinating Committee (TCC), delivery in at least the short- to medium-term is going to require a different approach because there is no provincial funding available at least until 2018 when the new government has proposed to balance the provincial budget. The exhaustion of provincial capital underscores the discussion of alternative financing and delivery mechanisms initiated in 2010. Much work has already been done by the TCC to explore and rank potential vehicles.

The Province and the Regional Municipality both anticipate that the oil sands industry should participate, much as it did in the past. The Radke report notes that Syncrude built the Ralph Steinhauer Bridge across the Athabasca River in the 1970s at a cost then of $300 million, equivalent today to $1 billion or more (21). The oil sands industry, however, feels even more acutely than governments the decline in oil prices. At the same time, the current income tax and royalty structures enable oil sands developers to write-off operating expenses and defer royalties until debt is retired; if eligible costs were permitted ‘beyond the fence-line,’ then it might be possible to negotiate acceptable payment terms with industry to deliver transportation projects all parties have agreed are required. Expensing costs associated with the fly-in/fly-out labour force already reaches well beyond the fence-line. Though this approach would push out the horizon for royalty payments, the net effect would be to increase the gross production against which royalties are collected.

Further, the right alternative could be said to constitute, or at least contribute toward, the ‘price of admission’ for which the Regional Municipality has argued since 2005. The fact industry did not contribute to municipal infrastructure was a large part of the Regional Municipality’s motivation to intervene in oil sands project applications, and to increase rural non-residential property taxes between 2006 and 2009 by 138 percent. If newcomers to the oil sands contributed in proportion to their socio-

[62] “Province address growth issues in Fort McMurray.” Government of Alberta news release, 30 January 2014.
[63] *Investing in Our Future*, page 6.

economic impacts at the time those impacts were felt, then existing municipal revenue constraints would be reduced, if not eliminated.

Still, any meaningful alternative cannot rely on 'bulk funding' in the provincial model; instead, some mechanism needs to be found to take on debt instruments and repay them over time. Though Premiers and Cabinet Ministers have vocally opposed toll roads in the past ten years, it could be argued that many of the future transportation infrastructure assets identified in CRISP, confirmed by the TCC, and refined in the *Regional Structure Action Strategy* are not elements within the provincial highway network. The primary beneficiary is the oil sands industry. These roads will provide access to existing and new projects, allow commuter buses and industrial traffic to reach some projects much more quickly, and enable the improved movement of bitumen resources by modes other than pipeline where required. These projects could reduce the need for fly-in/fly-out workers and work camp accommodations, costs currently absorbed by oil sands developers and written off as expenses, reducing profits, royalties and corporate income taxes. [64]

Premier Stelmach first proposed a transportation authority in 2010. The Regional Municipality explored structural approaches with Leo de Bever, then-President and CEO of the Alberta Investment Management Corporation. Those investigations were shared with the TCC at its founding in 2012. The TCC has since invested considerably more time and effort to investigate alternatives, including a transportation authority. It has identified best practices in several jurisdictions, including toll roads, cost-sharing formulas between the public and private sectors, and public-private partnerships, as well as completing a preliminary cost-benefit analysis of the ECMUAR. Regional Council, too, listed a transportation authority as one of its objectives in its *2015-2017 Strategic Plan*.

As recently as 2012, the oil sands industry offered to provide bridge financing for and deliver three transportation projects on the condition that the government would agree to reimburse the funders. The Province rejected the offer and said it could borrow money at lower cost. Industry offered to absorb financing costs and to seek reimbursement only for its capital expenses. The Province suggested a royalty rebate to achieve reimbursement. Industry rejected the proposal on the grounds that some of its members were actively paying royalties, while others not yet in the construction phase would have to carry financing costs for a decade or more before they would be eligible. The proposal failed.

Those three projects would all benefit industry immediately but also have ancillary benefits. Improvements to Highway 63 would eliminate a current frustration. In winter, especially, this highway can be brought to a standstill when an accident occurs because there is not enough room for a commuter bus to turn around. There have been several occasions in which traffic has parked on Highway 63 for up to eight hours while an accident is cleared. The lost productivity and costs of stranded labour are several million dollars a day for each affected oil sands company. The first section of Highway 686 proposed would enable oil sands companies north and west of Fort McMurray to build spur lines more directly to their plant sites, which would reduce traffic on Highway 63, shorten commutes by providing better access, increase the attractiveness of permanent residency in Fort McMurray, and provide a welcome kick-start to the Province's plan to link Fort McMurray to Peace River. The proposed realignment of Highway 881, parts of which were washed out in the flooding of 2013, would improve public safety, reduce disruption in an Aboriginal community, and facilitate improved movement of industrial traffic.

Lastly, several of the projects discussed above – the ECMUAR and the first leg of Highway 686, in particular – would have the added effect of shortening commute times – some of which exceed two hours from Fort McMurray – to oil sands plant sites. Discussed in greater detail in Section 7.5 beginning on page 91, among the contributing factors to the explosion of work camp accommodations has been the length of the commute to and from plant sites. Oil sands employees – and the construction crews subcontracted by oil sands developers – tend to work 12 hour shifts. Studies suggest the tolerance for commute time across Canada is about one-hour for an ordinary work day; that tolerance is strained when the work day is longer. Delivering the transportation projects discussed above to shorten commute times

[64] Industry estimates that a single large work camp can cost up to $250 million to build; annual operating expenses are in addition to that capital cost.

– some of which have been proposed by industry – would also have the effect of stabilizing labour, increasing government revenues and strengthening the social fabric of Wood Buffalo. Minimizing commute times is good labour policy, good fiscal policy, and good social policy.

Provincial transportation obligations are not restricted to vehicular traffic. Rail and air traffic, too, are also within the mandate of Alberta Transportation.

The oil sands industry first proposed a non-for-profit monopoly in the *Wood Buffalo Business Case 2005* (36-37). The Regional Issues Working Group concluded that rail was not a viable solution to transport freight to Wood Buffalo under such a scenario.

The investigation did not consider at the time the potential for rail to transport bitumen – at least one oil sands company has used rail almost exclusively rather than pipelines. Some years ago, CN Rail examined the viability of a rail crossing over the Clearwater River with Alberta Finance and Enterprise as the potential route for rail transport of all the Province's BRIK barrels to the Northwest Upgrader in the Industrial Heartland. It abandoned the project after two years of investigation when cost estimates hit $600 million and it appeared CN would have to fund the project alone. However, as noted above, the federal government has since expressed interest in the project. In addition, oil sands companies have over the years stockpiled millions of tonnes of refining byproducts – sulphur and petroleum coke – that have export value but are stranded in northeast Alberta.

The combination of freight, bitumen, sulphur, petroleum coke, silica sand and other potential products, as well as the participation of the federal government, could be sufficient to change the viability of rail transport in and out of Wood Buffalo, especially if rail terminal facilities could be built at the plant sites. Rail could offer a cost effective alternative and improve public safety by moving modules, large loads and dangerous goods off Highway 63.

The Province facilitated the creation of the Fort McMurray Airport Authority (FMAA) under the *Airport Authorities Act*, which enabled the new entity to hire a very experienced airport professional, launch an airport redevelopment project, obtain international port status, and begin to rationalize air traffic in the region.

There are, as shown in Figure 15 on the next page, 47 private airfields in Wood Buffalo, many of which are used exclusively to move oil sands workers to and from oil sands projects. A Regional Aviation Advisory Group was formed in 2013 through the TCC, led by the FMAA's CEO, to explore and implement measures to ensure that air traffic is better managed and that public safety remains paramount. The sheer number of flights in and out of Wood Buffalo – where flight control efforts outside Fort McMurray are automated demands special attention.

In a related matter, while comprehensive, the Radke report did not make any recommendations with respect to capital investment in air travel in Fort McMurray. The Fort McMurray airport is Canada's busiest regional airport. Its air terminal building still in service when the Radke report was written was built in 1986 and had been constructed to accommodate 250,000 passengers a year. At the time, it was handling more than twice that. As a Part 9 subsidiary of the Regional Municipality, any debt it incurred to expand services had to be carried by the Regional Municipality. The Regional Municipality's debt load in 2006 was already precarious due to the provincial loan to upgrade the water treatment plant and it did not have sufficient room to consider airport improvements.

In 2009, the Fort McMurray Airport Commission was converted to an airport authority under the *Regional Airport Authority Act*, which enabled it to carry its own debt. Plans began in earnest for airport expansion. However, when the Regional Municipality created the Airport Authority, it lost its municipal property tax exemption. The Regional Municipality adopted a new bylaw to exempt airside operations from paying property taxes to maintain a revenue neutral conversion. The Regional Municipality also made a grant of $25 million to the Airport Authority to contribute toward the costs of its redevelopment. The new air terminal building, a $258 million project, opened in June 2014. When the old airport terminal closed, it had an annual passenger load of 1.2 million, five times its built capacity.

Figure 15: Private airfields in in the Regional Municipality of Wood Buffalo

Source: Fort McMurray Airport Authority

The federal government matched the Regional Municipality’s $25 million grant in 2015. The Province, to date, is the only order of government that has not made a matching funding commitment. Current projects for which funding is being sought include adding an extension to the current runway, which would enable the airport to handle larger planes, including air cargo, which could reduce traffic on Highway 63; a second runway to ensure safe operations during extreme weather; and additional civil works required to operate the air terminal building and associated development, such as the airport hotel and adjacent industrial lands, and to convert the old air terminal building to accommodate cargo and private charters. On October 15, 2015, the Province committed $6 million to support the expansion of the Red Deer Regional Airport, which served 25,800 passengers in 2014, roughly equivalent to a single week’s passengers at the Fort McMurray airport.[65]

As clarity emerges through the work of the TCC and others, the Province, the Regional Municipality and the oil sands industry must commit to the necessary planning work and innovative funding and delivery programs that will be required to improve the regional transportation network – road, rail and air – when oil prices recover to acceptable levels. Otherwise, the Wood Buffalo region will be in the same position with respect to transportation that it was in 2006: overburdened and without a meaningful plan for the future. The region remains the source of 20 to 30 percent of provincial revenues.

Regional transportation network outcome

The transportation network in the region of Wood Buffalo is sufficient to ensure public safety, accommodate population growth and urban development. The potential for alternative financing and delivery mechanisms to enable the planning, design, funding, construction and operation of transportation infrastructure assets is maximized.

Rail transport is an important element of the regional transportation network.

[65] “Government investment helps Red Deer airport expansion take off.” Government of Alberta news release, 15 October 2015.

The Fort McMurray Airport Authority is able to manage all the passenger and cargo traffic associated with being the host of the largest industrial project in the world and Canada's busiest regional airport. Air traffic throughout the region is safe.

Strategic actions

Government of Alberta	Fund and support the work of the AOSA Transportation Coordinating Committee (TCC) to prioritize transportation infrastructure projects that ensure public safety, necessary network redundancy, responsible resource development, and timely urban and rural development, including air traffic.
	Formally endorse the prioritization work of the TCC, especially the importance of the East Corridor Multi-User Access Road (ECMUAR).
	Support TCC's work to advance alternative financing and delivery mechanisms. Use the Oil Sands Sustainable Development Secretariat or its equivalent to coordinate provincial participation in the planning and development of transportation alternatives in Wood Buffalo.
	Commit sufficient funding to complete early engineering studies and other necessary planning work for prioritized transportation infrastructure projects in advance of full project funding being committed by Treasury Board.
	Deliver transportation infrastructure that supports development in North Parsons Creek and the Saline Creek Plateau, such as the Parsons Creek interchange, Saline Creek Parkway, and, in the future, the UDSR, such as ECMUAR, Highway 686, *etc*.
	Review capital plans for the next three to five years to optimize the potential to resume work on improvements to Highway 881.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to use future land release and land development plans to guide transportation infrastructure decisions, and *vice-versa,* on behalf of the different departments involved.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to resume negotiations with the Oil Sands Community Alliance to determine how best to accommodate industry's proposal to bridge finance and deliver strategic transportation infrastructure projects.
	Identify and support transportation projects that shorten commute times.
	Renew investigations to determine a cost-effective means to get rail to oil sands plant sites to transport freight, bitumen, sulphur, petroleum coke, silica sand and other products to and from the Athabasca oil sands area.
	Match the $25 million funding contributions of the Regional Municipality and the Government of Canada to the Fort McMurray Airport Authority.
Regional Municipality	Fund and support the work of the TCC to prioritize transportation infrastructure projects that ensure public safety, including those associated with air traffic.
	Formally endorse the prioritization work of the AOSA Transportation Coordinating Committee, especially the importance of the ECMUAR.

	Support TCC's work to advance alternative financing and delivery mechanisms.
	Share information and data developed by the TCC with community stakeholders to support private sector participation in orderly urban and rural development.
	Determine the viability of further land release on the Saline Creek Plateau by identifying costs associated with the Saline Creek Parkway and the ability of the Regional Municipality and development industry to absorb those costs.
Oil sands industry	Review the industry's 2012 "Accelerated Highway Development Proposal" to determine if it can proceed under current economic conditions and what would be required to support its implementation.

7.4 Land release, valuation, development and housing

Rank	Issue
4	Persistent impediments – Crown land valuation, land release, access, *etc*. – impair urban and rural development.

The largest suite of issues in this report are those that related to land release and urban development. Each is important alone; in aggregate, they illustrate the fitful failure of the Province to effectively manage the release of Crown land in Wood Buffalo, which is responsible for the high cost of development, especially housing.

In 2006 when the Radke report was issued, the Province had already released Parcels B through F in Timberlea, which is the probable cause of the Radke report's erroneous conclusion that sufficient land was available to accommodate population growth, especially if North Parsons Creek and the Saline Creek Plateau, already identified for release, had come to market quickly. That didn't happen. By 2014, oil sands production increased from 1.2 million bpd to 2.1 million bpd and population has increased 58 percent from 75,717 to 119,496.[66]

When the Province announced in June 2008 that it had "started the process to develop two new communities for Fort McMurray," it took a unique approach. The Province said it was

> issuing a request for Expression of Interest for a world-scale public-private partnership as an innovative approach to provide a "master planned" community for Saline Creek Plateau. The government is seeking solutions that will generate reasonably priced, serviced lots for residential and commercial use and address the needs for essential community services as quickly and efficiently as possible.[67]

The Province received no substantive responses and was forced to abandon its P3 plan. In 2009, it committed $75 million to bring water and wastewater servicing to the plateau.[68] In 2012, Advanced Education announced the creation of the Keyano College Land Trust and government's intention to transfer 600 acres of Saline Creek lands to the Trust for residential development. The hope was to reduce

[66] *2012 Municipal Census*, 28.
[67] "Province begins development of two new communities in Fort McMurray: Partnerships key to providing housing and community facilities for 40,000 Albertans." Government of Alberta news release, 23 June 2008.
[68] "Government invests in infrastructure for oil sands expansion." Government of Alberta news release, 26 September 2008.

the College's dependency on government funding by producing an alternate revenue source.[69] The first two show homes were initiated in 2015, seven years after the Province announced it hoped for residential development "as quickly and efficiently as possible."

Development of Parsons Creek North began smoothly with the Province as the master developer but has since proved challenging, too. In January 2009 it announced the creation of the Community Development Advisory Board to "advise government on the planning, consultation and development of a new thousand-acre residential development project" for which the Province would act as master developer.[70] In September, the Province committed $166 million to roads and deep services.[71] The first five parcels of serviced land, comprising 135 acres, were offered for sale in January 2011.[72] On November 8, 2011, Cabinet approved the application of the Regional Municipality to expand the Urban Service Area by including the Parsons Creek North subdivision. Then the wrinkles began.

Floodway prohibitions mean most new residential development in Fort McMurray occurs on the escarpments above the Athabasca and Clearwater rivers. This requires expensive transportation infrastructure. The first phase of Parsons Creek North was inhibited by access limitations: there was no connection to Highway 63 and so developers, builders, and the earliest homeowners had temporary access only through Timberlea. That constraint capped construction at 800 units. It was not until March 2012 that the provincial government announced it would tender the Parsons Creek interchange, which is supposed to unlock the development potential of Parsons Creek North when it is completed in the fall of 2015.[73] [74]

In the interim, however, development of the subdivision stopped. No additional homes can be occupied until the interchange is finished and so whether or not they should be started has become a matter for negotiation. Then, in a dispute linked to the decision of the Province to move its much anticipated long-term and continuing care centre from Willow Square to North Parsons Creek, Regional Council rejected the provincial government's application for a land use bylaw amendment the Province deemed "necessary for the development and sale of land in Parsons Creek Stage 2."

Parcels B through F had been almost fully built-out before construction began on North Parsons Creek, and nothing more than site preparation has yet begun on the Saline Creek Plateau. Residential development has been inadequate for more than a decade.

These examples refute the Radke report assertion that "[s]ufficient land has been identified to meet housing requirements to 2011 and well beyond"; unfortunately, the issue remains "about the province's ability to release new lands in a timely fashion." The simple identification of Crown land suitable for release is not nearly sufficient to address residential development and housing affordability in Fort McMurray when it has proved so difficult to bring that land to market.

The Regional Municipality has long been frustrated because the "Province of Alberta holds all of the land surrounding Fort McMurray. Annexation, resale and the rate at which the land is released are not controlled by the community" (Radke, 125). Unlike every other major municipality in Alberta, all of which can purchase or annex easily developed agricultural land when the need arises, the Regional Municipality is entirely dependent upon the provincial government to release Crown land that, because of topography and biophysical traits, typically takes much more time to develop. The Radke report affirmed

[69] "Province and Keyano College act to support development in Fort McMurray." Government of Alberta news release, 23 February 2012.
[70] "Advisory Board appointed to develop Fort McMurray Land for Housing." Government of Alberta news release, 22 January 2009.
[71] "Government invests in infrastructure for oil sands expansion." *Op cit*.
[72] "More land for growth will support economic growth in the north." Government of Alberta news release, 14 January 2011.
[73] "New plan for land gives Fort McMurray room to grow." Government of Alberta news release, 21 March 2012.
[74] "Northeast Provincial Highway Projects: Interchange – Parsons Access Road (Hwy 686)."

that "[t]he province needs to ensure that provincially owned land is released in a timely fashion to meet housing needs well in advance of actual requirements" (136).

