

July 3, 2019

Regional Municipality of Wood Buffalo (RMWB)
7th Floor, 9909 Franklin Avenue
Fort McMurray, AB T9H 2K4

**Attention: His Worship Don Scott and
Members of Council**

Dear Mesdames/Sirs:

**Re: Submissions of Civeo Corporation ("Civeo")
Proposed Bylaw 19/018: Amendments to the Land Use Bylaw
in respect of Project Accommodations
First Reading: June 11, 2019; Public Hearing: July 9, 2019**

Thank you for the opportunity to provide input on the proposed changes which will, if implemented, impact Civeo's facilities in the RMWB. Our comments are set out below. Mr. Philipp Gruner, Senior Vice President of Operations, will be in attendance at the public hearing.

Civeo in the RMWB

Over the past 20 years, Civeo has contributed to the success of the energy industry and the RMWB by ensuring quality accommodations are available to the workforce responsible for the ongoing, safe and efficient operation of energy projects – which projects are key to securing jobs, investment and economic prosperity for the region. Our contributions include, among others:

- Civeo owns and operates 17 workforce accommodation facilities in the RMWB.
- We paid over \$23 million in property taxes in the past four years – making us one of the highest contributors to property taxes in the RMWB.
- Civeo has a local-first procurement policy. We purchased over \$14 million of product and services from local area businesses in 2018 alone. Over \$60 million from 2014-2018.
- Civeo has a local-first hiring policy for all facility-based jobs. Over 2,000 staff are employed in our facilities at peak capacity. Close to 10% of them live in Fort McMurray.
- We paid over \$215,000 in levies to the RMWB in 2018 for the operation of our own wastewater treatment plants.
- We encourage guests to use the Fort McMurray International Airport, and provide regular transportation into Fort McMurray for our guests to help support the local economy.
- We partner with local Indigenous Peoples, and millions of dollars flow directly into our partner communities for social programs, employment, business, housing and education.

- We provide services and infrastructure benefiting the community, such as the construction of traffic lights at Fort McKay and Hwy #63; maintenance of Aostra Road; and construction and operation of three municipal-sized water treatment plants, two municipal-sized wastewater treatment plants, and a state-of-the-art commercial laundry facility.
- Civeo donated accommodations, food and access to emergency transportation for 10,000 people during the 2016 Horse River Wildfire. Our facilities have also been used by those attending major regional events such as the 2015 Western Canada Summer Games.

The RMWB's success hinges on industry leaders such as Civeo who contribute to the local community and provide consistent support for energy projects. During these challenging economic times, the RMWB appears determined to limit project accommodations in an effort to address the oft-cited business failures and residential foreclosures in Fort McMurray. Respectfully, these issues are not caused by (nor resolved by) limiting project accommodations. Comments on the Proposed Bylaw also targeting project accommodations follow.

Proposed Bylaw 19/018

1. Purpose

The Council Report from June 11, 2019 (attached) suggests that changes to the Land Use Bylaw are required in part to align with policy and evaluate project accommodation applications. The report states "*31% of the region's population*" is made up of industrial workers living in work camps. The MDP target is 10% in work camps by 2030. The fact we have not yet met a 2030 target (which is still 11 years away) appears to have inspired several proposals over the past few months by the RMWB to drastically limit project accommodations. The facts are:

- **31% is based on data collected over a few days in April 2018 during the single largest turnaround peak in Canadian history.**
- That data indicates 32,855 of 111,687 live in "temporary workers' dwellings (work camps)" [Municipal Census: p.48]. At best, that is 29% for a few days in April 2018.
- No adjustment has been made to account for the fact that temporary workers are employed for variable periods of time, ranging from a few weeks to months, depending on the scope and complexity of industry projects. Civeo's facilities alone are subject to extreme seasonality. An April worker peak is normal (though not as high as 2018), but that peak lasts 2-3 weeks and then significantly tapers off for the balance of the year.
- **Applying more frequent counts throughout 2018 shows that temporary workers in project accommodations are closer to 20-25% of the region's population – which aligns with policy targets.**

In so far as assessing project accommodation applications, the Land Use Bylaw already provides the development authority the tools it needs to process applications and evaluate policy targets (targets which attempt to project 20-30 years into the future). The development authority has jurisdiction to require an applicant provide what it reasonably requires to assess an application, and to impose conditions of approval based on sound planning reasons.

We submit that the changes proposed to the Land Use Bylaw are for the most part overly prescriptive and unnecessary. If changes are required, our comments are set out below.

