

**IN THE MATTER OF THE** *Municipal Government Act* being Chapter M-26 of the Revised Statutes of Alberta 2000 (Act).

**AND IN THE MATTER OF** an application by the City of Grande Prairie, in the Province of Alberta, to annex certain territory lying immediately adjacent thereto and thereby its separation from the County of Grande Prairie No. 1.

**BEFORE:**

Members:

F. Wesseling, Presiding Officer  
W. Hughes, Member  
L. Loven, Member  
R. McDonald, Member  
L. Patrick, Member

Secretariat:

R. Duncan, Case Manager  
L. Gagne, Case Manager

**SUMMARY**

After examining the submissions from the City of Grande Prairie, the County of Grande Prairie No. 1, affected landowners, and other interested parties, the Municipal Government Board (MGB) makes the following recommendation for the reasons set out in the Board report, shown as Appendix D of this Board Order.

Recommendation

That the annexation be approved in accordance with the following:

The Lieutenant Governor in Council orders that

- (a) effective January 1, 2016, the land described in Appendix A and shown on the sketch in Appendix B is separated from The County of Grande Prairie No. 1 and annexed to the City of Grande Prairie,
- (b) any taxes owing to The County of Grande Prairie No. 1 at the end of December 31, 2015 in respect of the annexed lands are transferred to and become payable to the City of Grande Prairie together with any lawful penalties and costs levied in respect of those taxes, and the City of Grande Prairie upon collecting those taxes, penalties and costs must pay them to The County of Grande Prairie No. 1, and

- (c) the assessor for the City of Grande Prairie must assess, for the purpose of taxation in 2017 and subsequent years, the annexed land and the assessable improvements to it,

and makes the Order in Appendix C.

Dated at the City of Edmonton, in the Province of Alberta, 14<sup>th</sup> day of August 2015.

MUNICIPAL GOVERNMENT BOARD



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R. McDonald, Member

APPENDIX A

**DETAILED DESCRIPTION OF THE LANDS SEPARATED FROM  
THE COUNTY OF GRANDE PRAIRIE NO. 1 AND ANNEXED TO  
THE CITY OF GRANDE PRAIRIE**

**East Annexation Area**

LOT 5C, BLOCK 1, PLAN 0725648

LOT 5B, BLOCK 1, PLAN 0320776

LOT 1, PLAN 1735TR

LOT 1A, PLAN 7621774

THE NORTHWEST QUARTER OF SECTION SEVENTEEN (17), TOWNSHIP SEVENTY-ONE (71), RANGE FIVE (5), WEST OF THE SIXTH (6) MERIDIAN.

THE NORTHEAST QUARTER OF SECTION EIGHTEEN (18), TOWNSHIP SEVENTY-ONE (71), RANGE FIVE (5), WEST OF THE SIXTH (6) MERIDIAN.

ALL THAT PORTION OF SECTION NINETEEN (19), TOWNSHIP SEVENTY-ONE (71), RANGE FIVE (5), WEST OF THE SIXTH (6) MERIDIAN NOT WITHIN THE CITY OF GRANDE PRAIRIE.

THE WEST HALF OF SECTION TWENTY (20), TOWNSHIP SEVENTY-ONE (71), RANGE FIVE (5), WEST OF THE SIXTH (6) MERIDIAN.

ALL THAT PORTION OF THE NORTH HALF OF SECTION THIRTY-TWO (32), TOWNSHIP SEVENTY-ONE (71), RANGE FIVE (5), WEST OF THE SIXTH (6) MERIDIAN NOT WITHIN THE CITY OF GRANDE PRAIRIE.

THE NORTH HALF OF SECTION THIRTY-THREE (33), TOWNSHIP SEVENTY-ONE (71), RANGE FIVE (5), WEST OF THE SIXTH (6) MERIDIAN.

THE NORTHWEST QUARTER OF SECTION THIRTY-FOUR (34), TOWNSHIP SEVENTY-ONE (71), RANGE FIVE (5), WEST OF THE SIXTH (6) MERIDIAN.

THE WEST HALF OF SECTION THREE (3), TOWNSHIP SEVENTY-TWO (72), RANGE FIVE (5), WEST OF THE SIXTH (6) MERIDIAN.

SECTION FOUR (4), TOWNSHIP SEVENTY-TWO (72), RANGE FIVE (5), WEST OF THE SIXTH (6) MERIDIAN.



SECTION FIVE (5), TOWNSHIP SEVENTY-TWO (72), RANGE FIVE (5), WEST OF THE SIXTH (6) MERIDIAN.

THE NORTH HALF OF SECTION SIX (6), TOWNSHIP SEVENTY-TWO (72), RANGE FIVE (5), WEST OF THE SIXTH (6) MERIDIAN INCLUDING THOSE LANDS ADJACENT TO THE NORTH-SOUTH ROAD ALLOWANCE ON THE WEST SIDE OF SAID HALF SECTION LYING NORTH OF THE PROJECTION EAST OF THE SOUTHERN BOUNDARY OF LOT 12, BLOCK 18, PLAN 0220873 TO THE WEST BOUNDARY OF SAID NORTH-SOUTH ROAD ALLOWANCE AND EAST OF THE EAST BOUNDARY OF LOT 12, BLOCK 18, PLAN 0220873 AND EAST OF THE PROJECTION NORTH OF THE EAST BOUNDARY OF LOT 12, BLOCK 18, PLAN 0220873 TO THE NORTH BOUNDARY OF SAID HALF SECTION AND NOT INCLUDING LOT 6PUL (PUBLIC UTILITY LOT), BLOCK 18, PLAN 0024970.

**West Annexation Area**

ALL THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION ELEVEN (11), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN NOT WITHIN THE CITY OF GRANDE PRAIRIE.

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION TEN (10), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN EXCLUDING THAT PORTION OF THE NORTH-SOUTH ROAD ALLOWANCE ADJACENT TO THE WEST SIDE OF SAID QUARTER SECTION LYING SOUTH OF THE PROJECTION EAST OF THE SOUTH BOUNDARY OF LOT 1PLU (PUBLIC UTILITY LOT), BLOCK 4, PLAN 1421831.

ALL THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION TEN (10), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN NOT WITHIN THE CITY OF GRANDE PRAIRIE LYING NORTH OF THE SOUTH BOUNDARY OF THE EAST-WEST ROAD ALLOWANCE ADJACENT TO THE SOUTH SIDE OF LOT A, PLAN 6350NY AND EXCLUDING THAT PORTION OF THE SAID EAST-WEST ROAD ALLOWANCE LYING EAST OF THE PROJECTION SOUTH OF THE EAST BOUNDARY OF LOT A, PLAN 6350NY AND EXCLUDING THAT PORTION OF THE NORTH-SOUTH ROAD ALLOWANCE ADJACENT TO THE WEST SIDE OF SAID QUARTER SECTION LYING SOUTH OF THE PROJECTION WEST OF THE NORTH BOUNDARY OF LOT A, PLAN 8822860.

ALL THAT PORTION OF THE NORTHWEST QUARTER OF SECTION TEN (10), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN NOT WITHIN THE CITY OF GRANDE PRAIRIE INCLUDING THOSE LANDS ADJACENT TO THE NORTH-SOUTH ROAD ALLOWANCE ON THE WEST SIDE OF SAID QUARTER SECTION LYING EAST OF THE EAST BOUNDARY OF LOT 7, BLOCK 1, PLAN 0620364 AND THE PROJECTION NORTH OF THE EAST BOUNDARY OF SAID LOT TO THE NORTH BOUNDARY OF PLAN 0620634 AND INCLUDING ALL THOSE LANDS LYING



EAST OF THE EAST BOUNDARY PLAN 9825214 AND INCLUDING THOSE LANDS LYING EAST OF THE PROJECTION NORTH OF THE EAST BOUNDARY OF LOT 10MR, PLAN 9825214.

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION SIXTEEN (16), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN LYING NORTH AND EAST OF THE BED AND SHORE OF FLYINGSHOT LAKE AND INCLUDING THOSE LANDS SOUTH OF SAID QUARTER SECTION LYING NORTH OF THE NORTH BOUNDARY OF PLAN 8220326 AND NORTH OF THE NORTH BOUNDARY OF PLAN 9825214 AND NORTH OF THE PROJECTION EAST OF THE NORTH BOUNDARY OF PLAN 9825214 TO THE NORTH-SOUTH ROAD ALLOWANCE ADJACENT TO THE WEST SIDE OF THE NORTH WEST QUARTER OF SECTION TEN (10), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN AND EAST OF THE BED AND SHORE OF FLYING SHOT LAKE.

FLYING SHOT LAKE SETTLEMENT ALL THAT PORTION OF LOT 4 WHICH LIES TO THE SOUTH OF THE SOUTHERN LIMIT OF THE ROAD ALLOWANCE CROSSING THE SAID LOT, AS SHOWN ON A PLAN OF SURVEY OF THE SAID SETTLEMENT DATED 11 NOVEMBER 1908.

ALL THAT PORTION OF THE NORTHWEST QUARTER OF SECTION SIXTEEN (16), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN NOT WITHIN THE CITY OF GRANDE PRAIRIE.

ALL THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION TWENTY-ONE (21), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN NOT WITHIN THE CITY OF GRANDE PRAIRIE AND INCLUDING THE LAND LYING ADJACENT TO THE EAST OF THE EAST BOUNDARY OF LOTS 3, 4, 5, 6, AND 7 OF BLOCK 3 PLAN 0727689.

ALL THAT PORTION OF THE NORTHWEST QUARTER OF SECTION TWENTY-ONE (21), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN NOT WITHIN THE CITY OF GRANDE PRAIRIE.

THE NORTH HALF OF SECTION TWENTY (20), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN.

THE NORTH HALF OF SECTION NINETEEN (19), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN.

THE NORTH HALF OF SECTION TWENTY-FOUR (24), TOWNSHIP SEVENTY-ONE (71), RANGE SEVEN (7), WEST OF THE SIXTH (6) MERIDIAN.

THE NORTHEAST QUARTER OF SECTION TWENTY-THREE (23), TOWNSHIP SEVENTY-ONE (71), RANGE SEVEN (7), WEST OF THE SIXTH (6) MERIDIAN.



THE EAST HALF OF SECTION TWENTY-SIX (26), TOWNSHIP SEVENTY-ONE (71), RANGE SEVEN (7), WEST OF THE SIXTH (6) MERIDIAN.

SECTION TWENTY-FIVE (25), TOWNSHIP SEVENTY-ONE (71), RANGE SEVEN (7), WEST OF THE SIXTH (6) MERIDIAN.

ALL THAT PORTION OF SECTION THIRTY (30), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN NOT WITHIN THE CITY OF GRANDE PRAIRIE.

ALL THAT PORTION OF SECTION THIRTY-TWO (32), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6), MERIDIAN NOT WITHIN THE CITY OF GRANDE PRAIRIE.

ALL THAT PORTION OF SECTION THIRTY-ONE (31), TOWNSHIP SEVENTY-ONE (71), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN NOT WITHIN THE CITY OF GRANDE PRAIRIE.

SECTION THIRTY-SIX (36), TOWNSHIP SEVENTY-ONE (71), RANGE SEVEN (7), WEST OF THE SIXTH (6) MERIDIAN.

THE EAST HALF OF SECTION THIRTY-FIVE (35), TOWNSHIP SEVENTY-ONE (71), RANGE SEVEN (7), WEST OF THE SIXTH (6) MERIDIAN.

THE EAST HALF OF SECTION TWO (2), TOWNSHIP SEVENTY-TWO (72), RANGE SEVEN (7), WEST OF THE SIXTH (6) MERIDIAN.

SECTION ONE (1), TOWNSHIP SEVENTY-TWO (72), RANGE SEVEN (7), WEST OF THE SIXTH (6) MERIDIAN.

SECTION SIX (6), TOWNSHIP SEVENTY-TWO (72), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN.

SECTION FIVE (5), TOWNSHIP SEVENTY-TWO (72), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN.

ALL THAT PORTION OF THE NORTH HALF OF SECTION FOUR (4), TOWNSHIP SEVENTY-TWO (72), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN AND EXCLUDING THAT LAND LYING EAST OF THE EAST BOUNDARY OF BLOCK 1, PLAN 8421382 AND THAT LAND LYING EAST OF THE PROJECTION SOUTH OF THE EAST BOUNDARY OF LOT 1, PLAN 8421382.

ALL THAT PORTION OF THE SOUTH HALF OF SECTION NINE (9), TOWNSHIP SEVENTY-TWO (72), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN EXCLUDING ROAD PLAN 992 3745.



ALL THAT PORTION OF THE NORTH HALF OF SECTION NINE (9), TOWNSHIP SEVENTY-TWO (72), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN EXCLUDING THAT PORTION OF ROAD PLAN 1121273 CONTAINED WITHIN THE AREA DESCRIBED AS:

COMMENCING FROM THE NORTHEAST CORNER OF SAID HALF SECTION AND MOVING WESTWARD ALONG THE NORTH BOUNDARY OF SAID HALF SECTION TO THE FIRST POINT WHERE THE BOUNDARY OF SAID ROAD PLAN INTERSECTS THE NORTH BOUNDARY OF SAID HALF SECTION THEN SOUTH EASTERLY ALONG THE BOUNDARY OF SAID ROAD PLAN TO THE MOST SOUTH-EASTERLY POINT OF SAID ROAD PLAN BOUNDARY THEN SOUTH ALONG A LINE PROJECTED TO THE POINT WHERE THE WEST BOUNDARY OF PLAN 992 3725 CONTACTS THE SOUTH BOUNDARY OF SAID HALF SECTION THEN EAST ALONG THE SOUTH BOUNDARY OF SAID HALF SECTION TO THE EAST BOUNDARY OF SAID HALF SECTION THEN NORTH ALONG THE EAST BOUNDARY OF SAID HALF SECTION TO THE NORTHEASTERN CORNER OF SAID HALF SECTION.

SECTION EIGHT (8), TOWNSHIP SEVENTY-TWO (72), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN.

SECTION SEVEN (7), TOWNSHIP SEVENTY-TWO (72), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN.

THE SOUTH HALF OF SECTION TWELVE (12), TOWNSHIP SEVENTY-TWO (72), RANGE SEVEN (7), WEST OF THE SIXTH (6) MERIDIAN.

THE SOUTHEAST QUARTER OF SECTION ELEVEN (11), TOWNSHIP SEVENTY-TWO (72), RANGE SEVEN (7), WEST OF THE SIXTH (6) MERIDIAN.

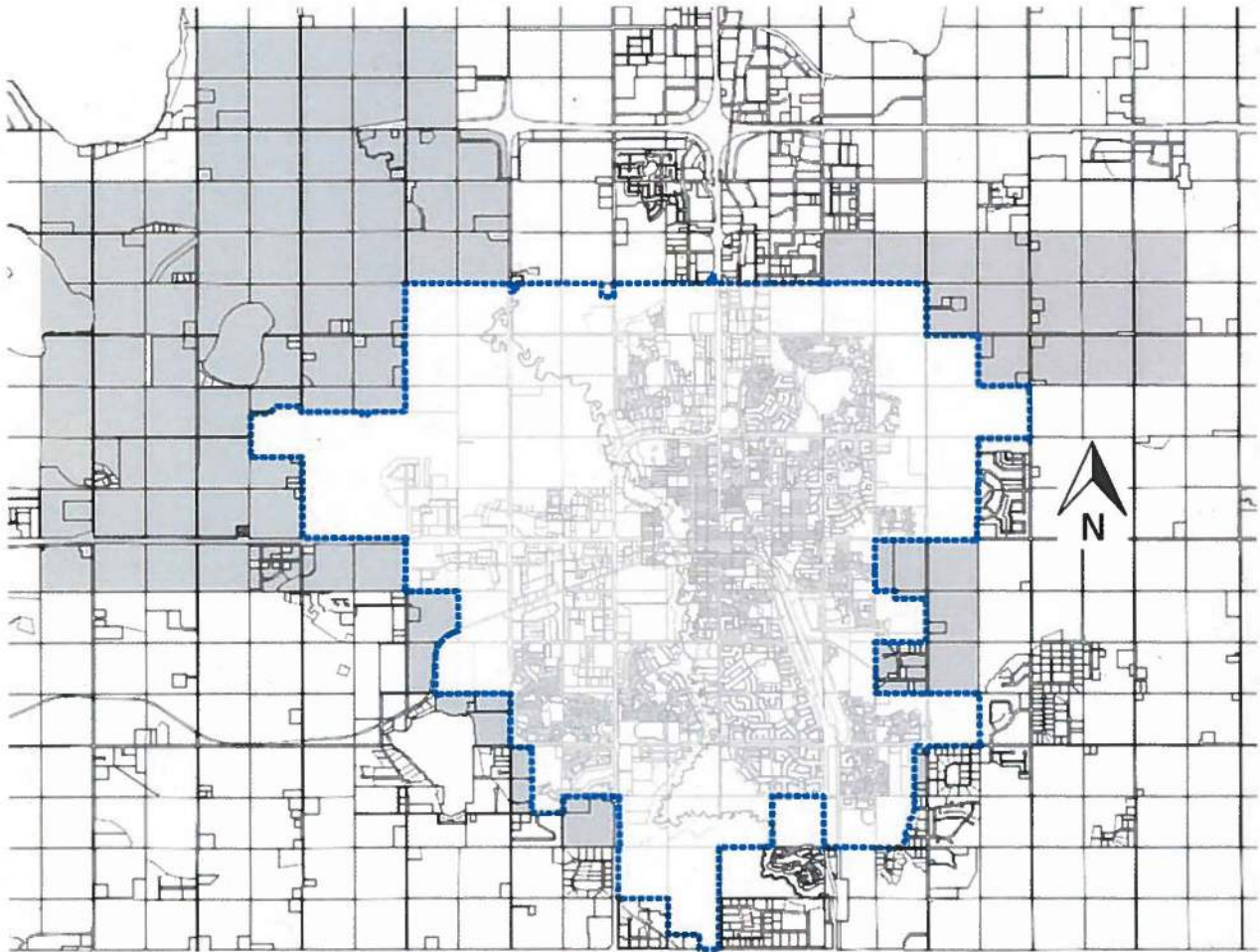
SECTION EIGHTEEN (18), TOWNSHIP SEVENTY-TWO (72), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN AND INCLUDING THE LAND ADJACENT TO THE WEST SIDE OF SAID QUARTER SECTION LYING EAST OF THE WEST BOUNDARY OF ROAD PLAN 9624501 AND INCLUDING THAT PORTION OF THE EAST-WEST ROAD ALLOWANCE ADJACENT TO THE SOUTH OF SAID SECTION LYING EAST OF THE PROJECTION SOUTH OF WEST BOUNDARY OF PLAN 962 4501.

SECTION SEVENTEEN (17), TOWNSHIP SEVENTY-TWO (72), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN.

THE WEST HALF OF SECTION SIXTEEN (16), TOWNSHIP SEVENTY-TWO (72), RANGE SIX (6), WEST OF THE SIXTH (6) MERIDIAN.