In a February 2013 interview with Anna Maria Tremonti on CBC's *The Current*, then Energy Minister Ken Hughes suggested, for the first time, that urban development was the highest value use for Crown lands on Fort McMurray's borders.[75] In July 2013, the Province designated 55,000 acres as the Urban Development Sub-Region (UDSR).[76] This announcement was, without question, a landmark achievement. The final designation

> was determined based on resource analysis, municipal growth plans, and consultation with First Nations and with stakeholders, including industry and the public. The region creates a balance of urban growth with responsible energy development, allowing for safe communities to be built and the local economy to prosper.[77]

Of prime importance was the following commitment.

> Leases in the Urban Development Sub-region not compatible with urban development, such as oil sands leases and potential surface dispositions, will be cancelled and lessees will be compensated to make room for municipal expansion.[78]

This new commitment to urban development represented a fundamental reversal of past practice to maximize government revenue from land sales to resource companies.

Simple designation, however, has not – and will not in the near future – translate into land release. Several hundred acres of residential and industrial land already identified for development remain, as discussed above, undisturbed due to a host of factors, all of which would also apply to future land release.

The process to release Crown land remains cumbersome. Although improved by consolidating ownership within Environment and Parks, the preparatory work required to expedite land release is generally opaque and misunderstandings abound. Municipal Affairs understands urban development best but tends to be sidelined due to the 'silo effect' within government because Environment and Parks is the owner. Environment and Parks has in the past viewed the sale of Crown land primarily as a matter of maximizing the sale price, not encouraging development. Issues remain to be resolved regarding legislative requirements, development area prioritization, transportation access, surveys and legal land descriptions, servicing requirements, fire suppression on transfer, muskeg disposal, and more.

The Regional Municipality committed in its *2015-2017 Strategic Plan* to "develop an integrated and planned approach to the effective and efficient release and development of land," including a "strategic and critical analysis-based approach to land release" (no page numbers). Implied in the municipal strategy is its disappointment that there has been too little engagement between the Regional Municipality and the Province regarding land release since 2011, including even the designation of the UDSR.

However, it must also be acknowledged that North Parsons Creek and the Saline Creek Plateau, provided current roadblocks are eased, are likely sufficient to accommodate residential development, at least, for the next ten years. Land release associated with housing is not an urgent priority but it is a persistently important priority.

The airport lands and industrial lands along Highway 69 identified for inclusion in the Urban Service Area (USA) in the 2011 *Municipal Development Plan* still have not been transferred from rural to urban – and so still bear the rural non-residential property tax rate that is punitive to small business, including airport vendors. The Regional Municipality first submitted its request to the Province in 2012. The Province requested additional information and has indicated it is waiting for the Regional Municipality to make the next move.

[75] "Fort McMurray land leases: Homes vs. Bitumen." *The Current*, CBC Radio One. 28 February 2013.
[76] "Building Fort McMurray." Government of Alberta news release, 25 July 2013.
[77] *Ibid*.
[78] *Ibid*.

With that issue hovering in the background, the provincial bureaucracy is in no hurry to articulate a process to release UDSR lands since the Regional Municipality has not demonstrated that USA expansion to include developed and immediately developable land is a priority.

When the Regional Municipality was in early negotiations with the Province to create the UDSR, it requested a 'buffer zone' of two kilometres to separate residential development from heavy industrial development, which is consistent with the distance used to identify "directly affected" parties by the Alberta Energy Regulator. The Province refused a blanket prohibition of oil sands development but offered in exchange a Consultative Notation, which at least would encourage a dialogue between the Regional Municipality and oil sands operators that could lead to mitigation efforts where required. When the Province formally designated the UDSR, neither a buffer zone nor a Consultative Notation were included. The Regional Municipality asked for a review and was advised by the Oil Sands Secretariat the matter would be addressed. No progress has been made to date.

Regional Council is acting independently to address the potential for conflict. On September 1, 2015 it adopted a resolution directing its Administration to

> carry out a comprehensive review and analysis, encompassing all land use districts throughout the Regional Municipality of Wood Buffalo, of:
> (a) appropriate separation distances between residential developments and industrial developments, including lands proposed for future residential and industrial developments, and
> (b) appropriate protocols and conditions for shared use of roadways that serve or are intended to serve as access to both residential and industrial developments;
> and incorporate the results and conclusions of such review and analysis into subdivision regulations and development regulations in the new Land Use Bylaw currently being prepared for Council's consideration.

An earlier, more prescriptive proposal considered by Regional Council would have "prohibited industrial developments […] involving the processing of raw or finished materials within 5 kilometres of a residential use" and mandated a "Transportation Impact Assessment that considers the impacts on not just immediately adjacent roads but the entire regional road network." [79] Such a bylaw would be very difficult to enforce with respect to oil sands projects or any other heavy industrial developments in proximity to the UDSR that have already received provincial approval prior to its designation or any other lands recently taken up for urban development – such examples already exist north of Parsons Creek and west of Timberlea.

The matter is further confused because the day after the UDSR was designated, the Province put a Protective Notation on 5,000 acres of land between the Lynton Rail Yard and the boundary of the UDSR at the request of Canadian National Railway (CN). CN argued it must protect those lands for future expansion, especially if rail service was ever to cross the Clearwater River and obtain direct access to oil sands plant sites. The alternative is to truck product through the center of Fort McMurray for loading at Lynton and subsequent rail transport. If CN pursues business ventures such as the transport of sulphur, petroleum coke or silica sand, it will have to expand its operations at Lynton considerably. Residents of the rural subdivision of Saprae Creek, very near the Lynton Rail Yard, are very concerned about the potential impact of new industrial activity so close to their community. It might be much more efficient and cost-effective to enable the loading of byproducts directly at the plant site; it would certainly be less disruptive than trucking these products through the heart of Fort McMurray to the Lynton Rail Yard.

Whatever measures are taken to separate residential from industrial development, the aim should be to minimize environmental risk, industrial traffic, odour, and noise so that they do not unreasonably compromise the quality-of-life of residents.

[79] "Land Use Bylaw Amendment – Business Industrial Unserviced Lot District (BIU) – Bylaw No. 15/011. Council Report," page 2.

The provincial government has long resisted the argument that land prices in Wood Buffalo are high because of its failure to release land on a timely basis. Demand has outstripped supply over the past decade to such an extent that the usual market-based land appraisal process actually destabilizes housing affordability.

When the Fort McMurray Rotary Club negotiated in 2011 with the Province to purchase Crown lands for residential development on which it had a recreational lease on the Saline Creek Plateau, the Province's asking price was $360,000 per acre. [80] The price was based on the sale of five 10 to 20-acre serviced parcels in Parsons Creek North through public auction for as much as $800,000 acre. The Province failed to understand that local developers, especially, bid to their highest capacity simply to secure land on which to build and stay solvent. Rotary Club refused the Saline Creek asking price, citing the size of its parcel – $8 to $16 million for 10-20 acre parcels in Parsons Creek; $72 million for a 200-acre parcel sold to a non-profit organization in Saline Creek – carrying costs, and absorption rates among the factors that made the offer untenable. After nearly a year, government agreed on a price of $110,000 an acre, a 70 percent reduction. In late 2011, the Province sold a 127-acre parcel of Crown land to the Town of Whitecourt for $978,000, which converts to $7,700 an acre, or seven percent of the Fort McMurray price.[81] In January 2015, the Province sold 782 acres of Crown land to the Town of High Level for $267,000[82], or $341 per acre, just one-third of one percent of the price charged to the Fort McMurray Rotary Club less even than the $800 per acre 'public good' price it charged the Fort McMurray Airport Authority for its approach lands.

When the Province first offered its 645 acre parcel on the Saline Creek Plateau for sale, it set an upset price of $165,000 per acre, 50 percent higher than the Rotary price, even though there was no guarantee the parcel would even be developable if the Saline Creek Parkway is not built. The highest bid it received was $30,000. The sale offer was withdrawn. The Infrastructure Minister of the day commented that land must not truly be wanted in Fort McMurray if the parcel couldn't be sold. He failed to appreciate the upset price was 50 percent higher than the price of the adjacent parcel, 21 times the price the Province accepted in Whitecourt in 2011, and 484 times the price it accepted in High Level in 2015. Given the size of the parcels on offer, carrying costs, transportation difficulties, and absorption rates, bidders knew the true value of the subject lands far better than the Province did. The same lands have since been identified in the "Wood Buffalo Land Exchange Agreement" as among those from which sale proceeds are intended to help reimburse the Regional Municipality for funding improvements to Highways 63 and 69. The likelihood they will generate the revenue the Province has estimated is very low.

The Province is obligated to secure a fair return in exchange for the sale of Crown land. However, slow land release in Wood Buffalo has resulted in very high prices and, it is certain, a net reduction in provincial revenues because prices have discouraged residential, commercial and industrial development.

Section 18 of the *Public Lands Act* and Section 6 of the "Public Lands Administration Regulation" provide the legislative framework to the government with respect to land sales.

> 18(a) [W]ithin 2 years after a sale by public auction that did not find a purchaser, [the Minister may] sell the land by private sale at a price not less than the upset price[.]

And:

> **Sale of public land**
> 6(1) In this section, "sell" means to transfer, as defined in the *Land Titles Act*, for valuable consideration, and includes a notification issued under section 30 of the Act or an instrument of transfer prescribed under the *Land Titles Act*.

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80 "More land for homes will support economic growth in the north." Government of Alberta news release: 14 January 2011.
81 Order in Council 518/2011. Government of Alberta, 15 December 2011.
82 Order in Council 15/2015. Government of Alberta: 30 January 2015.

> (2) The Minister may, subject to the Act and regulations, sell public land by public auction, private sale or tender, on the terms and conditions the Minister considers appropriate and at a price not less than the fair value of the land.
> (3) In determining the price at which the land will be sold, the Minister may take into consideration the purposes for which the land will be used.

The Province cannot adopt an upset price so high it invalidates a public auction. There is ample room, as well, within the regulation, to acknowledge the unique circumstances that apply in Wood Buffalo. The legislation provides the Minister with sufficient authority to require a developer approach that “takes into consideration the purposes for which the land will be used,” which was recommended as long ago as 2005 by the Auditor General. The Province has tentatively begun to use the ‘developer approach’ but it is not yet established. In 2011, the Province floated another alternative: using the average per acre sale price in northern Alberta municipalities to calculate a northern Alberta “average price.”

It should also be recognized that the Province has begun to charge just $800 an acre for Crown lands that are determined to advance the ‘public good.’ That was the price charged the Regional Municipality for 800 acres to develop a new landfill site and, as noted above, the Fort McMurray Airport Authority. (The Province initially demanded $125,000 an acre from the Airport Authority to plant grass and trees on the approach to the new air terminal building.)

“Market price” is already not the sole criterion; the Province is examining, and must continue to examine, alternatives that do not punish the end purchaser for its past neglect.

The combination of a lack of developable land and correspondingly high housing prices have made Wood Buffalo an even less accessible place in which to take up permanent residence in 2015 than it was in 2006 when the Radke report was written. The primary reason is that the Province still has poor land release practices, as explored above. Their effect is easily demonstrated by a brief review of housing costs in Fort McMurray over the past ten to 15 years.

Figure 16 on the next page shows the annual average price for the full range of housing options in Fort McMurray between 2002 and 2014, plus the number of transactions in each type for that year. The exceptional price hikes illustrate the deformation of housing prices in Fort McMurray in direct relationship to the scarcity of land.

With a median age of just 31.6 years,[83] Fort McMurray is increasingly the home of young professionals launching careers and families. A single family detached home is the preferred dwelling type and represents the most sought after, most competitively priced housing. In 2002, the average sale price compared reasonably with other communities across Alberta. Fort McMurray’s average price was $40,000 higher than Calgary’s, a premium to be expected in a northern community with higher labour and material costs. The average price since then has nearly tripled in Fort McMurray, from $248,627 to $765,353. For comparison, the Edmonton price increased just 140 percent; the Calgary price only doubled.[84]

The price of a vacant lot tripled in a single year between 2003 and 2004, from $57,841 to $172,006, and then *tripled again* in 2005 to $557,850. Price increases of this magnitude for land and housing vaulted Fort McMurray beyond equivalence with all but one of Canada’s most expensive cities. Figure 17, on page 83, illustrates more directly the connection between land prices and housing prices in Fort McMurray. Taken as a proxy for land prices in general, the trend line for serviced lots shows a steady climb from $57,841 in 2002 to $370,000 in 2014. In those years in which transactions and, by extension, supply collapsed, such as 2005 and 2010, notable price spikes caused prices to exceed half a million. The housing price peak in 2008 follows the lot peak in 2005. The lag of two to three years is typical. The lack of a corresponding peak in housing prices after the peak in lot prices in 2010 suggests that tolerance for high housing prices had been reached and the average price began to plateau. Serviced lots alone in

[83] Fort McMurray, Alberta, Census Profile, 2011 Census, Statistics Canada.
[84] “Average House Price, Edmonton, Region” and “Fast Facts #08: Trends in the Calgary Housing Market.”

the years noted were more expensive than the average price of a single family detached home in 12 of Canada's 16 largest cities in 2014.

Mobile home prices, too, are very high in Fort McMurray. At $429,147 in 2014, the average price of a sited mobile home in Fort McMurray exceeds the average price of a single family detached home in every major Canadian municipality except Toronto, Kelowna, Vancouver, Victoria and Calgary and well exceeds the price of a mobile home in any of these communities.

Figure 16: Average annual sale price by housing type, MLS listings 2002-14

Dwelling type	2002 (transactions)	2003 (transactions)	2004 (transactions)	2005 (transactions)	2006 (transactions)	2007 (transactions)	2008 (transactions)
Single family*	$248,627 (530)	$271,361 (577)	$318,478 (780)	$420,540 (802)	$449,338 (1,202)	$592,628 (1,128)	$686,384 (1,001)
Multi-family**	$157,542 (163)	$155,288 (248)	$183,231 (371)	$270,591 (117)	$293,022 (181)	$374,672 (251)	$420,533 (208)
Duplex/semi-detached	$182,509 (54)	$186,569 (71)	$222,543 (79)	$307,472 (354)	$334,468 (393)	$458,827 (379)	$499,629 (289)
Mobile home†	$47,624 (37)	$40,403 (29)	$42,821 (41)	$71,200 (40)	$48,000 (21)	$70,167 (30)	$112,000 (23)
Mobile home with land††	$138,747 (78)	$153,869 (89)	$186,034 (263)	$268,180 (325)	$268,107 (324)	$378,050 (326)	$458,717 (341)
Lot‡	$57,841 (454)	$57,841 (36)	$172,006 (16)	$557,850 (8)	$447,506 (47)	$189,069 (22)	$326,262 (12)
Dwelling type	2009 (transactions)	2010 (transactions)	2011 (transactions)	2012 (transactions)	2013 (transactions)	2014 (transactions)	
Single family*	$630,610 (1,193)	$676,047 (1,015)	$735,687 (1,182)	$757,693 (1,117)	$761,755 (1,026)	$765,353 (945)	
Multi-family**	$523,768 (137)	$419,602 (146)	$424,643 (160)	$497,135 (99)	$461,655 (128)	$454,754 (229)	
Duplex/semi-detached	$568,566 (220)	$540,832 (360)	$534,238 (342)	$552,355 (297)	$586,450 (302)	$606,304 (309)	
Mobile home†	$159,542 (7)	$68,375 (14)	$51,531 (12)	$55,929 (7)	$117,558 (13)	$106,700 (14)	
Mobile home with land††	$475,935 (186)	$422,537 (202)	$431,006 (234)	$446,781 (177)	$446,459 (169)	$429,147 (150)	
Lot‡	$282,883 (6)	$512,047 (15)	$285,778 (9)	$305,983 (3)	$505,250 (4)	$370,000 (1)	

Source: Fort McMurray Real Estate Board, MLS listings

* Includes previously owned and new homes.

** From 2013 forward, FMREB broke out "multi-family" into separate listings for townhouse, triplex, fourplex and apartment. For consistency, 2013 and 2014 listings for "multi-family" list only the price for "townhouse" from data provided by FMREB.

† A limited number of sales – just 33 from 2010 to 2012 – makes the average sale price a highly variable number.

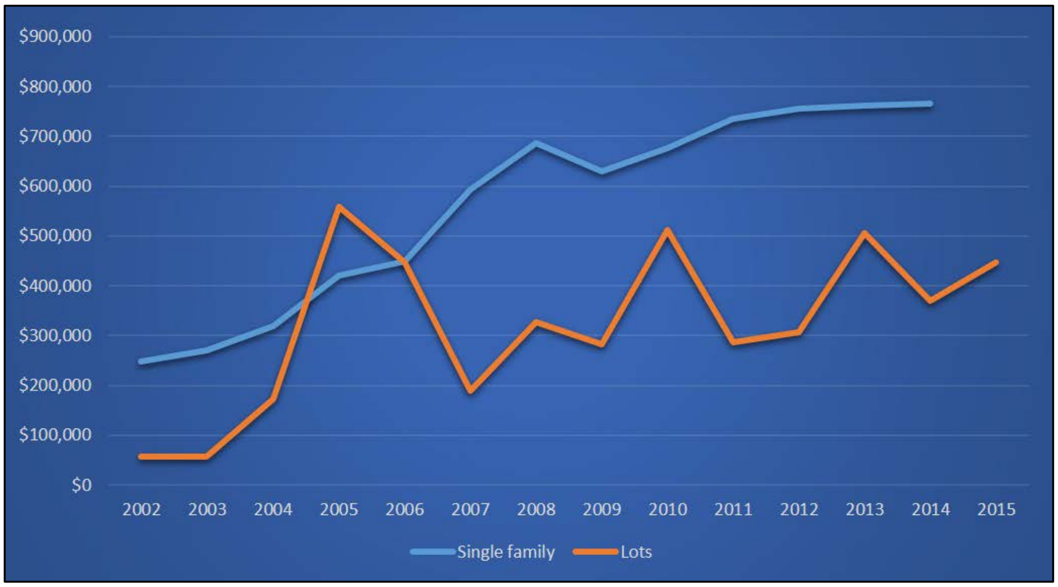
†† Sited and serviced within a mobile home park.