2. Definitions & Uses in Districts

We take no position with respect to suggested changes in paragraphs 1-4 (Definitions), and 6-7 (Uses in Districts) of the Proposed Bylaw. However, we would request Council consider:

- Differentiating between existing (renewals) and new project accommodations in the definitions and rules in recognition of, among other things, the significant investment and contribution existing facilities have made in the region to date. Options include grandfathering existing project accommodations as a permitted use, allowing for automatic permit renewals, and limiting permit application requirements for permit renewals.
- Expanding the definition of project accommodations to include emergencies (e.g., wildfires) and major projects or events (e.g., sports and recreational events such as the Arctic Winter Games). These uses do not appear captured within the current definition, yet facilities like those operated by Civeo are uniquely positioned to accommodate them.
- Revising the definition of project accommodation to remove reference to "*camp workers*" and replace it with "*project workers and special event guests*" or equivalent. And remove the second reference to "*camp*" and replace it with the word "*facility*" or equivalent.

Our further comments in respect of paragraph 5 of the Proposed Bylaw are set out below.

3. Maximum Term of up to 4 Years

Proposed section 87.2 limits project accommodation development permits to up to 4 years. No other major use in the region, which requires significant capital investment and is critical to the success of the RMWB, is subject to a limited term permit of up to 4 years. And, there are no automatic rights of renewal proposed for existing facilities.

The only other uses in the Land Use Bylaw that are subject to limited term permits are:

- Family care dwelling: Up to 5 years, at which time "an application may be made for continuance of the use". (section 67.4)
- Campground: Expire 3 years after approval "at which time a new application shall be submitted if the development is to remain in operation." (section 90.1(l))
- Manufactured home: Valid for a maximum of 2 years. (section 104.5(c)(iii))
- Canvas quonset building: Up to 2 years "except where it is evident that a longer term is required." (section 111.8(b))
- Portable sign marker: Up to 5 years with some exceptions. (section 181.8)

Respectfully, project accommodations are not similar to the above uses and ought not be subject to permits of similar (or shorter!) duration. To place project accommodations in the same category as the above uses ignores, or at best minimizes:

- The vital role and significant contribution that existing project accommodations have made to the local community, and the success of the energy industry and the RMWB.

- The existing leases that certain operators have with the Province of Alberta, which average 15+ years and are typically renewed. And other local partnership commitments.
- The significant cost and time to construct or dismantle large project accommodations, which have been encouraged to expand over the years to provide consistent quality workforce accommodations in the region – and whose capital investment decisions were based on the expectation of long-term operation.

We submit that there should be no limited term for project accommodations development permits. If a limited term is required, it should only apply to new project accommodations and not existing facilities (renewals). If a limited term is required for existing facilities (renewals) as well, then we would propose the term should be *"the longer of 15 years or coterminous with a Government of Alberta lease (including amendments or renewals)"*.

4. Removal Date

Proposed section 87.4(l) requires a removal date with each development permit application for project accommodations.

We submit that this provision should be deleted. A removal date should not be mandatory for all project accommodation applications because, among other things, this information may not be known at the time, and occupation naturally fluctuates based upon new contracts and/or existing contracts that may expire or be amended over time.

5. Removal at End of Term

Proposed section 87.5 requires project accommodation be removed at the expiration of a development permit, which may be postponed if a renewal is being processed.

We appreciate the proposed exception. However, the exception does not address the gap between the expiration of an existing permit and approval of a new permit. Even though an existing facility may not be required to be removed during this gap, the RMWB has the option to issue an order halting operations and may not ultimately renew. This has significant impacts.

We submit that mandatory removal should be deleted. Large project accommodation facilities cost millions and take months to construct, and the same to dismantle and remove. **A maximum 4 year term permit (as proposed) is effectively reduced to 2-3 years if time is factored in for processing permit applications, construction and removal.** Civeo would be in a constant application process with its 17 facilities and under constant risk of those facilities being removed.

6. Validity of Permit

Proposed section 87.3 states that development permits for project accommodations are only valid if conditions are complied with and met to the satisfaction of the development authority.

It goes without saying that all developments are required to comply with conditions of approval and subject to the satisfaction of the development authority. If conditions are not met, the RMWB has jurisdiction to withhold issuance or release of a development permit in certain instances, and/or has at its disposal a range of enforcement tools the Land Use Bylaw and the *Municipal Government Act* to address non-compliance.

We submit that this provision should be deleted as it reiterates a rule that already applies (or ought reasonably apply) to all developments in the RMWB.

7. Business Case

Proposed section 87.4(b) requires a "business case" be provided with a project accommodation development permit application.

We submit that this provision should be deleted. It is reasonable to require an applicant provide details about a proposed development which are necessary to evaluate planning impacts and determine servicing and transportation requirements for example (e.g. expected number of occupants, number of employees, trip generation). However, it is not reasonable to require an applicant provide an undefined "business case" with all project accommodation applications, and require an applicant to provide commercially sensitive information to the public (through a mandatory application requirement) in breach of private contractual obligations.

