

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 Town of Sylvan Lake, in the Province of Alberta, to annex certain territory lying immediately adjacent thereto and thereby its separation from Red Deer County.

BEFORE:

F. Wesseling, Presiding Officer
R. Mowbrey, Member
L. Yakimchuk, Member

Case Managers:
R. Duncan
C. Miller Reade

SUMMARY

After examining submissions from the Town of Sylvan Lake (Town), Red Deer County (County), affected landowners, and other interested parties, the Municipal Government Board (MGB) makes the following recommendation for the reasons set out in the MGB report, shown as Appendix D of this Board Order.

Recommendation

In consideration of the above, the MGB makes the following recommendations for the reasons set out below:

- a) Effective January 1, 2016, the land described in Appendix A and shown on the sketch in Appendix B is separated from Red Deer County and annexed to the Town of Sylvan Lake,
- b) Any taxes owing to Red Deer County on December 31, 2015 in respect of the annexed lands are transferred to and become payable to the Town of Sylvan Lake together with any lawful penalties and costs levied in respect of those taxes and the Town of Sylvan Lake upon collecting those taxes, penalties and costs must pay them to Red Deer County, and
- c) The assessor for the Town of Sylvan Lake must assess, for the purpose of taxation in 2016 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, this 18th day of November, 2015.

MUNICIPAL GOVERNMENT BOARD



F. Wesseling, Presiding Officer

APPENDIX A

**DETAILED DESCRIPTION OF THE LANDS SEPARATED FROM
RED DEER COUNTY AND ANNEXED TO THE TOWN OF SYLVAN LAKE**

ALL THAT PORTION OF SECTION THREE (3), TOWNSHIP THIRTY-NINE (39), RANGE ONE (1), WEST OF THE FIFTH MERIDIAN, LYING SOUTH OF THE SOUTH BOUNDARY OF THE RIGHT-OF-WAY OF RAILWAY PLAN 3932AP AND NORTH OF THE SOUTH BOUNDARY OF ROAD PLAN 4376 JY NOT CURRENTLY WITHIN THE TOWN OF SYLVAN LAKE.

ALL THAT PORTION OF THE SOUTH HALF OF SECTION TWO (2), TOWNSHIP THIRTY-NINE (39), RANGE ONE (1), WEST OF THE FIFTH MERIDIAN, LYING SOUTH OF THE SOUTH BOUNDARY OF THE RIGHT-OF-WAY OF RAILWAY PLAN 3932AP.

THE NORTH HALF OF SECTION THIRTY-FIVE (35), TOWNSHIP-THIRTY EIGHT (38), RANGE ONE (1), WEST OF THE FIFTH MERIDIAN.

THE NORTHWEST QUARTER OF SECTION TWENTY-SEVEN (27), TOWNSHIP THIRTY-EIGHT (38), RANGE ONE (1), WEST OF THE FIFTH MERIDIAN, AND INCLUDING PLAN 862-2925 ADJACENT TO THE WEST SIDE OF SAID QUARTER.

ALL THAT PORTION OF THE NORTHEAST QUARTER OF SECTION TWENTY-EIGHT (28), TOWNSHIP THIRTY-EIGHT (38), RANGE ONE (1), WEST OF THE FIFTH MERIDIAN NOT CURRENTLY WITHIN THE TOWN OF SYLVAN LAKE.

ALL THAT PORTION OF ROAD PLAN 862-2925 LYING SOUTH OF THE PROJECTION EAST OF THE SOUTH BOUNDARY OF PLAN 1153 CL AND NORTH OF THE PROJECTION EAST OF THE SOUTH BOUNDARY OF THE NORTHEAST QUARTER OF SECTION TWENTY-EIGHT (28), TOWNSHIP THIRTY-EIGHT (38), RANGE ONE (1), WEST OF THE FIFTH MERIDIAN NOT CURRENTLY WITHIN THE TOWN OF SYLVAN LAKE.