‡ Does not include lots purchased by developers from the Crown, *i.e.*, Parsons Creek North or Saline Creek Plateau.

The wide price swings for serviced lots, high prices for mobile homes, and the steady and steep increases in multi-family, duplex and single family housing prices for more than a decade shown in Figure 16 are unintelligible unless put into the context of a supply and demand imbalance that arose simply out of the lack of developable land. Figure 17 compares lot prices, the extreme volatility of which is a direct reflection of land valuation and land releases practices generally, to single family detached home prices, which increased steadily over the same period. The comparison is essentially the same for every other kind of housing.

Figure 18 below compares the average sale price of a single family detached home in Fort McMurray in 2014 to provincial capitals and major Canadian municipalities. Fort McMurray has the highest average price except Vancouver – and there are no mansions astride five-acre seaside lots to raise the Fort McMurray average. The "Market Housing Outlook" bulletins prepared by the Canada Mortgage and Housing Corporation, especially in Atlantic Canada, frequently mention employment in western Canada – read Wood Buffalo – as being a major factor affecting the local housing market, whether that be due to net out-migration of residents, or higher-than-average incomes being brought back from Alberta helping to support housing prices. It is no wonder that workers from across Canada flock to Wood Buffalo and stay in camp accommodations when the price of a single family detached home in Fort McMurray would

Figure 17: Average annual sale price of single family detached houses and vacant lots, MLS listings 2002-14



Source: Fort McMurray Real Estate Board, MLS listings

buy two houses in St. John's, Halifax, Charlottetown, Montréal, Quebec City, Ottawa, Winnipeg, Saskatoon and Regina. The average single family detached home in Fort McMurray is 36 percent more expensive than Kelowna, 66 percent more than Calgary, 84 percent more than Edmonton, and only 13 percent less than Vancouver.

Figure 18: Average single family detached housing prices in major Canadian metropolitan areas, 2014

City	Average price	City	Average price
St. John's. NL	$330,017	Saskatoon, SK	$363,067
St. John/Moncton/Fredericton, NB	$189,777	Regina, SK	$346,737
Halifax, NS	$287,438	Kelowna, BC	$561,053
Charlottetown, PE	$223,914	Vancouver, BC	$883,393
Montréal, PQ	$337,511	Victoria, BC	$520,428
Quebec City, PQ	$275,648	Calgary, AB	$460,096
Ottawa, ON	$380,075	Edmonton, AB	$415,395
Toronto, ON	$589,753	Fort McMurray, AB*	$765,353
Winnipeg, MB	$295,427		

Source: Canada Housing and Mortgage Corporation, except Fort McMurray, provided by the Fort McMurray Real Estate Board.

Comparisons within Alberta are no less remarkable. As of May 2015, the average selling price of a single family detached home in Fort McMurray far exceeded every other major urban centre in the province, as shown in Figure 19 on the next page. Even with an eight percent sale price decline between March 2014 and May 2015, Fort McMurray's average price is still 141 percent higher than Medicine Hat, 132 percent higher than Lethbridge, 130 percent higher than Red Deer, 125 percent higher than Grande Prairie, 60 percent higher than Edmonton, and 47 percent higher than Calgary. As noted above, a higher price is to be expected in Fort McMurray because it has higher material and labour costs. At the same time, it is also clear that high prices make 'staying home' more attractive to workers paid an oil sands wage who can also obtain free transportation and work camp accommodations from their employer.

Figure 19: Average single family detached housing prices in major Alberta urban centres, at May 2015

<table>
<tr><th>City</th><th>Average price</th><th>City</th><th>Average price</th></tr>
<tr><td>Medicine Hat</td><td>$299,949</td><td>Edmonton</td><td>$451,312</td></tr>
<tr><td>Lethbridge</td><td>$311,130</td><td>Grande Prairie</td><td>$320,000†</td></tr>
<tr><td>Calgary*</td><td>$491,589</td><td rowspan="2">Fort McMurray</td><td rowspan="2">$721,596</td></tr>
<tr><td>Red Deer/Central AB**</td><td>$313,179</td></tr>
</table>

Source: Real estate boards of Calgary, Edmonton, Red Deer, Lethbridge, Medicine Hat, Grande Prairie and Fort McMurray.
* Calgary prices are for June 2015.
** Red Deer prices are for April 2015.
† Grande Prairie prices are based upon a graph and so are approximate.

Perhaps the best illustration is to compare actual houses – apples to apples – rather than just abstract numbers. Both of the houses in Figure 20 below are priced slightly above the average for each city – the Fort McMurray house is 11 percent higher than that city's average; the Edmonton house is only two

Figure 20: Single family detached house comparison between Fort McMurray and Edmonton, at July 2015

Source: MLS listings in Fort McMurray and Edmonton.

percent higher – but the side-by-side comparison helps to show that there is nothing unusual about houses in Fort McMurray aside from supply and demand to account for the price differential. Both houses were built in 2011 in desirable neighbourhoods; the lower priced Edmonton house is actually 12 percent larger; both have an attached garage, three bedrooms and two-and-a-half bathrooms. But the Fort McMurray house is priced $341,400 higher than the Edmonton house, or 74 percent more.

Figure 21: Single family detached newly built house: lists at $899,900 as of 28 August 2015

Source: MLS listings in Fort McMurray.

A similar newly-built home in Fort McMurray, like the one in Figure 21 above, lists for $900,000. Comparable homes have listed over the past twelve months for $1.2 million.

Rental accommodations display essentially the same characteristics as home ownership: rents are much higher in Fort McMurray. Because this is a consistent pattern, it will not be treated in the same detail.

Figure 22: Average two-bedroom unit rental rates in major Canadian metropolitan areas, October 2014

City	Average monthly rent	City	Average monthly rent
St. John's. NL	$888	Saskatoon, SK	$1,091
St. John/Moncton/Fredericton, NB	$809	Regina, SK	$1,079
Halifax, NS	$1,005	Kelowna, BC	$980
Charlottetown, PE	$836	Vancouver, BC	$1,311
Montréal, PQ	$739	Victoria, BC	$1,095
Québec City, PQ	$775	Calgary, AB	$1,322
Ottawa, ON	$1,132	Edmonton, AB	$1,227
Toronto, ON	$1,010	Fort McMurray, AB*	$2,118
Winnipeg, MB	$1,016		

Source: Canada Housing and Mortgage Corporation, except Fort McMurray, provided by Wood Buffalo/ Fort McMurray Labour Market Information.

Rental rates in Fort McMurray for a two-bedroom apartment, shown in Figure 22 on the previous page, are 60 percent higher than the nearest priced Canadian city, Calgary. It is no wonder, then, that the Wood Buffalo Housing & Development Corporation (WBHDC) has become such an important player in the local real estate market. In 2004, WBHDC entered into partnerships with both school divisions, Alberta Health Services, the Regional Municipality and the RCMP to provide affordable entry-level housing to nurses, teachers, municipal civil servants and police officers who would otherwise be unable to afford market rents, even with the public sector wage subsidies all employers offer. WBHDC rents it apartments at rates ten to 20 percent below market; its "gap" housing for people who earn too much to qualify for subsidized social housing but too little to afford market rents makes living in Fort McMurray possible. Market-rental for a two-bedroom apartment ran in 2014 to more than $25,000 per year, slightly more than a third of a first-year teacher's salary. Visiting Members of the Legislative Assembly are invariably surprised to discover that they, too, could qualify for gap housing in Fort McMurray unless they had the good fortune of being Cabinet members.

The issue of rental accommodations is made a little more complicated, again, by the high price of home ownership, the practice of oil sands developers to offer a Living Out Allowance to employees traveling from outside Fort McMurray, and the shortage of rental units. Real estate agents in Fort McMurray have found people maximize their housing purchase to the very limit for which they qualify because they anticipate being able to rent out a 'basement suite' (these suites have, in the past, frequently been illegal) or spare bedroom(s) to subsidize their mortgage. But the infusion of the Living Out Allowance also caused rents to increase to absorb the new capital. Some bedrooms in the community rented between 2008 and 2012 for as much as $1,200 a month, the same cost as a two-bedroom apartment in Edmonton.[85] It was not unusual in 2008 for all available spaces in a single family detached home to be converted into sleeping quarters – all bedrooms of course, but also dens, living rooms, basements and even large closets. As many as eight vehicles, usually large pickup trucks, were parked in the garage, driveway, backyard and front street of a single home. When the Living Out Allowance was withdrawn, rents began to decline moderately but an unsustainable pattern had emerged.

The trend among homeowners to consider additional rental income is reflected in new home construction in Fort McMurray. The first phase of Parsons Creek North consists of a very large percentage detached homes built to accommodate rental suites. To illustrate, the first three random selections of a real estate agent's listings in North Parsons Creek yielded the following.

- A new home with a "1 bedroom legal suite with separate everything."[86]
- A new home with a "lower level legal suite [that] has a fantastic open concept floor plan for kitchen and living room and two generous sized bedrooms."[87]
- A new home the basement of which "has 2nd laundry and wet bar rough in with separate side entrance and potential for a legal suite based on approval from The Regional Municipality of Wood Buffalo."[88]

There is at least one entire street in North Parsons Creek built out with duplexes, all of which have basement suites. In other words, there are four distinct dwelling units on the same footprint that would ordinarily have one single-family detached home. It is likely, though not proved, that no other community in Canada has the same percentage of planned rental accommodations built into its single family housing. This is not considered a best practice and introduces density issues, such as available parking, that are inappropriate for a family neighbourhood. Dramatic changes to the rental market, such as the increased vacancy rate that has emerged in 2015, could also cause many homeowners to default on their mortgages should they experience any disruption to their income themselves since they have maximized their home purchase on the premise that rental income will subsidize that purchase.

Beginning in 2005, the focus of land release discussions in Wood Buffalo had always been on residential development, the most visible sign of community distress. In January 2010, the Regional Municipality completed its *Commercial Industrial Land Use Study* (CILUS), which stated "there is now an equally pressing need to designate additional lands for commercial [retail and office] and industrial purposes in the Municipality" (ix).

> Market conditions for both commercial and business industrial lands have surpassed a critical juncture, whereby real estate availability is acting as a counter-weight to

[85] The author of this report rented a small bedroom in a three-bedroom home with a shared bathroom for $1,200 month in 2008-09. The owners occupied the master suite, two bedrooms were rented, and a third tenant occupied a basement suite – five adults in a three-bedroom home.
[86] http://www.fortmcmurrayrealestate.com/listing/fm0058747-228-dixon-rd-fort-mcmurray-ab-t9k-2n6/.
[87] http://www.fortmcmurrayrealestate.com/listing/fm0052296-296-dixon-rd-fort-mcmurray-ab-t9k-2x6/.
[88] http://www.fortmcmurrayrealestate.com/listing/fm201347259-116-heibert-bay-fort-mcmurray-t9k-2x2/.

> economic growth. Given the scale of growth being planned, both levels of government need to act quickly to ensure that there is a long-term supply of land to support on-going business investment in the municipality (xi).

CILUS specified the following.

- Fort McMurray had an appropriate amount of "food retail space," *i.e.*, grocery stores, but was undersupplied for all other retail space (xviii).
- Fort McMurray had just 7,500 square metres, or 81,000 square feet, of vacant retail commercial space in 2008, representing 2.8 percent of all available such space. Like housing, the demand so far outstripped supply that it caused "unduly high rents […] in the Lower Townsite […] comparable to major cities such as Vancouver, Calgary and Toronto (xviii).
- Fort McMurray and the immediate area had a deficit of 188,000 square metres or 1.2 million square feet of commercial retail space compared to other communities, the equivalent to 14 CFL football fields (xvi-vii).
- Fort McMurray had just 107 hectares, or 264 acres, of vacant industrial land.
- Employment-based projections suggested Fort McMurray needed another 228 hectares, or 563 acres of industrial land (xvii).

All of the above was confirmed, and additional detail provided, in a study commissioned by the Fort McMurray Chamber of Commerce in 2012. Its "Industrial and Commercial Development Study" found that market rates for commercial retail, commercial office and industrial uses in Fort McMurray are extraordinarily high.

> The comparative values of commercial property – office and retail use – also reveal large disparities between Fort McMurray and other parts of the province. Retail space in Fort McMurray approximates $60 to $65 per square foot, versus roughly $20 to $30 per square foot in the Edmonton region. Similarly, commercial office space in Fort McMurray commands as much as $50 to $60 per square foot (net) while office space in central Edmonton (excluding triple-A financial properties) is marketed for $15 to $25 per square foot and in suburban locations for $12 to $20 per square foot (no page numbers).

The study found similar discrepancies with respect to industrial land.

> Serviced industrial lands – to the limited extent available within Fort McMurray – carry a value of $1.5 to $2.0 million per acre. Comparable lands in the Edmonton region command prices of $500,000 to $750,000 per acre in the City and $350,000 to $450,000 in suburban municipalities. Unserviced or partially serviced industrial lands located as far as 20 to 25 kilometers from Fort McMurray are priced near $0.5 million per acre, considerably more than *serviced* industrial lands within Edmonton's periphery. As a final illustration, industrial warehouse and office space in Fort McMurray carries rental rates (net) of approximately $33 to $47 per square foot compared to rates of […] $8 to $11 in the Edmonton area. Over the past decade, industrial land prices in the RMWB have increased more than ten-fold (no page numbers).

Retail, commercial and industrial rental rates in Fort McMurray in 2015 are approaching $100 per square foot, and Fort McMurray is the *only* Canadian city in which these rates are even remotely similar, a fact that consistently mystifies eastern bankers when developers try to obtain financing for commercial or industrial projects. The Regional Municipality recently rented space to a coffee shop and café in its downtown building for $80 per square foot.

The lack of commercial retail space and correspondingly high rents has kept the number and range of retailers unusually low. Many prime retail locations along Franklin Avenue and in shopping complexes just off Franklin are occupied by non-retail tenants because "[o]ffice uses are crowding out retailers" (CILUS, xix). The same "non-retail tenants" that have crowded out retail uses have not done so simply because they are better able to afford Fort McMurray's exorbitant market rents. There is a corresponding shortage of suitable commercial office space, and so large oil sands developers, construction companies and other larger enterprises have simply taken over the little space available.

In addition, it appears due to the relative shortage of retail outlets, that

> local residents rely quite extensively on on-line shopping to meet their requirements […]. Residents also purchase goods and services on occasional trips to southern communities such as Edmonton. These expenditure "leakages" convey an opportunity cost to RMWB in terms of lost employment and business activity. Most importantly, however, are the adverse effects on the perceived quality of life offered within the municipality. […] The shortfall of services in Fort McMurray adversely affects efforts to attract skilled labour and reduce worker and household turnover ("Industrial and Commercial Development Study," no page numbers).

The lack of choice and competitiveness in the retail sphere also affects labour attraction and reduces the willingness of newcomers to take up permanent residence in Fort McMurray.

Potential retail sites are being readied in the North Parsons Creek and Saline Creek Plateau residential subdivisions. The former is hoped to be the destination for retail boutique outlets, the latter will be anchored by a new food retailer. A third retail site has been under consideration since 2010[89] for an "open-air power centre type project" (CILUS, xi), known now as the "Athabasca Power Centre," on Highway 63 at the Parsons Creek interchange but has been delayed due to design and construction uncertainties associated with the interchange.

The lack of commercial office space has particularly punished non-profit and social profit enterprises in Fort McMurray. The Redpoll Centre is not large enough to accommodate all such uses in Fort McMurray. New space has become available within the last year for amateur athletics in the newly-opened Shell Place addition to MacDonald Island Park but that is not enough to help non-profits with a social orientation. For example, in 2008, the WBHDC bought the building that hosts the Fort McMurray Food Bank on King Street, which it now offers at reduced rent to a tenant that might otherwise have become homeless.

In 2010, just seven months after Regional Council adopted CILUS, the Province announced the release of 625 acres of Crown land for industrial purposes along Highway 63 known as "Southlands 1."[90] In February 2011 it actually sold 980 acres for $35 million ($35,714 per acre), nearly twice the shortage identified in CILUS.[91] However, development on what is now known as the Prairie Creek Business Park has barely begun four years later and not a single tenant has received a development permit as of the autumn of 2015. Another 600 to 800 acres of potential industrial land has been identified on the south side of Highway 69 known as "Southlands 2" but it is not accessible until improvements on Highway 69 are complete. A further complication with respect to Southlands 2 is that Province promised the purchaser of Southlands 1 that it could get well underway before Southlands 2 would be released. The delays on Southlands 1 therefore problematize release of Southlands 2.

Though oil sands development is the most direct cause of the high proportion of industrial traffic on Highway 63, the lack of available industrial land and the high cost of what little land is available is an indirect contributor to that high traffic volume. Because there is a shortage of land for industrial uses as

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[89] "New plan for land gives Fort McMurray room to grow." Government of Alberta news release, 21 March 2012.
[90] "Province selling land to provide needed industrial space in Fort McMurray." Government of Alberta news release, 5 August 2010.
[91] "Crown land sold in Fort McMurray for industrial and commercial development." Government of Alberta news release, 1 March 2011.

simple as cold storage yards, many more goods that cannot be stockpiled or assembled in Fort McMurray are trucked 'just in time' from other locations.

The Regional Municipality committed in its *2015-2017 Strategic Plan* to "help address the lack of affordable retail and commercial space" in Wood Buffalo and, again, that it will "develop an integrated and planned approach to the effective and efficient release and development of land." The *Strategic Plan* specifically identifies the Prairie Creek Business Park, Athabasca Power Centre, Parsons Creek Town Centre, Saline Creek Plateau commercial lands and Southlands 2 as projects to be "completed by 2017. The dialogue between the Province and the Regional Municipality has to be renewed, ideally through the 'one-stop-shop' of a revitalized Oil Sands Secretariat if these strategic goals are to be achieved. Both parties must collaborate to conduct the analysis and work together to achieve shared outcomes.