Closing Comments

In closing, it is our hope that concerns raised herein ensure that changes to the Land Use Bylaw do not negatively impact industry leaders such as Civeo who have made significant contributions to the local community and economy, and provide quality consistent support in furtherance of the success of the energy industry and the RMWB.

Thank you in advance for your consideration of our concerns. We look forward to continuing work with Council and Administration on important community initiatives.

Respectfully,

A handwritten signature in black ink, appearing to read 'Al Shoening', with a stylized flourish at the end.

Al Shoening
President, Canada



COUNCIL REPORT

Meeting Date: June 11, 2019

Subject: Bylaw No. 19/018 - Land Use Bylaw Amendment - Definition and General Regulations Related to Project Accommodations

APPROVALS:

Annette Antoniak

Director

Chief Administrative Officer

Recommended Motion:

1. THAT first reading of Bylaw No. 19/002, being an amendment to the Land Use Bylaw specific to project accommodations, be rescinded.
2. THAT Bylaw No. 19/018, being an amendment to the Land Use Bylaw specific to the definition and general regulations related to project accommodations, be read a first time; and

THAT the required public hearing for Bylaw No. 19/018 be scheduled to occur on Tuesday, July 9, 2019.

Summary:

On January 8, 2019, Bylaw No.19/002 received first reading. This bylaw proposed amendments to the Land Use Bylaw which would provide greater regulatory oversight for project accommodations. Since that time, Administration has been meeting with several industry stakeholders who have expressed concerns with some of the proposed amendments, including a proposed 2-year maximum on permit approvals for project accommodations. Administration has carefully considered this input and is requesting that a new bylaw be brought forward incorporating amendments that address industry concerns but still offer an acceptable level of control.

Project Accommodations are a common form of housing for the region's industrial workforce. Over time, concerns have arisen with respect to accommodating this population, officially termed the region's "shadow population." Currently accounting for roughly 31% of the region's population, there is inadequate municipal regulatory oversight of the project accommodations that serve this segment of the population.

Administration is proposing amendments to the Land Use Bylaw to introduce new provisions that better regulate project accommodations in the region and align with policy direction.

COUNCIL REPORT – Bylaw No. 19/018 - Land Use Bylaw Amendment - Definition and General Regulations Related to Project Accommodations

Background:

Project accommodations are intended to provide housing for industrial workers in remote areas where operations are significantly distant from urban and rural centers. The Land Use Bylaw currently allows project accommodations in almost all land use districts with little supporting regulation, which is inconsistent with direction provided in several of the Area Structure Plans.

There is a need to revise the provisions in the Land Use Bylaw to provide more robust direction to the Development Authority when reviewing development permit applications for project accommodations. Relevant definitions are out of date, and there is currently insufficient direction given to identifying appropriate locations for project accommodations, duration of the permit approval, and application submission criteria. The Bylaw also lacks sufficient language surrounding the need for a business case providing a firm rationale for the project accommodation.

Budget/Financial Implications:

The increase in permit approval duration from two to four years may result in lower revenue generation due to a decrease in applications.

Rationale for Recommendation:

The proposed amendments to the Land Use Bylaw will provide better regulatory oversight for project accommodations, allowing the Municipality to exercise a greater degree of control over the applications it receives.

Strategic Priorities:

Responsible Government
Regional Economic Development

Attachments:

1. Bylaw No. 19/018 Land Use Bylaw Amendment - Definition and General Regulations Related to Project Accommodations

BYLAW NO. 19/018

A BYLAW OF THE REGIONAL MUNICIPALITY OF WOOD BUFFALO TO AMEND THE LAND USE BYLAW NO. 99/059

WHEREAS Section 191(1) and 639 of the *Municipal Government Act* empower a council both to pass and to amend a land use bylaw.

NOW THEREFORE the Regional Municipality of Wood Buffalo, in council assembled, enacts as follows:

1. Land Use Bylaw No. 99/059 is amended as set out in sections 2 to 7 of this bylaw.
2. Section 10 is amended by deleting the definitions of "Oil Sands Mining, Extraction and Upgrading", "Oil Sands Pilot Project" and "Tourism Commercial" and replacing them with the following:

OIL SANDS MINING, EXTRACTION and UPGRADING means commercial oil sands mining and upgrading operations, including but not limited to associated industrial infrastructure, offices, laboratories, on-site security, processing of by-products and utilities and co-generation facilities.

OIL SANDS PILOT PROJECT means pilot operations to test oil sands extraction technologies, including but not limited to monitoring and laboratory functions, upgrading and test drilling programs.