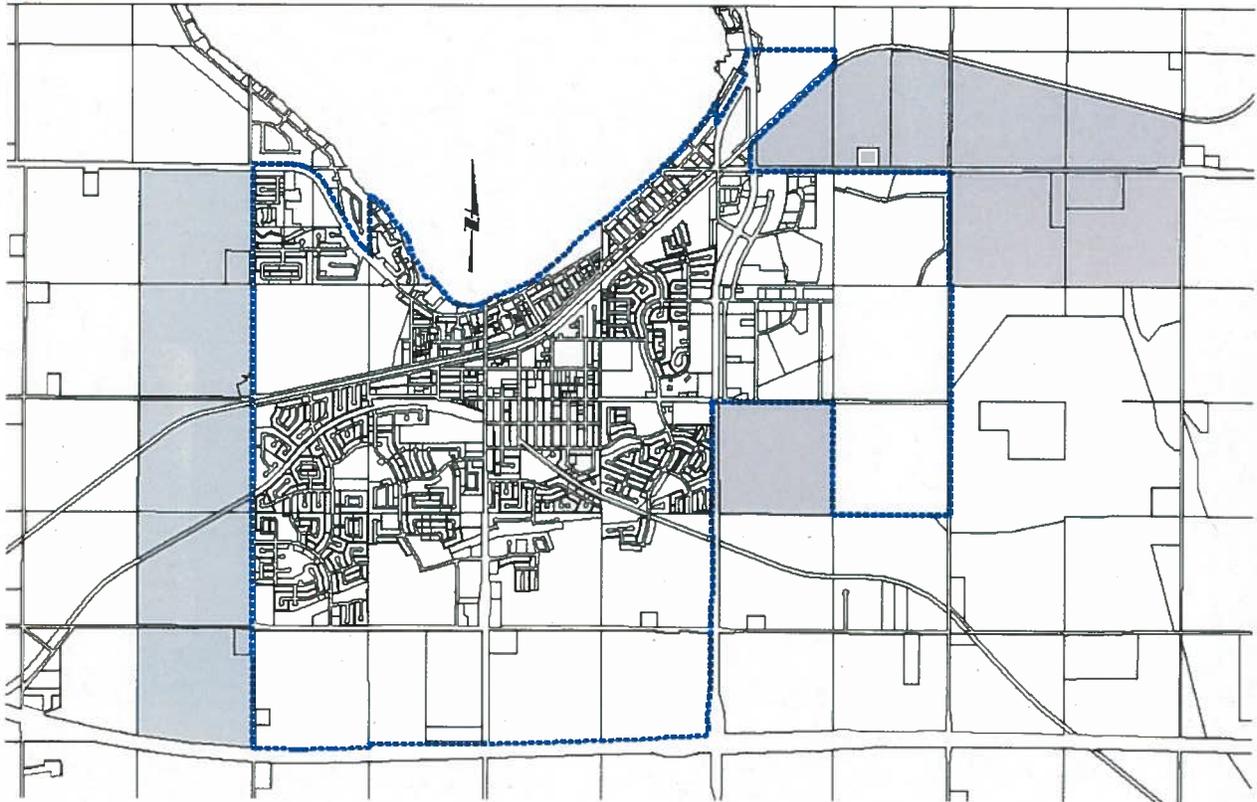
ALL THAT PORTION OF THE NORTHEAST QUARTER OF SECTION NINETEEN (19), TOWNSHIP THIRTY-EIGHT (38), RANGE ONE (1), WEST OF THE FIFTH MERIDIAN, LYING NORTH OF THE NORTH BOUNDARY OF PLAN 902-3568.

THE EAST HALF OF SECTION THIRTY (30), TOWNSHIP THIRTY-EIGHT (38), RANGE ONE (1), WEST OF THE FIFTH MERIDIAN.

ALL THAT PORTION OF THE EAST HALF OF SECTION THIRTY-ONE (31), TOWNSHIP THIRTY-EIGHT (38), RANGE ONE (1), WEST OF THE FIFTH MERIDIAN, LYING SOUTH OF THE SOUTH BOUNDARY OF PLAN 4673JY.

APPENDIX B
APPENDIX B

A SKETCH SHOWING THE GENERAL LOCATION OF THE AREAS
ANNEXED TO THE TOWN OF SYLVAN LAKE



..... Existing Town of Sylvan Lake Boundary
Annexation Areas

APPENDIX C

ORDER

- 1 In this Order,
 - (a) “annexed land” means the land described in Appendix A and shown on the sketch in Appendix B;
 - (b) “farmstead” means that portion of a quarter section that contains a dwelling and related out-buildings, and other improvements including corrals, shelterbelts, and driveways as defined in the Red Deer County Municipal Development Plan, Bylaw 2012/26;
 - (c) “Red Deer County Municipal Development Plan, Bylaw 2012/26” means that bylaw as it stood on December 31, 2015 and does not include any subsequent amendment to the bylaw.

- 2 For taxation purposes in 2016 and subsequent years up to and including 2025, the annexed land and the assessable improvements to it
 - (a) must be assessed by the Town of Sylvan Lake on the same basis as if they had remained in Red Deer County, and
 - (b) must be taxed by the Town of Sylvan Lake in respect of each assessment class that applies to the annexed land and the assessable improvements to it using the municipal tax rate established by Red Deer County for property of the same assessment class for the 2016 taxation year.