Finally, the City Centre Action Plan, City Centre Area Redevelopment Plan and associated land use bylaw amendments combine to create, at least in theory, a more attractive destination for national retailers and others in the lower townsite. But recent land sales, such as the sale of a four acre parcel at Willow Square by the Canada Mortgage and Housing Corporation to the Province for $17 million has set an unhealthy precedent for the value of commercial land in the downtown – once again, governments have failed to understand the impact of their own behaviour on land prices. Unreasonably high land prices are likely to discourage or at least slow downtown redevelopment until they are rationalized.

For the past ten years, the focus in Wood Buffalo has been on the development requirements of its major urban center, Fort McMurray. But, as a special municipality, Wood Buffalo also includes nine additional settlement areas, some of which are more than a two-hour drive north and south – when road conditions allow.[92] Most of the recent growth in *in situ* oil sands production has also occurred in closer proximity to Conklin as new technologies have been refined to better recover bitumen resources at greater depths than are accessible by mining.

Conklin is, however, a town of just 318 people with limited capacity to absorb new population or industrial growth. Like Fort McMurray, it is surrounded by Crown land that must be released before it can fulfill a new purpose. Consequently, numerous work camp accommodations have been established in the southern portions of the Regional Municipality with as many as 10 to 15,000 total residents. Instead of releasing Crown land that might have been developed for residential or industrial purposes, the Province has issued miscellaneous land leases for work camps that include industrial lands to address the shortage. The Regional Municipality's planning authority within its own boundaries is subverted by provincial decisions.

A further impediment to residential and industrial development unique to Fort McMurray is that it is the only sizeable urban community in the boreal forest, or "green area," and so all Crown lands proposed for release are heavily timbered and covered in muskeg, which must be removed. Developers estimate that cost at about $40,000 per acre. Neither timber nor muskeg are present in Alberta's agricultural zones, or "white area." Purchasing or annexing agricultural land for urban growth does not bring with it the challenges and additional costs typical in Fort McMurray. When the Abram's Land Development Consortium stripped and shipped the muskeg from its 100 acre parcel, the cost was estimated to be about $16 million. That suggests a stripping and shipping cost of roughly $160,000 per acre.

The Regional Municipality is reluctant to assume the liability associated with muskeg disposal; muskeg would easily fill the municipal landfill in a very short time. The Province does not have a plan other than the most expensive option, which is to truck overburden to a disposal site outside the Regional Municipality. Undevelopable land in proximity to Fort McMurray that might be used for muskeg disposal is under the jurisdiction of Alberta Environment and Parks, which has acknowledged that this is not a matter for which they have a precedent.

Proposed developments in the lands under the Southgate ASP – Saline Creek Plateau, airport expansion, Southlands 2, Prairie Creek Business Park and the municipal landfill/industrial eco-park site –

[92] Fort Chipewyan is accessible by ice road only in winter; otherwise it is a fly-in community.

together represent about 4,200 acres and well in excess of six million cubic metres of muskeg that have nowhere to go other than out of the region. All associated costs for muskeg removal, transport and disposal are passed on by developers to the end purchaser. If the rough calculation from the Abram's Land holds in this case, developers must spend $672 million to strip and ship muskeg and waste timber from developable lands already released or on the docket for release. This does not include costs associated with any of the UDSR lands. Determining a disposal site near the Urban Service Area will save hundreds of millions of dollars.

Land and development costs in Fort McMurray have been, simply, unconscionably high for more than a decade, and this despite the presumed focus since 2006 on somehow streamlining land release – which has not happened. The long-term effects of this failure are only beginning to be understood.

There is no more intractable issue in Wood Buffalo than the high price of development. The current environment has been shaped by 20 years of bad policy. At the same time, it's appropriate to acknowledge that housing starts have very nearly ceased in Fort McMurray in 2015. Part of the reason is certainly the deferral of new oil sands projects. Still, the question begs to be asked whether a government that never truly understood Wood Buffalo allowed development costs to rise *too high* by artificially constraining supply. It is possible that rising costs now endanger not just individual homeowners and small businesses but developers, builders, larger businesses – even the 'boomtown to home town' aspirations of the Regional Municipality. If that is so, the range and depth of consequences of this policy failure have yet to be determined.

The Province's inability to appreciate and address the impact of its land release practices, first identified by the Auditor General in 2005, is very nearly the exclusive cause of Fort McMurray's development woes. Though a market correction may well be underway to restore a more reasonable balance, that shift does not absolve the Province of a profound responsibility with respect to land release and development both in the past and for the future, and of its obligation to better understand the effects on the Alberta economy of land release and other policy initiatives in Wood Buffalo.

All of this combines to suggest that though an outcome is easy to articulate, the issue is still imperfectly understood, and so recommendations for action are provisional and will have to be refined over time. The behaviour of the market, its deformation by government (in)activity, and other factors still need to be assessed on an ongoing basis.

Urban and rural development outcome

Provincial Crown land has been identified and prepared for timely release according to population forecasts and urban and rural development plans that include transportation access, serviceability, economic growth and diversification, price competitiveness and other relevant factors. The Province has defined objectives for land release that encourage residential, commercial and industrial development and enable market forces to stabilize development costs.

Sufficient separation between residential communities and heavy industrial uses is mandated by provincial policy and municipal bylaw to ensure public health and safety and to minimize disturbances associated with industrial traffic, odour, and noise.

Strategic actions

Government of Alberta	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to immediately review the Crown land sale process. Identify, as recommended in the Auditor General's report of 2005, the "objectives and approach to selling land in [Wood Buffalo]" [93] and adopt a cross-

[93] *Report of the Auditor General on Alberta Social Housing Corporation—Land Sales Systems*, page 21.

government strategic policy that enables market forces to stabilize development costs.

Charge the Oil Sands Sustainable Development Secretariat or its equivalent to ensure the actions of government departments, such as Environment and Parks, Infrastructure and Transportation, and Municipal Affairs are coordinated to support urban and rural development.

Charge the Oil Sands Sustainable Development Secretariat or its equivalent to renew efforts to apply a Consultative Notation to surround the Fort McMurray Urban Service Area and the UDSR.

Charge the Oil Sands Sustainable Development Secretariat or its equivalent to clarify the effect of the Protective Notation obtained by CN and reconcile the same with the Regional Municipality's urban development plans.

Immediately renew efforts to expand the Fort McMurray Urban Service Area to include the airport lands and other lands included in the Southgate Area Structure Plan as requested by the Regional Municipality.

As long as there is a demonstrated need for gap and social housing, ensure the Wood Buffalo Housing & Development Corporation continues to receive land in all new residential developments dedicated to affordable single-family and multi-family housing.

Charge the Oil Sands Sustainable Development Secretariat or its equivalent to resolve outstanding issues to support expanded commercial retail and industrial development. Work with the Regional Municipality to resolve challenges related to access, zoning, design standards, concurrent development, property taxes, *etc*.

Charge the Oil Sands Sustainable Development Secretariat or its equivalent to work with the Regional Municipality to develop a land release strategy for the Rural Service Area of Wood Buffalo.

Charge the Oil Sands Sustainable Development Secretariat or its equivalent to develop a muskeg disposal strategy in consultation with the Regional Municipality, land developers and other stakeholders.

Regional Municipality

Work with the Province and oil sands developers to develop a prioritized list of parcels of Crown land for urban and rural development.

Work with the Province to determine appropriate criteria for the Consultative Notation and adopt a corresponding land use bylaw.

Immediately renew efforts to fulfill the Province's requirements to expand the Urban Service Area to include the airport lands and other lands included in the Southgate Area Structure Plan.

Adopt best practices to support residential, commercial and industrial development across the Region – access, density, design standards, parking, *etc*. – and work with regional stakeholders to identify those best practices.

Work with the Province to develop a muskeg disposal strategy in consultation with developers and other regional stakeholders.

7.5 Fly-in/fly-out labour force and work camp accommodations

Rank	Issue
5	Large fly-in/fly-out (FIFO) labour force living in work camp accommodations.

As housing prices increased, the oil sands industry’s ability to recruit labour willing to relocate to Fort McMurray was weakened; new projects also began to be built farther away from Fort McMurray, which made commuting from Fort McMurray less attractive to workers on those sites. Population location trends – the contrast between permanent resident population growth in Fort McMurray and growth of the so-called *shadow population*, especially those in work camp accommodations – reflect the increase in housing prices caused by too little land and, correspondingly, too little housing stock. Between 2000 and 2004, the larger proportion of the shadow population chose to in live Fort McMurray – in hotels and motels, rented basement suites (legal and illegal), and spare bedrooms. Beginning in 2005, an accelerating movement began toward work camp accommodations. Between 2006 and 2012, the same period the Province was supposed to be making more land available to stabilize housing prices, the work camp accommodations population grew by 28,842 people to a total of 39,271. That was a 665 percent

Figure 23: Work camp accommodations population growth, 2000-12

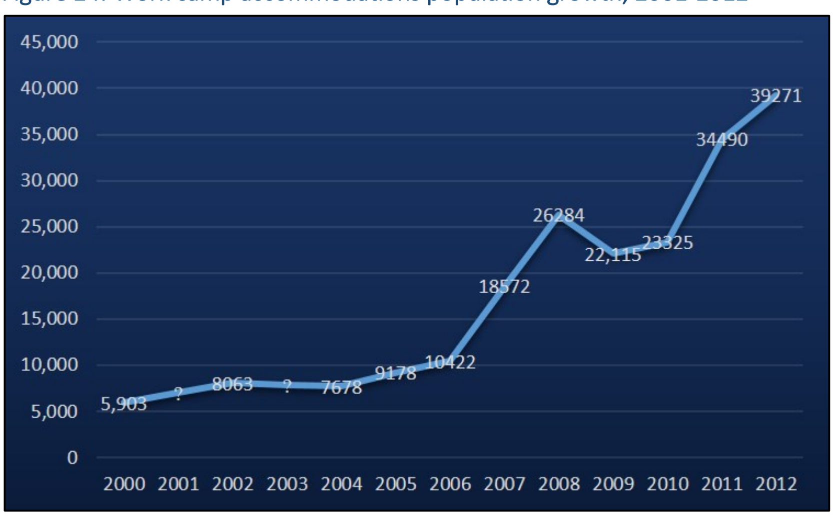
	2000	2001	2002	2003	2004	2005	2006
Beds	5,903	n/a	8,063	n/a	7,678	9,178	10,422
	2007	2008	2009	2010	2011	2012	
Beds	18,572	26,284	22,115	23,325	34,490	39,271	

Source: *Municipal Census 2012*, Regional Municipality of Wood Buffalo.

increase over the 2000 population. In aggregate, the 2012 work camp population, as shown in Figure 23 above, was smaller only than Calgary, Edmonton, Red Deer, Lethbridge, Fort McMurray proper, Medicine Hat, St. Albert, Grande Prairie and Airdrie among Alberta municipalities.[94]

Over the same period, from 2006 to 2012, the price of the average single-family detached home increased 68 percent, enough to make ‘free’ temporary accommodations preferable to either owning or

Figure 24: Work camp accommodations population growth, 2001-2012



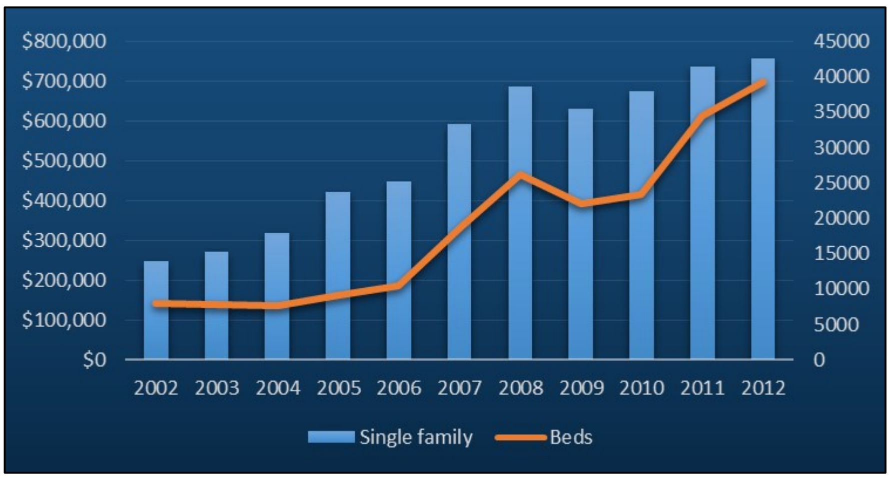
Source: *Municipal Census 2012*, Regional Municipality of Wood Buffalo.

[94] Wapasu Creek Lodge, a single work camp operated by Civeo, can accommodate as many as 10,000 people, which makes it bigger than all but nine provincially designated “towns” in Alberta. “Wapasu Creek Lodge.” <http://civeo.com/lodges-villages/canada/wapasu-creek-lodge/>.

renting in Fort McMurray for an itinerant, trades-based labour force whose housing costs in the Maritimes, Ontario or British Columbia were a fraction of the costs in Fort McMurray. The work camp population did show a modest reversal in 2009 following the global financial crisis but recovered within three years and rose another 31 percent above the previous high. The dramatic increase in the work camp population enumerated in Figure 23 above is better illustrated by the simple graph in Figure 24 also on the previous page.

The corresponding trend lines between oil sands production and population, or the prices of lots and single-family detached housing, is mirrored in the comparison of the price of single-family detached housing against the number of workers that chose camp accommodations, shown in Figure 25 on the next page. Housing prices and work camp population both peaked in 2008 when oil nearly hit $140 bbl. A slight market correction followed as new oil sands projects were deferred and demand for both housing and workers was reduced but, as activity in the oil sands resumed, both housing prices and work camp

Figure 25: Single family detached housing price v. work camp accommodations, 2002-2012



Source: Fort McMurray Real Estate Board, MLS listings and *Municipal Census 2012*, Regional Municipality of Wood Buffalo.

populations – mobile workers to whom the price of Fort McMurray housing would have been far and away much higher than that in their home communities – continued to rise steeply.

One additional aspect of the trend toward work camp accommodations is important. From 2000 to 2005, as shown in Figure 26 below, Fort McMurray accounted for 80 percent of all population growth in Wood Buffalo; from 2005 to 2012, that had fallen to just below 30 percent, and work camp accommodations accounted for nearly *70 percent* of all regional population growth. Though the 2014

Figure 26: Population growth, Fort McMurray *v.* work camps, 2000-12

	2000 to 2005				2005 to 2012		
	2000 Population	2005 Population	Growth	Percentage of total growth	2012 Population	Growth	Percentage of total growth
Ft. McMurray	42,600	60,983	16,383	80%	73,666	12,683	29.3%
Work camps	5,903	9,178	3,275	20%	39,271	30,093	69.6%
Total	48,503	73,176	14,859	100%	116,407	43,231	100%

Source: *Municipal Census 2012*, Regional Municipality of Wood Buffalo.

collapse in global oil prices and deferral of new oil sands projects has no doubt affected population trends in Wood Buffalo, it will be difficult to assess those trends even when the Regional Municipality's *Municipal Census 2015* is released in the fall, because the data points will apply only to a single year. However, preliminary, unofficial indications are that work camp accommodations have declined – a reasonable expectation given the reduced construction workforce in the region – and that the urban Fort McMurray population has experienced a modest increase. It will be interesting to compare census numbers against other indicators, such as water consumption, to further investigate population trends.[95]

Another observation is in order. The jump of 10,000 persons between 2010 and 2011 may not accurately reflect a single year work camp population increase. Up to 2010, the Regional Municipality relied upon industry to provide work camp accommodations numbers and used those numbers to produce its annual censuses and 2011 *Municipal Development Plan*. As shown above, 2010 work camp population was thought to be just under 25,000. In 2011, however, the Regional Municipality sent planners across the region to identify and document existing work camps and to confirm industry data. It found, instead, 21 camps that were not in compliance with licensing requirements either because their permits had expired, they had exceeded licensed capacity or, in some cases, had never been issued a municipal development permit following the grant of a Miscellaneous Land Lease (MLL) by the Province. When the Province issues an MLL, the proponent is responsible to obtain all subsequent approvals; however, the Province does not monitor compliance and, until recently, did not inform the Regional Municipality when it issued an MLL, whether for a work camp or any other purpose. This, despite fact the Regional Municipality has statutory responsibility to administer land use bylaws, even on Crown land. The Regional Municipality has begun to work with the Province to improve the work camp approval process, methods to better count work camp population, and to deliver, for example, emergency services to remote areas for which the Regional Municipality is responsible.

The Province began preparatory work to consolidate work camps in ‘nodes’ in 2012 to reduce environmental impacts and achieve other potential efficiencies; however, both camp operators and the oil sands industry have in the past two years opposed the effort to consolidate work camps, and several issues circulating around work camp accommodations remain unresolved. Camp operators have said that consolidation eliminates the potential advantage that may arise from location, reducing one company’s ability to compete with another. Traffic safety advocates are concerned about the daily exodus of 2,000 or more vehicles from camps onto provincial highways at uncontrolled intersections because Alberta Transportation does not manage ‘intermittent’ traffic fluctuations. Oil sands developers have said that they are better able to manage a work force that is in close proximity to the plant site.

Finally, the current phase of oil sands development is about to make a significant transition in the next two years. For the last decade, 2017 has been identified as the year in which the majority of capital expenditures will transition from cap-ex to op-ex. That transition requires a different kind of labour force than plant construction. Even though the current economic climate requires oil sands developers to implement stringent cost control measures, projects in or nearing production in 2015 are not likely to be mothballed. The operators of those projects *must* turn them on to generate even a reduced cash flow to manage their credit obligations. All industry analysts have forecast a price recovery by 2017. Oil sands producers have indicated their operations are profitable at prices around $60 bbl.