TOURISM COMMERCIAL means a Development designed, intended or used to attract people visiting an area, or provide sleeping accommodation for the travelling public, and includes associated services and facilities. TOURISM COMMERCIAL includes but is not limited to: APARTMENT HOTEL; BED AND BREAKFAST; CARNIVAL; COUNTRY INN; HOSTEL; HOTEL; and MOTEL, all as defined in Section 10 of this Bylaw.

3. Section 10 is further amended by deleting the definition of "**TEMPORARY PROJECT ACCOMMODATION**".
4. Section 20 is amended by deleting section 20.1 (s) "project accommodation housing 20 or fewer workers and located on a site for 28 days or less;"
5. Section 87 is amended by deleting subsections 87.1 to 87.5 and replacing with the following:
 - 87.1 All Project Accommodation uses require a development permit.
 - 87.2 A development permit for a Project Accommodation may be issued for up to a maximum of four (4) years, at which time a new development permit application will be required.

- 87.3 A development permit may only be considered valid if all the conditions of the development permit, as imposed by the Development Authority, have been complied with and met to the satisfaction of the Development Authority.
- 87.4 A development permit application for a Project Accommodation must be submitted with the following information:
- (a) Development Permit application form, filled and signed by the applicant or its representative;
 - (b) Business case and operational details including the type and purpose of the Project Accommodation and number of persons proposed to live in the Project Accommodation;
 - (c) A context plan showing location of the proposed Project Accommodation with latitude and longitude information and adjacent land uses. This plan must also provide information about transportation to and from the site and must include access routes, travel distance in kilometers, and bussing. A plan showing on-site traffic accommodation, loading and ingress/egress roads is also required to be submitted;
 - (d) Site Plan;
 - (e) Building Plans (floor plan, elevations, and sections);
 - (f) Servicing Statement that includes information on how the site will be serviced with fresh water, water distribution systems, sewage disposal systems, and a waste management plan showing solid waste disposal systems;
 - (g) Emergency Management Plan;
 - (h) FireSmart Plan;
 - (i) Abandoned well-site information;
 - (j) Signage;
 - (k) Certificate of title or land dispositions/lease documents issued by the owner/authority;
 - (l) Anticipated start date for construction, date of occupancy and removal date for the Project Accommodation;
- 87.5 (a) Project Accommodations must be removed on the date of expiry of the development permit.
- (b) Notwithstanding the above, section 87.5 (a) shall not apply if, in the opinion of the Development Authority, the applicant is working with the Development Authority on renewal of the development permit.

87.7 At the discretion of the Development Authority, the applicant may be required to provide a grading plan, a traffic impact assessment study and/or any such technical documents or studies required to decide on a development permit application.

87.8 Project Accommodation uses must provide on-site parking to the satisfaction of the Development Authority.

6. The following sections are amended by deleting the use "Project Accommodation" under the subsection titled "Discretionary Uses - Development Officer":

93.	R1	Single Detached Residential District
94.	R1E	Single Family Estate Residential District
95.	R1M	Mixed Form Single Detached Residential District
96.	R1S	Single Family Small Lot Residential District
97.	R2	Low Density Residential District
98.	R3	Medium Density Residential District
99.	R4	High Density Residential District
100.	RMH	Manufactured Home Residential District
101.	RMH-2	Small Zero Lot Line Manufactured Home Residential District
105.	C1	Community Commercial District
106.	C2	Mixed/Transitional Commercial District
107.	C3	Shopping Centre Commercial District
108.	C4	Highway Commercial District
109.	C5	Central Business District
111.	BI	Business Industrial District
113.	PS	Public Services District
114.	PR	Parks and Recreation District
119.	R1P	Planned Unit Residential District
121.	RMH-1	Modified Manufactured Home District
123.	DC-R4	Direct Control High Density Residential District
124.	C4A	Arterial Commercial District
125.	DC-R2	Direct Control Low Density Residential
126.	R3-1	Medium Density Residential District
127.	DC-RMH	Direct Control Manufactured Home District
200.	DC-UER	Direct Control Urban Estate Residential District
201.	R3-2	Special Medium Density Residential District
202.	R2-1	Modified Medium Density Residential District
203.	DC-R3	Direct Control Medium Density Residential District
204.	C3A	Timberlea Shopping Centre Commercial District

7. The following sections are amended by deleting the use "Temporary Project Accommodation" under the subsection titled "Discretionary Uses - Development Officer":

115	UE	Urban Expansion District
117	HG	Hamlet General District

8. This Bylaw comes into force on the day it is passed.

READ a first time this _____ day of _____, 2019.

READ a second time this _____ day of _____, 2019.

READ a third time this _____ day of _____, 2019.

SIGNED and PASSED this _____ day of _____, 2019.

Mayor

Chief Legislative Officer