APPENDIX B

A SKETCH SHOWING THE GENERAL LOCATION OF THE AREAS  
ANNEXED TO THE CITY OF GRANDE PRAIRIE



Legend



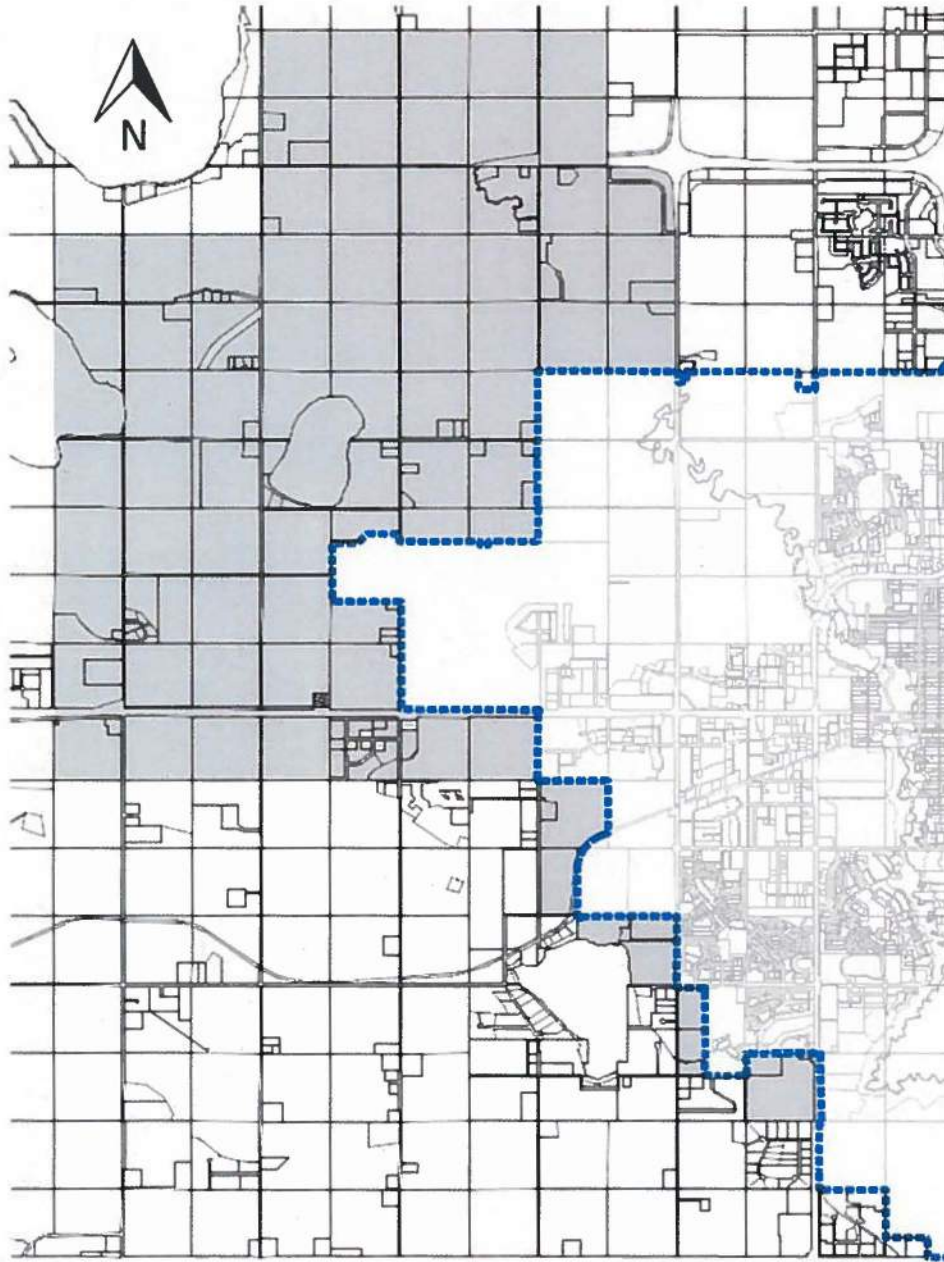
Existing City of Grande Prairie Boundary



Annexation Area



**APPENDIX B – DETAILED AREA MAP 1, WEST ANNEXATION AREA**



Legend

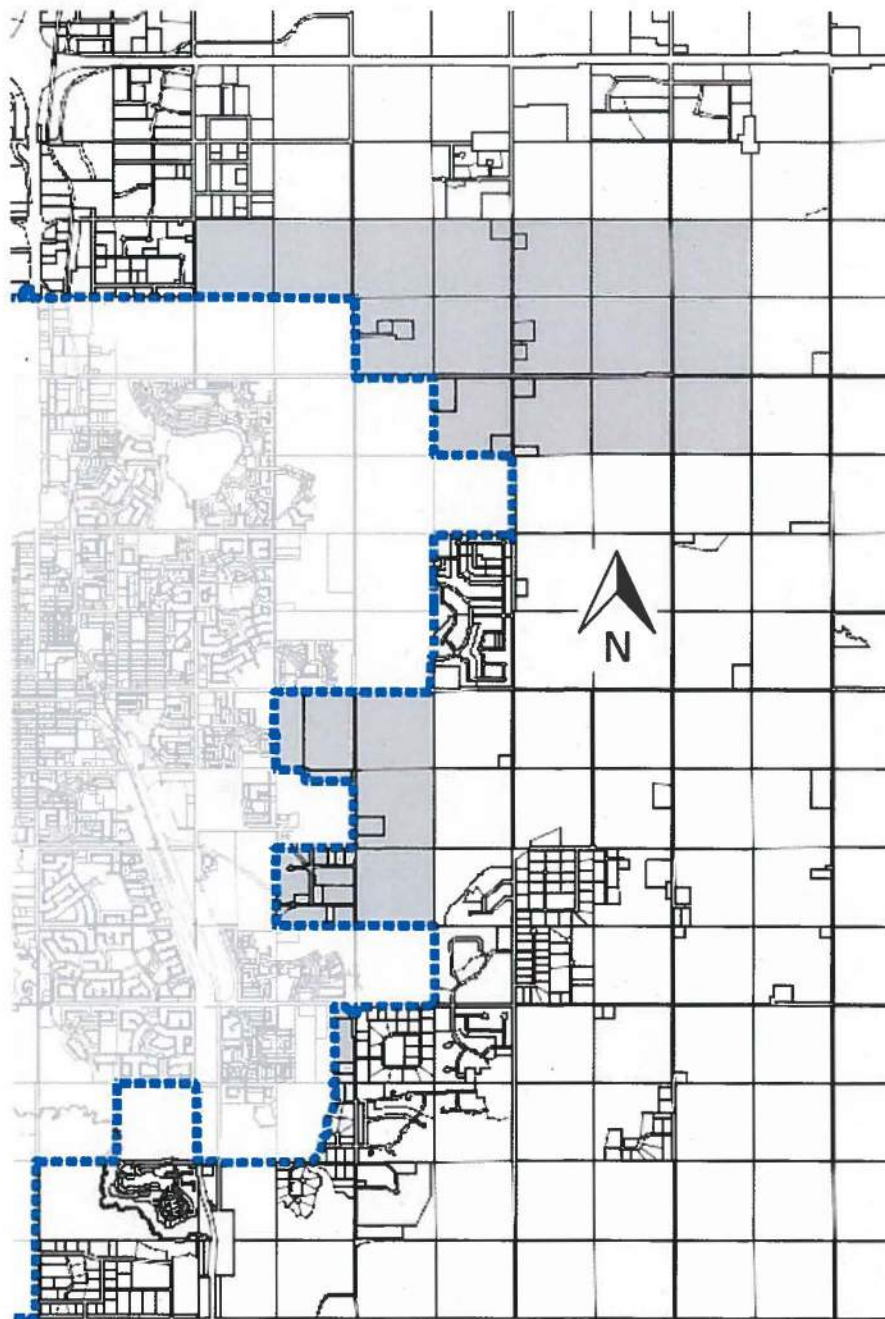


Existing City of Grande Prairie Boundary



Annexation Area

**APPENDIX B – DETAILED AREA MAP 2, EAST ANNEXATION AREA**



Legend



Existing City of Grande Prairie Boundary



Annexation Area



## APPENDIX C

### ORDER

1 In this Order,

- (a) "annexation area" means the land described in Appendix A and shown on the sketch in Appendix B;
- (b) "effective date" means January 1, 2016;
- (c) "farm property" means a parcel of land used for the raising, production and sale of agricultural products in accordance with
  - (i) the applicable bylaws of The County of Grande Prairie No. 1 as of January 1, 2016, and does not include any subsequent amendments to the bylaws, or
  - (ii) the *Matters Relating to Assessment and Taxation Regulation* (AR 220/2004) or any successor legislation;
- (d) "farmstead" means
  - (i) any dwelling unit associated with an agricultural operation or intensive livestock operation where the owner or owners of the operation normally reside, and
  - (ii) for the purposes of The County of Grande Prairie No. 1's bylaw, farmstead also includes the well, sewage disposal system, and shelterbelt and only applies to an un-subdivided quarter section;
- (e) "triggering event" means, with respect to a parcel of land within the annexation area, the occurrence, at the request of or on behalf of the landowner, of any of the following on or after the effective date:
  - (i) the City of Grande Prairie Council, pursuant to the Land Use Bylaw in effect at the time for the City of Grande Prairie, approves an application by or on behalf of the landowner for re-designation of the parcel to a land use other than urban reserve (or its equivalent), or to a land use other than that permitted by the land use designation that is in effect for the parcel of land on the effective date;
  - (ii) the parcel of land is subject to a local improvement bylaw providing for a local improvement project, either partially or completely funded by the City of Grande Prairie, that results in the connection of improvements on the parcel of land to the City of Grande Prairie's water or sanitary sewer services;

(iii) the parcel of land becomes a new parcel of land created as a result of subdivision, or separation of title either by registered plan of subdivision or by instrument or any other method that occurs at the request of, or on behalf of, the landowner, except where the subdivision of one parcel of land (with or without a farmstead) is from an un-subdivided quarter section in use for farming purposes.

2(1) Subject to subsection (4), for the purposes of taxation in 2016 and subsequent years up to and including December 31, 2035, every parcel of land within the annexation area, other than farm property and linear property, and any improvements to it

(a) must be assessed by the City of Grande Prairie on the same basis as if they had remained in The County of Grande Prairie No. 1, and

(b) must be taxed by the City of Grande Prairie in respect of each assessment class that applies to the annexed land and the assessable improvements to it using

(i) the municipal tax rate established by the City of Grande Prairie, or

(ii) the municipal tax rate established by The County of Grande Prairie No. 1 in the previous year,

whichever is lower.

(2) Subject to subsection (4), for the purposes of taxation in 2036 and subsequent years up to and including December 31, 2040, every parcel of land within the annexation area, other than farm property and linear property, and any improvements to it

(a) must be assessed by the City of Grande Prairie on the same basis as if they had remained in The County of Grande Prairie No. 1, and

(b) subject to subsection (3), must be taxed by the City of Grande Prairie in respect of each assessment class that applies to the annexed land and the assessable improvements to it using

(i) the municipal tax rate established by the City of Grande Prairie, or

(ii) the municipal tax rate established by The County of Grande Prairie No. 1 in the previous year,

whichever is lower.

(3) For the purposes of subsection (2)(b), if the municipal tax rate established by The County of Grande Prairie No. 1 is lower than the municipal tax rate established by the City of Grande Prairie, the annexed land and the assessable improvements to it must be taxed by



the City of Grande Prairie in respect of each assessment class that applies to the annexed land and the assessable improvements to it using the previous year's municipal tax rate established by The County of Grande Prairie No.1 plus the percentage of the difference between The County of Grande Prairie No. 1's municipal tax rate and the City of Grande Prairie's municipal tax rate for the years 2036 up to and including 2040 as follows:

- 2036 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 20% of the difference in municipal tax rates between the municipalities;
  - 2037 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 40% of the difference in municipal tax rates between the municipalities;
  - 2038 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 60% of the difference in municipal tax rates between the municipalities;
  - 2039 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 80% of the difference in municipal tax rates between the municipalities;
  - 2040 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 100% of the difference in municipal tax rates between the municipalities.
- (4) Subsections (1) and (2) cease to apply to a parcel of land and any assessable improvements to it in the taxation year immediately following the taxation year in which a triggering event occurs with respect to the parcel of land.
- (5) After subsections (1) and (2) cease to apply to a parcel of land, the parcel of land and any assessable improvements to it must be assessed and taxed in the same manner and at the same rate as other property of the same assessment class in the City of Grande Prairie is assessed and taxed.
- 3(1) Subject to subsection (4), for the purposes of taxation in 2016 and subsequent years up to and including December 31, 2045, farm property and any improvements to it within the annexation area
- (a) must be assessed by the City of Grande Prairie on the same basis as if they had remained in The County of Grande Prairie No. 1, and
  - (b) must be taxed by the City of Grande Prairie using

- (i) the municipal tax rate established by the City of Grande Prairie, or
- (ii) the municipal tax rate established by The County of Grande Prairie No. 1 in the previous year,

whichever is lower.

- (2) Subject to subsection (4), for the purposes of taxation in 2046 and subsequent years up to and including December 31, 2050, farm property and any assessable improvements to it within the annexation area,
  - (a) must be assessed by the City of Grande Prairie on the same basis as if they had remained in The County of Grande Prairie No. 1, and
  - (b) subject to subsection (3), must be taxed by the City of Grande Prairie in respect of the farm property and any assessable improvements to it using
    - (i) the municipal tax rate established by the City of Grande Prairie, or
    - (ii) the municipal tax rate established by The County of Grande Prairie No. 1 in the previous year,

whichever is lower.

- (3) For the purposes of subsection (2)(b), if the municipal tax rate established by The County of Grande Prairie No. 1 is lower than the municipal tax rate established by the City of Grande Prairie, the farm property and any assessable improvements to it must be taxed by the City of Grande Prairie in respect of the farm property and any assessable improvements to it using the previous year's municipal tax rate established by The County of Grande Prairie No.1 plus the percentage of the difference between The County of Grande Prairie No. 1's municipal tax rate and the City of Grande Prairie's municipal tax rate for the years 2046 up to and including 2050 as follows:

- 2046 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 20% of the difference in municipal tax rates between the municipalities;
- 2047 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 40% of the difference in municipal tax rates between the municipalities;
- 2048 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 60% of the difference in municipal tax rates between the municipalities;



- 2049 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 80% of the difference in municipal tax rates between the municipalities;
- 2050 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 100% of the difference in municipal tax rates between the municipalities.
- (4) Subsections (1) and (2) cease to apply to farm property and any assessable improvements to it in the taxation year immediately following the taxation year in which
- (a) a triggering event occurs with respect to the farm property, or
  - (b) the farm property ceases to be exempt from taxation under the *Municipal Government Act* or any successor Act.
- (5) After subsections (1) and (2) cease to apply to farm property, the farm property and any assessable improvements to it must be assessed and taxed in the same manner and at the same rate as other property of the same assessment class in the City of Grande Prairie is assessed and taxed.
- 4 The City of Grande Prairie shall pay to The County of Grande Prairie No.1:
- (a) \$1, 471, 595.00 on or before December 31, 2016,
  - (b) \$1, 177, 276.00 on or before December 31, 2017,
  - (c) \$882, 957.00 on or before December 31, 2018,
  - (d) \$588, 638.00 on or before December 31, 2019, and
  - (e) \$294, 319.00 on or before December 31, 2020.

**APPENDIX D**  
**MUNICIPAL GOVERNMENT BOARD REPORT TO THE MINISTER OF**  
**MUNICIPAL AFFAIRS RESPECTING THE CITY OF GRANDE PRAIRIE**  
**PROPOSED ANNEXATION OF TERRITORY FROM THE**  
**COUNTY OF GRANDE PRAIRIE NO. 1**

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Annexation recommendations often include many acronyms and abbreviations, and this one is no exception. For ease of reference, the following table includes all acronyms and abbreviations used multiple times in this recommendation.

Acronym	Full Description
2008 AMC Report	2008 City of Grande Prairie Population and Employment Forecast 2007 to 2057 Report prepared by Application Management Consulting Ltd.
2008 Lovett Report	2008 City of Grande Prairie Growth Study
2010 IDP	2010 City of Grande Prairie/County of Grande Prairie Intermunicipal Development Plan
2013 AMC Update	The Grande Prairie Population and Employment Forecasts (2012-2061) Final Report
Act	<i>Municipal Government Act</i>
AESRD	Alberta Environment and Sustainable Resource Development (now Alberta Environment and Parks)
AMA	Alberta Municipal Affairs
Aquatera	Aquatera Utilities Inc.
ASP	Area Structure Plan
AT	Alberta Transportation
ATV	All-Terrain Vehicle
City	City of Grande Prairie
City FIA	City of Grande Prairie Fiscal Impact Analysis of Proposed Annexation Area Final Report
City MDP	City of Grande Prairie Municipal Development Plan

Acronym	Full Description
CLI	Canada Land Inventory – Soil Capability for Agriculture
County	County of Grande Prairie No. 1
DL	MGB Decision Letter
ER	Environmental reserve
GPDCSD	Grande Prairie and District Catholic School District
GPPSD	Grande Prairie Separate School District No. 2357
IDP	Intermunicipal Development Plan
ISL	ISL Engineering
JGMDP	Joint General Municipal Development Plan
LGC	Lieutenant Governor in Council
Lovett Report Update	City of Grande Prairie 2008 Growth Study Update 2012-2061 Land Demand
LSRS	Land Suitability Rating System
LUB	Land Use Bylaw
MDP	Municipal Development Plan
MGB	Municipal Government Board
Minister	Minister of Municipal Affairs
NAM Report	Nichols Applied Management Report
PLUP	Provincial Land Use Policies
PWSD	Peace Wapiti School District No. 76
RNC	Report on Negotiation and Consultation
RV	Recreation Vehicle
STAA	Short Term Annexation Area
WMF	Waste Management Facility



## EXECUTIVE SUMMARY

[1] On July 25, 2013 the City of Grande Prairie (City) filed an application with the Municipal Government Board (MGB) to annex 6,316 hectares of land from the County of Grande Prairie No. 1 (County). As the two municipalities were unable to negotiate/mediate an agreement, the MGB was required to conduct hearings regarding this matter. During the proceedings the MGB heard evidence from the City and the County, collected over 270 written submissions and received more than 45 oral presentations from landowners and the public.

[2] After receiving all the information and evidence submitted by the parties, the MGB identified three overarching issues: annexation lands, financial impacts, and transitional matters. The MGB considers that all the matters relating to annexation as described by the MGB's 15 annexation principles are addressed in the consideration of these three overarching issues.

### Annexation Lands Issues

[3] The annexation lands overarching issue includes four sub-issues:

- 2010 City of Grande Prairie/County of Grande Prairie Intermunicipal Development Plan (2010 IDP),
- the updated annexation application,
- general site suitability, and
- infrastructure.

### **2010 IDP**

[4] The 2010 IDP specified a Short Term Annexation Area (STAA) and Annexation Area Map 4. The 2010 IDP was based on two reports, the *2008 City of Grande Prairie Population and Employment Forecast 2007 to 2057 Report* (2008 AMC Report) and the *2008 City of Grande Prairie Growth Study* (2008 Lovett Report). The 2008 Lovett Report promoted a "level playing field" interpretation of the Provincial Land Use Policies (PLUP) and applied this to the development of the STAA and Annexation Area Map 4. The Lovett Report contends that urban municipalities must reconsider their traditional approaches to determining land demand and adopt strategies that will provide them with a land mass to better attract industry in order to balance residential and non-residential land use.

[5] The City and the County had differing interpretations of the intent of the STAA and Annexation Area Map 4. The County contended that the intent of the STAA was to identify an area large enough that the City could annex gradually over time to maintain a 30 year land inventory, while the City argued the STAA and the Annexation Area Map 4 was the 30 year growth supply to be annexed by the City. The City's "notice of intent to annex" included the entire STAA.

[6] The 2010 IDP includes provisions that describe a process to resolve conflict between the municipalities, as well as provisions that identify a process to amend or repeal the plan as



required by the *Municipal Government Act* (Act). Given the County did not initiate the dispute resolution or bylaw termination process at that point or any point prior to the City submitting its application, the MGB must conclude the County understood the STAA was the City's 30 year growth requirement.

[7] The MGB does not necessarily accept the 2008 Lovett Report "level playing field" interpretation of the PLUP. However, the 2008 Lovett Report relied on this interpretation and the two municipalities used this Report as they developed the 2010 IDP and the STAA. As an IDP is not just a contract between two municipalities; it is also an enactment made by bylaw under the authority of the legislation, the MGB will give the 2010 IDP and the STAA considerable weight during its consideration of this annexation.

### Updated Annexation Application Area

[8] Thirty year population projections were provided by the City (109,155) and the County (103,646). The MGB notes these projections are relatively close and therefore finds the 30 year population projection suggested by the City to be reasonable. The MGB recognizes Nichols Applied Management (NAM) Report submitted by the County suggests the City increase its density levels; however, as these levels are consistent with the 2010 IDP. The MGB accepts the amount of additional land for residential purposes outside the City's existing boundary by 2042 is minimal. Since the amount of commercial land required is relatively small, the MGB also accepts the City's suggestion that it will require 314 hectares of additional land for commercial purposes by 2042.

[9] The main area of contention in this annexation is the amount of industrial land requirement. The City of Grande Prairie 2008 Growth Study Update 2012-2061 Land Demand (Lovett Report Update) submitted by the City uses the "level playing field" approach, which identifies that the City would require 4,007 hectares by 2042. Using a conventional model, the NAM Report argues the City only needs 400 hectares by 2042. However, an alternative proposal submitted by the County suggested the City should annex 543 hectares. The MGB acknowledges that economic conditions changed between the adoption of the 2010 IDP Bylaws and the submission of the Lovett Report Update and NAM Report. However, the MGB does not accept these changes are so significant that the 30-year STAA identified in the 2010 IDP now provides the City with between 80 and 120 years of non-residential (commercial and industrial) land as suggested by the NAM Report. As stated earlier the MGB does not necessarily agree with the City's "level playing field" interpretation; however, the MGB is placing considerable weight on the 2010 IDP as it is an agreement as well as an existing bylaw. Therefore, the MGB accepts the City will require an additional 4,007 hectares of industrial land by 2042.

[10] The City is the economic hub for the region and provides services to a large area. Therefore, the MGB finds the 35 percent allocated for public land use is reasonable and accepts the City will require 1,678 hectares of public land by 2042.

[11] The municipalities also disagreed with the amount of undevelopable land within the STAA. The MGB finds it is reasonable to consider existing road allowances, lakes, and future



arterial roads as being undevelopable lands. Therefore, the MGB accepts that 1,667 hectares of the land in the 2010 IDP STAA is either non-developable or has already been developed.

### **General Site Suitability**

[12] The City has demonstrated sensitivity and respect for the environment including a commissioned study to identify environmentally sensitive areas. The City has also shown concern for the Trumpeter Swan population by consulting with Alberta Environment and Sustainable Resource Development (AESRD) about the preservation of nesting habitat. The City will use the smaller setbacks identified in its Municipal Development Plan, not the suggested AESRD setbacks. The MGB accepts that the annexation area does contain agricultural land. However, assessment and taxation transition provision recommendations in the financial impacts overarching issues section may help reduce the premature development of agricultural land.

### **Infrastructure**

[13] The MGB accepts that water, wastewater, stormwater and transportation service installations can be provided by the City. The City has a franchise agreement which gives Aquatera Utilities Inc. (Aquatera) exclusive rights to provide water and waste water services within the City's jurisdiction. The City and the County are two of the three shareholders of this company. As Aquatera did not choose to file an objection or make a submission, the MGB accepts the company has no concerns with servicing the annexation area.

[14] The MGB heard the City has a process for prioritizing road projects. The MGB accepts the City will give due consideration to the requests and concerns brought forward by the landowners in regard to specific roads projects.

### **Annexation Lands Recommendation**

[15] The MGB recommends the annexation of the 6,316 hectares of land identified in Appendix A of this Report and shown as a sketch in Appendix B from the County to the City.

### **Financial Impacts**

- [16] The financial impacts overarching issue includes seven sub-issues:
- municipal tax revenue lost compensation,
  - debentures,
  - existing infrastructure
  - solid waste,
  - effective date,
  - assessment and taxation transition provisions, and
  - municipal financial capacity.