In connection with that transition from cap-ex to op-ex, oil sands producers have stated their preference is to have operational employees be permanent residents of Wood Buffalo wherever possible. In other words, it is the hope of both industry and the Regional Municipality – and it should be the sincere wish of the Province, too – that operational employees will choose to live in Fort McMurray. There are three impediments to their making that choice:

1. The plant at which they are working is more than a one hour distance from Fort McMurray. One hour, especially for shifts of 12 hours, is the maximum tolerable commute. Projects at a greater distance will continue to house employees in work camp accommodations.

[95] The population captured in the Fort McMurray Urban Service Area in the *Municipal Census 2012* of 73,666 has tended by some to be skeptically regarded because the Regional Municipality’s water consumption in comparison with other municipalities suggested a population in excess of 100,000. The half-serious joke told by senior Administration was either that Fort McMurrayites were the cleanest Canadians by far or that tenants in illegal suites and spare bedrooms were not captured in the census.

2. The plant at which they are working could be reached within the acceptable commute horizon except that the necessary transportation infrastructure does not exist. This is true for a number of existing and potential oil sands developments north and west of Fort McMurray, off what is proposed to be Highway 686, and east of the Athabasca River, proposed to be accessed by the East Corridor Multi-User Access Road. Until the regional transportation network is expanded to facilitate these commutes, several plants will continue to house employees in work camp accommodations.
3. Housing in Fort McMurray is so expensive that, notwithstanding all the other investments that have been made to improve the quality-of-life of residents, it does not make economic sense for a household to pay at least $200,000 more for a new home in Fort McMurray. This makes even less sense when employers pay all work camp costs, including transportation, enabling workers to earn a Fort McMurray salary without a Fort McMurray housing cost.

It is beyond anyone's power to shrink geography. The fact some plants are far from Fort McMurray means they will always operate work camps. But it is also possible to deliver the necessary transportation infrastructure for plants to which there is no current access or for which the commute time exceeds one hour – even during times of fiscal restraint – that could, then, make it possible for larger numbers of operational employees to make Fort McMurray their home. As noted in Section 7.3 and in the numbered bullet points immediately above, some, though not all, of these transportation projects could be delivered at relatively low cost and, better still, industry has in the past proposed that it was willing to deliver at least one of them. Even better would be to introduce measures to stabilize housing costs to make Fort McMurray more attractive in comparison to other jurisdictions.

An unforeseen consequence of the high housing costs in Fort McMurray has been the weakening of Alberta's competitiveness in contrast to other Canadian jurisdictions. Wages in Fort McMurray rose, at least between 2000 and 2008, in direct relation to the cost of housing in Fort McMurray. That is, employers, especially oil sands developers seeking to attract new employees to Fort McMurray, had to offer wages or other incentives that enabled newcomers to secure housing in one of Canada's most expensive markets. That strengthened bargaining power among the skilled trades across Alberta. If an employer wished to keep a welder in Lethbridge, it had to offer wages competitive with those in Fort McMurray, let alone Saskatoon or Moncton, over the period the price of oil rose from $40 USD bbl to more than $140 USD bbl. Critics have blamed the oil sands industry for spending wildly to support the growth of its industry, but the base on which wages were determined was, at least in part, determined by the Alberta government's failure to release land in Fort McMurray quickly enough to prevent rapid price escalation. Those wages have, in turn, driven wage escalation in other markets, making small and large businesses less competitive and increasing the cost of some services to all Albertans.

It is difficult to determine the origin of the transient workers who occupy work camp accommodations in Wood Buffalo. Labour mobility agreements, a net positive, do not require that employees declare a 'home community' or take any action in relation to working outside that community. Statistics Canada typically does not count as a resident of Fort McMurray someone who identifies their home as, for example, Sydney, NS, even if they live in Sydney just two weeks a year. It does not acknowledge the work camp population at all. The Regional Municipality abandoned a project to analyze cell phone data that might have provided some clearer indication in 2014.

It is likely, however, that half or more of those who occupy work camps originate outside Alberta. Anecdotal evidence has suggested, for example, the Alberta oil sands are worth $4 million a week in Cape Breton, that those who have lost jobs in mining or fishing in Cape Breton have found good employment in Alberta. They are able to maintain their homes and spend their earnings in local grocery stores, car dealerships, retail stores, *etc*. In many ways, the Alberta oil sands could be considered a national unity project, an opportunity for ordinary Canadians to maintain dignified employment and to support their families and home communities across this country.

At the same time, as difficult as it is to calculate economic leakage, it is also obvious that the Province loses considerable provincial income tax revenues when workers choose to live elsewhere in Canada because housing in Wood Buffalo is too expensive. A very conservative calculation based on the notion that half the 2012 work camp population lived elsewhere, earned oil sands wages at the low end, and paid income taxes according to the 10 percent flat tax that then applied in Alberta, yields a surprising number.

> 20,000 employees x $100,000/year x 10% flat income tax = $200,000,000 personal income tax/year paid in other provinces

If that calculation was applied just to the years from 2006 forward, when work camp populations rose in comparison to housing prices, then the Province relinquished at least $875 million in seven years – nearly enough to pay for the twinning of Highway 63 – without including the years 2013 and 2014, when work camp accommodations were highest. Including those years suggests potential losses closer to $1.2 billion.

This figure also does not include costs incurred by oil sands developers to build or provide additional incentives to support work camp accommodations, the costs for which are expensed and further reduce the net income subject to provincial corporate income taxes. Anecdotally, the sponsor organizations of this report have been told that it costs oil sands developers up to $55,000 per year per work camp resident. If that is true, using 2012 *Municipal Census* figures, then

> 40,000 employees x $55,000/year = $2,200,000,000 per year to house work camp employees

In other words, oil sands profitability was reduced by $2.2 billion in 2012 just due to work camp accommodations costs, which are driven by complex factors including housing costs, transportation and commute times, quality of life amenities, and more.

Further, the Oil Sands Developers Group estimated in 2011 that it cost $100,000 to on-board a single employee in the oil sands. If that is true, and, in the case of one company with a 42 percent annual turnover on a construction workforce of 4,000 personnel, then it spent the following simply to fill vacancies in 2011.

> 4000 employees x 42 percent turnover x $100,000 per employee = $168,000,000 per year to fill vacancies

That company advised that among the labour retention challenges was that workers were simply unhappy in camp accommodations so far removed from an urban centre with so few quality of life amenities, in addition to requiring that workers spend days, if not weeks, away from their families. Assuming, again conservatively, that the calculation above that only half of work camp residents originate outside Alberta, and that the turnover rate experienced at one plant is similar to that in others, then the following calculation represents yet another loss to government revenues.

> 40,000 employees x 42 percent turnover x $100,000 per employee = $1,680,000,000 per year to fill vacancies

If living in Fort McMurray were made more attractive and more affordable, that cost could be cut significantly.

Still other secondary industry employers have said that they cannot afford to pay employees enough as permanent employees that they can afford housing costs in Fort McMurray. Instead, workers accept seasonal employment, which pays enough to maintain house and home in other provinces, and only work for part of the year. It is possible that these same employees also claim Employment Insurance benefits when they return home because they are, in effect, unemployed. And their EI benefits would be calculated on an oil sands wage unobtainable at home.

These equations and the potential losses they represent are provisional. Real effort must be expended to determine the number of employees who actually live and pay taxes outside Alberta, what the costs are in 2015 to house workers in camps, and what the actual costs of employee turnover are. If, however, any of the above is even remotely close – and labour costs have always been the highest cost component of any oil sands project – then the potential losses for failing to attract permanent residents to Alberta that include lost income tax revenues and expensed costs alone are certain to be in the billions of dollars a year. The calculations above are combined, if only to prompt discussion and bolster the case that government and industry both need to better understand the economic losses associated with camp accommodations.

$200,000,000 personal income tax/year paid in other provinces
$2,200,000,000 per year to house work camp employees
<u>$1,680,000,000 per year to fill vacancies</u>
$4,080,000,000 per year in lost income taxes and expensed industry costs

These figures do not include the economic leakage that occurs when traveling oil sands employees spend their wages 'at home' in the Maritimes, central Canada or British Columbia. It is essential to validate, or even to disprove, the numbers in this document so that rigorously tested data is available to support new policy that will optimize the return to Albertans from the development of oil sands resources. The sponsoring organizations of this report anticipate that the learnings from this investigation will also lead to new opportunities to help ensure the transition of Fort McMurray from a boomtown to a home town, and to establish Wood Buffalo as a long-term economic engine with greater stability than is true today.

Of course, there is no simple solution to attracting new residents to Wood Buffalo so that they spend their wages and pay their income taxes in this province, and so their employers have fewer expenses and greater profitability. Any human engineering strategy that purports to understand all the variables within human behavior is fudging; at the same time, it is guaranteed the situation cannot change without a motivating outcome and a commitment to better understand and act to support that outcome.

FIFO labour force and work camp accommodations outcome

Work camp accommodations in Wood Buffalo provide accommodations only when strictly required. Operational employees take up permanent residency in Wood Buffalo wherever practical.

Strategic actions

Government of Alberta	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to confirm and refine provincial objectives with respect to the use and consolidation of work camp accommodations in nodes.
	Engage with the oil sands industry and other stakeholders to assess how best to manage work camp accommodations.
	Ensure that the Regional Municipality is notified of all Miscellaneous Land Leases issued within the Wood Buffalo region.
	Take sufficient precautions, including the installation of temporary traffic control measures, to ensure the safe movement of mobile workers in and out of camp accommodations and on to provincial highways.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to initiate an economic impact study to determine the lost income taxes, work camp accommodations costs, recruitment costs and more associated with oil sands employees who reside outside Alberta.
	Charge the Oil Sands Sustainable Development Secretariat or its equivalent to work with oil sands companies to determine how much is spent to build,

	operate and/or provide incentives to employees to live in, work camp accommodations.
Regional Municipality	Monitor work camp accommodations and share relevant information with the Province to ensure compliance with permitting and licensing conditions.
	Formalize agreements with work camp accommodations operators to ensure appropriate water, wastewater and solid waste management practices are employed, and that the Regional Municipality is able to deliver emergency services as required.
Oil sands industry	Encourage operational employees to the greatest extent possible to take up permanent residency within Wood Buffalo.
	Undertake a cost-benefit analysis of work camp accommodations – camp capital costs, transportation, operations, corresponding incentives, and employee turnover – compared to the potential benefit of participating in the delivery of transportation infrastructure and other mitigating strategies.

7.6 Quality-of-life in Fort McMurray: health, education, post-secondary education, police, fire and emergency services

Rank	Issue
6	Quality-of-life amenities, *e.g.*, health care, education, post-secondary education, child care, police and emergency services, negatively affect recruitment and retention of oil sands employees.

Employers in Fort McMurray have noted that prospective employees are often most interested in those aspects of the community that might be called "quality-of-life" indicators. The Radke report spoke directly to some of these – especially those within provincial jurisdiction – and made specific recommendations to address what were then considered unacceptable gaps in health care, education and policing. The Radke report also briefly addressed recreation and arts and culture, areas primarily of municipal jurisdiction. The Regional Municipality has since built Canada's largest community recreation centre at MacDonald Island and plans to build a second on the north side of town. It also supported the formation of the Arts Council Wood Buffalo.

The Regional Municipality's citizen satisfaction surveys consistently indicate residents wish for more of the "four Rs": roads, retail, restaurants and recreation. The first has been addressed under Section 7.3, Regional transportation network," and the second and third under Section 7.4, "Land release, valuation, development and housing." Recreation, as noted just above, is a municipal priority.

Health care

As noted above, all but one of the Radke report health-related recommendations have been implemented, amounting to more than $300 million in capital investment and program enhancements. Since Radke, wage supports have also been available to health care workers.

One very notable recommendation, however, remains unfulfilled. The first bullet of Recommendation 21(b) reads

> Development and funding (capital and operating) of a continuing care and supportive living facility located outside the hospital [is required] which will free up space in the existing hospital for active care treatment.

The long-term and continuing care project has taken on an enormous political dimension. In the eight years since it was first announced, as noted above, the project has passed through the hands of five premiers, a dozen health, seniors and infrastructure ministers, and been proposed for three different sites. A construction contract was signed in the spring of 2015 prior to the most recent provincial election. Still, nothing more than basic site preparation has yet occurred at the North Parsons Creek site. Thirty to 40 patients continue to occupy acute care beds in the Northern Lights Regional Health Centre (NLRHC) that are not appropriate for their care and that limit the availability of acute care beds to the community.

The fundamental disagreement appears to be between architecture – the ‘best-practice’ single storey, pod-style facility advocated by health care professionals and proposed for Parsons Creek North – and location – downtown at Willow Square, advocated by Fort McMurray’s Golden Years Society.

The long-term and continuing care centre was first announced as a $35 million capital project in the 2008 provincial budget. The proposed location was Abram’s Land in Thickwood. The Abram’s Land parcel was then raw and owned by the Crown; the Regional Municipality negotiated its release and bought the parcel in 2010.

The global economic contraction of 2008 led to the long-term and continuing care centre project being deferred in 2009. When AHS could not commit its share of development costs on the Abram’s Land, the faith-based consortium proceeded without it and the Regional Municipality has retained ownership of the AHS portion, which has since been rededicated to the north side recreation centre.

The Province asked developers for an expression of interest to build a long-term and continuing care centre in 2010 but received no responses; the ‘homelessness’ of the project and the high cost of land in Fort McMurray discouraged interest. The CEO of one of Fort McMurray’s larger construction companies said that, without land, the project could not be delivered. That view was reinforced by the pastor of the McMurray Gospel Assembly, one of the three faith groups on the Abram’s Land, which had been trying for 11 years to purchase a site for a new church. “We didn't realize how challenging it is,” said Father Glen Forsberg, “to find a piece of land in our community.”[96]

In July 2011, the Province announced it had begun negotiations to purchase the Willow Square site from the Canada Mortgage and Housing Corporation. Willow Square had, since the late ‘60s, been the site of 44 social housing units. The Province identified Willow Square, across the street from the NLRHC, as the new location for the long-term and continuing care centre. It soon learned 80 percent of Willow Square is within the floodplain; provincial legislation prohibits overnight accommodations of any kind on the ground floor. The Province was faced with a choice between vertical construction, at roughly twice the expense, or relocation. When AHS affirmed its preference for the single-storey model, the Province moved the project to land it owned in the Parsons Creek North subdivision. The Regional Municipality then announced its intention to build an aging-in-place village at Willow Square shortly afterward. The Province did not conclude negotiations with the federal government to purchase the Willow Square site until November 2014. The sale agreement commits the Province to use the site, at least in part, for social housing to replace the units demolished at the Province’s request in 2012.

The lengthy delay, hopscotch site selection, and potential for competing projects has introduced no end of confusion. The Radke report advocated for the long-term and continuing care centre (site unspecified) *and* the redevelopment of Willow Square into 350 affordable housing units. In June 2105, the Wood Buffalo Housing & Development Corporation, acting at the Regional Municipality’s request, completed a market demand study that demonstrated, given existing and planned facilities, there was insufficient need to build an aging-in-place village.

It is nearly ten years since the Radke report first recommended that a long-term and continuing care centre was needed in Fort McMurray. Seniors and others in continuing care continue to displace acute care patients by occupying hospital floors that are not designed for their care. The outcome remains uncertain.

Including the population residing in work camp accommodations, Wood Buffalo’s population has grown from 75,717 in 2006 to 119, 496 in 2012, an increase of 58 percent. Even if the growth calculations are limited to Fort McMurray, the growth has been from 61,366 to 76,009, an increase of 25 percent.

[96] “Faith groups unite over Abrams Land.” *Fort McMurray Today*. 2 November 2010.

Demographics are also changing. As noted previously, the median age in Fort McMurray is 31.6 years; many of the people who have taken up permanent residence in the community in the past decade are adding to families and Wood Buffalo's birth rate is much higher than it used to be. AHS estimates the NLRHC delivers 120 live births each month.

At the same time, health care worker recruitment continues to be a challenge for physician specialties and diagnostic imaging, especially sonography/ultrasound, and allied health. Consequently, many services are provided by part-time specialists that fly into the community on a regular basis but do not entirely meet the needs of the community.

As part of the North Zone of Alberta Health Services, the NLRHC has adopted five priorities in its "2015-18 North Zone Operational Plan."

1. Enhance Primary Health Care
   Enhancement of primary health care including advancing inter-professional and collaborative team models (including physicians) by focusing on local community health and social needs, increased access to services and chronic disease management.
2. Maternal/Child Health Service Planning
   Develop strategic plan for integrated maternal/child health services across the continuum of care (pre-, ante- and post-natal and delivery of services).
3. North Zone Addictions and Mental Health (A&MH) Strategic Planning 2013-16
   Continue implementation of identified best practice standards and system quality improvements.
4. North Zone Continuing Care Capacity Plan
   Continue implementation of continuing care capacity plan; including operational planning aligned with new 100 bed continuing care facility in Fort McMurray.
5. Surgical Services Planning
   Develop strategic plan for surgical services (day and inpatient surgeries) according to community needs, capacity of acute care facility, and surgical skills available to improve the quality, sustainability and access to surgical services in Area 10.[97]

All of the strategic priorities of the NLRHC reflect population growth and recruitment challenges. The capital demands are not unusual and should be addressed within the normal budgeting process of AHS; special purpose funding requirements have not been identified.

Public sector employers from all sectors have cited the importance of the wage supports recommended in the Radke report. Eligible AHS employees working and living in Fort McMurray receive an annual bonus under the Northern Incentive Program of up to $12,480 payable on an hourly basis for all hours paid at the basic rate of pay. That is, every health care employee receives an additional hourly increment that may pay as much as $12,480 per year to help subsidize the higher cost of housing in Fort McMurray.[98]

In addition to wage supports, AHS, the Province, the Regional Municipality and RCMP all entered into agreements with the Wood Buffalo Housing & Development Corporation in 2005 to ensure that affordable housing options, most often rental, are available to those employees, especially entry-level employees, for whom market-priced housing in Fort McMurray is inaccessible.[99] This agreement, combined with the wage subsidy, has been repeatedly identified as an essential recruitment and retention tool.