- 3(1) Where in any taxation year a portion of the annexed land
 - (a) becomes a new parcel of land created as a result of subdivision or separation of title by registered plan of subdivision or by instrument or any other method that occurs at the request of, or on behalf of, the landowner,
 - (b) becomes a residual portion of 16 hectares or less after a new parcel referred to in clause (a) has been created,
 - (c) is redesignated at the request of, or on behalf of the landowner under the Town of Sylvan Lake Land Use Bylaw to another designation, or

- (d) is connected to the water or sanitary sewer services provided by the Town of Sylvan Lake,

section 2 ceases to apply at the end of that taxation year in respect of that portion of the annexed land and the assessable improvements to it.

- (2) Notwithstanding subsection (1)(a), section 2 does not cease to apply in respect of the subdivision of an existing farmstead from a previously unsubdivided quarter section of the annexed land.

- 4 After section 2 ceases to apply to a portion of the annexed land in a taxation year, that portion of the annexed land and the assessable improvements to it must be assessed and taxed for the purposes of property taxes in the same manner as other property of the same assessment class in the Town of Sylvan Lake is assessed and taxed.

- 5(1) In this section, “compensation amount” means the amount of taxes payable to Red Deer County under Part 10 of the Municipal Government Act in respect of the annexed land for the 2016 taxation year.

- (2) The Town of Sylvan Lake must pay to Red Deer County

- (a) 100% of the compensation amount on or before July 31, 2016,
- (b) 80% of the compensation amount on or before July 31, 2017,
- (c) 60% of the compensation amount on or before July 31, 2018,
- (d) 40% of the compensation amount on or before July 31, 2019, and
- (e) 20% of the compensation amount on or before July 31, 2020.

APPENDIX D

**MUNICIPAL GOVERNMENT BOARD REPORT TO THE
MINISTER OF MUNICIPAL AFFAIRS
RESPECTING THE TOWN OF SYLVAN LAKE PROPOSED ANNEXATION
OF LANDS FROM RED DEER COUNTY**

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EXECUTIVE SUMMARY

[1] On January 14, 2015, the MGB received an annexation application from the Town of Sylvan Lake. The annexation area was based on an agreed-to area set out in the 2011 Town of Sylvan Lake/Red Deer County Intermunicipal Development Plan which totaled approximately 677 hectares or 1675 acres. The stated reasons focused on the need for additional industrial and commercial land in the Town, the need to plan in rational blocks of land, the efficient use of services and the logical expansion of growth and servicing. Several objections from landowners were included with the application package, so the MGB scheduled a hearing and published notices in local newspapers asking for additional landowner submissions. After holding a public hearing, the MGB confirmed the conditions in the annexation agreement and would recommend this annexation for approval.

Part I Introduction

[2] The Town of Sylvan Lake (Town) is in central Alberta, approximately 25 kilometres west of the City of Red Deer. Located on the south end of Sylvan Lake, the Town is near the intersection of Highways 781 and 11. The intersection of Highway 11A and 20 also bisects the Town on the east side. The Town advised of several objections from affected landowners with its annexation application. In accordance with Section 120(1) of the *Act*, the MGB notified the appropriate local authorities, affected landowners and the public of the proposed annexation and requested that any objections be filed by Monday, March 2, 2015. Consistent with Section 120(3), the MGB held a public hearing on Thursday, March 12, 2015 to receive information, evidence and argument about the annexation proposal.

[3] This report outlines the role of the MGB, provides an overview of the annexation application, describes the MGB's procedure for processing the annexation request, a summary of the March 12, 2015 public hearing, and the panel which heard the matter makes a recommendation to the Minister about the annexation.

Part II Role of the MGB, the Minister, and the Lieutenant Governor in Council

[4] Under section 116 of the *Act*, a municipality seeking annexation initiates the process by giving written notice of the proposal to the municipality from which the land is to be annexed, to the MGB, and to any local authority considered affected. The annexation notice must describe the land to be annexed; state the reasons for annexation, include proposals for public consultation, and describe proposals for meeting with and keeping landowners informed. Once notice has been given, section 117 requires both municipalities to negotiate in good faith. If agreement cannot be reached, mediation must be initiated to resolve outstanding matters.

[5] After mediation, the initiating municipality must prepare a report describing the results. The contents of the report, set out in section 118, must list the agreed-to matters and matters

where there is no agreement. If there was no agreement, the report must describe the attempt at mediation – or if mediation was not attempted, then explain why. The report must describe the public consultation and include the views expressed during this process. The mediation report is to be signed by both municipalities. Finally, if the report is not signed by both municipalities, the municipality that did not sign must provide reasons for not signing.