### **Municipal Tax Revenue Lost Compensation**

[17] The two municipalities expressed differing opinions about compensation for lost municipal tax revenue. The City suggested a five year declining balance method, while the County suggested a 10 year non-declining balance method. The MGB was advised the amount of municipal tax revenue generated in the STAA for 2015 was \$1,471,595. Using the City's method the, compensation would be \$4,414,785 over the 5 year period. Using the County's method the compensation would be \$14,715,950 over the 10 year period. The purpose of compensating a municipality for lost tax revenue is not revenue sharing, but rather to allow the municipality from which the land is being annexed time to adjust its budget. The annexation will reduce the County's operating expenses by \$683,000. Therefore, the MGB recommends the five year declining balance method be used for the municipal tax lost revenue compensation

### **Debentures**

[18] Section 138(1)(b) of the Municipal Government Act (Act) identifies that "all the assets, liabilities, rights duties, functions and obligations of the old municipal authority that relate to the area of land automatically pass to the new municipal authority and cease to be those of the old municipal authority". The MGB considers a debenture to be a liability related to the STAA. Therefore, the MGB accepts that the amounts remaining on the debentures within the STAA will to be transferred from the County to the City after the effective date of the annexation.

### **Existing Infrastructure**

[19] The County requested compensation for self-funded infrastructure in the STAA, estimated to be \$1,175,562 as of December 31, 2014 and \$984,654 as of December 31, 2015. Section 135(1)(b) of the Act would require the municipal assets associated within the STAA to transfer from the County to the City after the annexation. Although the County provided an overall depreciated amount for the five infrastructure upgrade projects, the MGB finds that the County did not submit sufficient evidence – specifically, whether the project costs were funded by the County or through another source.

### **Solid Waste**

[20] The MGB received differing views from the parties regarding how future solid waste fees are to be borne. The County and some landowners suggested the waste fees at the Clairmont Solid Waste Facility be waived for ten years as this service is provided for free by the County for its residents. The County suggested it receive an annual payment (estimated to be \$150,000) from the City each year for ten years. The City stated that its residents pay a fee to use the solid waste facilities; however, it proposed to reimburse fees to residents within the annexation area for five years. The MGB finds the 5 year period and reimbursement method submitted by the City to be appropriate. Solid waste removal is a local matter that should be dealt with by the municipalities.



### Effective Date

[21] The County requested effective date of the annexation to be December 31 to make it easier to address school requisitions. The City preferred the effective date to be January 1 to reduce assessment and taxation issues. Alberta Municipal Affairs (AMA) Bulletin 09-04 suggests the school requisition issue can be handled by the one municipality transferring the requisition to the other municipality. The MGB follows the advice provided by AMA and recommends the effective date be January 1, 2016.

### Assessment and Taxation Transition Provisions

[22] The County suggested farmland be taxed at the lower of the two municipal rates unless developed to an urban standard and non-farm property be taxed at the lower of the two municipal rates for 50 years. A number of the landowners voiced their support for this method. The City proposed non-farm properties be assessed and taxed as if in the County for 15 years with a 5 year phase in period and 25 years for farm properties with a 5 year phase in period. The MGB recommends that non-farm properties be assessed and taxed by the City as if in the County for 20 years with a 5 year phase in period and farm properties be assessed and taxed as if in the County for 30 years with a 5 year phase in period. The additional five years will provide landowners with extra time to adjust to the new jurisdiction. The additional time for farm properties may also reduce the amount of premature development of agricultural land.

[23] With regard to the “triggering events” for change of status, the County suggests the assessment and taxation conditions be removed if the properties are developed to an urban standard. Although the County defined what urban standard is, it did not provide any objective criteria for these standards which made this standard ambiguous. The City suggests the assessment and taxation conditions be removed if the land is subdivided, redesignated or is subject to a local improvement. The MGB is recommending the adoption of the City’s “triggering events” as these are certain, unambiguous, and enforceable.

### Municipal Financial Capacity

[24] The MGB was provide with evidence and concludes that the financial position of both municipalities would not be unduly impacted by the annexation.

### Transitional Matters

[25] The final overarching issue involves the transitional matters identified by the people affected by the annexation. The MGB received over 270 written submissions and more than 45 oral presentations from affected landowners and the public during the proceedings regarding this proposed annexation. This includes six sub-issues:

- Tax Grab
- Business License
- Bylaw Issues



- Snow Removal and Roads
- Schools/Bussing, and
- Regionalization

### **Tax Grab**

[26] A number of landowners accused the City of initiating a “tax grab” annexing land solely to increase its tax base. However, the annexation area is primarily undeveloped and only accounts for about 2% to 3% of the total assessment for both municipalities. Therefore, the MGB was not convinced the City would realize a disproportionate financial benefit from the annexation.

### **Business License**

[27] A number of landowners requested the City waive the business license fee for 10 years, while the City suggested a five year period. It was explained that only one type of business license is over \$200.00. The MGB finds this amount should not be a significant impediment to a small or home based business and recommends a 5 year fee waiver period.

### **Bylaw Issues**

[28] Section 135(1)(d) identifies that the bylaws and resolutions of the old municipality that apply specifically to the annexation area continue to apply until repealed or replaced by the new municipality. The public hearing process required by the Act to change the statutory bylaws will afford landowners and residents in the STAA an opportunity to express their concerns and views to the elected officials. With regard to concerns related to such things as all-terrain vehicle (ATV) use, burning of refuse, recreation vehicle (RV) parking, and animal control when it is annexing land, the City stated it would review these bylaws to minimize the impact of City bylaws. As bylaws are a local matter, the MGB accepts the City will change these bylaws as required.

### **Snow Removal and Roads**

[29] Landowners requested commitments from the City with regard to the paving of certain roads within the STAA. The MGB finds decisions that will impact a municipality’s budget and priorities, such as paving of roads, are a local matter and are best left at the local level. This allows locally elected officials to make decisions that are in the best interest of all the residents of a municipality. However, the MGB accepts the City will assess the condition of all roads within the annexation area and take the appropriate action. With regard to the removal of snow on roads, the MGB accepts the City’s commitment to remain at the same level as in the County. The MGB also accepts the City is committed to continuing the driveway snow removal program for seniors already residing in the annexation area.



### **Schools and School Bussing**

[30] Section 239 of the *School Act* states the Minister responsible for Education may by order add lands to or take lands from a school district or division. The school boundary adjustment Order in Council, as with any Order in Council, would be determined on a case by case basis and could only be considered after the approval of this annexation. The MGB considers it would be more appropriate for the people expressing concerns about their children having to change schools and/or having to pay for bussing to work with their local school divisions or districts to bring their concerns forward to the Minister Responsible for Education after the conclusion of this annexation.

### **Regionalization**

[31] A suggestion was made that there should be some type of regionalization or amalgamation of the two municipalities. Although this may be something the two municipalities may wish to investigate in the future, the limited scope of these proceedings makes it inappropriate for the MGB to make this type of recommendation.

### **Conclusion**

[32] The MGB commends the City and the County for being able to negotiate the 2010 IDP. It is apparent that through the 2010 IDP and annexation process both municipalities were attempting to collaborate as well as protect the interests of their residents. It is unfortunate the two municipalities were unable to reach an annexation agreement. In the absence of an agreement, the MGB was required to make a recommendation in this matter. Having done so, the MGB is confident that all parties will continue to work together for the growth and prosperity of the region.

## INTRODUCTION

[33] The City of Grande Prairie (City) is located 465 kilometers (289 miles) northwest of Edmonton and approximately 100 kilometers (60 miles) east of the British Columbia border. With a population of 55,032, this vibrant community is the largest urban municipality in the region. As the retail and public sector hub of this region, the City has a market area estimated to include over 250,000 people. In addition to its commercial and service base, the economy of the City as well as its rural neighbor, the County of Grande Prairie No. 1 (County), benefit greatly from businesses that provide industrial goods and services to the oil and gas, agriculture, and forestry sectors.

[34] On July 25, 2013, the Municipal Government Board (MGB) received a “negotiation report” from the City along with a letter requesting the MGB to proceed with the proposed annexation of approximately 6,316 hectares (15,600 acres) of land from the County. The letter identified that the report included information about the negotiations and mediations between the two municipalities as well as the results of the public consultation process undertaken by the City. The letter also stated that the County was not prepared to sign the “negotiation report” and that the annexation was contested by some of the landowners.

[35] As the two municipalities were not able to reach an agreement and objections from affected landowners and the public had been filed with the MGB, the MGB determined that there was “No General Agreement” with the proposed annexation. In accordance with section 121 of the *Municipal Government Act* (Act), the MGB conducted three public hearings regarding this matter. The first two public hearings addressed document exchange and merit hearing date issues. The third hearing provided the two municipalities as well as affected landowners and the public the opportunity to bring forward their positions regarding the merits of the proposed annexation.

[36] At the conclusion of the public hearing process, the MGB is required by the Act to present a written report with its findings and recommendations to the Minister of Municipal Affairs. The following report has been divided into five parts. Part one identifies the role of the MGB in relation to annexation process. Part two gives an overview of the two preliminary public hearings held by the MGB. Part three describes the activities undertaken in preparation for the merit hearing. Part four summarizes the issues brought forward during the proceedings, the positions of the parties in relation to each issue, the findings of the MGB and the recommendations of the MGB in regard to the proposed annexation. Part five provides a recap of the recommendation and concluding remarks. This report fulfills the duties and responsibilities of the MGB under the Act.

## PART I – ROLE OF THE MGB

[37] The Act specifies that a municipality seeking annexation must initiate the process by giving written notice to the municipal authority from which the land is to be annexed, the MGB and any other local authority the initiating municipality considers may be affected. The notice must describe the land proposed for annexation, set out the reasons for the proposed annexation



and include proposals for consulting with the public and meeting with the landowners. Once the notice of intent to annex has been filed, the municipalities involved with the proposed annexation must negotiate in good faith. If the municipalities are unable to reach an agreement, they must attempt mediation to resolve any outstanding matters.

[38] At the conclusion of the negotiations and the consultation process, the initiating municipality must prepare a “negotiation report”. This report must include a list of issues that have been agreed to by the two municipalities and identify any issues the two municipalities have not been able to agree upon. If the municipalities were unable to negotiate an annexation agreement, the report must state what mediation attempts were undertaken or, if there was no mediation, give reasons why. The report must also include a description of the public and landowner consultation process as well as provide a summary of the views expressed during this process. The report is then signed by both municipalities. Should one of the municipalities not wish to sign the report, it has the option of including the reasons it did not sign.

[39] The report is then submitted to the MGB. If the initiating municipality requests the MGB to proceed, pursuant to section 119, the report becomes the annexation application. If the MGB is satisfied that the affected municipalities and public are generally in agreement, the MGB notifies the parties of its findings and unless objections are filed with the MGB by a specific date, the MGB makes its recommendation to the Minister without holding a public hearing. If an objection is filed, the MGB must conduct one or more public hearings. If a public hearing is required, the MGB is required to publish a notice of hearing at least once a week for two consecutive weeks in a newspaper or other publication circulating in the affected area, with the second notice not less than six days before the public hearing.

[40] The MGB has the authority to investigate, analyze and make findings of fact about the proposed annexation. If a public hearing is held, the MGB must allow any affected person to appear and make a submission. After a hearing, the MGB must prepare a written report of its findings and recommendations and send it to the Minister of Municipal Affairs (Minister). In making its recommendation, the MGB may consider such things as the annexation provisions and other relevant sections of the Act, the Provincial Land Use Policies, and previous MGB annexation recommendations. The Minister has the authority to accept in whole or in part or completely reject the findings and recommendations made by the MGB. The Minister may bring a recommendation forward for consideration to the Lieutenant Governor in Council (LGC). After considering the recommendation, the LGC may order the annexation of land from the one municipality to the other.

## **PART II – PRELIMINARY PUBLIC HEARINGS OVERVIEW**

[41] Part II describes the preliminary public hearings conducted by the MGB and is divided into two sections. Section 1 summarizes the September 20, 2013 preliminary hearing, while Section 2 briefly describes the January 27, 2014 preliminary hearing.



**September 20, 2013 Preliminary Public Hearing**

[42] The MGB strives for hearing processes that are timely, yet still provide a full opportunity for input by all those affected. The City filed its annexation application on July 25, 2013 and the MGB scheduled a public hearing for September 20, 2013. The MGB determined that conducting the public hearing on this date would provide enough time for it to comply with the notification requirements specified by the Act. Moreover, the MGB recognized the significant public interest in this matter. As this date was not within the traditional summer holiday period, the MGB was confident there would be ample opportunity for affected landowners and members of the public to attend the public hearing and make oral submissions. Hearing notices were placed in the *Grande Prairie Daily Herald-Tribune* the weeks of August 22, September 2 and September 9, 2013. The City and the County confirmed they both used this local newspaper when required by the Act to notify the public. On August 13, 2013, the MGB also sent notification letters to all affected parties identified by the City during its public consultation process.

[43] In keeping with MGB practice, the notifications stated that the purpose of the first preliminary hearing was to identify those persons wishing to make submissions about the proposed annexation, determine the issues to be raised, establish a document exchange timeline, and set a date for the start of the merit hearing. During the hearing, the City proposed a document exchange timeline and merit hearing dates. The City also provided the MGB with a list of additional information it needed from the County to complete its annexation submission. The County agreed with the document exchange timeline and provided a list of information that it would require from the City to make its submissions.

[44] Over 100 affected landowners and members of the public attended the September 20, 2013 proceedings; however, only four people chose to make oral submissions during this preliminary hearing. A re-occurring theme during these oral presentations was a request to not conduct the merit hearing at a time that would interfere with farming operations.

[45] After considering the submissions of both municipalities as well as the four individuals, the MGB issued Decision Letter (DL) 036/13 set the merit hearing to begin on May 26, 2014 and established the following document exchange timeline:

- October 15, 2013 County to submit additional information requested by the City
- November 29, 2013 City to submit its updated annexation documentation
- February 14, 2014 County to submit its response
- May 1, 2014 Landowners/Public to submit their documentation
- May 8, 2014 City to submit its rebuttal

[46] DL 036/13 also allowed that should difficulties arise regarding the document exchange process the municipalities may request the MGB hold a second preliminary hearing in Grande Prairie.

[47] The County submitted its additional information to the City on October 15, 2013, and the City submitted its updated annexation documentation on November 29, 2013.



**January 27, 2014 Preliminary Public Hearing**

[48] On December 18, 2013, the County applied to the MGB for an extension to its February 14, 2014 submission deadline. In accordance with DL 036/13, a second preliminary hearing was held in Grande Prairie on January 27, 2014. As this request could have altered the document exchange process for the City, the affected landowners and the public, the MGB placed hearing notices in the *Grande Prairie Daily Herald-Tribune* the weeks of January 6 and 13, 2014. Notification letters were also sent to all affected parties previously identified by the City as well as those people that registered at the September 20, 2013 preliminary hearing and those individuals that had provided correspondence to the MGB.

[49] During the preliminary hearing, the County stated that it needed an additional month to develop its response. It argued that: the City had substantially changed the methodology and assumptions used by the previously submitted reports rather than just updating the documents; there was a recent departure of key personnel from the County's planning department; and the maps provided by the City needed to be in another electronic format for the County to analyze. Moreover, the County stated that it required additional disclosure from the City. The City objected to altering the document exchange timeline, maintaining that: the report methodology and assumptions had not been changed; the County is a sophisticated organization and should be able to address its staffing issues; and it did not know the County needed the maps in a specific electronic format. The City also stated it did not know of the additional disclosure request until it received the County's January 10, 2014 submission regarding this preliminary hearing. The three oral submissions received by the MGB supported the County's request for the extension. One of the oral submissions requested the merit hearing not be held between early August and mid-October, 2014 to allow for the completion of fall farming activities. The MGB also heard that experts and solicitors for the County and the City would be available in late October 2014.

[50] MGB DL 009/14 rescheduled the two-week merit hearing to October 27, 2014 and established the following revised the document exchange timeline:

- March 14, 2014 County to submit its response
- June 2, 2014 Landowners/Public to submit their documentation
- June 9, 2014 City to submit its rebuttal

[51] The MGB was convinced that the additional time would be of benefit to the County in developing its response submission. Additional time was also allowed for the submissions from the City and the affected landowners/members of the public. As the experts and solicitors for the County and the City would be available in October 2014, the MGB concluded that changing the merit hearing dates would not create a hardship for either of the municipalities or the affected landowners/members of the public.

**PART III – PRE-MERIT HEARING**

[52] Part III describes the activities undertaken by the MGB prior to the start of the merit hearing and summarizes the two week merit hearing.



[53] In accordance with DL 009/14, the MGB received the County's response documents on March 14, 2014 and the City's rebuttal documentation on June 9, 2014.

[54] The MGB sent submission instruction notification letters to all known landowners and members of the public on May 13, 2014 and published notices in the *Grande Prairie Daily Herald-Tribune* the weeks of May 19 and 25, 2014. The notifications stated that submissions from these parties were due June 6, 2014 and provided information on how to register to attend, specified the date and location of the merit hearing, and identified where copies of the submissions of the various parties could be viewed by affected landowners and the public.

[55] Additional merit hearing notifications letters were sent to all known landowners and members of the public on October 1, 2014 and notices were also published in the *Grande Prairie Daily Herald-Tribune* the weeks of October 6 and 13, 2014. These notices confirmed the time, date and location of the merit hearing as well as where copies of the submissions could be viewed by affected landowners and the public.

[56] The MGB received over 270 written submissions from landowners and the public regarding this proposed annexation. Given the high level of interest, the MGB set aside the afternoon of the first day and added several evening sessions to hear submissions from landowners and the public.

#### **PART IV – SUMMARY OF MERIT HEARING**

[57] Part IV summarizes the submissions received by the MGB from of the City, the County, and, where applicable, the affected landowners and members of the public in regard to the annexation. After considering all the evidence and information, the MGB identified three overarching issues: annexation lands, the financial impact, and the transitional matters. Each of these overarching issues is discussed below. The MGB considers that all the matters relating to annexation as described by the MGB's 15 annexation principles are addressed in the consideration of these three overarching issues.

#### **Annexation Lands Overarching Issue**

[58] In order to make a recommendation about the overarching annexation lands issue, the MGB considered the following sub-issues:

- the 2010 City of Grande Prairie/County of Grande Prairie Intermunicipal Development Plan (2010 IDP),
- the application development process,
- the updated annexation information, and
- general site suitability.

[59] Each of these matters is described below followed by the finding of the MGB. A brief overview of the MGB's recommendation regarding the annexation application can be found at the end of this section.



### 2010 IDP – Background

[60] It was explained that the *2008 City of Grande Prairie Population and Employment Forecast 2007 to 2057 Report* prepared by Application Management Consulting Ltd. (2008 AMC Report) was used to develop the *2008 Lovett Planning Consultant Inc. City of Grande Prairie Growth Study* (2008 Lovett Report). These documents shaped the negotiations between the City and the County which eventually lead to the 2010 IDP and the identification of the Short Term Annexation Area (STAA). As background, the 2008 AMC Report and 2008 Lovett Report are described briefly below. This is followed by summary of the position of each municipality in relation to their understanding of the intent of the STAA and the findings of the MGB in regard to this issue.

#### 2008 AMC Report

[61] The purpose of the 2008 AMC Report was to help the City plan for future growth by providing 30 and 50 year population projections. The two periods analyzed in the 2008 AMC Report were from 2007 to 2037 (30 years) and 2037 to 2057 (an additional 20 years). The model measured changes in population attributable to natural increases (births, deaths, survival, etc.) and net migration estimated by employment forecasts to project future population of the City.

[62] Based on this natural increases/net migration methodology, the 2008 Report projected the City would have a 3.0% annual population growth rate with a total population of almost 121,600 in 2037 and an average annual growth rate of 2.3% from 2007 to 2057 with population of almost 158,000 in 2057. The report indicated that the four largest employment industries (business and community services, retail and wholesale trade, construction and mining, and oil and gas extraction) accounted for approximately 79% of the City's employment. These employment industries were expected to remain drivers over the period contemplated by the Report.

#### 2008 Lovett Report

[63] The purpose of the 2008 Lovett Report was to identify the City's growth needs and potential growth areas before development. This Report relied on the population and employment forecasts of the 2008 AMC Report. The 2008 Lovett Report was undertaken to help the City plan and secure an adequate inventory of residential, industrial commercial and public community service land that would achieve a high quality of life for the City and the Region over 30 and 50 year timeframes. The Lovett Report contends that urban municipalities must reconsider their traditional approaches to determining land demand and adopt strategies that will provide them with a land mass to better attract industry in order to balance residential and non-residential land use. It is argued that this will level the playing field, which is the intent of the PLUP.

[64] The 2008 Lovett Report calculated residential land demand using an average of 2.5 persons per household, a density of 13.6 units per hectare, and a population projection of 121,572 in 2037 and 157,725 in 2057. The report identified that the City would require 2,297 hectares of residential land by 2037 and 3,552 hectares by 2057 to fulfill its needs.



[65] The commercial land requirement was calculated by using job forecasts developed in the AMC Report and applying the City's current ratio of 29.57 jobs per net acre of commercial land. A factor of 20% was used to convert net acres to gross acres, which allows for circulation and public utility lots and the totals were converted to hectares. The 2008 Lovett Report determined that the City would require 311 hectares of commercial land in 2037 and 963 hectares in 2057.

[66] The 2008 Lovett Report stated that rural municipalities have a greater capacity of achieving financial health and stability because of low populations and large land bases that can generate unlimited industrial use revenue. It then argued that the Provincial Land Use Policies (PLUP) encourages balanced stable financially healthy communities and that urban municipalities must reconsider traditional approaches to determining land demand. To "level the playing field" urban municipalities need to adopt strategies that provide significant land mass for industrial land uses so they can attract industry in order to balance residential and non-residential development. To achieve this balance, it was suggested the City should have one-quarter of the 0.21 hectares of industrial land per person as in the County. Using this ratio and the population projections provided by the 2008 AMC Report, it was calculated that the City would require 6,383 hectares of industrial land in 2037 and 8,223 hectares in 2057.

[67] The 2008 Lovett Report noted that public service, park and open space lands are major contributors to the quality of life of city and regional residents. The 40% of land use currently dedicated to public uses is consistent with the land use breakdown of other Alberta and Canadian cities. The Report identified the City required 2,625 hectares public service, park and open space land by 2037 and 2,994 hectares would be needed by 2057.