[97] David Matear, Senior Operations Director, Zone 10, Alberta Health Services. E-mail communication.
[98] "Northern Incentives Program." Alberta Health Services.
[99] See Appendix 2 for a short history of the Wood Buffalo Housing & Development Corporation, which illustrates the GAP and affordable housing challenge in Fort McMurray.

Health care outcome

Health care services in Wood Buffalo meet the needs of permanent and temporary residents and respond to demographic trends in a timely basis. Health care services are comparable to other Alberta communities of similar size, with further consideration for Fort McMurray's relative isolation and the role of the Northern Lights Regional Health Centre as the primary acute care hospital in northeastern Alberta.

Strategic actions

Government of Alberta	Through Alberta Health Services, provide the necessary supports to deliver the "2015-18 North Zone Operational Plan."
	Resolve the outstanding issues associated with the long-term and continuing care centre and begin construction at the selected site as soon as possible.
Regional Municipality	Broker a partnership among the Regional Municipality, Northern Lights Regional Health Centre, Fort McMurray's Public and Catholic school divisions, oil sands developers and Wood Buffalo Housing & Development Corporation to articulate a recruitment and retention strategy for all sectors.

Education

With respect to education, the Radke report focused on service standards outlined in Alberta Education's *Schools for Tomorrow* visioning document that had been released in November 2006, and the capital infrastructure required to achieve them. As noted above, those commitments have been fulfilled and, at least from a capacity standpoint, both the Fort McMurray Public and Catholic school divisions can accommodate current students and projected enrollment growth because new capacity is being built in the next several years. However, Catholic Superintendent George McGuigan noted he also expects a 25 percent increase in the primary school population over the next five to 10 years not from in-migration but from Fort McMurray's higher birth rate.

The bigger challenge facing schools a decade after the Radke report arises due to the tremendous in-migration of people, literally, from around the world. Though the two largest ethnic groups identified in the Regional Municipality's 2012 *Municipal Census* were Caucasian and Native Aboriginal, Fort McMurray still hosts a disproportionately large ethnic diversity in comparison to other Alberta communities of its size.[100] People come to Fort McMurray from, literally, the world over. The superintendents of both school divisions noted that over 70 different languages are spoken in their schools, and that English as a Second Language programs are a huge priority currently under-served by existing capacity.

Mental health services, for children and families, were also identified as lacking. Oil sands employment often means that parents often work 12-hour shifts – not including the commute up to one hour to and from site – that mean children can be left on their own with none of the ordinary extended family supports expected elsewhere. Also, the volatility of a commodity-based economy means, as is being seen now, that layoffs are not uncommon, introducing new stress into households that may already have more than their share trying to adapt to the demands of a new country.

Both superintendents said it remains a challenge to recruit specialty teachers – mathematics and mechanics were specifically mentioned. They would like to see more support for partnerships between Alberta's post-secondary institutions to support the delivery of degree-bearing programming at Keyano College that do not necessarily require students to transfer to another university to complete their Education degree. The anecdotal evidence is that students who travel south to complete their education do not always return to northern Alberta. The Northern Student Teacher Bursary Program, now in its second year, was cited as an important incentive to encourage students to return to northern Alberta

[100] *Municipal Census 2012*, pages 54-72.

communities after they have graduated. Working with the Northern Alberta Development Council, the Province provides financial support to post-secondary students who are willing to commit to teaching in northern Alberta. Superintendents hope not only that the program will be maintained but that it will be enabled to grow.

Both superintendents also spoke in favour of the wage subsidies introduced after the Radke report. “There’s anecdotal evidence that the poverty line in Fort McMurray starts at $100,000 a year,” said Superintendent Nicholls. Superintendent McGuigan said that without the affordable housing agreement both school districts had signed with the Wood Buffalo Housing & Development Corporation and the northern Alberta wage incentive for provincial employees – $500 bi-weekly plus a one-time ‘signing bonus’ of 25 percent of base salary paid quarterly during the first year of employment – it would be much more difficult to hire first year teachers, even at $70,000 a year.

Public school Superintendent Doug Nicholls noted that his colleagues farther south and Alberta Education have no appreciation for the much higher capital construction and maintenance costs faced in

Figure 27: FMPSD paid $400,000 for a four-bay garage in a competitive bid

Fort McMurray. For example, he used a competitive process to solicit bids for a four-bay garage, a simple building without fancy finishing, depicted in Figure 27 above when it was still under construction in July. The lowest cost estimate came in at $400,000 – nearly double what he had expected to pay, and enough to buy a single-family home complete with all the finishing in most Alberta communities. The ‘Fort McMurray factor,’ accounted for by oil sands companies and other private sector developers, can add up to 30 percent to the cost of any building in Wood Buffalo. The consequence is that it is much more difficult to manage facility maintenance on existing budgets that are developed according to formulae that apply province-wide and do not take into account regional differences. This past year, the Public school division had to take $1 million out of reserves in addition to its disbursement of $860,000 in annual Infrastructure Maintenance and Renewal (IMR) funding to address immediate maintenance issues that could not be deferred. The situation is the same for the Catholic school division. The Fort McMurray factor affects everyone: the Province has figured out how to address that disparity in teachers’ wages; capital costs are similarly deformed in Fort McMurray.

Both superintendents noted they would welcome sustainable, predictable funding. Provincial funding tends, they said, to be too volatile to support long-term planning. It is not just that wage subsidies are required for recruitment or that IMR funding is inadequate for the local economy; funding envelopes are too variable year-to-year to enable long-term planning in a community with Fort McMurray’s growth history.

Education outcome

Education funding and other supports in Wood Buffalo are sufficient to maintain a thriving primary and secondary education system, including adequate student supports, teacher resources and capital programs.

Strategic actions

Government of Alberta	Assess levels of support required for English as a Second Language programming plus additional supports to help newcomers to Canada to acculturate more effectively.
	Support a dialogue between the school divisions and Alberta Health Services to ensure adequate child and family mental health services are available in Wood Buffalo.
	Within the Campus Alberta model – and perhaps associated with the Northern Alberta Development Council Northern Student Teacher Bursary Program – explore practical methods to increase the training and retention of specialty subject teachers in Wood Buffalo and all of northern Alberta.
	Determine how to introduce a 'Fort McMurray factor' into Infrastructure Maintenance and Renewal funds to ensure education facilities are adequately maintained in order to avoid more costly repairs resulting from deferred maintenance.
Regional Municipality	Broker a partnership among the Regional Municipality, Northern Lights Regional Health Centre, Fort McMurray's public and Catholic school divisions, oil sands developers and Wood Buffalo Housing & Development Corporation to articulate a recruitment and retention strategy for public sector employees.

Post-secondary education

Keyano College is a comprehensive community institution with stewardship responsibility for the northeast region of Alberta. It provides access to a range of post-secondary programs, many of which have been strongly encouraged, if not financially supported, by the oil sands industry and other community partners. Many of its programs are focused on training the human resource capital required for industry expansion.

Keyano College received $33.4 million in 2006 to develop its Sport and Wellness Centre but has not otherwise received any special purpose funding from the Province. The Government of Alberta and Keyano College created the Keyano College Land Trust[101] in 2013 and the Province conferred a 600 acre parcel on the Saline Creek Plateau to the Land Trust for residential development. The hope is that the Land Trust will provide an alternate revenue source to the College.

Regional colleges require significant stakeholder support to successfully deliver programs; in that sense, they differ from institutions in Alberta's two largest urban centres. The schools in Edmonton and Calgary, even the institutions recently empowered to grant university degrees, Grant MacEwan and Mount Royal, are more autonomous with respect to programming. The Province could better appreciate the distinction between urban and rural schools. Colleges also do not have the rapid response capability of industry to react quickly to changing economic circumstances. They cannot 'lay off' students if the economic climate changes. They are obligated to see students through to the completion of a program from the moment they register, regardless of the cost of delivering that program or emerging circumstances that might make it more difficult.

[101] "Province and Keyano College act to support development in Fort McMurray."

All post-secondary institutions appreciated it when the new government reversed the funding cuts imposed by its predecessor but note that a single year commitment is insufficient to do meaningful planning. Campus Alberta leadership, including the newly formed Council of Post-secondary Presidents of Alberta continues to advocate for predictable, sustainable funding so that resources can be appropriately assigned to operations, capital planning, program development and risk management.

There is growing support across Alberta among post-secondary institutions for enhanced collaboration on programs and services. Partnerships enable efficiencies and facilitate the effective delivery of programs in rural Alberta that would otherwise require significant investment to certify regional degree programs or require students to relocate to Edmonton or Calgary. Seven schools have recently launched the Northern Collaboration Agreement – the University of Alberta, Northern Alberta Institute of Technology, Athabasca University, Keyano College, Grande Prairie Regional College, Portage College and Northern Lights College – consistent with the overall goals of the Campus Alberta model. Participants expect the partnership to lead to improvements in post-secondary program delivery across northern Alberta. Funding support from the Ministry of Innovation and Advanced Education will be key to facilitating the realization of collaborative goals and objectives.

Post-secondary education outcome

Sustainable post-secondary education funding and other supports for regional post-secondary institutions are sufficient to maintain a thriving post-secondary education program mix, including program development and delivery, facility maintenance and long-term planning; whenever appropriate, collaboration to facilitate efficient operation and effective delivery is encouraged to improve access and program delivery across urban, rural and Aboriginal communities across northern Alberta.

Strategic actions

Government of Alberta	Support and provide sufficient resources to the Northern Collaboration Agreement as a pilot project within Campus Alberta for the purpose of improving access as well as the efficient and effective delivery of programs and services to urban, rural and Aboriginal communities across northern Alberta.
Regional Municipality	Broker a partnership among the Regional Municipality, Northern Lights Regional Health Centre, Fort McMurray's public and Catholic school divisions, oil sands developers and Wood Buffalo Housing & Development Corporation to articulate a recruitment and retention strategy for public sector employees.

Child care and child advocacy

The serious lack of child care in Fort McMurray was identified as Recommendation 25 in the Radke report and, despite investments made prior to 2011 to improve child care, remains one of the seven recommendations significantly unfulfilled in 2015. There are only three accredited and licensed day care facilities in Fort McMurray, all of which are full and have waiting lists. The Fort McMurray Boys and Girls Club says it turns away parents seeking day care at the rate of two per day. There are currently 6,000 children ages six or under in Fort McMurray and its birth rate of 120 per month adds nearly 1,500 newborns every year. There is no accredited day care south of the Athabasca River and the proposed residential development of the Saline Creek Plateau is expected to house 16,000 people on completion. The very high rental rates in Fort McMurray of up to $100 a square foot also make it extremely challenging for potential providers to offer an affordable service.

In addition to child care, the Radke report also identified a need for enhanced "social services to provide […] family violence prevention programs" to help address "increased family stress which place a burden on currently limited support services" (122). The demonstrated need extends beyond prevention programs. Child abuse and child sexual assault are among the few areas in which the crime rate in Fort McMurray is on the rise. Between 2010 and 2013, reported incidents in which children were victims of crime in Wood Buffalo increased 189 percent, from 62 to 179, as shown in Figure 28 below. Incidents in which children were abused increased 670 percent; incidents in which children were sexually assaulted increased 300 percent. Fort McMurray has no dedicated facility – in fact, only three exist in Alberta: Calgary's Sheldon Kennedy Centre, Edmonton's Zebra Centre, and Grande Prairie's Caribou Centre – to meet the very particular needs of children subjected to physical or sexual assault. Children are particularly vulnerable in case of abuse and sexual assault because, very often, the perpetrator is also a caregiver. The disturbing reality is that 60 percent of all reported sexual abuse is against children and 30 to 40 percent of sexual assault victims are abused by a family member[102], an additional dynamic that further complicates the investigation these incidents and the response of the criminal justice system. Law enforcement agencies strongly assert that dedicated facilities lead to greater success in such difficult cases. The existence of such a facility is also expected to catalyze the development and delivery of improved awareness and prevention programs.

Figure 28: Crime statistics related to children, 2010 to 2013

Classification	2010	2011	2012	2013
0-17 years, victim-crime against, TOTAL	62	98	131	179
0-17 years, victim-crime against, child abuse	10	46	71	77
0-17 years, victim-crime against, sexual assault	10	17	31	33
0-17 years, witness, assault	61	61	68	41
0-17 years, witness, sexual assault	0	5	7	18

Source: RCMP Wood Buffalo detachment

The RCMP Wood Buffalo Detachment is spearheading a multi-stakeholder initiative including the Regional Municipality, Alberta Health Services, Fort McMurray Boys and Girls Club, and the Wood Buffalo Housing & Development Corporation (WBHDC) to renovate an existing vacant building on Crown land and to have the associated land transferred to WBHDC to operate a combined accredited child care facility and child advocacy centre in Fort McMurray. WBHDC would operate the facility and charge cost-recovery rents only, as it does for the Fort McMurray Food Bank. A further opportunity exists for redevelopment of the adjacent lands for affordable housing.

Child care and child advocacy outcome

Fort McMurray has sufficient child care facilities to meet the demonstrated need. It also has a child advocacy centre to facilitate best-practice management of child physical and sexual assault cases.

Strategic actions

Government of Alberta	Transfer title of the former Youth Assessment Centre and affiliated lands o the Wood Buffalo Housing & Development Corporation for redevelopment as a joint child care and child advocacy centre.
Regional Municipality	Continue to provide advocacy and in-kind support to the joint child care and child advocacy centre project.

[102] "Child Advocacy Centre," Steering Committee for the Child Advocacy Centre.

Police services

The Radke report made three recommendations with respect to policing in Wood Buffalo, all of which have been fulfilled. The first, just like health services and education above, was to implement a pay scale and/or wage supports that were sufficient to recruit and retain police officers in Fort McMurray, where housing costs are unusually high. The RCMP has also been a partner in the agreement with Wood Buffalo Housing & Development Corporation since 2005 to provide affordable housing to its officers, especially new recruits. The Alberta Law Enforcement Response Teams have since been created to administer a province-wide drug response program. And the capital infrastructure projects recommended have been built.

But issues arise due to Wood Buffalo's geography and population growth that deserve attention. As noted above, the Regional Municipality is exceptional among Alberta municipalities in that it is responsible for police services in Fort McMurray through a contract directly with the RCMP but all policing in the rural area is provided by officers under contract with the Province. The two services work out of the same detachment, work the same watch unit, and, because the Watch Commander has authority over all police resources within Wood Buffalo, the two services provide mutual support when necessary. If further resources are required due to a major incident, the rural areas, too, can access police dog, forensic identification, community policing and major crime specialized services.

Following the Radke report, the Government of Alberta acknowledged that Fort McMurray was unique and that it had to make policy and funding formulae adjustments to ensure that services in the region were delivered to a standard comparable with other communities of a similar size with similar characteristics. Key among those adjustments was the recognition that a very large proportion of the Regional Municipality's population is made up of temporary residents, often in work camps. In 2012, nearly 40,000 people, or almost 30 percent, lived in work camp accommodations. As a federal agency, the RCMP uses Statistics Canada data to allocate resources, and Statistics Canada's population counts are significantly lower than those used by the Regional Municipality and the Province because it does not acknowledge the "shadow population." The discrepancy is particularly acute in a community like Conklin, which, according to the 2012 *Municipal Census*, had a population of 318. It is possible, however, that at full capacity, the work camps in close proximity to Conklin account for another *20,000* people. Though these may not be permanent residents, they are *present*, and increase the requirement for police and other emergency services. A similar situation, perhaps less severe, exists in Fort Mackay and Anzac. RCMP recently established a patrol cabin and office in Janvier to better serve the southern portions of the region.

Some stakeholders have argued that the police service should be regionalized under the umbrella of the Regional Municipality to better integrate all emergency services – police, fire and paramedic. Another option might be for the Regional Municipality to pursue the creation of a municipal police service. Municipal police services exist in Calgary, Camrose, Edmonton, Lacombe, Lethbridge, Medicine Hat, and on the Tsuu T'ina First Nation. Since the Regional Municipality already owns the capital assets, the start-up costs would be minimal. Service offerings might be slightly different.

Police services outcome

The police service provides exemplary service to permanent and work camp residents across the Wood Buffalo region.

Strategic actions

Government of Alberta	Lobby the federal government for additional funding to increase the number of officers available to provide appropriate police services in recognition of the impact of the work camp population.
Government of Canada	Acknowledge the presence and impact of the work camp population and fund RCMP resources accordingly.

Regional Municipality	Broker a partnership among the Regional Municipality, Northern Lights Regional Health Centre, Fort McMurray's public and Catholic school divisions, oil sands developers and Wood Buffalo Housing & Development Corporation to articulate a recruitment and retention strategy for public sector employees. Determine its interest in a municipal police force.

Fire and emergency medical services

The Regional Municipality is responsible for all other emergency services – fire, rescue, emergency medical services, and dangerous goods response – which are integrated and operated as regional services.

Alberta Health Services (AHS) has tried for several years to regionalize dispatch services for emergency medical services, which was viewed with skepticism in Wood Buffalo. The goal of regionalization has been to enable the sharing of resources attached to neighbouring municipalities to improve overall service levels to Albertans regardless of municipal boundaries. This strategy makes sense in the agricultural, or "white," areas of the province, where resource availability could indicate that an ambulance stationed in Rocky View County, for example, is better positioned in the moment to respond to an emergency call on the outskirts of Calgary. This is less likely to be the case in the forested, or "green," areas of the province because settlements tend to be much farther apart and the advantages of proximity reduced.

This is even less likely in Fort McMurray because the next sizeable community is Lac La Biche, two hours of highway driving to the south. Though Lac La Biche based services are sometimes called to highway accidents in the southern portion of Wood Buffalo, Wood Buffalo emergency response services are dispatched over a much larger area from Conklin practically to the Northwest Territories if the need requires. The AHS proposal to place dispatch services for Wood Buffalo in Peace River is actively opposed. Locations to which emergency medical services might have to be dispatched in Wood Buffalo cannot be identified by street intersections or even signposts; there are long distances on Highways 63 and 881 with no highway markers. The proliferation of work camps, many of which are located on private roads, is even harder to serve if dispatchers have no familiarity with the region. Fort McMurray-based dispatchers know the regional landmarks and will have greater success ensuring that appropriate resources are sent to the right location as quickly as possible to respond to emergencies. It is only in the most southerly portions of the region that a neighbouring jurisdiction is close enough that its resources might be of benefit.