[68] The 2008 Lovett Report identified that the City had 1,796 hectares of vacant land within its boundary in 2007. By adding the amount of land needed for each category and subtracting the amount of vacant existing land within the City, the Report concluded that the City would need to annex 9,820 hectares of vacant land to accommodate its growth to 2037 and 13,955 hectares to accommodate its growth to 2057.

[69] Having identified the amount of land required by the City in the future, the 2008 Lovett Report then considered appropriate direction for future growth by type of land use. The study area considered comprised about 363 quarter sections (approximately 23,500 hectares). The criteria used to develop its growth recommendations included: existing land use fragmentation, physical suitability for development, existing and future transportation systems, stormwater catchment basins, and proximity to natural amenities prior to identifying suitable directions for growth. In general, it recommended future residential growth to the west and the east of the City, with sites for major public uses to be integrated into the urban landscape. Future industrial/commercial growth was recommended along either side of Highway 2 and 43 as well as the future Highway 43 bypass and the Southwest Resource Road as far south and east as its intersection with existing Highway 40.

#### City's Position - 2010 IDP

[70] The City stated that the two municipalities have worked together over the years. The City and the County entered into a Joint General Municipal Development Plan (JGMDP) which



recognized a fringe area that extended miles from the City's boundary at several points. The 2001 IDP reduced the fringe area to one-half mile. A provision of the 2001 IDP allowed the City to initiate an annexation only if a request was made by an affected landowner. As a result, the City was not able to plan for future growth in an efficient manner. It was explained that the City commissioned the 2008 AMC and 2008 Lovett Report to help the two municipalities update their 2001 IDP.

[71] The two municipalities entered into discussions for the 2010 IDP and engaged in a comprehensive public consultation process to seek input from affected landowners. This process included a series of three joint open house sessions in November 2009 with 357 people in attendance and a second round of joint open house sessions in March 2010 with 111 people in attendance. The two municipalities also held a joint public hearing in May 2010. The City and the County adopted the 2010 IDP Bylaws in June 2010.

[72] The City submitted that the shape and size of the STAA identified in the 2010 IDP is a result of the negotiations between the two municipalities and was based on findings of the 2008 Lovett Report. The STAA addressed concerns the City had about the County pushing urban style development in the Clairmont area, the amount of other subdivisions being permitted by the County around and adjacent to the City, and the possibility that development in the County around the City would diminish the City's ability to access vacant developable land for urban style development in the future. The MGB heard that during these negotiations the City identified that it wanted predominantly vacant land, but it was the County that proposed the inclusion of some already developed property and areas. A key component of the 2010 IDP was the determination by both councils of the preferred City growth areas. The 2010 IDP acknowledged growth pressures, the desire of the County to protect its traditional industrial tax base and the desire for the requirement of the City to annex as quickly as possible (within two years of the adoption of the IDP) an area large enough to accommodate 30 years of growth. This City's 30 year growth was specified by the STAA in Annexation Area Map 4 of the 2010 IDP.

[73] The City stated that 2010 IDP Policy 6.1.1 states that at "upon adoption of the plan the County agrees to support the City's application for annexation of the lands identified in the Annexation Area Map 4 as the Short Term Annexation Area". Further, Policy 7.5.1 states that the City is "to begin an annexation application within two (2) years of the adoption date, of lands shown as the [STAA], consistent with Policy 6.1.1". The City stressed that requesting the annexation of an area smaller than the STAA identified by Annexation Area Map 4 would render Policy 6.1.1 and 7.5.1 meaningless. The City maintained that the Plan and Administration section of the 2010 IDP is forward looking. Policies 7.5.3 envisions the City sharing growth and development information with the County for future annexations and Policy 7.5.5 would require these annexations to be discussed at a Joint Council Committee meeting. The City notes that it was not able to reach the two-year annexation application timeline as the two municipalities were not able to negotiate or mediate an agreement.

[74] The City reported the 2010 IDP does not address the way the municipalities would respond to landowner concerns, assessment and taxation transition, short and long term road improvements, and compensation to the County. The City had wanted to discuss these issues



during the negotiations; however, due to time constraints imposed by the Councils the County suggested the parties not contemplate these issues. Moreover, except for the City of Red Deer/Red Deer County IDP, the City has found no other IDP that has included these types of provision.

[75] During the merit hearing, the City confirmed that it had conducted a public consultation program in the spring of 2010 as part of the 2010 IDP process. It was reported that the City and the County gave first readings to the 2010 IDP in early April 2010. In accordance with the Act, a public hearing was held on May 2010. In regard to the STAA, the issues identified during the public consultation included taxation, changes, development rights (zoning, subdivision, livestock, home occupations, existing industrial/commercial businesses, etc.), service levels (summer/winter road maintenance, water), and lifestyle issues such as riding horses on public roads, all-terrain vehicle (ATV) usage, and hunting.

[76] The City identified that it gave the County notice of intent to annex on November 26, 2010 and stated that the County has not attempted to amend the 2010 IDP. The City's position is that this course of action confirms the two municipalities support the rationale for annexing the entire STAA. Therefore, the City has chosen to apply to annex the entire STAA. Moreover, it was argued that as the 2010 IDP is both a contract between the two municipalities as well as having the force of legislation, the MGB should place considerable weight on this document.

[77] In response to the County's contention that the City is attempting to become a specialized municipality as defined by the Act, the City argued that the County's development in the Clairmont area could be interpreted in the same manner.

#### **County's Position - 2010 IDP**

[78] The County confirmed that the two municipalities have worked together over the past three decades on a variety of planning and development initiatives. The JGMP adopted in 1982 was the first of its kind in Alberta. The plan was modified several times to respond to changing economic conditions and the needs of legislation. It was in the spirit of long-term cooperation and collaboration that the County agreed to enter into the 2010 IDP. The County also submitted that the City has undertaken four annexations since 2000 and each has been consistent with the policies and guidelines of the IDP at that time.

[79] The County explained that open houses were held prior to the public hearings and the passage of the 2010 IDP bylaws. In response to public feedback, it identified concerns with respect the size of the IDP area, the size of the annexation area, and the rights of landowners to develop their land. In response, policies were placed in the 2010 IDP to provide landowners with flexibility to create some limited subdivisions and development in advance of the annexation. The County understood this flexibility would continue after the annexation. Moreover, as the City has not addressed the integrated transportation system provisions, the County concludes that the City is ignoring relevant sections of the 2010 IDP.

[80] The County acknowledged the 2010 IDP allowed it to protect its traditional industrial base as well as enable the growth and development of the Hamlet of Clairmont. It confirmed



repeatedly its support for annexations within the STAA, but only to the extent that the annexation would provide the City with a 30-year land supply. The County stated that it did not agree with the City annexing the entire STAA at one time.

[81] The County agrees that one of the primary purposes of the 2010 IDP was to identify short term (30 year) and long term (50 year) annexation areas for the City and acknowledges that the 2010 IDP was based on the 2008 Lovett Report and the 2008 AMC Report. However, although it agreed to the 2010 IDP, the County did not support the conclusion and analysis of the 2008 Lovett Report. Specifically, the County believed that aspects of the population growth projections were overstated. To address this concern, the County negotiated provisions in the 2010 IDP they believed would allow for the annexation of smaller areas. Policy 6.1.2 states that “should not all the lands identified in the [STAA] be annexed by the City within the timeframe anticipated by Policy 6.1.1, the [2010] IDP will continue to identify the area as a priority annexation for the City”. The County’s understanding was that this policy would allow the City to absorb enough land to accommodate a 30-year land supply while providing the City with the comfort that the balance of the area would be protected from premature subdivision and development. The County argued that these provisions allow the City to annex the land gradually over time so that the City can ensure it had a 30 year land inventory within its boundary at all times.

[82] The County acknowledges that Policy 6.0.1 states that the “future annexation areas are identified on the Annexation Area Map 4” and that the 2010 IDP contemplated some of these lands would be annexed within two years of the adoption of the bylaws. To assure the County that any future annexation reflected actual growth numbers, the County negotiated the inclusion of other provisions within the 2010 IDP. Policy 7.5.3 requires the growth and development information to be shared on an annual basis. Policy 7.7.1 identifies that the 2010 IDP should be reviewed once every three years and Policy 7.1.2 indicates the two Councils agree to meet once a year to review issues of mutual concern. Policies 7.8.1 to 7.8.5 identify the annual tracking process. The County contends that these and other provisions were incorporated to inform and guide interim reviews of the 2010 IDP and the possibility of revising the document. The County argues these provisions also make it clear the parties intended to ensure the annexation would allow the City to sustain a 30-year land supply. Moreover, if updated data and projections caused a delay in the annexation of the STAA, the County would continue to identify the area as a future annexation priority for the City.

[83] The County reported that the 2008 Lovett Report spent a significant amount of time dealing with the principle of municipal equity and the concept of a “level playing field” for all municipalities. The County stated is unable to find wording within the PLUP that supports this interpretation and alleges the City is trying to use the PLUP to enhance the status of the City to that of a specialized municipality as defined by the Act. However, the County did agree that the Act does not differentiate between a rural and an urban municipality.

**MGB Findings – 2010 IDP**

[84] The MGB accepts that the City and County have a history of collaboration and intermunicipal cooperation as both municipalities cited examples showing their commitment to



intermunicipal planning. The MGB understands how this contributed to the 2010 IDP. The MGB notes that an IDP is a discretionary statutory planning document and is not a requirement of the Act. Passage of the bylaws by the two Councils shows the importance the elected officials placed on the agreement and their desire for both the City and the County to grow and prosper. The MGB acknowledges a substantial amount of public consultation was undertaken prior to the passage of the bylaws, which demonstrates that the process was transparent and inclusive.

[85] The MGB acknowledges that the 2010 IDP addresses a number of growth related issues that are important to each of the municipalities. In particular, it allows the County to protect its traditional industrial base as well as enables the growth and development of the Hamlet of Clairmont, while giving the City the ability to annex land from the County. It is clear the two municipalities agreed to the 2010 IDP as both passed the required bylaws. It is also clear the 2010 IDP accommodates the growth of both municipalities and provides reasonable growth options for both the City and the County.

[86] Both municipalities acknowledged the 2008 AMC Report and the 2008 Lovett Report were used during the discussions that eventually led to the 2010 IDP. While the County may have disagreed with the conclusions and analysis of the 2008 Lovett Report, it is obvious the two municipalities were able to agree upon the STAA as shown in Annexation Area Map 4. The County has professional planners on staff and the resources to obtain opinions from other professionals and consultants. Therefore, the MGB finds it reasonable to conclude that the County understood the implications of the “level the playing field” interpretation of the 2008 Lovett Report in terms of the size of the STAA.

[87] Despite the complementary bylaws that enacted the 2010 IDP, the City and the County differed in their interpretation of the STAA and Annexation Area Map 4. In essence, the County submitted that the intent of the STAA and Annexation Area Map 4 was to identify a large enough area that could be accessed over time by the City in order for the City to maintain a 30 year land inventory within its boundary. The City argued that the intent of the STAA and Annexation Area Map 4 was to identify the area the City was to annex within two years of the passage of the 2010 IDP.

[88] The MGB finds it highly unlikely that after five joint open houses over a four month period involving approximately 468 affected landowners and members of the public that the two municipalities would not have identified their different interpretations of the intent of the STAA and Annexation Area Map 4. Moreover, the MGB finds the County’s actions are inconsistent with its position that STAA lands were to be annexed over time by the City. The City’s “notice of intent to annex”, which was filed with the MGB on November 26, 2010, included the entire STAA. The MGB noted that the 2010 IDP includes provisions that describe a process to resolve conflict between the municipalities, as well as provisions that identify a process to amend or repeal the plan as required by the Act. As this the “notice of intent to annex” was filed less than six months after the 2010 IDP bylaws were passed, it would have been reasonable to expect that if there was a difference of opinion regarding the intent of the STAA the County would have initiated the dispute resolution or bylaw termination process at this point. The City’s annexation



application, filed with the MGB on July 25, 2013, also requested the annexation of the entire STAA. It is possible the two municipalities considered the annexation negotiation/mediation requirements to be their dispute resolution process. Regardless, if the interpretations of the STAA were so significantly different, as suggested by the County, it would have been logical for the County to initiate the bylaw termination process at this time. The City's annexation application update information submitted on November 29, 2013 also requested the entire STAA. Again, the County could have initiated the bylaw termination process at this point. The MGB agrees that the provisions cited by the County could have reduced the annexation area by the City. However, the inaction of the County, especially at the initial stages of the annexation process, makes it reasonable for the MGB to accept the intent of the 2010 IDP STAA was that the City would annex the entire STAA identified on the Annexation Area Map 4.

[89] The MGB does not necessarily accept the 2008 Lovett Report "level playing field" interpretation of the PLUP. However, the 2008 Lovett Report relied on this assumption and the two municipalities used this document as they developed the 2010 IDP and the STAA. Since neither municipality has initiated the bylaw termination process, the MGB must conclude that the 2010 IDP is still existing. The MGB agrees that an IDP is not just a contract between two municipalities; it is also an enactment made by bylaw under the authority of the legislature and is supported by a growth study and population projections. Therefore, while the 2010 IDP and STAA do not bind the MGB or Minister with regard to annexations, the MGB does give this document considerable weight.

### **Application Development Process**

[90] In accordance with the Act, the initiating and the responding municipality must attempt to negotiate and/or mediate an annexation agreement and the initiating municipality must consult with the affected landowners and the public. The positions of the City and the County in regard the process used to develop the City's annexation application are summarized below. The concerns expressed by the landowners and public during the City's consultation process as well as the issues identified during this process are addressed later in this report.

### **City's Position**

[91] In accordance with the 2010 IDP, the City filed a "Notice of Intent to Annex" with the MGB for the STAA. The two municipalities met and conducted six negotiation sessions. The City and the County were unable to negotiate an agreement. In accordance with the Act, the two municipalities conducted five mediation sessions, but were again unable to resolve their differences. .

[92] The public consultation process undertaken by the City included public notices published in the local newspaper, media interviews, information placed on the City's website, and the use of a specific staff member for one-on-one consultation with landowners and the public, as well as the distribution of letters, questionnaires and FAQ information. The City also conducted open houses on March 9 and 10, 2011, October 5 and 6, 2011, May 27 and 28, 2013, to allow landowners to meet with City representatives. The City also distributed an information pamphlet (door knocker) to its residents prior to the merit hearing to provide information about the annexation and notify them of the MGB merit hearing.



[93] The City also notified numerous provincial and federal authorities, including Alberta Transportation (AT), Alberta Environment and Sustainable Resource Development and Transport Canada, as well as the local school authorities and utility companies about the annexation.

[94] The City stated that a copy of the Report on Negotiation and Consultation (RNC) was sent to the County on June 25, 2013 with a request for the County to respond by July 19, 2013. On June 28, 2013 the County informed the City that due to the short time frame it could not provide a response by the date requested, but would place the topic on County Councils August 2013 agenda. The County also stated that it was not prepared to sign the City's RNC and would be providing a report of its own to identify its reasons. The City submitted the RNC to the MGB on July 25, 2013 with a request for the MGB to process the annexation. During the proceedings the City emphasized that the County did not provide reasons for not signing the RNC until the County submitted its response documentation.

### County's Position

[95] The County agreed that the negotiations and mediations attempted by the two municipalities were unsuccessful. The County remarked that this was disappointing as it generated a number of options for the City to consider.

[96] The County maintained that the City could and should have done more to engage the landowners in the annexation process. The County accepts the City mailed letters, distributed questionnaires, provided a contact person to answer questions and held three open houses. However, the County contends the City did not include an opportunity to express their views or ask questions in a public forum such as a public hearing. The County believes this would have been a more favorable way to facilitate the exchange of information with rural residents. The County expressed concerns the City did not provide the landowners and the public with enough information in a way that would appeal to rural landowners and residents. Both the County and landowners expressed concerns that the door knocker distributed by the City was misleading. The County also stated that AT did not give its blessing to the proposed annexation and expressed concerns that the Grande Prairie District School Board did not give the application a full review in terms of students and bussing.

[97] The County reported that due to the short time frame, it could not provide a response that could be included as part of the City's RNC.

### MGB Findings

[98] The MGB considers it unfortunate that after six negotiation sessions and five mediation sessions the City and the County were unable to reach an annexation agreement. The number of sessions clearly demonstrates there was an attempt by the two municipalities to resolve their differences. Therefore the MGB finds the two municipalities attempted to negotiate and mediate an annexation agreement in accordance with the Act.

[99] The MGB understands that each municipality is different and that the methods of distributing information and obtaining public input vary by community. However, the City used number of different methods over a prolonged period of time to create awareness of the



annexation and to solicit input. Although the County contends a public hearing may have been more beneficial for rural residents, this is not a requirement of the Act. The City held three sets of open houses, with each set spanning a two day period. This provided six opportunities for landowners and the public to meet and bring their concerns and questions forward in a public setting. The City assigned a specific staff member to answer questions and express their concerns on a one-on-one basis to assist people that may not have felt comfortable speaking in public. This clearly shows the City was attempting to provide people with a number of ways to obtain information and/or express concerns in person. The MGB also notes that the two municipalities use the same local newspaper to distribute information to their residents in the region. Since the City used newspaper notices and media interviews it is realistic to conclude that landowners and the public would have been aware of the annexation and would have taken steps to inform themselves and/or express their opinion to the City if they had wanted to take advantage of this opportunity. Although County and some landowners considered the door knocker distributed by the City to be misleading; the MGB finds it would be more appropriate for the validity of the information to be addressed during the merit hearing. The MGB concludes that if AT or the school boards would have been concerned about the proposed annexation, they would have made presentations to the MGB during the merit hearing. Therefore, the MGB finds the public consultation conducted by the City was reasonable and that there was interagency consultation.

[100] The MGB notes that the Act identifies a municipality that does not sign the negotiation report may include its reasons for not doing so in the report. As the submission of the reasons is not mandatory, the MGB accepts the County has complied with its obligations under Section 118(3).

#### **Updated Annexation Information**

[101] The City requested the annexation of the lands identified in the 2010 IDP STAA and updated both the 2008 Lovett and 2008 AMC reports to support its application. In response, the County submitted the Nichols Applied Management (NAM) Report as well as additional information to rebut the City's annexation request. The parties addressed the following issues:

- population projections,
- annexation land requirement,
- annexation direction., and

A summary of their positions and the MGB's findings are provided below.

#### **Population Projections**

[102] The following provides a summary of the positions of the City and the County as well as the findings of the MGB population projections.

#### **City's Position**

[103] The Grande Prairie Population and Employment Forecasts (2012-2061) Final Report (2013 AMC Update) updated the 2008 AMC Report. The City stated that the 2013 AMC Update



used the same natural increases/net migration forecasting model as the 2008 AMC Report to consider population growth from 2012 to 2046 (35 years) and 2046 to 2061 (an additional 15 years). The 56,695 City population estimate for 2012 was constructed by extrapolating the 2011 federal census data to 2012. Using 2012 as the base year, the 2013 AMC Update considers downturns in the forest product industry as well as the 2008 economic downturn in terms of its effect on the oil and gas exploration and production industry. Two scenarios were developed for the 2013 AMC Update: The Base Scenario, which is the “best guess” and the High Scenario, which is “optimistic but realistic”. The document suggests the “High Scenario” is a more useful basis for planning future land use requirements. The High Scenario predicts the City’s population will grow from 56,695 in 2012 to 109,155 in 2042 and to 158,634 in 2061. The City’s labour force is expected to grow from 34,539 in 2012 to 66,698 in 2042 and 92,733 in 2061. It was also noted that the 2011 federal census found that number of people per household in Grande Prairie was 2.6. In response to the County’s concern that the population projections for the City are excessive, the MGB heard that City has typically grown at a significantly faster pace than the Province as a whole.

### **County’s Position**

[104] The County acknowledged that the 2008 AMC Report was one of the documents used during the adoption of the 2010 IDP and that the 2013 AMC Update provided more recent population and employment forecasts. In response, the County commissioned the Nichols Applied Management (NAM) Report.

[105] The NAM Report stated that the 2008 AMC Report was based on optimistic anticipations of regional economic and employment growth that were incorporated into the land requirements established by the 2008 Lovett Report. The economy of the Grande Prairie area relies heavily on natural resources, which can be very cyclical in nature. The 2008 Lovett Report does not identify any such cycles. The 2013 AMC Update used normal growth rates, which substantially reduced the 30 year population and employment projections. However, this was counterbalanced by higher growth projections in the 30 to 50 year period. Employment projections in the 2013 AMC Update were also predicted to increase substantially.

[106] An alternative population projection was suggested by NAM Report. This used the average City growth between 2006 and 2011 of 1,575 persons per year. Using this methodology, the NAM Report projects a City population lower than the AMC 2013 Update. However, in response to questions by the City during the hearing, the NAM representative agreed the thirty year projections were fairly close (103,646 using the NAM methodology and 109,155 using the AMC 2013 Update).

### **MGB Findings**

[107] The MGB finds that the population projections provided by the 2013 AMC Update (109,155) and the NAM Report (103,646) are relatively close given the 30-year time horizon. Both projections considered economic and social changes that could affect the population in the future, but each used a different methodology. As the difference between the two reports is approximately 5%, the MGB considers the 30 year population projection suggested by the City to be reasonable.



### Annexation Lands Requirement

[108] The following provides a summary of the positions of the parties as well as the findings of the MGB in regard to the annexation lands requirement.

#### City's Position

[109] Similar to the 2008 Lovett Report, the 2008 Growth Study Update 2012-2061 Land Demand (Lovett Report Update) used the High Scenario population and employment projections contained in the 2013 AMC Update to predict residential, commercial, industrial and public land demands 2012 to 2061. This Update also highlighted that the 2008 Lovett Report was agreed to by both municipalities and formed the basis of their 2010 IDP. Moreover, it was emphasized that to balance the playing field the City requires enough land within its boundary to attract similar types of development to that of its rural neighbor.

[110] The 2013 AMC Update reported that information from the 2011 federal census identified the average person per household in Grande Prairie had changed from 2.5 to 2.6. This caused a slight decrease in residential land demand. However, based on the national trend towards smaller families, the growing number of seniors who live alone, and the increase in the number of single parent families, the Lovett Report Update and additional information provided during the hearing it assumed household size would decrease to 2.17 persons by 2042 and 2.08 persons by 2061. Density was set at 13.6 throughout the forecast in order to determine the maximum land requirement, encourage a competitive market and enhance consumer choice. The Lovett Report Update identified that the City had 1,578 hectares of residential land available within its boundary and would require an additional 1,686 hectares of residential land by 2042. Therefore, the City would need an additional 108 hectares of land from the STAA by 2042. However, during the hearing the City stated that it reduced the 1,686 hectare residential land requirement by 20% to address the double counting of Municipal Reserve and Public Utility lands. As a result, the City calculated it would only need an additional 1,349 hectares of residential land by 2042.

[111] The 2013 AMC Update forecasted that new commercial jobs created between 2012 and 2042 would be 12,634, while a further 12,467 jobs would be created by 2061. At the time of the Lovett Report Update, 38.5 jobs per gross hectare was assumed to be appropriate for projecting commercial land demand. Based on this information and additional information provided during the merit hearing, it calculated that the City would need 328 hectares of land by 2042. In response to concerns about the inclusion of commercial jobs that are likely to be located on public lands, the City removed healthcare, recreation and culture related positions from its calculations. This resulted in 27.3 jobs per hectare. Using this new figure, the Lovett Report Update stated it would only need 314 hectares of commercial land by 2042.

[112] The Lovett Report Update identified that the City would be out of industrial land in five years. The Report reiterated that "level playing field" perspective. It stated applying a portion of the existing ratio of industrial land per person for the County to the City would: increase the City's options for attracting a wide range of industrial uses, allow the City to compete, help balance the City's residential/non-residential growth, and provide greater local employment



opportunities to accommodate the City's growing population. Using one quarter of the County's 0.21 hectares of industrial land per person ratio as in the 2008 Lovett Report, the Lovett Report Update calculated an additional 4,007 hectares of industrial land would be required by 2042.

[113] The Lovett Report Update noted that public land use currently comprises 35 percent of the City's land use area. This is consistent with the land use breakdown of other provincial and Canadian cities, many of which are located considerably closer to other urban centers. It was argued that the 35 percent allocated for public land use is reasonable as the City will continue to provide most public services that serve local residents as well as those people residing elsewhere in northwestern Alberta. The City has an estimated 248 hectares of land available for public use within its boundary. Therefore it will require a total of 1,678 hectares for public use by 2042.

[114] The City estimates that 1,667 hectares of undevelopable lands are contained within the STAA. This includes previously developed lands (569 ha), existing road allowances (244 ha.), lakes (168 ha), Highway 43X Bypass and land assembled by AT for the Highway 43 Bypass (436 ha), future arterial roads (59 ha), airport expansion (30 ha) and oil and gas setbacks (161 ha). In response to questions from the County, the City explained that the nature of country residential subdivisions, in terms of building placement and private sewage requirements, limits re-subdivision and infill opportunities. Environmental Reserve (ER) land requirements were established to accommodate Trumpeter Swan and water body setbacks and were calculated using the rules established by the City of Grande Prairie Municipal Development Plan (City MDP). However, the City acknowledged that it had been too generous with the ER setback requirements and removed the entire amount from the undevelopable land category. The Highway 43X Bypass lands include the planned right of ways and the land assembled for the Highway 43 Bypass. Finally, the City determined oil and gas setbacks by using minimal setbacks established by the provincial oil and gas regulating authority.

[115] In summary, the City stated that the amount of land required for all uses by 2042 would be 7,348 gross hectares. As of December 2012 the City had 2,628 hectares available within its boundary. This means the amount of land required by the City outside its boundary would be 4,720 hectares. The 2010 STAA contains 6,316 hectares. However, 1,667 hectares of the land in the 2010 IDP STAA was determined to be either non-developable or has already been developed, so only 4,649 hectares of land is available for development in the STAA. As the amount of developable land in the STAA is only 71 hectares less than the additional lands required outside the City's existing boundary, the City chose to annex the lands identified by the 2010 STAA.

[116] The City disagrees with the County's 543 hectare alternative proposal discussed in the County's Position. The City asserts that this option does not provide any detailed calculations to determine how the lands identified would accommodate the City's growth needs.

### County's Position

[117] The findings of the NAM Report as well as other concerns expressed by the County's regarding residential, commercial, industrial and public community land areas identified in the 2008 Lovett Report and the 2013 Update are summarized below.



[118] The County observed that historical growth and consumption data for residential land is the best predictor of future residential land demand. It also noted that the economy of the Grande Prairie area relies heavily on natural resources and that the 2008 Lovett Report does not identify any of the cycles typical for this sector. The County acknowledges that population projections in the Lovett Report Update are more realistic than the ones in the 2008 Lovett Report. However, the County does not agree with the decrease in household size in the latter years of the projection as a reduction in the number of people per household increases the need for additional residential land. The County also notes the City has established a density level of 13.6 units per hectare. Although the NAM Report's analysis of the City's land needs does not list density as a key difference, the County suggests the City should be striving for a much higher density level. The County reported that its recently approved Area Structure Plan in the Clairmont urban area is 22.5 units per hectare for residential purposes. The County concluded by highlighting that the Lovett Report Update shows the City has sufficient lands available to accommodate residential growth until 2041 and commercial growth until 2038.

[119] The County combined commercial and industrial land demand into one category, non-residential, for purposes of its analysis. Using this categorization, the City's split between residential and non-residential development is 29%. The County maintains this compares favorably to other medium sized cities. The NAM Report contends that the City will not use the industrial land within its boundary for another 18 to 26 years. Based on the City's most recent estimates, the NAM Report projects that the STAA would provide the City with and 80 to 120 year non-residential land supply.

[120] The County remarked that the only basis for the City's annexation is the purported need for industrial land and argues that a proper analysis should be based on market demand and absorption rates. The Lovett Report Update calculates industrial land demand by using the County ratio of industrial land per person so the City can increase its opportunities to attract a wider base of industry and "level the playing field". The County disagrees with this methodology and suggests the real question should be how much land does the City need to accommodate demonstrated growth patterns over the next 30 years. Using more conventional methods, the NAM Report suggests the City only needs 400 acres of industrial land.

[121] The County argues that the percentages used by the 2008 Lovett Report (40%) and its Update (35%) to calculate future public community land demand are highly suspect. These percentages were developed based on the City's current land uses and it is unlikely they will be applied to future annexation lands. The County points out that a large portion of the City's public space is Bear Creek Valley, an area used for recreation and culture which is prone to flooding and should not be developed. Further, it is unlikely the City will need land for a new hospital, art galleries colleges, or major arenas as a result of the proposed annexation, so the City should not require this much public community land. The NAM Report maintains the City does not need additional lands for this purpose.

[122] Although the Lovett Update reduced the City's 2008 estimates for 30-year land supply, it countered by identifying 2,056 hectares of undevelopable land within the STAA. The County suggested these development constraints were identified by the City to inflate the annexation



area. The County noted that not all the land purchased by AT was undevelopable, as in the past AT has sold unrequired land for development or farming purposes after the construction project had been completed. Moreover, not all existing subdivisions are undevelopable as there are opportunities for intensification of existing uses and it is possible to resubdivide existing lots. The County also questioned why the lands owned by the City for the future expansion of the Grande Prairie airport were categorized as undevelopable, since development has been allowed on the lands around runways in other communities. Finally, the County suggested the City overstated the amount of land required to meet sour gas setback requirements.

[123] The County commented that the economy of the area is dependent on natural resources and the processing of material. These industries may give off noxious fumes, produce excessive noise, and require the handling of dangerous goods. These types of developments are not suitable in and around urban areas. The County accepts that Canfor is located in the City; however, it concluded that this is an anomaly and noted that this development has created numerous problems for the City over the years.

[124] The County stated that since the 2010 IDP was drafted, there was an increase in the amount of public opposition to the annexation. County Council was aware of the situation and tried to negotiate annexation conditions that would make the annexation easier for County ratepayers to accept. Therefore, the County proposed an alternative that would allow the City to annex 543 hectares of residential and non-residential land in a direction best suited for growth. The County believes this proposal will support the City's 30-year land supply need, respect the principles of the 2010 IDP respect the City's financial capacity, and protect the landowners in the annexation area.

#### **Public/Landowner Positions**

[125] The MGB heard a number of landowners and members of the public in regard to the annexation area. Many asserted that the annexation area requested by the City is too large and indicated their support for the County. Concerns were expressed that the annexation would provide the City with 80 to 120 years of land and that this annexation should not be allowed. Others stressed that an annexation of this size is just an attempt by the City to generate more tax revenue and therefore the MGB should reject the annexation application. In response to statements made by the City that landowners would benefit from the annexation by being allowed to subdivide, a number of country residential landowners stated that the size and shape of their property would not allow them to subdivide.

[126] Concern was also expressed with the amount of land required for ER for Trumpeter Swan habitat and water body setbacks. Many landowners indicated that these excessive setbacks would impact their lifestyle and the use of their land in terms of future development. Others identified that this was a way for the City to increase its land holdings.

[127] The MGB received both written and oral submissions from affected landowners and the public in support of County's proposed 543 hectare annexation option. In summary, the submissions supporting this proposal indicated that the annexation area being requested by the City was too large and this would provide the City with enough land to expand.



### MGB Findings

[128] The MGB notes that the 2.5 people per household unit used in the 2008 Lovett Report was altered by the Lovett Report Update to 2.6 and declines to 2.17 in 2042. Although the NAM Report argues the number of people per unit should remain at 2.6 until 2042, the MGB finds it is reasonable to accept the aging population as well as the trend towards smaller families and alternative forms of families may decrease the number of people per household unit in the future. The 13.6 units per hectare density level used in the Lovett Report Update is the same as that used in the 2008 Lovett Report. The MGB is satisfied that the County's recently approved ASP in the area adjacent to the City sets urban residential density at 22.5 and accepts the County's argument that the City should be required to plan for increased density levels in the future. However, the NAM Report did not list density as a key difference in the assumptions it used for its alternative analysis. Although the MGB encourages higher density levels, the MGB accepts the 13.6 density level identified by the City as consistent with the level used to establish the 2010 STAA. The NAM Report argues the City has enough residential land within its boundary to accommodate 30 years growth, while even without the reductions for the Municipal Reserve and Public Utility lands the Lovett Report Update suggests the City only needs 108 hectares of additional residential land from the STAA by 2042. Ultimately, the differences between the two municipalities regarding the residential land requirements do not have a significant effect on the area to be annexed.

[129] The City adjusted the Lovett Report Update by removing the health, recreation, and culture related positions from its calculations for commercial lands as suggested by the NAM Report. This reduced the number of commercial jobs per gross hectare from 38.5 to 27.3 and decreased the annexation area for commercial uses to 314 hectares. The NAM Report states the City will need no additional commercial lands. As the amount of commercial land requirement is minimal, the MGB accepts the City requires 314 hectares of additional land for commercial purposes by 2042.

[130] The main area of contention in this annexation is the amount of industrial land requirement. The 2013 Lovett Report Update and the NAM Report use different methodologies that produce substantially different results. Both the 2008 Lovett Report and the Lovett Report Update use the "level playing field" approach, which was the basis of the 2010 IDP. Using this approach the City contends it would require 4,007 hectares of industrial land by 2042. The NAM Report uses a conventional methodology and suggests the City's growth should use absorption patterns consistent with its traditional growth. Using this approach, the NAM Report argues that with the vacant land already within the City, the City only needs to annex 400 hectares of industrial land to accommodate 30 years growth. The County also suggested an alternative that would allow the City to annex of 543 hectares, although the County provided no details to explain how the land area was selected or what the land uses will be.

[131] The MGB acknowledges that economic conditions have changed between the adoption of the 2010 IDP Bylaws and the submission of the Lovett Report Update and NAM Report. However, the MGB does not accept these changes are so dramatic that the 30-year STAA agreed to by the two municipalities in the 2010 IDP now provides the City with between 80 and 120 years of non-residential (commercial and industrial) land as suggested by the NAM Report. It



appears that the differences between the two municipalities' suggested annexation areas is primarily due to the different methodology (i.e. traditional v. "level playing field") now being promoted by the County.

[132] As stated earlier the MGB does not necessarily agree with the City's "level playing field" interpretation of the PLUP; however, the MGB places significant weight on the 2010 IDP as it is an agreement as well as an existing bylaw that was passed by the elected officials of both municipalities. The drastic reduction in the size of the 2010 IDP STAA 30-year land supply suggested by the County would significantly alter two municipal bylaws. In the MGB's view, ordering this kind of change would interfere unnecessarily with legislated processes chosen by two elected Councils. Therefore, the MGB accepts the City will require an additional 4,007 hectares of industrial land by 2042. This recommendation should not necessarily be interpreted as a precedent given the amount of planning undertaken and the unique provisions in the 2010 IDP.

[133] The MGB accepts that the City is the economic hub for the region and provides a large number of public services not only to its residents, but to the residents of the County as well as those living in the surrounding area. Moreover, the MGB accepts that due to its location in Northern Alberta, the City may have additional pressure to provide public amenities not realized by other municipalities of a similar size in province. Therefore, the MGB finds the 35 percent allocated for public land use is reasonable and accepts the City will require 1,678 hectares of land by 2042.

[134] The MGB agrees that the amount of undevelopable land identified by the City within the STAA is substantial, but concludes this amount is reasonable in this situation given the conditions of the 2010 IDP. It is not unreasonable to consider existing road allowances, lakes, and future arterial roads as undevelopable lands. The MGB accepts that the nature of rural development and the desire of landowners to not subdivide can be an impediment to future infill development. However, some limited opportunities may exist for commercial, industrial and institutional properties to be re-subdivided in the future. Although AT may make excess land obtained for construction of Highway 43X and its associated improvements available for development in the future, the MGB received no evidence to quantify or even estimate the amount of land AT will make available for future development. The MGB also accepts environmental reserves lands were overstated and the entire amount was removed from the undevelopable land calculations by the City. The MGB is satisfied that the provincial guidelines will be followed and that oil and gas setbacks will be established in the future in a manner that will ensure the safety of the public. The MGB cannot comment on the constraints within the 543 hectare annexation area suggested by the County, as no substantial information was provided. However, the MGB notes that the entire 543 hectares is within the STAA. With regard to possible land use conflicts between industrial and other uses the MGB is confident the City will be able to address these matters by amending its statutory plans. Therefore, the MGB accepts that 1,667 hectares of the land in the 2010 IDP STAA is either non-developable or is already been developed.



[135] The MGB has already stated that it places considerable weight on the 2010 IDP and the STAA. As such, the MGB concludes that any lands to be annexed should be contained within the STAA. The MGB has already accepted the City needs 7,348 hectares of residential, commercial, industrial, and public land to accommodate its growth to 2042. The City has stated that in 2012 it had 2,628 hectares available for development within its boundary. This means the City would need to annex 4,720 hectares. The MGB has also accepted that 1,667 hectares of the 6,316 hectares of land in the 2010 IDP STAA has been categorized as undevelopable, so only 4,649 hectares are available for development. As the difference between the annexation area needed to accommodate the City's growth until 2042 and the amount of land in the STAA is only 71 hectares, the MGB finds the annexation area should include all the lands in the STAA. While the amount of land requested by the City is large, the MGB concludes the annexation area proposed by the City is more in keeping with the intended objectives of the 2010 IDP, is consistent with the bylaws passed by the two municipalities and provides both municipalities with reasonable growth options. As the 30-year land supply specified by the two bylaws was negotiated and passed in good faith, the MGB recommends the 6,316 hectare annexation as requested by the City.

#### **General Site Suitability**

[136] Having established the size and location of the annexation area, the MGB must consider general site suitability issues such as environmental features and infrastructure. A discussion of each of these issues is provided below.

#### **Environmental Features**

[137] Environmental features issues include consideration of natural areas, water bodies and courses, and agricultural lands.

#### **City's Position**

[138] The City reported that it has been moving towards a watershed/landscape based approach to planning. This would integrate storm water management, drinking water protection healthy aquatic and riparian ecosystems and the goods and services represented by this natural capital. Moreover, the City has embraced the Province's hydraulic and geotechnical studies of Bear Creek and its flood plains and has adopted policies to prevent permanent development in floodplains. In 2012, a consultant was retained to identify and map all significant environmental and natural features (including wetlands, riparian areas, etc.) within its boundary as well as the proposed annexation area. The City now has a data base of all environmentally sensitive lands in the STAA. This information will be used to establish setbacks to protect environmentally sensitive areas in the future.

[139] The City explained that its MDP has policies to address environmental matters such as ecosystems, flood plains and stormwater, and unstable slopes. A minimum setback of 15 meters is required unless a floodplain/stormwater or geotechnical study recommends a greater setback for subdivision. The use of engineering and biophysical analysis would be used to establish the boundaries for specific developments. The City stated that the 150 meter setback from water bodies and 50 meter setback from water courses was in fact double counted in terms of public



lands and was corrected. The City is not attempting to freeze development adjacent to waterbodies or water courses.

[140] The City identified that Hughes Lake, Hermit Lake, Flyingshot Lake Flyingshot Marsh, Crystal Lake and Wood Lake are valuable water bodies for Trumpeter Swan nesting and breeding. Alberta Sustainable Resource Development (AESRD) recommends no activity within 800 meters of the high water mark of these water bodies between April 1 and September 30 of each year. Moreover, AESRD recommends no development should be located within 500 meters of the high water mark. During the merit hearing, the City explained it does not intend to adopt these guidelines as its standards.

[141] The City's original annexation application identified that it used the Canada Land Inventory – Soil Capability for Agriculture (CLI) to assess the soils in the STAA. However, during the hearing it was explained that the Land Suitability Rating System (LSRS) was used instead of the CLI. Correspondence from Alberta Agriculture and Rural Development explained that the LSRS Class 4 is considered marginal land. Using the LSRS rating, the City identified that a large majority of the STAA is Class 4, marginal land. As much of the STAA is not prime agricultural crop land, the City feels comfortable considering other land use designations, while intending to ensure that the existing agricultural operations may continue until urbanization. The City reported that the County has already permitted country residential development in many of the areas containing the best soils in the region.

### County's Position

[142] The County argues that the City's extensive policy development and background studies would require a large amount of land be left in its natural states. The County contends that if the City were to provide environmental protection to the extent identified in the annexation application, the City would have to shut down the Grande Prairie Airport due to the impact on trumpeter swan habitat. The County alleges that the City is attempting to freeze significant areas under the umbrella of ER and restricting an owner's right to develop.

[143] The County stressed that the City is overstating the amount of ER required for water body and water course setbacks. The City seems to be using the 150 meter setback for ER as identified in the IDP. The County explained that both the City and the County had recently updated their respective MDPs and that Policy 6.6.4 of the 2010 IDP allows the municipalities to ensure there are appropriate setbacks from watercourses. The County contends this ER setback should be much shorter.

[144] The County indicated that it is unclear how the City intends to deal with Trumpeter Swan habitat as the information provided by the City provided identifies two boundaries, one of 500 meters and one of 800 meters. The County indicates this would result in a vast area set aside for ER and that the impact to all concerned would be enormous.

[145] The County asserts that the bulk of the land in the STAA is CLI Class 2 with minor pockets of Class 3 and 4. Therefore, the County argued that most of the land in the STAA is good agricultural land. The County also disagrees with the City's contention that the prime



agricultural land has been used by the County for country residential development. The County indicated that that country residential development close to the City has notably lower agricultural ratings and are severely limited due to topography and ground conditions.

#### **Public/Landowners Position**

[146] A number of landowners expressed concern about the amount of ER required for Trumpeter Swan habitat and the setback requirements for water bodies and water courses. The MGB heard that the landowners considered these excessive and simply a way to increase the amount of land taken by the City.

[147] The MGB also received concerns from farmers in the annexation area with regard to the characterization of their lands as being poor for agricultural purposes. These landowners stated that their lands had been farmed for generations and continue to produce good crops. They expressed a desire for their families to maintain their agricultural lifestyle. Other submissions supported the protection of agricultural lands. Concerns were also raised about the premature development of agricultural lands.

#### **MGB Findings**

[148] The MGB finds that the City has clearly demonstrated sensitivity and respect for the environment. The City has undertaken studies to identify key environmentally sensitive areas within its boundary as well as the 2010 IDP STAA. The MGB accepts the City will continue to use the minimum 15 meter setback for development to address environmental concerns as contemplated by its MDP, unless a floodplain/stormwater or geotechnical study recommends a greater distance for subdivision.

[149] The City has shown concern for the Trumpeter Swan population by consulting with AESRD about the preservation of nesting habitat. There was some confusion regarding the setbacks requirements for Trumpeter Swan habitat with regard to the City providing information about the AESRD recommendations and the land requirements the City will actually require to protect this species of bird. However, the MGB accepts the City will continue to use the setbacks requirements contained in its MDP, which the MGB understands are significantly lower, unless directed otherwise from AESRD or another government authority.

[150] The MGB found there was some confusion between City and the County about to the agricultural land classifications within the proposed annexation area. The MGB accepts that the annexation area contains good agricultural land. However, the Act requires that an annexation must be contiguous with the boundaries of the initiating municipality. To grow, the City must annex the lands immediately adjacent to it. It is unfortunate that larger tracts of undeveloped lands adjacent to urban municipalities tend to be already in use for agricultural purposes. The MGB is confident that agricultural production will continue on as in the past until such time as the landowner decides to develop the lands. Moreover, assessment and taxation transition provision recommendations discussed in the “financial impacts overarching issue” section should help reduce premature development of agricultural land.



### Infrastructure

[151] Infrastructure considerations within the STAA include water and wastewater, stormwater, and transportation.

### City's Position

[152] The City stated that the 2010 IDP identifies future growth patterns with generalized land uses extending from the existing residential and industrial areas and a generalized transportation concept for the proposed annexation area. However, the City retained ISL Engineering (ISL) to provide a servicing study for the annexation area in regard to transportation, stormwater management, wastewater servicing and water distribution.