The Regional Municipality has also tightly integrated fire and emergency medical services; that is, firefighters and paramedics are members of the same department, share resources and training, support one another in the field, and are dispatched by the same service. The Regional Municipality has found this an essential component of its recruitment and retention strategy and, since it tends to the overall provincial objective of improved service, it must be respected by AHS. '*Dis*-integrating' the service by separating dispatch of fire and emergency medical services will have a negative impact on the responsiveness of emergency services and the ability of the Regional Municipality to maintain its staff complement of firefighters and paramedics.

The Regional Municipality has successfully resisted regionalization; AHS needs to consider that its current strategy is intended to achieve an outcome – improved service – and that regionalization does not necessarily achieve that outcome in Wood Buffalo. The Regional Municipality, along with Lethbridge and Red Deer, have reached an agreement with AHS to maintain integrated dispatch services. AHS has stated there is a funding formula but it has not shared that formula. If a common fee-for-service standard exists, it is unknown.

Red Deer alone has successfully negotiated a fee-for-service contract. The Regional Municipality has operated its integrated dispatch service under contract since 2008. AHS has indicated it wishes to renew the contract with no provision for population growth. In 2008, Wood Buffalo's population was 103,334; the 2012 *Municipal Census* counted 119,496 residents, a 17 percent increase. Call volume has increased proportionately. Wood Buffalo's dispatch service will also provide system redundancy to Red Deer and Lethbridge.

Fire and emergency medical services outcome

Municipal emergency services – fire, fire, rescue, emergency medical services, and dangerous goods response – are able to provide exemplary service in a manner that recognizes Wood Buffalo's unique geography and population distribution, including work camp accommodations.

Strategic actions

Alberta Health Services	Execute the fee-for-service contract with the Regional Municipality to provide an integrated dispatch service in Wood Buffalo. Include a premium that acknowledges population growth, work camp accommodations, and the system redundancy that also guarantees no loss of service in Lethbridge and Red Deer.
Government of Alberta	Acknowledge the unique requirements related to Wood Buffalo's size and geography, as well as the successful integration of the Regional Municipality's fire and emergency medical services, and support the Regional Municipality's pursuit of a fee-for-service contract with Alberta Health Services to maintain or improve its present service levels.
Regional Municipality	Determine a suitable growth and redundancy premium for integrated dispatch services.

7.7 Flood abatement

Rank	Issue
7	New flood abatement requirements strain municipal resources.

2013 was the worst summer for flooding in Alberta history and began June 10 in Fort McMurray when the Hangingstone River broke its banks and flooded sections of the lower townsite, including the community's historic Heritage Park. Thirty kilometres of Highway 63 were also washed out. Just two weeks later, flooding occurred across a wide swath of southern Alberta culminating in the flooding of the Bow and Elbow Rivers, displacing over 100,000 people in Calgary and High River. It was the highest-cost natural disaster in Canadian history. That it all happened the same summer, hundreds of kilometres apart, illustrated the vulnerability of many Alberta communities to flooding.

The Province quickly announced disaster recovery funding and other compensation and then moved to impose new regulations to protect against future flood damages, limit liability, prohibit development in high-risk areas and support relocation. In late August, the Province announced new provisions for Fort McMurray and Drumheller.

> The two communities, which are largely located in floodways, will be able to continue to develop in floodways. Both will be required to ensure appropriate mitigation measures are in place to protect against a 1-in-100 flood event. In addition, homeowners in the community will not be eligible for relocation compensation.[103]

Fort McMurray had already planned a flood mitigation dike as part of the construction of the Prairie Loop Road along the Clearwater River that, at 248 metres above sea-level, would have provided 1:40 year flood protection. The new provincial requirements of 1:100 year flood protection require raising the dyke

[103] "Redford government works with municipalities to develop floodway solutions." Government of Alberta news release, 26 August 2013.

another two metres to 250 metres. The additional expense, subject to the completion of new engineering studies, is estimated between $50 and $100 million and has not been budgeted in the Regional Municipality's capital plans. The Province committed at least $1 billion to flood mitigation measures in southern Alberta. To date, the Regional Municipality has received no special funding from the Province to support flood abatement in the flood protection area.

Flood abatement outcome

The Regional Municipality has implemented appropriate 1:100 flood abatement measures with Government of Alberta funding support that is commensurate with flood abatement funding provided to other Alberta communities.

Strategic actions

Government of Alberta	Provide sufficient funding to the Regional Municipality to complete its flood abatement engineering studies and to implement the recommended preventative measures.

7.8 Unilateral land transfer issues unresolved

Rank	Issue
8	Unilateral annexation of 20 townships cost the Regional Municipality $2.5 billion in lost revenues.

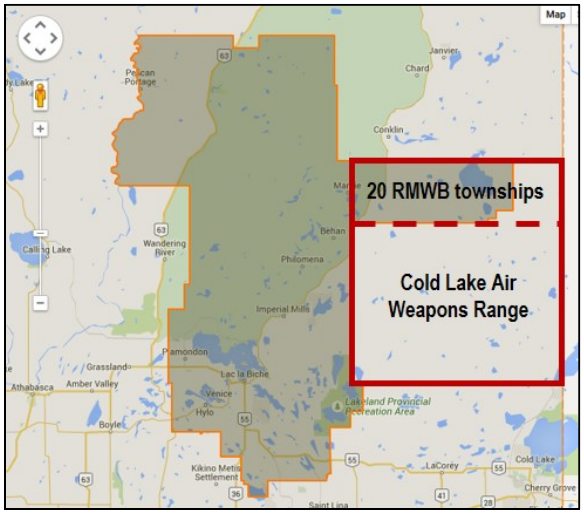
Burdened with a persistent deficit, in part arising out of the amalgamation in 1996 of Grande Centre, Medley and Cold Lake, the new City of Cold Lake applied twice to the Province to be dissolved. Medley had been the base town associated with the Cold Lake Air Weapons Range (CLAWR); when amalgamation occurred, federal funding stopped. The Cold Lake Council sought amalgamation with the county in hope that sufficient revenues could be found to close its funding gap. In a way, its goal resembled that of the City of Fort McMurray in the 1990s, achieved by its amalgamation in 1995 with Improvement District 143 to create the Regional Municipality of Wood Buffalo. The Province did not accept Cold Lake's application for dissolution.

The neighbouring CLAWR, which was the reason for the existence of Medley in the first place, had generated about $17 million annually in non-residential property and linear assessment taxes, all of which were paid to Lac La Biche County. Though the CLAWR is used to practice bombing runs and other air force exercises, it is also about one-third exploited for heavy oil resources at any given time. The county provided no services – resource companies paid for and built their own access roads. Lac La Biche enjoyed, in effect, an annual 'gift' of $17 million.

In 2011, the Province began to explore with the adjacent local governments alternatives that could eliminate Cold Lake's financial hardship. The Province considered an unspecified land transfer from Wood Buffalo to neighbouring jurisdictions. The Regional Municipality countered with an offer to transfer $10 million a year to Cold Lake for 10 years until revenues from the Cold Lake oil sands area were sufficient to meet its revenue shortfall. Cold Lake refused on the grounds that the Regional Municipality's commitment did not support Cold Lake's autonomy as a local government. The Province countered with a proposal to create a new improvement district by combining the CLAWR with the southernmost 20 townships of Wood Buffalo as shown in Figure 29 on the next page. The Province said it would administer the improvement district and divide the corresponding tax revenues among the Regional Municipality, Cold Lake, Lac La Biche and Bonnyville on a needs-based assessment.

The 20 Wood Buffalo townships hosted oil sands developments that generated about $10 million in tax revenues according to the Regional Municipality. Combined, the proposed Improvement District would generate revenues of about $27 million, with a much larger upside potential from planned oil sands project expansions. The Regional Municipality estimated annual revenues from just these 20 townships of up to $60 million and lifetime revenues of $2.5 billion. The Regional Municipality also understood

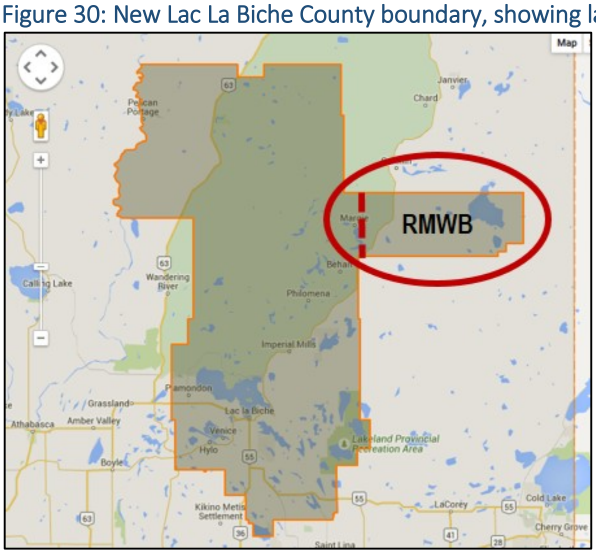
Figure 29: Proposed revenue sharing Improvement District, 2011, showing integration of RMWB and CLAWR lands



Source: Municipal Affairs website

that it would sacrifice its short-term revenues in the early years following the formation of the Improvement District, but it also anticipated that it would share in the revenue growth of the Improvement District in the future. The Province drafted a Memorandum of Understanding to create the Improvement District and a revenue sharing agreement – and changed its mind.

Figure 30: New Lac La Biche County boundary, showing lands annexed from RMWB



Source: Municipal Affairs website

On September 9, 2011, less than a month prior to the ascension of Premier Alison Redford, Cabinet adopted Order in Council 418/2011, which ordered that

(a) effective January 1, 2012, the land described in the Appendix is separated from the Regional Municipality of Wood Buffalo and annexed to Lac La Biche County,
(b) any taxes owing to the Regional Municipality of Wood Buffalo in respect of the annexed lands are transferred to and become payable to Lac La Biche County together with any lawful penalties and costs levied in respect of those taxes, and

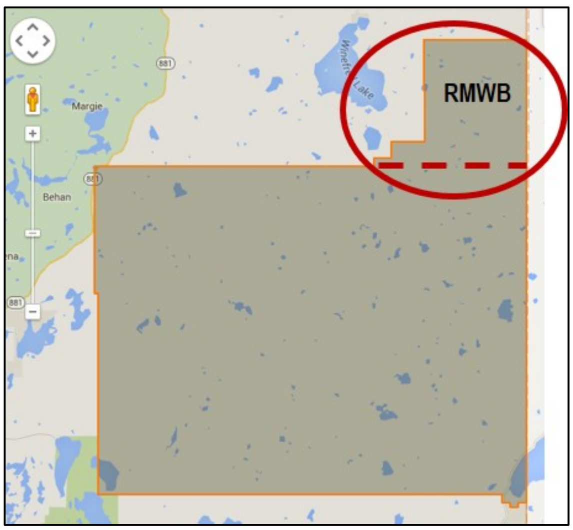
Lac La Biche County upon collecting those taxes, penalties and costs must pay them to the Regional Municipality of Wood Buffalo,

(c) the assessor for Lac La Biche County must assess, for the purposes of taxation in 2013 and subsequent years, the annexed land and the assessable improvements to it.[104]

The Order in Council transferred 16 of the 20 townships, as shown in Figure 30 on the previous page, containing all of the existing SAGD projects and their proposed expansions to Lac La Biche County. Order in Council 419/2011[105] annexed portions of eight townships from Lac La Biche and combined them with the CLAWR and the remaining four townships annexed from the Regional Municipality to create Improvement District 349, as shown in Figure 31 below.[106]

The government's authority to distribute revenues from the newly created Improvement District 349 is defined in Alberta Regulation 47/2012 of the *Municipal Government Act* and was first adopted in 2012. Under Section 63(2) of the *Municipal Government Act*, it must be renewed every two years, which also means it can be changed as circumstances require. It was renewed without change in 2014. As far as the investigators of this report have been able to determine – calls and e-mails on the subject to the provincial

Figure 31: New Improvement District 349 boundary, showing lands annexed from RMWB



Source: Municipal Affairs website

government were never returned – the revenues generated in Improvement District 349 have so far been assigned only to the City of Cold Lake.

The effect of the land annexations and transfers was to assign revenues of up to $17 million to Cold Lake to help it address a $10 million shortfall. Lac La Biche, on the other hand, lost $7 million of the $17 million to which it had become accustomed. However, as noted above, the revenues transferred from the Regional Municipality to Lac La Biche were expected to grow from $10 to $60 million. In time, under the changed scenario, Lac La Biche stands to earn nearly four times the revenues it had when it CLAWR revenues were paid to it. In the meantime, to assist Lac La Biche to cope with the transition and temporary loss of revenues, the Province adopted the "Lac La Biche County Property Tax Bylaw Regulation," which allows the County to charge differential tax rates to its different asset classes: in practice, this has meant that Lac La Biche charges a higher property tax rate to oil sands operators than it does to other non-residential land uses in its rural area. In fact, oil sands operators have reported that the

[104] "Order in Council 418/2011."
[105] "Order in Council 419/2011."
[106] "Improvement District 349." See http://www.municipalaffairs.alberta.ca/1760.

property tax rate charged in Lac La Biche County is higher than the property tax rate charged in the Regional Municipality.

Land transfer outcome

The Regional Municipality has received appropriate consideration and compensation from the Government of Alberta for its southernmost 20 townships that also enable the City of Cold Lake and Lac La Biche County to manage their own oil sands- related growth issues.

Strategic actions

Government of Alberta	Determine the most appropriate means to compensate the Regional Municipality of Wood Buffalo for the unilateral annexation of 20 of its townships and corresponding revenue losses of approximately $2.5 billion over the next 20-30 years. Potential solutions could include: • repeal Order in Council 418/2011 and expand Improvement District 349 to include those lands transferred to Lac La Biche County as originally planned and determine a revenue sharing agreement among the four local governments first engaged in negotiations in 2011; • consideration for the transfer of UDSR lands to the Regional Municipality to enable it to recover its lost property tax revenues through land sales; or • some other mechanism to be determined in negotiations between the Government of Alberta and the Regional Municipality.

All of the socio-economic issues examined in this report do not constitute an exhaustive catalogue. Neither are the collected outcomes and strategic actions all that is required. It is possible that additional strategic actions may be identified that would help to achieve an outcome. It is possible that some outcomes may not withstand scrutiny over time if the actions undertaken to pursue them and corresponding performance measures indicate little progress.

This is the essence of the outcome-based, adaptive management model. When there is agreement among stakeholders to commit themselves to the achievement of shared outcomes, then the same stakeholders can change those outcomes when evidence indicates change is necessary. In that sense, the plan becomes a living document. The key is for all stakeholders to be wholly engaged in a collaborative effort to implement constant improvement, to achieve outcomes that eliminate socio-economic issues, to keep the document *alive*. When such an effort is then also communicated widely to the general public and performance reported regularly, then much of the mutual suspicion that sometimes impairs progress will also dissipate.

Below is a short list of other socio-economic issues that require attention. All of these issues, too, prioritized at a lower level by the sponsor organizations because they are “important but not urgent,” could be better addressed by the restoration of the Oil Sands Sustainable Development Secretariat to its previous authority and capacity. The renewed Secretariat could ensure the implementation of longer planning horizons, better coordinate the activities of multiple government departments, work to support a consensus population forecasting model to be used by all stakeholders, establish benchmarks, champion common data sets, recover its Social and Infrastructure Assessment Modeling (SIAM) tool, and more.

- There are currently no institutionalized means to identify, measure, monitor and mitigate the socio-economic impacts of oil sands development except through the completion of an Environmental Impact Assessment as part of an oil sands

project application. Joint Review Panels have acknowledged since 2006 that the process is inadequate to the task and that there is no demonstration either that impacts are identified or mitigated beyond proponent testimony. The Radke report, too, noted there was “a serious gap in capacity for current Ministry staff to review existing environmental impact assessments (EIAs), identify and address potential environmental and social impacts, and follow up on actual impacts associated with these proposals” (128). Consequently, the Regional Municipality negotiates Memoranda of Understanding by intervening in project applications but Joint Review Panels have advised the Regional Municipality it cannot enforce its MOUs as part of a project’s approval conditions.
- The Radke report noted the need for family violence prevention programs and addictions support services. The author of this report did not research the adequacy of these services at this time.
- The social services and non-profit sector continues to suffer in Wood Buffalo due to the high cost of doing business. Certain services are not available to meet the need. Others cannot obtain appropriate space from which to operate.
- The federal government, though the largest beneficiary of oil sands generated revenues, has so far failed to participate in any meaningful way with special purpose funding commitments that compare to those of the Government of Alberta.
- Rural development in Wood Buffalo’s hamlets is a complex interrelationship of oil sands development growth, work camp proliferation, Métis communities and community benefit agreements, municipal service provision and municipal authority that is still poorly understood and that leads to conflict with the Province and, sometime, the Regional Municipality. These interactions need to be better understood.
- A host of issues related to municipal property taxes persists, including: the oil sands industry’s resentment over large property tax hikes beginning in 2006; the Regional Municipality’s concern for non-residential taxpayers, like grocery stores and gas stations, in its hamlets that pay ‘oil sands’ rates; the risk of tax increases to rural residential taxpayers taxes if hamlets are designated “urban service areas,” and more.
- The property tax payment schedule shifts a disproportionate burden on producing oil sands developers; projects under construction pay zero property tax until they produce ‘first oil.’
- Royalty payments are deferred until a company’s debt is retired, meaning the Province derives no revenue from oil sands developers to help mitigate socio-economic impacts until long after those impacts have declined from their highest levels.
- Changes to the federal Temporary Foreign Worker program continue to affect employers in Wood Buffalo, which is a very constrained labour market.