[153] The ISL study indicated that the long term transportation network for the annexation area to the west of the City is dependent on the alignment and access configuration of the proposed Highway 43X. Future access to this four lane divided highway is limited to three interchanges, so arterial and collector networks will be needed to ensure connectivity. The alignment of arterial roads will be determined through future functional planning and collector road networks will be used to distribute local traffic. Smaller annexation areas to the southwest will be served by extending existing roads. Primary access to the northeast is via Highway 670, which will eventually connect to a future ring road. Access opportunities may also be available to Highway 43. Other annexation areas to the east will be serviced by extending existing arterial roads. In response to the County's assertion that the 2010 IDP contains a commitment to upgrade and pave key regional roads in the STAA, the City was not able to find any such commitment. The City stated that 2010 IDP Policies 6.7.1 to 6.7.5 only require the parties to share annual capital plans.

[154] The ISL study identified that the most economical method of maintaining pre-development storm water runoff is to incorporate a series of storm water management facilities (SWMF). Potential SWMF locations in the STAA were identified based on a review of the existing topography and location of receiving water bodies and/or water courses.

[155] The ISL Study explained that some lands in the west STAA are low and may require wastewater lift stations to service future development; however, interim servicing options may be used to allow development to proceed until the area is developed to urban standards. Water can be extended from existing water treatment plants; however, interim options may also be required to allow development to proceed before the construction of new transmission mains and lines.

[156] Although the ISL Study considered water and wastewater, the City stated that it has entered into a franchise agreement which gives Aquatera Utilities Inc. (Aquatera) the exclusive right to construct, maintain and operate equipment to provide waste water and water services and solid waste services within the City. The City consulted with Aquatera and the company raised no objections to the City's annexation proposals and servicing concepts. The MGB was informed that the three shareholders of Aquatera were the City of Grande Prairie, County of Grande Prairie No. 1, and Town of Sexsmith.



[157] In response to landowner requests to upgrade and pave certain roads, the City indicated that it has a process for assessing required road improvements and uses this to prioritize road construction and upgrade projects. The City stated that the roads in the STAA would be reviewed and considered during its budgeting process.

[158] In response to concerns raised by the County regarding the Wedgewood intersection, the City stated it is not aware of any confusion regarding responsibility as it is clear which municipality has control over what parts of the intersection. Moreover, there has been no determination as to the future development of the road. The City suggests this is a local issue and should not be considered in the annexation application.

### **County's Position**

[159] The County argued that the 2010 IDP identified that the two municipalities agree to make a regional road network a priority and that both municipalities would work together on joint paving projects. The City has refused to commit to any road upgrades. Furthermore, the City has refused to enable the County to undertake upgrades that would benefit both municipalities. The County contends this is contrary to the intention of the 2010 IDP. The County emphasized that roads were an important issue during the 2010 IDP public consultation process.

[160] With regards to water and wastewater, the County concedes that the ISL Study identifies that it is possible for the City to provide these services to the STAA. However, the County argues that the ISL Study does not address the issue of costs as these are to be borne by either developers or Aquatera. The County commissioned BLK Engineering to cost out the servicing study provided by ISL. The County asserted that the City should have considered these costs as part its financial impact analysis.

[161] The County also expressed concerns about the intersection where Resources Road meets Wedgewood Drive and suggested that the STAA be adjusted to give the County jurisdiction over the intersection while the City maintains control over the undeveloped right of way to the east of Resources Road.

### **Public/Landowners Position**

[162] A number of landowners expressed a desire for the City to commit to upgrades or paving for specific roads within STAA. They indicated that the roads would have been upgraded if the City had not commenced the annexation of the STAA.

### **MGB Findings**

[163] The MGB accepts that water, wastewater, stormwater and transportation service installations can be provided by the City, as the County provided no evidence to refute this matter.

[164] After reviewing the Policies 6.7.1 to 6.7.5 of the 2010 IDP as identified by the City as well as the remainder of the 2010 IDP Transportation section, the MGB agrees with the City that there is no commitment to pave or upgrade any key regional roads as argued by the County.



[165] With regards to the provision of water and wastewater services, the MGB accepts the City has a franchise agreement which gives Aquatera the exclusive rights to provide these services within the City's jurisdiction. The MGB understands that the company and future developers would be responsible for the costs associated with providing these services in the STAA. The MGB also notes that the City and the County are two of the three shareholders of Aquatera. As both municipalities are stakeholders and merit hearing notifications were published in the local newspaper, it would be unreasonable to conclude Aquatera is not aware of the proceedings. As Aquatera did not file an objection or make a submission, the MGB accepts Aquatera has no concerns with the costs associated with providing water and waste water services to the STAA.

[166] The MGB heard the City has a process for prioritizing road projects. As such, the MGB accepts the City will give due consideration to the requests and concerns brought forward by the landowners.

[167] With regard to the Wedgewood intersection issue identified by the County, the MGB concludes that this matter should have been discussed by the parties at during their 2010 IDP negotiations. As there may be some dispute over the future development of this road, the MGB considers the future of the intersection and its roads to be a local matter that should be resolved by the two municipalities at a later date.

#### **Annexation Lands Overarching Issue Recommendation**

[168] In its examination of the annexation land overarching issue, the MGB has: confirmed that the 2010 IDP is still an existing and should be given a considerable amount of weight by the MGB; agreed the annexation application development process conducted by the City was reasonable; accepted that the annexation land requirement and area should be consistent with the STAA as requested by the City; determined that annexation area can be provided with the required infrastructure, and established that environmental issues have been considered. Therefore, the MGB recommends that the annexation of the 6,316 hectares of land identified in

Appendix A of this Report and shown as a sketch in Appendix B from the City to the County.

#### **Financial Impacts Overarching Issue**

[169] Having reached a conclusion about the annexation area, the MGB will now consider the associated financial impacts overarching issue. The following section summarizes the party positions and the MGB's findings for the following sub-issues:

- compensation for lost municipal tax revenue,
- debentures,
- existing infrastructure compensation,
- solid waste,
- effective date,
- assessment and taxation transition provisions, and
- municipal financial impacts.



[170] A summary of the MGB's recommendations related to these financial issues will be provided at the end of this section. As the MGB is not recommending the County's alternative 543 hectares annexation proposal, the MGB will not consider the financial issues the County suggested in association with this alternative.

### **Compensation for Lost Municipal Tax Revenue**

[171] The two municipalities expressed differing opinions with regard to the compensation for lost municipal tax revenue associated with the transfer of the annexation area.

#### **City's Position**

[172] The City is willing to pay the County compensation for lost municipal tax revenue from existing development in STAA using the five year declining method. It was explained this is reasonable given that the majority of the land within the proposed annexation area is agricultural. The City suggested the following compensation for lost municipal tax revenue schedule:

- In year one, the City would pay the County 100% of the 2015 municipal taxes generated by the County from existing development in the STAA;
- In year two, the City would pay the County 80% of the 2015 municipal taxes generated by the County from existing development in the STAA;
- In year three, the City would pay the County 60% of the 2015 municipal taxes generated by the County from existing development in the STAA;
- In year four, the City would pay the County 40% of the 2015 municipal taxes generated by the County from existing development in the STAA; and
- In year five, the City would pay the County 20% of the 2015 municipal taxes generated by the County from existing development in the STAA.

[173] No further payments would be required after the year five. The City also requested the payment be due on or before December 31.

[174] It was submitted that the City of Grande Prairie Fiscal Impact Analysis of Proposed Annexation Area Final Report (City FIA) estimated that the 2015 compensation amount would be \$1.43 million. Applying this estimate, the City FIA estimates the total amount of compensation for lost municipal tax revenue to be \$4.3 million over the five year period.

[175] The City FIA also estimated that the annexation would reduce the County's operating expenses by \$683,000, decrease the County's capital expenditures by \$864,425 and decrease its operating revenues by \$105,458. As operating revenues impacts are closely tied to operating and capital expenditures, it was projected that the annexation would decrease the County's operating revenue by less than 1.5%.

[176] The City does not agree with the County's suggested 10 year non-declining compensation for lost municipal tax revenue formula. It was explained that this type of compensation is meant to buffer a municipality from the financial impact of the annexation. As the City FIA identifies that the impact of the proposed annexation in terms of the change in municipal property taxes for



County landowners is at most 0.6%, the City emphasized that the impact of the annexation to the County is minimal and the additional payment period is not justified. With regard to other MGB recommendations allowing a 10 year non-declining formula to calculate compensation for lost municipal tax revenue, the City highlighted that in all these recommendations the two municipalities were able to reach an annexation agreement which included compensation amounts.

[177] The City argued that the MGB should not consider the costs associated with lost opportunities in its deliberation about the compensation for lost municipal tax revenue as the STAA does not include areas identified by the County for priority industrial or residential growth. With regard to the County's argument that the Didsbury/Mountain View MGB recommendation considered costs for consultants, the City noted that Didsbury and Mountain View were in agreement with the proposed annexation, which is not the case in this situation.

### County's Position

[178] The County disagreed with the 5 year declining balance method being suggested by the City.

[179] The County maintained that the annexation area is very large and will provide the City with a land supply well in excess of the 30 years contemplated by the 2010 IDP. Therefore, the County argued that compensation for lost municipal tax revenue should be an amount equal to the municipal revenue generated by the STAA for a period of 10 years and estimated the amount to be \$920,000 per year based on 2013 assessment and taxes. The County stated that this amount did not include the education tax component or linear tax revenue.

[180] The County argued that the 10 year non-declining balance method was reasonable. It reported that there are precedents for longer compensation periods and explained that the Didsbury/Mountain View (MGB Board Order 135/08), Crossfield/Rocky View (MGB Board Order 049/10), and Chestermere/Rockyview (MGB Board Order 018/09) annexation recommendations all included provisions that would allow the municipality from which the land is being annexed to receive compensation for a 10 year period.

[181] The County also suggested the longer compensation period would partially compensate it for the significant costs it incurred related to consultants, staff and legal fees required to respond to this annexation application. It submitted that the Didsbury/Mountain View MGB recommendation provided compensation for retaining the services of consultants. Moreover, as the City is attempting to obtain a greater share of industrial growth in the region, the County asserted that a longer transition period would compensate it for the loss of future development opportunities.

[182] The County did not specify an annual payment due date.

### MGB Findings

[183] As there was some discrepancy between the submissions of the City and the County about the amount of the municipal tax revenue generated in the STAA, the MGB requested



updated information from the County after the hearing. The MGB was informed that the amount of municipal taxes generated in the STAA for 2015 was \$1,471,595, with an additional \$65,554 generated from linear assessment.

[184] The County asked the MGB to consider such things as the expenses incurred for consultants, staff costs, and legal fees during its deliberations on compensation for lost municipal tax revenue. The MGB Annexation Procedure Rules state that persons that participate in MGB proceedings do so at their own expense. The MGB sees no reason to depart from this rule in this case. Moreover, the MGB does not accept the County’s request to consider lost opportunities as a factor as there was no evidence to demonstrate the STAA contained an existing or pending development that would produce a substantial municipal revenue source.

[185] The MGB was asked by the City to exclude the linear property revenue as part of the compensation for lost municipal tax revenue calculations. The information provided in the County’s submissions specifically noted that linear property was not included as part of its calculations. Therefore, the MGB did not include the linear municipal tax revenue as part of the municipal tax revenue loss compensation calculations.

[186] The MGB was presented with two different compensation for lost municipal tax revenue calculation methodologies. Using the five year declining balance method suggested by the City and applying the updated information from the County, the MGB calculates that at the end of the five year period the City would have paid the County \$4,414,785 (see Table 1 for the MGB calculations). Using the 10 year non-declining method suggested by the County and applying the 2015 updated information, the City would pay \$1,471,595, which would result in the City paying \$14,715,950 over the 10 year period.

Table 1: Compensation for Lost Municipal Tax Revenue – 5-Year Declining Balance

<b>Compensation for Lost Municipal Tax Revenue</b>			
<b>5-Year Declining Balance</b>			
<b>Year</b>	<b>Percentage of 2015 Municipal Tax Revenue</b>	<b>Annual Payment Without Linear</b>	<b>Annual Payment With Linear</b>
1	100	\$1,471,595.00	\$1,537,149.00
2	80	1,177,276.00	1,229,719.20
3	60	882,957.00	922,289.40
4	40	588,638.00	614,859.60
5	20	294,319.00	307,429.80
<b>Total Payment to the County</b>		<b>\$4,414,785.00</b>	<b>\$4,611,447.00</b>

[187] With regard to the other annexations in which the MGB has recommended a 10 year non-declining compensation method, the MGB notes that the two municipalities in each case were able to reach an annexation agreement. The MGB concludes that the annual compensation payments and time period would have been one of many matters they negotiated as they were developing their agreement. It is clearly not the case in this annexation.



[188] The MGB notes that the purpose of compensating a municipality for lost tax revenue is to allow the municipality from which the land is being annexed time to adjust its budget and is not to be a type of revenue sharing. The MGB was not convinced there would be any substantive or unique cost to the County as part of the annexation, so revenue sharing was not considered appropriate. The MGB accepts the financial impact on the County would be minimal compared to its overall operating budget, and concludes the \$14,715,950 over the 10 year period would be excessive. Therefore, the MGB recommends the five year declining balance municipal tax revenue loss compensation method. Moreover, starting in 2016 the properties in the annexation are to be taxed by the City using the lower of the municipal tax rates established by the City or the municipal tax rates established by the County in the previous year (see Landowner Assessment and Taxation Transition Provision section). As such, the MGB finds it reasonable to use the amount of municipal taxes generated in the STAA for 2015 as the basis for its compensation for lost tax revenue calculations. The MGB concludes this will provide certainty to the municipalities with regard to this issue.

[189] Since the County did not specify a preference, the MGB accepts the suggestion by the City that the payments be made on or before December 31 of the year they are due.

#### **MGB Recommendation– Compensation for Lost Municipal Tax Revenue**

[190] Based on the findings above, the MGB makes the recommendation:

The City shall pay to County the following:

- (a) \$1,471,595.00 on or before December 31, 2016,
- (b) \$1,177,276.00 on or before December 31, 2017,
- (c) \$882,957.00 on or before December 31, 2018,
- (d) \$588,638.00 on or before December 31, 2019, and
- (e) \$294,319.00 on or before December 31, 2020.

#### **Debentures**

[191] The positions of the municipalities in relation to debentures within the STAA are provided below.

#### **City's Position**

[192] The City stated that it is prepared to assume the remaining annual debenture payments for infrastructure in the annexation area. This includes the RR63, RR60, and RR55 road projects as well as the portion of the West Aqua Water Line project within the annexation area.

#### **County's Position**

[193] The County requested that all the infrastructure debentures within the proposed annexation area be transferred to the City. The County contends that these costs should be considered a transition item attached to the annexation area. As a measure of good faith, the County is not requesting compensation for the expenditures it has already made towards these items. Table 2 provides information about the debentures within the STAA.



Table 2: STAA Debenture Information

<b>Debenture Purpose</b>	<b>Principal Balance (as of Dec. 31, 2015)</b>	<b>Payment Due Dates</b>	<b>Final Payment Date</b>
RR 63 (Road)	\$161,385.00	June and December	December 15, 2021
RR 60 (Road)	\$297,297.00	June and December	December 15, 2026
RR 55 (Road)	\$319,318.00	June and December	December 15, 2021
West Aqua Water Line	\$58,163.00 (Est.)	June and December	December 15, 2029
<b>Total</b>	<b>\$836,163.00</b>		

Source: Report on the City Annexation Application Submitted by John Simpson March 2014

**MGB Findings**

[194] The MGB is pleased the City and the County were able to come to an understanding on this issue. The MGB agrees that Section 138(1)(b) of the Act identifies that “all the assets, liabilities, rights duties, functions and obligations of the old municipal authority that relate to the area of land automatically pass to the new municipal authority and cease to be those of the old municipal authority”. The MGB considers a debenture to be a liability related to the STAA. Therefore, the MGB notes that the principal balance amounts remaining on the debentures within the STAA will be transferred from the County to the City after the effective date of the annexation.

[195] As this matter is already contemplated by the Act and the two municipalities have listed the debentures, this matter does not have to be addressed by an Order in Council. The MGB is confident that the amounts can be verified by either the municipal auditors or the independent party that issued the debenture.

**Existing Infrastructure and Upgrades Compensation**

[196] The two municipalities were unable to resolve their differences about compensation for existing infrastructure and upgrades within the STAA.

**City’s Position**

[197] The City identified a number of concerns with the County’s request for compensation related to self-funded infrastructure within the STAA. First, without an itemization of the original construction costs and depreciation it is not possible to determine an appropriate amount. Second, the City was concerned that there was no analysis to substantiate the amounts requested for the portion of the projects within the STAA. Third, no information was provided to identify if the project costs were funded by the County or through another sources. Finally, one project was completed during the annexation negotiations, without the City’s consent. The City also informed the MGB that the County had government grant funding allocated to the RR70 paving project, but decided to use these funds elsewhere since the road was in the annexation area.

[198] With regard to previous MGB recommendations in which compensation was paid for infrastructure, the City identified that in these instances the initiating municipality and the municipality from which the land was annexed were able to reach an annexation agreement.



[199] The City argued that the engineering project costs identified by the County should not inform the MGB when making a decision about the self-funded infrastructure costs. The City stated that its engineering standards are different from the County's. Therefore, the City should not be required to pay for work that it cannot use in the future. Moreover, these engineering projects are not associated with the five self-funded projects identified by the County. Similarly, the City remarked that the rural addressing initiative should not be a consideration of the MGB.

### **County's Position**

[200] The County identified that the Act requires all County assets within STAA be transferred to the City after the annexation. It was explained that over the years the County has chosen to directly fund a number of capital projects. The County argued that it should not be punished for being fiscally responsible for self-funding these projects rather than financing them through debentures. Therefore, the County requested compensation for the depreciated value of these projects.

[201] The County explained that it uses a 16 year lifecycle for its infrastructure and identified that five road projects completed since 2006 still have significant remaining life spans. The County calculated the total recoverable costs to be \$1,175,562 as of December 31, 2014 and \$984,654 as of December 31, 2015. It was stated that the County would use this compensation for other roads in its jurisdiction.

[202] The County highlighted that the MGB has allowed compensation for existing infrastructure in previous annexation recommendations. It cited the Airdrie/Rocky View (MGB Board Order 070/03), Didsbury/Mountain View (MGB Board Order 135/08), Airdrie/Rocky View (MGB Board Order 012/12), Stettler/Stettler (MGB Board Order 071/10), and Calgary/Rocky View (MGB Board Order 079/07) recommendations as including compensation for completed road projects within the area being annexed.

[203] The County noted that it has also incurred costs for engineering work necessary for road upgrading and four future road projects. The County stated that the cost of the five engineering projects undertaken for future road projects was \$93,384.61. Moreover, the County identified that it recently undertook a rural addressing initiative which ensures emergency vehicles can safely locate every residence and business during an emergency. Although the County is not requesting compensation for engineering costs or the rural addressing initiative, they are factors that should be weighed by the MGB when considering the amount of compensation for existing infrastructure compensation.

### **MGB Findings**

[204] The MGB acknowledges that Section 135(1)(b) would require the municipal assets associated within the STAA to transfer from the County to the City after the annexation. This section is clearly a provision designed to reduce possible confusion caused by a change in jurisdiction or municipal status.



[205] Although the County did not request compensation for the rural addressing initiative and engineering studies, it did request the MGB consider this information when making its decision about the self-funded infrastructure compensation. The MGB acknowledges the rural addressing initiative is related to the STAA. However, this project was undertaken for the benefit and safety of all the residents in the County and was not targeted specifically to the STAA. The MGB was also not influenced by the costs of the engineering studies. The MGB understands that different municipalities have different standards for roads and agrees that some aspects of an engineering study are transferable. However, the MGB was not convinced there would be substantial benefits to the City.

[206] All municipalities plan, construct, and maintain roads for the benefit of their landowners, residents, and the traveling public. The autonomy given to municipalities by the Act allows them to identify infrastructure requirements, set priorities, and determine how the municipality will fund these projects. The MGB accepts that these costs can be substantial and agrees that it has in the past made annexation recommendations that provide compensation for infrastructure that will be transferred as a result of an annexation. However, the MGB notes that in all the recommendations cited by the County the municipalities had been able to reach an annexation agreement. As agreements were in place, the MGB typically accepts that the infrastructure compensation suggested jointly by the municipalities was negotiated as part of their overall compensation package. In this case, the City and the County were not able to agree to a compensation package.

[207] Although the County provided an overall depreciated amount for the five infrastructure upgrade projects, the MGB finds that the County did not submit sufficient evidence. Specifically, no information was provided to establish how much the project costs were funded by the County or through another source. As the two municipalities were not able to reach agreement, financial information regarding these projects should have been provided by an independent third party. Moreover, the MGB cannot determine whether the taxes of the landowners in the STAA have already paid for these roads. Therefore, the MGB does not recommend compensation for the County's existing self-funded infrastructure upgrades.

### **Solid Waste**

[208] The MGB received differing views from the parties regarding future solid waste fees.

### **City's Position**

[209] The City is aware that the landowners within the STAA do not pay a fee to use the Clairmont Waste Management Facility (Clairmont WMF). After the annexation, solid waste services will be provided in the developed areas but not in the unsubdivided areas. The City explained that County residents do not receive garbage and recycling pick up services and are responsible for their own waste disposal; however, they receive free waste management services at County solid waste facilities with proof of residency. The City has established a franchise agreement with Aquatera for solid waste services and that its residents are required to pay for using the Aquatera Waste Management Facility (Aquatera WMF). The City is proposing to reimbursing landowners within the STAA for using the Clairmont WMF for five years.



[210] The City does not support the \$150,000 per year for ten year counter proposal from the County as the County provided no analysis about how this figure was calculated

#### **County's Position**

[211] The County stated that it operates a number of landfill sites throughout its jurisdiction and that County residents are allowed to use land fill and transfer stations free of charge. The County proposed that the City compensate it (according to the fees and rates at the time of use) for landowners within the STAA to continue to use the Clairmont WMF for a period of 10 years on a pay per use basis. The County estimates this amount to be \$150,000 per year.

[212] The County explained that the City only offers weekly solid waste pick-up in developed areas, but that most of the STAA would not receive this service until urban development occurred. The County stated it made this offer in order to reduce the impact of the annexation on the landowners.

#### **Landowners Position**

[213] A number of the landowners expressed concerns about having to pay for solid waste disposal after the annexation. They expressed concern that they should not lose this benefit just because of a boundary change. Many agreed with the 10 year period suggested by the County.

#### **MGB Findings**

[214] In essence, the MGB heard that there was a desire on the part of both municipalities to address the solid waste issue by assisting the landowners in the STAA to transition to the City. However, the two municipalities were unable to agree on the length of time for this transition as well as the method to determine payment. The MGB agrees the County provided no evidence to determine how it estimated the annual payment (estimated to be \$150,000), how it determined that a 10 year period would be appropriate, or why the solid waste removal should only be limited to the Clairmont WMF. While the City did not substantiate why it suggested the five year period, the MGB understands weekly curbside solid waste removal will be provided to developed areas by the City and that this service will eventually move into the STAA as development occurs. It is clear the City would rather reimburse landowners directly.

[215] It is unfortunate that the two municipalities could not to reach agreement even this issue. However, solid waste removal is a local matter that should be dealt with by the municipalities. As such, the MGB agrees with the solid waste proposal and time period suggested by the City. As the County brought this matter forward in support of the STAA landowners, the MGB accepts the County will work with the City to establish a process that will benefit all parties.

#### **Effective Date**

[216] The effective date specifies when the annexation area will transfer jurisdiction and the annexation conditions come into effect. The positions of the two municipalities regarding this matter are examined below.



### **City's Position**

[217] The City noted that the County suggested the effective date of the annexation to be December 31 to address issues regarding school requisitions. Although it understands the County's request and concerns about the school requisitions, the City believes the two municipalities should be able to address this matter at the administrative level. The City stated that it wanted to retain the effective date of January 1 for ease of transferring the assessment and taxation obligations after the annexation.

### **County's Position**

[218] The County requested the effective date of the annexation be December 31. It reported that the process for collecting education tax requisitions involves a lag of one year as they are calculated using equalized assessment. Therefore, the County's education tax requisition after the annexation would be based on the pre-annexation larger area. Without mitigation measures, the County's requisition would be \$480,000 too much.

[219] The NAM Report suggested two ways to address this issue. Alberta Municipal Affairs (AMA) Bulletin No. 09-04 suggests that this could be addressed by transferring the education tax revenues raised on the annexed properties within the City back to the County in the year the annexed properties become taxable in the annexing municipality. The other option is to change the effective date to December 31. The December 31 solution has been used in other annexation recommendations made by the MGB. The NAM Report states that either of these options offers an equitable solution; however, the County would prefer the MGB recommend the effective date to be December 31.

### **MGB Findings**

[220] As mentioned previously, the effective date specifies when the annexation area will be transferred between jurisdictions and when the annexation conditions come into effect. The MGB acknowledges the school requisitions are based on the equalized assessment from the previous year. However, as AMA is responsible for the development and distribution of school requisitions for the Province and has addressed this issue in Bulletin No. 09-04, the MGB finds that it should follow the advice provided by AMA. Moreover, changing the effective date one day would require a recalculation of the lost municipal tax revenue calculations and debenture amounts. Therefore, the MGB finds the effective date of the annexation should be January 1.

### **MGB Recommendation**

[221] Based on the findings above, the MGB recommends the effective date of the annexation to be January 1, 2016.

### **Landowner Assessment and Taxation Transition Provisions**

[222] Assessment and taxation transition provisions allow landowners within the annexation area an opportunity to adjust to the financial changes that may occur as a result of the change in jurisdiction. These provisions identify the period, special assessment and taxation conditions as and "triggering events" that will remove these conditions. The position of the City, the County, and the landowners along with the findings of the MGB are provided below.



### City's Position

[223] The City proposed assessment and taxation conditions, which include provisions to protect landowners and specify events that would remove those conditions. It was stated that these tax provisions are in line with the previous MGB annexation recommendations.

[224] With regard to tax protection period, the City suggested that non-farm property be given tax protection for 15 years followed by a 5-year phase in period and farm property be given taxation protection for 25 years followed by a 5-year phase in period. Non-farm property would be assessed as if it was in the City immediately after the annexation while farm property would be assessed as if it was in the city at the start of the five-year phase in period. The City stated that these provisions provide a lengthy period in which there will be no impact to the landowners. The City indicated that it believes these time horizons are fair and does not wish to extend the timeframe. The City also suggested that the properties in the annexation area be taxed using the lower of the municipal tax rates established by the City or the municipal tax rates established by the County in the previous year. With regard to extending the provisions to linear assessment, the City noted that linear property holders were contacted about the annexation but did not choose to respond. Therefore, the issue of whether the tax protection should be extended to these properties should not be an issue before the MGB. The City stated that the landowners in the STAA are not expected to face any detrimental impacts due the tax protection period. However, the City did recognize there would be a significant increase for residential properties in the STAA once the tax rates were removed. The City expects that the development potential of the property is likely to be greater than the municipal tax increase.

[225] The City has proposed "triggering events" which would remove the assessment and taxation for a property. In general, the assessment and taxation protection provisions would be removed if the land was:

- redesignated at the request of the landowner,
- the subject of a local improvement bylaw partially or completely funded by the City that results in the connection of improvements on the parcel of land to water or sanitary sewer services, or
- subdivided (except for the subdivision of a farmstead from an unsubdivided quarter section).

[226] The City's proposal would allow an unsubdivided quarter section used for farming purposes to subdivide out one parcel (with or without a farmstead) without the loss of the assessment and taxation transition provision. The remnant parcel from a subdivision of this type would not lose its tax protection; only the newly created lot would be subject to the City's assessment methodology and taxation rates. It explained this will deter sporadic separation of large areas of undeveloped land which would restrict future urban style growth. This also allows a landowner to retire on the property while the farming operation continues through a family member. Although the 2010 IDP allowed three parcels to be subdivided out of a quarter section, the City contends that was as an interim measure instituted prior to the annexation. The City also stated that obtaining a development permit would not cause a change in the assessment and taxation transition protection.



[227] With regard to the local improvement “triggering event”, the City’s position is that only developments where water or sewer is connected to any parcel by way of a local improvement bylaw which is funded in part or completely by the City would result in the loss of the assessment and taxation transition provisions. It was explained that in situations where the projects were funded up front by City taxes, the parcels benefiting should have to pay City tax rates. This City agreed there may be situations in which a landowner may not agree with a local improvement but still have the assessment and tax transition conditions removed. However, the City cites other annexations in which these “triggering events” have been included and contends that this condition is reasonable.

### **County’s Position**

[228] The County argued that the financial impact on property owners arising from the annexation would be significant given the size of the area. Therefore, the County requested longer assessment and taxation transition periods for both farm and non-farm property. With regard to farm property, the County suggested these properties should be taxed at the lower of the municipal tax rates unless developed to an urban standard. For non-farmland (residential, commercial, industrial and other including linear), the County suggests these properties be taxed at the lower of the two municipal tax rates for 50 years unless the parcel is developed to an urban standard. The County defines urban standard as a parcel of land that is connected to municipal water and sewer, has paved roads and street lighting and garbage collection.

[229] The County contends the annexation area is large and landowners may not realize development for a long time. At the end of the assessment and transition period landowners in the STAA would experience significant tax increases. It was noted that the Drayton Valley/Brazeau County (MGB Board Order 058/11) and Sexsmith/Grande Prairie (MGB Board Order 148/08) annexation recommended a 50 year tax provision and the Calgary/M.D. Rocky View (MGB Board Order 079/07) annexation recommendation found it appropriate for properties to be based on County rates until the land is no longer used as a farmstead. The County indicated that the 50-year transition period allowed for these annexations should be the minimum level of protection given to this annexation.

[230] The County stated that the loss of the assessment and taxation transition protection as a result of a local improvement project causing landowners to have to connect to water or sanitary sewer service is unfair. It was argued that this triggering event may be beyond the control of the landowners. Intermittent development could bring water and sewer services past existing lots, which may require the connection to these services. It was noted that many rural residents already have existing private water and sewage services. The removal of the assessment and taxation transition provisions combined with the costs of having to connect to the services could create undue financial hardship for landowners.

[231] The County explained that the 2010 IDP allowed farmstead separations, physical severances and/or subdivisions to create up to three country residential parcels per quarter. It explained that this provision was an attempt to ensure landowner flexibility and choice while preserving urban growth capacity in the annexation area. It would be unfair to punish those landowners who did not take advantage of this opportunity prior to the annexation. The County



suggested similar provisions be included as a condition of the annexation. The County notes that as the 2010 IDP will not change unless agreed to by both municipalities so the lands in the annexation area should enjoy the same flexibility as those in the other areas addressed by the 2010 IDP.

### Position of Landowners/Public

[232] A number of landowners expressed concerns that the shift to City assessment and taxation would increase their taxes substantially. It was also reported that the possibility of removal of the assessment and taxation provision may make their property less marketable. Others landowners expressed the opinion that the City was discouraging acreages and the ability of landowners to subdivide and sell their property. The MGB also heard that the annexation would create a financial hardship for people on low or fixed incomes and could result in these people having to sell their homes. It was also argued that the financial impact on property owners arising from the annexation would be significant and the MGB was requested to provide a longer assessment and taxation transition period. A few landowners identified a fear that a development on their property would remove the assessment and taxation conditions. Concern also was expressed that the residents may have to pay City taxes without having access to urban style services like street paving, curbs and gutters, and street lighting.

### MGB Findings

[233] The MGB respects the efforts of the County to assist the landowners. The MGB also respects the desire of the City to mitigate the impact of the annexation on landowners in the STAA. With regard to the assessment and taxation transition time period, the MGB recommends non-farm property assessment and tax protection be 20 years followed by a 5-year phase in period and farm property assessment and taxation protection to be 30 years followed by a 5-year phase in period. The MGB finds this is reasonable as this allows non-farm properties 25 years to adjust to City taxes. The 35 year adjustment period for farmland will assist in the preservation of agricultural land still in production if development has not reached that far. Moreover, to ensure the change from the County to the City does not unduly affect the assessment of the property during the transition period, the MGB also recommends the non-farm property be assessed as if it was in the County for the entire 25 years and the farm property be assessed as if it was in the County for 35 years. The MGB accepts the City's request that the properties in the annexation area be taxed by the City using the lower of the municipal tax rates established by the City or the municipal tax rates established by the County in the previous year. As the MGB has already limited the amount of municipal tax revenue lost compensation to the County, the MGB concludes the extension of the transition provision period is fair to the City and the landowners in the STAA.

[234] The MGB finds that the "triggering events" that would remove the assessment and taxation transition provision suggested by the City are reasonable. The redesignation of a parcel to a land use other than urban reserve (or its equivalent), or to a land use other than that permitted by the County land use designation in effect for the parcel at the time of the annexation ensures landowners can continue to use their property in its current manner. The redesignation of property or subdivision typically means an intensification of the land use is contemplated, so additional infrastructure or services may be required. The removal of the transition conditions as



a result of a subdivision requested by a landowner, other than that of a farmstead, protects agricultural operations by reducing the pressure for premature development. A local improvement related to water and/or wastewater services generally signifies that the area is becoming urban in nature and that the properties may begin to benefit from increased values.

[235] The MGB has established an annexation principle which requires that the conditions of annexation must be certain, unambiguous, enforceable and be time specific. The proposed tax protection “triggering event” for farm property by the County provides no specific end date; rather it suggests the attainment of urban standard. Although the term “urban standard” is defined, the definition is multifaceted, subjective and ambiguous. Urban municipalities may choose not to pave roads for various reasons, landowners may choose not to connect to municipal water and sewer, and garbage collection may not be provided for certain properties, such as industrial and commercial. Although the County specified a time period for non-farm property, again the development to an “urban standard” is ambiguous. With regard to the Calgary/Rocky View annexation conditions, the MGB notes that it is not bound by its own previous decision. However, the Calgary/Rocky View annexation recommendation, the municipalities were in agreement, the conditions specify a timeframe for rural properties to convert to Calgary tax rate, and “triggering events” are not ambiguous as the Act and the provincial assessment regulations provide clear definitions.

[236] The MGB expects that the municipalities will consider the assessment and taxation period as well as “triggering events” as part of their overall compensation strategy. For example, with regard to the Sexsmith/County of Grande Prairie annexation, the MGB notes the County suggested a larger annexation than originally identified by Sexsmith. Sexsmith may have been able to offer a 50 year assessment and taxation transition period because the County only requested 25% of the tax revenue generated for a period of three years as compensation. This is not the case in this annexation.

[237] The MGB finds that extending the assessment and taxation transition provisions to linear as suggested by the County would be inappropriate. The “triggering events” suggested by the County are unsuitable for this type of property.

[238] The MGB accepts the City’s assertion the assessment and taxation conditions would not be removed if the landowners did not connect to a local improvement. This will allow the landowners to continue to use private water and waste water systems without penalty.

**MGB Recommendation**

[239] The MGB recommends the following assessment and taxation conditions:

**Non-farm Property**

- (1) For the purposes of taxation in 2016 and subsequent years up to and including December 31, 2035, every parcel of land within the annexation area, other than farm property and linear property, and any improvements to it
  - (a) must be assessed by the City of Grande Prairie on the same basis as if they had remained in The County of Grande Prairie No. 1, and



- (b) must be taxed by the City of Grande Prairie in respect of each assessment class that applies to the annexed land and the assessable improvements to it using
  - (i) the municipal tax rate established by the City of Grande Prairie, or
  - (ii) the municipal tax rate established by The County of Grande Prairie No. 1 in the previous year,

whichever is lower.

- (2) For the purposes of taxation in 2036 and subsequent years up to and including December 31, 2040, every parcel of land within the annexation area, other than farm property and linear property, and any improvements to it

- (a) must be assessed by the City of Grande Prairie on the same basis as if they had remained in The County of Grande Prairie No. 1, and
- (b) subject to subsection (3), must be taxed by the City of Grande Prairie in respect of each assessment class that applies to the annexed land and the assessable improvements to it using
  - (i) the municipal tax rate established by the City of Grande Prairie, or
  - (ii) the municipal tax rate established by The County of Grande Prairie No. 1 in the previous year,

whichever is lower.

- (3) For the purposes of subsection (2)(b), if the municipal tax rate established by The County of Grande Prairie No. 1 is lower than the municipal tax rate established by the City of Grande Prairie, the annexed land and the assessable improvements to it must be taxed by the City of Grande Prairie in respect of each assessment class that applies to the annexed land and the assessable improvements to it using the previous year's municipal tax rate established by The County of Grande Prairie No.1 plus the percentage of the difference between The County of Grande Prairie No. 1's municipal tax rate and the City of Grande Prairie's municipal tax rate for the years 2036 up to and including 2040 as follows:

2036 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 20% of the difference in municipal tax rates between the municipalities;

2037 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 40% of the difference in municipal tax rates between the municipalities;

2038 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 60% of the difference in municipal tax rates between the municipalities;



- 2039 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 80% of the difference in municipal tax rates between the municipalities;
- 2040 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 100% of the difference in municipal tax rates between the municipalities.

#### Farm Property

- (1) Subject to subsection (4), for the purposes of taxation in 2016 and subsequent years up to and including December 31, 2045, farm property and any improvements to it within the annexation area
- (a) must be assessed by the City of Grande Prairie on the same basis as if they had remained in The County of Grande Prairie No. 1, and
  - (b) must be taxed by the City of Grande Prairie using
    - (i) the municipal tax rate established by the City of Grande Prairie, or
    - (ii) the municipal tax rate established by The County of Grande Prairie No. 1 in the previous year,
- whichever is lower.
- (2) Subject to subsection (4), for the purposes of taxation in 2046 and subsequent years up to and including December 31, 2050, farm property and any assessable improvements to it within the annexation area,
- (a) must be assessed by the City of Grande Prairie on the same basis as if they had remained in The County of Grande Prairie No. 1, and
  - (b) subject to subsection (3), must be taxed by the City of Grande Prairie in respect of the farm property and any assessable improvements to it using
    - (i) the municipal tax rate established by the City of Grande Prairie, or
    - (ii) the municipal tax rate established by The County of Grande Prairie No. 1 in the previous year,
- whichever is lower.
- (3) For the purposes of subsection (2)(b), if the municipal tax rate established by The County of Grande Prairie No. 1 is lower than the municipal tax rate established by the City of Grande Prairie, the farm property and any assessable improvements to it must be taxed by



the City of Grande Prairie in respect of the farm property and any assessable improvements to it using the previous year's municipal tax rate established by The County of Grande Prairie No.1 plus the percentage of the difference between The County of Grande Prairie No. 1's municipal tax rate and the City of Grande Prairie's municipal tax rate for the years 2046 up to and including 2050 as follows:

- 2046 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 20% of the difference in municipal tax rates between the municipalities;
- 2047 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 40% of the difference in municipal tax rates between the municipalities;
- 2048 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 60% of the difference in municipal tax rates between the municipalities;
- 2049 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 80% of the difference in municipal tax rates between the municipalities;
- 2050 the previous year's municipal tax rate established by The County of Grande Prairie No. 1 plus 100% of the difference in municipal tax rates between the municipalities.

[240] The MGB recommends the assessment and transition conditions identified above be removed if at the request of or on behalf of the land owner, of any of the following "triggering events" occurs.

"triggering event" means, with respect to a parcel of land within the annexation area, the occurrence, at the request of or on behalf of the landowner, of any of the following on or after the effective date:

- (i) the City of Grande Prairie Council, pursuant to the Land Use Bylaw in effect at the time for the City of Grande Prairie, approves an application by or on behalf of the landowner for re-designation of the parcel to a land use other than urban reserve (or its equivalent), or to a land use other than that permitted by the land use designation that is in effect for the parcel of land on the effective date;
- (ii) the parcel of land is subject to a local improvement bylaw providing for a local improvement project, either partially or completely funded by the City of Grande Prairie, that results in the connection of improvements on the parcel of land to the City of Grande Prairie's water or sanitary sewer services;



(iii) the parcel of land becomes a new parcel of land created as a result of subdivision, or separation of title either by registered plan of subdivision or by instrument or any other method that occurs at the request of, or on behalf of, the landowner, except where the subdivision of one parcel of land (with or without a farmstead) is from an un-subdivided quarter section in use for farming purposes.

**Municipal Financial Capacity**

[241] The two municipalities had differing views regarding the financial impact of the annexation.

**City's Position**

[242] The City commissioned the City FIA to provide an overview of the proposed annexation and to evaluate the long term impacts of the annexation on the two municipalities.

[243] With regard to the existing development, it was identified that in 2013 the 6,316 hectare STAA had 1,106 people, 467 dwelling units, 57.3 kilometers of roads, and an assessment value of \$165,503,550. Table 3 shows the immediate impact of the annexation of the STAA on both municipalities.

Table 3: STAA Existing Development (2013 Estimates)

<b>Description</b>	<b>Annexation Area</b>	<b>City Before Annexation</b>	<b>City % Change with Annexation</b>	<b>County Before Annexation</b>	<b>County % Change with Annexation</b>
Population	1,106	57,898	+1.9	21,551	-5.1
Dwelling Units	467	22,354	+2.1	8,567	-5.5
Area (ha)	6,316	7,344	+86.0	572,152	-1.1
Roads (km)	57.3	416	+13.8	3,674	-1.6
Assessment (\$)	165,503,550	7,649,455,200	+2.2	6,972,641,180	-2.4

Source: City FIA

[244] The City FIA predicts that with the annexation, the population of the City in 2043 will be 112,731, it will have 46,308 dwelling units, and 944 kilometers of roads. It also projects that in 2043 with the annexation the County will have a population of 33,586, a total of 8,567 dwelling units, and 5,854 kilometers of roads.

[245] In order to assess the long term implications of the annexation, the City FIA considered the financial impact on both the City and the County.

[246] Using marginal costs, it is projected that the City's operating costs will increase from \$126.3 million in 2013 to \$221.6 million in 2043. The operating costs for the City to service the existing STAA are assumed to be \$1.134 million and the compensation to the County for loss of municipal tax revenue is estimated to be \$1.4 million. Capital costs are funded by the municipality, through developer contributions, or by other non-municipal revenue sources. It is



projected that the City's tax supported capital costs will increase from 19.3 million in 2013 to \$500 million in 2043 as a result of increased population and development.

[247] Operating revenues are based on cost recovery by service area. The City recovers 26% of the departmental operating budget expenditures, net of operating grants and reserve fund transfers. It is expected the City's operating revenues will increase from \$37.9 million in 2013 to \$67.5 million in 2043. Based on current grant formulas, City operating grants will increase from \$3.6 million in 2013 to \$4.6 million in 2043 with the annexation. Other revenue sources, including tax penalties and costs, return on investments and other revenues (concession and utility franchise fees) are expected to increase from \$1.0 million in 2013 to \$2.0 million in 2043 with the annexation.

[248] The City FIA concludes that after the annexation the City will experience a slight increase in municipal tax rates for the first four years due to the loss of tax revenue due to municipal tax revenue loss compensation payments the City will pay the County. After that, the City will achieve increasing benefits as the STAA provides additional non-residential development. The City FIA concludes that the City will be able to financially manage the STAA after the annexation.

[249] The County's operating costs are expected to decrease by \$683,000 as a result of the annexation. As a result of road and population changes, the City FIA projects the County's operating cost will increase from \$50.7 million in 2013 to \$60.0 million in 2043. Capital costs are funded by the municipality, through developer contributions, or by other non-municipal revenue sources. It is projected that the County's tax supported capital costs will increase from \$20.4 million in 2013 to \$45.5 million in 2043.