It is the fervent hope of the sponsoring organizations of this report that those to whom it is submitted will find in it a sufficient argument to restore the collaborative relationships that drove progress between 2006 and 2011. In that, this report represents our urgent call for the restoration of the Oil Sands Sustainable Development Secretariat, and our invitation to the three orders of government to renew their engagement with one another to ensure the responsible development of Alberta’s oil sands resources to the benefit of Albertans and Canadians nation-wide. It also represents, as appropriate, our request to participate as key stakeholders in the further identification and achievement of outcomes and strategic actions that support responsible oil sands development.

Appendix 1: *Investing in Our Future* recommendations

Investing in Our Future noted gaps in the following areas –

- housing;
- transportation;
- basic municipal infrastructure – water treatment, waste water treatment and landfill;
- health care;
- education;
- social services;
- policing; and
- environment

– and made 30 recommendations to the Government of Alberta to address these gaps through the period ending in 2011. Many gaps have been addressed through new policies and the commitment of special purpose funding that has been deployed since 2008 in Wood Buffalo. There is no precedent for that kind of regionally focused capital and program spending in Alberta's history; then again, there is no precedent in Canada for a single region having the economic importance that the Regional Municipality of Wood Buffalo has in Alberta today. Neither is there any precedent for a single region bearing the brunt of that intense economic activity.

Recommendations 1 through 16, with two notable exceptions, had mostly to do with internal government capacity-building and orientation and will not, except for Recommendations 5, 7, 15 and 16, be subject to review in this Appendix. The Radke report acknowledged that decision-making with respect to government funded infrastructure and services in Wood Buffalo could be improved through longer planning horizons, better coordination, a consensus population forecasting model, benchmarks, common data sets, collaboration and new government capacity. Recommendations 17 to 27 were all specific to Wood Buffalo and identified persistent gaps that required attention.

Recommendation 5 is worth quoting in its entirety:

> **RECOMMENDATION 5**: Provincial government business planning for high growth areas should be separated from the regular government planning process.
> Additionally, there is a need:
> - For planning to have a longer-term focus. The current three-year business planning process does not provide a sufficient time frame to address issues in high growth areas
> - To ensure a coordinated decision-making process that considers all priority needs at the same time
> - For one common population forecasting model, including demographics, designed to address planning needs in health, education, infrastructure, and other requirements. The results should be shared with municipalities, public agencies and the private sector
> - To develop a set of reliable benchmark indicators for regional comparisons
> - To develop one common data set where possible
> - For government to involve municipalities, agencies and industry in the planning process. Industry needs to provide information regarding their development plans and the timing of development. In this regard, the RIWG approach is a positive

approach to providing industry information in a coordinated fashion and should be encouraged in the other oil sands regions (131).

When the Government of Alberta created the Oil Sands Sustainable Development Secretariat in 2008, it assumed responsibility to coordinate government departments and to support decision-making by Cabinet through Treasury Board. The Oil Sands Secretariat introduced *Responsible Actions* in 2008, a strategic planning document for the oil sands with a 20-year time frame. It subsequently issued three progress reports in 2009, 2010 and 2011, but has not issued a progress report since. The Oil Sands Secretariat also attempted to develop a common population forecasting model and had moderate success aligning the Regional Municipality and RIWG/Oil Sands Developers Group/Oil Sands Community Alliance but less success aligning individual government departments behind the model. Various parties have collaborated over time since 2005 on benchmark indicators but no consensus has been achieved. The same is true of data sets. Finally, the first three years of the Oil Sands Secretariat represent a markedly successful collaborative effort among the Alberta government, the Regional Municipality and the oil sands industry. Chief among those successes would be the Parsons Creek North subdivision, for which the provincial government is the master developer, and the designation of the Urban Development Sub-Region. However, the Oil Sands Secretariat no longer wields influence inside government and appears to have withdrawn from meaningful collaborative engagement with stakeholders. This recommendation, once filled with promise, has not been fulfilled.

The three-part **Recommendation 7** is also worth quoting in its entirety:

RECOMMENDATION 7(a): The role and mandate of the Oil Sands Ministerial Strategy Committee (Cabinet Committee) should be expanded to include:

- Management and direction of the provincial delivery of infrastructure and services to the Regional Municipality of Wood Buffalo
- Coordination of provincial, municipal and industry responsibilities for the planning, financing and delivery of infrastructure in the Industrial Heartland
- Monitoring other potential high growth regions
- Identification and resolution of any policy gaps and inconsistencies impacting oil sands development.

RECOMMENDATION 7(b): The Chair should be a member of the Agenda and Priorities Committee of Cabinet and Treasury Board.

RECOMMENDATION 7(c): The Committee should be supported by a small Oil Sands Sustainable Development Secretariat (four to five people) headed by a Deputy Minister level appointment (132).

This recommendation was largely addressed, like Recommendation 5, through the creation of the Oil Sands Sustainable Development Secretariat (OSSDS). Sub-recommendations 7(a) and 7(b) were not accepted; instead, that activity was assigned to the OSSDS, which was led by an Assistant Deputy Minister who reported to a senior Deputy Minister within Treasury Board, a ministry with a broad governmental mandate.

Recommendation 15 is, for the most part, beyond the scope of this document given the limited time in which it was developed and the far-ranging implications of the provincial government's evolving relationship with Aboriginal peoples.

RECOMMENDATION 15: The provincial government should continue to support negotiations currently underway in an effort to provide certainty in the business environment surrounding the development of the oil sands in the Athabasca Oil Sands Region, to enhance the ability of First Nations and Métis to participate in the benefits

> of development, and to ensure fairness for all parties involved in that development (135).

The Government of Alberta has introduced a number of new policy measures, including the adoption of an Aboriginal Consultation Policy and creation of an Aboriginal Consultation Office mandated to "to provide consultation management services to meet the needs of GoA ministries, First Nations, the Alberta Energy Regulator (AER), and project proponents in a way that is efficient, coordinated, and consistent." The Policy and Office both are matters of ongoing negotiations between the government, First Nations, Métis Settlements and the Métis Nation of Alberta. For that reason, and for a lack of expertise in this area, the sponsor organizations of this report have withheld any comment.

Recommendation 16 requires at least modest attention.

> **RECOMMENDATION 16**: The Alberta Government, in conjunction with the Regional Municipality of Wood Buffalo and industry, should undertake a feasibility study to determine the need for and the costs associated with development of a new town north of Fort McMurray (135).

Further analysis undertaken by the Regional Municipality on this subject, including evaluation of a proposal made by the Fort Mackay First Nation, and the explosive growth of work camp accommodations in remote locations, have rendered the question of a "new town" largely moot. However, that same proliferation of work camps and a large fly-in/fly-out (FIFO) population has highlighted new urban and rural development, and taxation and revenue challenges.

Recommendations 17 to 27 were all specific to Wood Buffalo and must be addressed individually to identify progress and persistent gaps are diminished performance that require attention.

Recommendation 17 is composed of six different 'sub-recommendations' all concerned with provincial land release, municipal land use planning and corresponding urban development. For the most part, these recommendations have been met and subsequent work, such as development of the Saline Creek Plateau including provincial funding for deep infrastructure, is well underway. However, land release – especially in following the designation of the Urban Development Sub-Region – is not, contrary to the observation in *Investing in Our Future*, "[s]ufficient land has been identified to meet housing requirements to 2011 and well beyond" (135), missed the vitally important link between land and transportation infrastructure that turns 'available land' into 'developable land.' Though the specific actions embodied in this recommendation have been fulfilled, ongoing development challenges linked to transportation infrastructure, land appraisal, and development impediments unique to the boreal forest mean that its intention remains unfulfilled.

Recommendation 18 has three-parts and was concerned with the provision of affordable housing (137). All recommendations were fulfilled and the Government of Alberta has continued to provide funding and policy supports to encourage new affordable housing Wood Buffalo. Perhaps the best indicator of success in this area is the increase in the real estate portfolio held by the Regional Municipality's independent Part 9 subsidiary, the Wood Buffalo Housing & Development Corporation (WBHDC), from 804 units in 2006 to over 1,300 units in four communities in 2015. This recommendation is fulfilled.

Recommendation 19 addressed "the importance of attracting new employees in the health, education and policing areas" by advocating "a one year rent subsidy [for] for those essential service employees who qualify for affordable housing" (137). Again, this recommendation was fulfilled, in addition to WBHDC having entered into agreements with those employers and the Regional Municipality in 2005 to provide affordable housing.

The two parts of **Recommendation 20** concerned the "completion of master plans needed to do proper long-term municipal planning" and the commitment of "direct funding to the Regional Municipality of Wood Buffalo for basic municipal infrastructure […] depending upon the extent of future municipal tax revenues. […] [F]uture repayment […] should be conditional on the demonstration by the municipality that [its] tax policies and bylaws were appropriate, based on the circumstances facing the municipality" (138). Since *Investing in Our Future* was issued, the Regional Municipality has completed its new *Commercial Industrial Land Use Study* (2010), *Municipal Development Plan* (2011), City Centre Area Redevelopment Plan (2012), numerous Area Structure Plans to support both urban and rural development, and corresponding land use bylaw amendments. The Regional Municipality has also adopted capital planning and budget policies and procedures intended to better reconcile revenues and expenses. For the most part, this recommendation is fulfilled.

Recommendation 21, also two parts, was focused on health services as a governmental public health and safety obligation and as a key contributor to the quality-of-life of residents (139). Since the amalgamation of 17 regional health authorities, including the Northern Lights Health Region, into Alberta Health Services, much of the action advocated here was absorbed into a provincial program. Recommendations for specific capital improvements, such as the medivac helipad, and wage supports to improve recruitment and retention, have been fulfilled. Notably, however, the recommendation for the

> [d]evelopment and funding (capital and operating) of a continuing care and supportive living facility located outside the hospital which will free up space in the existing hospital for active care treatment (139)

is unfulfilled almost a decade later following a deferment in 2008 and lengthy delays in suitable site selection. The tender for the new Parsons Creek Continuing Care Centre was awarded in May 2015; the contractor, the Ledcor Group, broke ground in August.

Recommendation 22 spoke to the need to increase school capacity in Fort McMurray in response to population growth (140). Several new schools have been built and old schools refurbished in the community to accommodate new students. Insofar as the recommendation is concerned, this recommendation has been fulfilled but issues peculiar to Wood Buffalo pertaining to education persist.

Recommendation 23 was focused on transportation requirements for the entire region and noted that RIWG's initial estimates in the *2005 Business Case* were insufficient (140-41); given year-over-year infrastructure cost inflation of as much as 30 percent that was little surprise. Since 2006, the Government of Alberta has funded nearly $1.5 billion of transportation infrastructure projects, including interchanges and a new bridge across the Athabasca River in the Urban Service Area. In addition, the AOSA Transportation Coordinating Committee (AOSA TCC) was created in 2012 to provide ongoing review and analysis of transportation infrastructure planning and project delivery by regional stakeholders.[107]

Notable among those unfulfilled parts of Recommendation 23, however, is the "first priority" identified in *Investing in Our Future*.

> **RECOMMENDATION 23(a):** Alberta Infrastructure and Transportation should establish as its priority the required transportation improvement projects north of the Highway 63 and 881intersection.

Tremendous progress on the twinning of Highway 63 from Grasslands to Fort McMurray has been made and the final contracts were awarded in October 2014 with completion projected for 2016.[108] Twinning Highway 63 south of Fort McMurray superseded improvements north of the Urban Service Area

[107] "New advisory body to coordinate transportation planning in oil sands region." Government of Alberta news release. 4 January 2012.
[108] "Work begins on final Highway 63 twinning project." Government of Alberta news release. 2 October 2014.

following a number of horrific accidents that increased public attention and changed the community's view of its priorities. In the meantime, the Government of Alberta completed its AOSA *Comprehensive Regional Infrastructure Sustainability Plan for the Athabasca Oil Sands Area* (AOSA CRISP, 2011), which re-examined transportation (and other provincial infrastructure responsibilities) infrastructure requirements from a global perspective, with nominal suggestions for the cost and phasing of projects. By that time, government had largely abandoned plans for improvements to Highway 63 north so the oil sands industry adopted a new approach to advance its advocacy efforts, proposing through the Oil Sands Developers Group[109] in 2012 that industry would assume responsibility to provide bridge financing for and to deliver four high-priority projects, including the completion of twinning on Highway 63 from Suncor north to the Athabasca River to alleviate congestion and other transportation-related delays to and from the plant sites.[110]

Better than expected progress has been made with respect to air traffic in the Wood Buffalo region, which was an area neglected by the AOSA CRISP. *Investing in Our Future* noted the following.

> **RECOMMENDATION 23(f):** An airport master plan should be developed for the Regional Municipality of Wood Buffalo to coordinate future development of private and public airports.

In 2009, the Fort McMurray Airport Authority (FMAA) succeeded the Fort McMurray Regional Airport Commission, a Part 9 municipal subsidiary, to better enable the transition from an old, overburdened air terminal building designed to accommodate 250,000 passengers each year to the new $258 million terminal building that opened in June 2014. Both facilities combined hosted 1.3 million travelers in 2014.[111] In addition to the Fort McMurray International Airport, there are over 40 private aerodromes in the Wood Buffalo region that serve hamlets and oil sands developers. The Aviation Advisory Group, an informal working subcommittee of the AOSA TCC, has since 2011 led efforts to coordinate air services throughout the region. Like Recommendation 17, most of the specific actions embodied in this recommendation have been fulfilled; however, better understanding of the ongoing transportation infrastructure requirements in Wood Buffalo mean that this recommendation is not yet fulfilled.

Recommendation 24 addressed homelessness, advocating to the Alberta government for operational funding for Marshall House, which was converted by WBHDC from affordable housing to an emergency shelter in 2006, and ongoing program funding to help the homeless transition to more stable accommodations (*Investing*, 141). In 2010, the Regional Municipality adopted the 'housing first' approach, "[r]ecognizing that seeking out solutions to homelessness in [Wood Buffalo] would take a full community effort." The Regional Municipality's 10-year plan to end homelessness, *Heading Home: The Right Thing to Do*, was also adopted in 2010.[112] The Alberta government's commitments arising out of *Investing in Our Future* have been fulfilled.

Recommendation 25, a call "to provide more affordable quality child care in the region," including "enhanced child care subsidies for low income families" (*Investing*, 141), has not been fulfilled. Child care remains scarce and is particularly problematic for lower income families in the service and public sectors that require two or more working adults to manage the high cost of housing and other living expenses in Fort McMurray.

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[109] Reminder, the Regional Issues Working Group that helped develop the *2005 Wood Buffalo Business Case* was succeed by the Oil Sands Developers Group, and then by the Oil Sands Community Alliance, which affirmed industry's commitment to address socio-economic issues in its host communities.
[110] "Accelerated Highway Development Proposal." Oil Sands Developers Group.
[111] "Fort McMurray International Airport Breaks Record with Over 1.3 Million Passengers in 2014."
[112] *Heading Home: The Right Thing to Do*. Regional Municipality of Wood Buffalo.

Recommendation 26, a kind of 'human services omnibus recommendation,' argued that "[i]nitiatives related to issues such as affordable housing, child care shortages, health care issues and workforce shortages should be continued with a view to reducing family stress and the accompanying need for support services" (141). Though much progress has been made in these areas, and though the present contraction in oil sands development activity, especially capital construction, these issues remain stressful on specific segments of the population and remain at issue. The Regional Municipality administers Family and Community Support Services grants, which are used to support the design and delivery of preventive social services programs that promote and enhance the well-being of individuals, families and communities in Wood Buffalo. At the same time, it should be acknowledged that the government's commitments in this area arising from *Investing in Our Future* have been fulfilled.

Recommendation 27 was a three-part recommendation addressing human resource, tactical drug response capability and renewal of inadequate Fort McMurray holding cell/remand facilities (142). A complicated issue, policing in Fort McMurray is provided under a municipal police services contract in the Urban Service Area, and the provincial police services contract in the Rural Service Area, both with the RCMP. Many of the human resource issues related to recruitment and retention of police personnel, such as salary supports and affordable housing, have been addressed through cooperative programs with the Alberta government and other service providers. The Alberta Law Enforcement Response Teams (ALERT) were established in 2006 by the Alberta government to combat organized and serious crime. Municipal police and RCMP work together to investigate everything from drug trafficking to child exploitation to gang violence. The ALERT model is a Canadian first – the only central body for the strategic oversight and governance of provincial integrated policing. As recently as June 3, 2015, ALERT seized more than $1 million worth of drugs and made multiple arrests in Fort McMurray.[113] The provincial government also contributed $10 million plus the land to construct a new cell block in Fort McMurray. This recommendation is largely fulfilled.

[113] "UPDATE: Over $1 Million in Drugs Seized in Fort McMurray Investigation." Alberta Police Report.

Appendix 2: List of organizations consulted

Alberta Health Services, Northern Lights Regional Health Centre
Fort McMurray Airport Authority
Fort McMurray Catholic School Division
Fort McMurray Chamber of Commerce
Fort McMurray Public School Division
Fort McMurray Real Estate Board
Government of Alberta
- Alberta Environment and Parks
- Alberta Infrastructure
- Alberta Seniors
- Alberta Transportation

Keyano College
Oil Sands Community Alliance
Regional Municipality of Wood Buffalo
- Community and Protective Services
  - Regional Emergency Services
- Planning and Community Development

Royal Canadian Mounted Police, Wood Buffalo detachment
Steering Committee for the Child Advocacy Centre
- Alberta Health Services, North Zone, East
- Alberta Human Services, Northeast Region
- Fort McMurray Boys and Girls Club
- Fort McMurray Family Crisis Centre
- Royal Canadian Mounted Police, Wood Buffalo detachment
- Regional Municipality of Wood Buffalo
  - Community and Protective Services
    - Neighbourhood and Community Development
  - RCMP and Bylaw Services
- Wood Buffalo Housing & Development Corporation

UDI-Wood Buffalo

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