[250] As with the City, the operating revenues are based on cost recovery by service area. It is expected the City's operating revenues will increase from \$8.0 million in 2013 to \$10.3 million in 2043. Based on current grant formulas, County operating grants will increase from \$2.3 million in 2013 to \$2.5 million in 2043. Other revenue sources, including tax penalties and costs, return on investments and other revenues (franchise and oil drilling as well as two tax sharing agreements with the city which represents an expense of \$605,000 in 2013) are expected to increase from \$56,980 in 2013 to \$515,990 million in 2043.

[251] The City FIA contends that the County will experience a slight benefit as a result of the annexation due to the loss of municipal tax revenue compensation payments. After that County tax rates increase would be less than 0.6%.

[252] In response to the NAM Report, the City argues that the City FIA did not understate the County's future fiscal position over the forecast period as suggested. The City FIA includes a substantial amount of industrial development in the City's proposed annexation area. While this may not be the preferred pattern of industrial development from the County's perspective, it is the reason for the City's annexation. Moreover, the City FIA assumed a steady growth of assessment in the County over the study period because of the undefined rate of future growth of the Clairmont Heights and the services and facilities the County may choose to provide to



support this growth. The City FIA does not suggest there are any industrial growth impediments or that there is any current unsatisfied demand.

[253] The City contends that the City FIA did not overstate the benefits it would derive from the annexation as indicated by the NAM Report. Moreover, the City FIA includes the costs associated with the annexation. The City FIA does include road costs associated with development in the STAA as well as the administrative and development costs associated with the people working in the STAA who live in the City. Moreover, it is widely recognized that industrial development helps support the costs of providing municipal services to residential development.

### County's Position

[254] The NAM Report submitted by the County argues the City FIA overstates the fiscal benefits of the annexation to the City and underestimates the County's fiscal future. The City FIA suggests the City's industrial base will increase by over 150% in 30 years while the County's industrial growth is predicted to grow by less than 60% over that period. This discounts the County's strong market presence with growth momentum supported by increasing economies of agglomeration and continued land supply opportunities. The NAM Report also states there is no evidence to indicate that regional industrial development is being impeded by lack of industrial land. Therefore, the City cannot logically show itself as benefiting just by expanding its industrial land supply. The County also argued that the City provided no financial information regarding the provision of infrastructure to the annexation area in a cost effective manner as the City expects Aquatera and developers to absorb these costs.

[255] The NAM report argued that the City has not considered the implications of a protracted absorption of the annexation area. It contends that this will increase the City's cost of administration and reduce its suggested benefits. The City FIA identifies that the annexation of the STAA would increase the City's area by 86%, its road network by 14% and its population by 1.9%. It is questionable if this would cause the City's operating expenses to increase by only 0.9%. The NAM Report also contends that the longer absorption period may result in increased property taxes for landowners in the annexation area until such time as future development reaches their lands.

### MGB Findings

[256] The MGB accepts the annexation of the STAA will not unduly impact the financial position of the County. The annexation will result in an estimated reduction of the County's operating expenses by \$683,000, which will cause a small decrease in its total operating expenses that were estimated to be 50.7 million in 2013. There will also be a small decrease in the County capital expenses (estimated to be 20.4 million in 2013) as the \$836,163 in debentures associated with STAA are transferred to the City. The MGB notes that although the County will lose the municipal revenue associated with the STAA, it will benefit from the \$1.4 million municipal tax revenue loss compensation payments that it will receive from the City. As already stated, the MGB concludes the five year compensation period should provide enough time for the County to adjust its budget.



[257] The MGB also accepts the financial position of the City will not be unduly impacted by the STAA annexation. The annexation will increase the operating expenses associated with the annexation area by \$1.134 and the amounts allocated for municipal revenue tax loss compensation as well as the payments for the transferred debentures. However, as these amounts are relatively small compared to the City's \$126.3 million operating expenses in 2013 and \$20.4 million capital expenditures in 2013, the MGB does not consider this to be an impediment to the City's financial position. The MGB acknowledges that it is common for municipalities to require developers to cover the costs associated with the provision of infrastructure. Therefore, the MGB was not convinced that City's process of having Aqutera and the developers fund infrastructure costs would have a negative impact on the City's ability to administer these services.

[258] The MGB agrees with the fact that even though the City has industrial land within its boundary it does not necessarily follow there will be an increase in industrial development in the region. The MGB also agrees the County has a competitive advantage in the supply of industrial land. However, the NAM Report did not provide enough analysis for the MGB to determine that any overstatement of the City's financial position or understatement of the County's financial position would severely impact the future financial position of either municipality. Therefore, the MGB accepts the City FIA financial projections as reasonable.

#### **Financial Impacts Overarching Issue Recommendation**

- [259] In its examination the financial impacts overarching issue, the MGB recommends:
- the compensation for lost municipal tax revenue formula be the 5 year declining balance and that the City pay the County a total of 4,611,447 over the five year period;
  - the County's debentures within the STAA be transferred to the City;
  - the County not be compensated for existing self-funded infrastructure within the STAA,
  - the landowners within the STAA be reimbursed by the City for solid waste fees for a period of five years;
  - the annexation effective date be January 1, 2016;
  - the non-farm properties be assessed and taxed at the same rate as the County for 20 years followed by a 5 year declining phase in period and farm property be assessed and taxed at the same rate as the County for 30 years followed by a 5 year declining phase in period, and
  - the "triggering events" that would remove the assessment and taxation as identified in Appendix C of this recommendation.

#### **Transitional Matters Overarching Issue**

[260] The final overarching issue involves the transitional concerns of the people affected by the annexation. The MGB received over 270 written submissions from affected landowners and the public, and more than 45 oral presentations during the proceedings regarding this proposed annexation. Since there was considerable overlap between the issues identified by the County and the concerns brought forward by landowners, this section will combine these two positions



where appropriate. The position of the County/landowners/public is provided first, followed by the response from the City and the MGBs findings. The following section summarizes the party positions and the MGB's findings for the following sub-issues:

- tax grab,
- business licenses,
- bylaw issues,
- snow removal and roads,
- schools/bussing, and
- regionalization.

### **Tax Grab**

[261] Concern was expressed that the annexation was a tax initiative "tax grab" by the City.

### **Position of Landowners/Public**

[262] A number of landowners expressed the concern that the annexation was a "tax grab". It was noted that the annexation area is very large, so the concern was expressed that the City is only annexing land in order to increase its assessment base.

### **City's Response**

[263] The City highlighted that the proposed annexation is not a "tax grab" as most of the annexation area is vacant, undeveloped and unimproved land. Moreover, the annexation area only accounts for 2 to 3% of the total assessment for both municipalities, which is relatively small. Despite the Clairmont area being a logical direction for the City to expand, the City agreed that it would not apply to annex any portion of these lands as it represents a substantial portion of the County's industrial tax base.

### **MGB Findings**

[264] The MGB concurs that this annexation is not a "tax grab" or tax initiative. The MGB has already considered the financial implications of the annexation on both municipalities and was not convinced there would be a significant impact to either municipality. Moreover, the financial changes resulting from the annexation will not prevent the City or County from being able to fulfill their mandate as specified by the Act.

### **Business License**

[265] Both the County and landowners expressed concerns about the requirement for business licenses after the annexation.

### **Position of Landowners/Public**

[266] The County explained that businesses within the City are required to purchase licenses each year. The cost of these licenses range from \$25.00 to \$3,000.00 annually. The County uses a one-time development permit application process to track businesses within its jurisdiction.



The County contends that existing businesses in the STAA should be exempt purchasing the annual business license for ten years.

[267] The MGB heard from some landowners expressing similar concerns to that of the County. It was also alleged that the annexation was just another way for the City to increase its revenues and would be unfair to small and home based businesses in the STAA.

### City's Response

[268] The City is prepared to waive business license fees for existing businesses in the proposed annexations area for five years. At the merit hearing the City informed the MGB that most business license fees are minimal at best and the fees for all business licence categories except one was under \$200.00. The City submitted that it charged a \$3,000.00 business licence annual fee for the category which covered escort services, body rub parlours or erotic entertainment agencies.

### MGB Findings

[269] The MGB finds the business license exemption for existing businesses in the STAA for five years after the effective date of the annexation to be reasonable. Only one type of business license is over \$200.00. The MGB finds this should not be a significant impediment to a small or home based business. The five year exemption should give business owners time to adjust their budgets.

### Bylaws Issues

[270] Concern was expressed that urban style bylaws would impact the rural lifestyle.

### Position of Landowners/Public and County

[271] The County and some of the landowners in the STAA argued that the landowners in the STAA should be allowed three subdivisions without triggering the loss of the assessment and taxation protection in accordance with Policy 6.1 of the 2010 IDP. It was argued that this should be allowed in order to be consistent with the intent of the 2010 IDP and the promises made to the landowners. The County also suggested that the City should adopt County bylaws and processes to ensure development in the STAA will continue in a manner similar to that currently accepted within the County. The County is concerned that current activities in the annexation area will be frozen without the flexibility afforded to property in the County. Landowners also expressed concerns that the assessment and taxation transition provisions would be removed if a development permit were required to upgrade a barn or construct a shed or deck.

[272] A number of landowners and members of the public brought forward lifestyle related issues and described how City bylaws would impact their rural way of life. They expressed concerns about hunting, all-terrain vehicle (ATV) use, burning refuse, recreation vehicle (RV) parking, firearm use, and animal control. Hunting and the use of fire arms are traditional rural activities done for recreation and pest control. The use of ATVs is not only a recreation activity, it is required in rural areas so that people can tend to their livestock and look after their land. City animal control bylaws may not allow people to keep horses or cattle on their property and



will not allow them to keep their animals. Residents in the annexation area may no longer be allowed to continue to ride their horses on the roads. Landowners also identified that they knew who their elected officials were and could speak with them face to face. They doubted they could get this type of access to their local politician if they were in the City.

[273] The MGB heard from other landowners that stated they did not want to become part of the City as they wanted to continue to use their land for agriculture production. Some indicated their families had been farming their land for generations and did not wish to develop. To them, farming is a way of life that they want to pass on to their children and grandchildren. Concern was also expressed regarding urban style development removing good agricultural land from production. It was also asserted that urban development in the area may increase the number of dogs and other animals that prey on livestock.

[274] Landowners pointed out that public transit and other types of urban services are only offered in urban style development area. The landowners argued that they to pay City taxes as the annexation area is so large they do not expect to receive urban services like curbs and gutters, street lights, and curb side garbage removal for a long time. Moreover, the need for such a large annexation area was questioned as there was a large amount of vacant land already within the City. Landowners and the public also expressed concerns that the City could not provide the existing services received by County residents.

### City's Response

[275] The City has requested the MGB to recommend provisions that would remove the assessment and taxation transition provisions in the event of certain "triggering events". In general, certain types of subdivisions, rezonings, and/or local improvements would remove the taxation provisions. The City argues that the 2010 IDP allows thee subdivisions on a parcel as an interim basis to allow landowners some flexibility. The "triggering events" act to deter sporadic separation of large areas of undeveloped land, which would restrict future planned urban growth for the City.

[276] The City noted that the Act states the bylaws that specifically apply to the annexations area, such as land use bylaws, would continue to apply until repealed or replaced by the annexing municipality. The City has committed to protect land uses in existence prior to the annexation by specifically identifying them in City's Land Use Bylaw. The City cannot pass a bylaw affecting the proposed annexation area until the land has changed jurisdiction. However, it has provided a detailed conceptual policy and Land Use Bylaw to help landowners understand how their existing rights will be preserved. The City intends to amend its current comparable bylaws to incorporate provisions specifically for the rural annexation area.

[277] The City also intends to ensure that landowners can maintain and enjoy their existing rural lifestyles by amending existing City Bylaws for the annexation area. However, there may be some cases where urbanization conflicts with some lifestyle opportunities (i.e. firearms). The City is prepared to work with the landowners to mitigate these concerns.



[278] In regard to concerns about services, the City stated it has committed to maintain municipal service levels equivalent to the County. With regard to municipal services like street lights and garbage pick-up, the City commented that these services would become more common as development happens. With regard to public transit, the City's practice is for public transit to follow development.

### MGB Findings

[279] The MGB does not agree with the request for long term continuation of existing County land use bylaws in the STAA. The MGB notes that Section 135(1)(d) identifies that the bylaws and resolutions of the old municipality that apply specifically to the annexation area continue to apply until repealed or replaced by the new municipality. The public consultation process required by the Act in regard to these statutory bylaws will afford landowners and residents in the STAA to express their concerns and views during the required public hearings. The MGB finds that this process will allow these matters to be discussed, debated and addressed at the local level. Moreover, the imposition of County bylaws and processes would be an infringement on local autonomy of the City and its ability to govern in accordance with the Act.

[280] The MGB accepts the 2010 IDP allows up to 3 subdivisions per quarter section. However, the MGB concludes Policy 6.1.4 of the 2010 IDP clearly identifies this as an interim measure to be instituted prior to the annexation. Therefore, the MGB finds the removal of the assessment and taxation transition provisions in the STAA after the annexation is reasonable. As identified above, Section 135(1)(d) will continue to allow landowners to subdivide their lands in the same manner as if they were in the County until such time as the City changes the bylaws for this area. The MGB accepts this can reduce premature development on some parcels and can reduce the amount of pressure exerted on farmers that wish to continue their farming operations. Moreover, the MGB concludes that none of the "triggering events" will cause the assessment and taxation transition provisions to be removed simply because the City issues a development permit.

[281] The MGB understands that an urban municipality must consider things like all-terrain vehicle (ATV) use, burning of refuse, recreation vehicle (RV) parking, and animal control when it is annexing land. However, the MGB agrees the City cannot change its bylaws until the completion of the annexation. The City has agreed to conduct a review of its bylaws and make the required amendments to these bylaws in order ensure that landowners can continue their existing rural lifestyles. As changing of bylaws is a local matter, the MGB accepts that the City will undertake the review and make the required amendments. With regard to firearms, the MGB accepts that the City will make the effort to balance the needs of the landowner with public safety.

[282] The MGB finds it reasonable to expect that urban style municipal services will extend into the STAA as the area develops. However, the MGB has extended the assessment and taxation transition provision to assist in this regard.



### **Snow Removal and Road Maintenance**

[283] The County and landowners identified issues with snow removal and road maintenance in the STAA.

### **Position of Landowners/Public**

[284] A number of landowners expressed concerns about the ability of the City to provide adequate snow removal for the annexation area. It was explained that the County removed snow shortly after a snowfall. The residents stated they were satisfied with the efforts of the County and did not want the service level to decline. Others identified that the County would clean the driveways of seniors after a snowfall. There was a desire for the continuation of the snow removal program for seniors already residing in the STAA.

[285] Members of the public from the City expressed concerns the annexation would be costly and would take away funds that should be used for maintenance. They argued that the number of potholes on City streets and the poor condition of City roads was evidence the City cannot conduct proper maintenance. It was suggested that the City does not have the resources to provide adequate road maintenance. The landowners also stated that the City should be required to pave certain roads in the annexation area.

[286] Landowners and the County also requested commitments from the City to pave certain roads within three years of the annexation. Specifically, RR64 from TWP 712 to Highway 43 (1.5 Miles), 140 Avenue from City limit to City limit (.08 miles). The County estimates it will cost \$2,317,500 for the completion of these projects. It was argued that the construction of these roads would have been done, but were not undertaken as a show of good faith. The County considers these roads to be major transportation routes that have an excess of 500 vehicles per day.

### **City's Response**

[287] With regard to road maintenance and snow removal, the City stated it had developed a plan to purchase and lease equipment and hire seven full time employees to address this issue. The City committed to maintaining the roads at current levels within the County.

[288] The City also asserted that it would be able to provide the same level of road maintenance and snow clearing services as the County. Moreover, the MGB heard that the City would continue the snow removal for the existing seniors residing in the annexation area that were accessing this program from the County.

[289] With regard to the request to pave certain roads, the City stated that the Council of the day cannot bind a future Council to spending commitments. The City indicated that it will consider all the roads within the proposed annexation area as part of its four year capital budget for future consideration. The City must assess the roads and their volume of traffic as part of the entire transportation network. Traffic levels will be monitored and the City will update its Transportation Master Plan following the annexation. Regardless, some county roads will likely



be identified as low volume/low traffic and remain gravel roads, which is consistent with rural lifestyles.

### **MGB Findings**

[290] With regard to the removal of snow and road maintenance, the MGB accepts the City's commitment to remain at the same level as in the County. The City has reviewed the annexation area in terms of roads and has established an operational budget which demonstrates its commitment to this issue. The MGB accepts the City is committed to continuing the driveway snow removal program for seniors already residing in the annexation area.

[291] The MGB finds that recommending an annexation condition that would require paving certain roads would infringe upon the local autonomy given to the City by the Act. Decisions that will impact a municipality's budget and priorities, such as paving of roads, are a local matter that should be made after considering local conditions and priorities. The elected council of a municipality is charged with the provision of services, facilities or other things that in its opinion are necessary or desirable for all or part of the municipality. The City has a process to establish budget priorities. As roads are a local matter, the MGB accepts the City will assess the condition of all roads within the annexation area and take the appropriate action.

### **Schools**

[292] A number of landowners expressed concerns about how the annexation would affect them in terms of schooling.

### **Position of Landowners/Public**

[293] A number of landowners expressed concerns about how the annexation would impact their children in terms of schooling and bussing. It was explained that an annexation would not only change the boundaries of the municipalities, but would also result in a change to the school district boundaries. The MGB heard that the annexation would cause their children to have to transfer to other schools in the City. The landowners expressed concerns that the change in schools would significantly increase the amount of time their children would have to spend going to and from City school. Moreover, they identified they may have to pay for bussing if they want their children to remain in their current schools.

### **City's Response**

[294] The City explained that school bussing is an issue addressed under separate provision legislation and therefore is outside the control of the City. However, the City did contact the Grande Prairie Separate School District No. 2357 (GPPSD), the Grande Prairie and District Catholic School District (GPDCSD), and the Peace Wapiti School District No. 76 (PWSD) regarding this issue. The GPPSD identified that after the annexation its boundaries would be expanded to include the annexation area. Free bussing would be provided to the children of the annexed area. The GPDCSD indicated that it would not be impacted by the annexation. The PWPSD stated that after the annexation the children in the annexation area would have the option of transferring to the GPPSD and receive free bussing or continue attending their existing school. If they opted to remain at their existing school in the PWSD they would no longer



receive free bussing. If the annexation becomes effective mid-year, free bussing to PWSD schools would continue until the end of the academic year. The PWSD also advised that unless the GPPSD directs the students to continue to attend a WPSD school, bussing would not be free.

### **MGB Findings**

[295] The MGB understands school boundaries and bussing are important issues. In accordance with Section 239 of the School Act the Minister responsible for Education may by order add lands to or take lands from a school district or division. The school boundary adjustment Order in Council, as with any Order in Council, would be determined on a case by case basis and could only be considered after the approval of this annexation. The MGB considers it would be more appropriate for people to work with their local school divisions or districts to bring their concerns forward to the Minister Responsible for Education after the conclusion of this annexation.

### **Regionalization**

[296] During the proceedings the MGB heard requests to consider some type of regionalization

### **Position of Landowners/Public**

[297] During the hearing, the MGB received submissions suggesting some type of regionalization in the Grande Prairie area or amalgamation of the two municipalities. It was submitted that the two municipalities had a lot in common in terms of shared resources. Changes in the economy affected both municipalities. The County's major commercial/industrial area is immediately adjacent to the northern boundary of the City. The Hamlet of Clairmont is within close proximity to the City boundary has an existing population of approximately 4,000. Plans currently in place will allow this hamlet to grow to over 15,000 people. Other large subdivisions with residential development are located adjacent to the City's eastern and southern boundary. There is a sense of community, regardless of whether the person is a resident of the City or the County. It was suggested that it would be more equitable for the residents of both municipalities if there would be one body governing the area.

### **County's Response**

[298] The County indicated it was not in favour of some type of regionalization.

### **City's Response**

[299] The City indicated an amalgamation may be something it could consider at some point in the future.

### **MGB Findings**

[300] The MGB considered the suggestion that there should be some type of regionalization or amalgamation of the two municipalities. The close proximity of the County's major commercial/industrial area, the Hamlet of Clairmont, and other residential type development around the City do create a sense of community which transcends the boundaries of the two municipalities. The MGB acknowledges there may be no distinction between rural and urban



residents during their day-to-day lives. However, amalgamations and regionalization are fundamental changes to a municipality. These changes have their own processes specified by the Act, which typically include activities designed to solicit input from all the affected citizens of both municipalities. Although this may be something the two municipalities may wish to investigate in the future, the limited scope of these proceedings makes it inappropriate for the MGB to make this type of recommendation.

### **Transitional Matters Overarching Issue Recommendation**

[301] In its examination the transitional matters overarching issue, the MGB finds:

- the annexation is not a “tax grab”,
- the existing businesses in the STAA should not be subject to business licenses for a five year period after the effective date,
- to the extent possible the City will alter its bylaws to accommodate rural lifestyle,
- the City has the capacity to maintain roads and continue snow removal at the same level as in the County, and
- the City will continue programs existing in the County.

[302] As the business license, bylaw changes roads/snow removal, and continuation of County programs are all local issues, the MGB accepts the City will comply with its commitments. However, the alteration of school boundaries is beyond the scope of an annexation. Some type of regionalization is also beyond the scope of an annexation, but is something the municipalities may wish to consider in the future.

### **Conclusion**

[303] The MGB commends the City and the County for being able to negotiate the 2010 IDP. It is unfortunate the two municipalities were unable to reach an annexation agreement. It is apparent that through the 2010 IDP and annexation process both municipalities were attempting to collaborate as well as protect the interests of their residents. It is regrettable that this collaboration did not result in the two municipalities being able to reach agreement on this matter. However, after considering all the submissions received, is hoped that this report will provide an understanding of the reasons for the MGB’s findings and recommendations. The MGB is confident the City, the County and the people can work together so that the entire region can grow and prosper.