[6] The report is then submitted to the MGB and, under section 119, becomes the application for annexation. If satisfied that the affected municipalities and public are generally in agreement, the MGB notifies the parties of their findings. Unless there are objections filed by a specific date, the MGB will, under section 120, make a recommendation to the Minister without holding a public hearing.

[7] If the MGB finds that there is no agreement, section 121 requires the MGB to notify the parties of this finding, and conduct one or more public hearings. Under sections 123-125, the MGB has authority to hear from parties, make findings and recommendations in the form of a report about the annexation to the Minister and the Lieutenant Governor in Council (LGC). The Minister and the LGC can accept the recommendations in whole, in part, or reject them entirely.

Part III Annexation Application

[8] The Town of Sylvan Lake seeks to annex 1675 acres (677 hectares) of land from Red Deer County (County). The lands are adjacent to the northeast and west boundaries of the Town, as shown in the attached map. Legal descriptions are included in the Appendix A. The Town filed its formal notice of annexation with the MGB on January 14, 2015, followed by the notice of intent on January 21, 2015. The application outlined seven reasons for MGB to recommend the proposed annexation for approval.

Intermunicipal Cooperation

[9] Firstly, the annexation area is consistent with the Town of Sylvan Lake and Red Deer County Intermunicipal Development Plan (IDP). The IDP defines the annexation area. Section 8.4.1 states, “areas identified in the long-term expansion and annexation into the Town shall be those falling between the existing Town and the Potential Future Town Boundary shown in Map 1. All other areas shall not be annexed to the Town.” A goal of the plan is set out in Section 8.4 “to recognize and accommodate the growth aspirations of the Town in an orderly, economical and logical manner which discourages the loss and premature fragmentation of agricultural land.”

[10] The Town and County followed the procedures and protocols for annexation set out in the IDP. Any amendments were agreed to by both parties prior to the filing of the application. The application contained evidence of a meeting between the parties and a bylaw amendment in November 2014 to further define the annexation area.

[11] The Town's 1996 Municipal Development Plan (MDP) also contains general statements about intermunicipal cooperation. Consultation and cooperative planning approaches are to occur between the Town, the Summer Villages and Red Deer County. The most relevant provision is policy 4.3(3), which mentions pursuit of an integrated land use plan for the Sylvan Lake basin. While policy 4.3(2) sets out a way for private landowners to petition for annexation after completing studies, the balance of the plan is silent on growth areas or annexation areas. A draft MDP, currently under appeal to the MGB, contains a more expansive set of policies about intermunicipal planning and cooperation.

Coordination and Cost Effective Use of Services

[12] Landowner interest was the second reason for the annexation. In 2011, during the development of the IDP, many landowners expressed an interest in having their lands annexed into the Town. Annexation would allow the lands to have access to municipal services. Section 8.4.11 of the IDP also included a list of criteria that the municipalities would use to assess the appropriateness of the annexation, including d) Landowner interest in pursuing development and as high a degree of concurrence among affected landowners as possible.

Accommodation of Growth

[13] The annexation would provide area for future industrial and commercial developments. The Town contends that this annexation will help it become a complete community with employment (mainly through expansion of the industrial land base) and commercial service opportunities for current and future residents. The Town's current inventory of industrial and commercial lands is limited to several small holdings and one quarter section. The amount of highway commercial lands is also limited. The approval of this annexation would allow for 10-15 years of commercial lands and more options for industrial lands.

[14] A related reason for this annexation was "rational planning units". In its explanation, the Town stated that the annexation of lands along Highway 11A will provide an industrial area. The area is located between a railway line and the shoreline of Cygnet Lake. A single quarter section - NW27 - will combine a highway commercial node at Highway 22 and Highway 11A and residential development. This development will combine logically with existing residential development in NE27. The lands to be annexed to the west of the Town between Highway 11 and 60 Street (Range Road 15) allow for the expansion of existing residential areas and could include industrial or commercial uses adjacent to Highway 11.

Limited Availability of Lands for Growth

[15] Related to the accommodation for growth is the need for competition in available industrial and commercial land supply. There is currently a limited inventory of such lands which are controlled by a small number of landowners. One owner controls the remaining

industrial land within the Town, while two or three owners control the available highway commercial properties. The annexation area would increase locations, allow for investment opportunities and provide a range of options for industrial and highway commercial development. Increased choice and opportunities will allow for more effective market competition.

Logical Expansion of Growth and Servicing

[16] The final two reasons relate to servicing for the newly annexed areas. First, the servicing summary report submitted with the annexation application stated that the 2013 population of the Town was 13,015, and forecasted servicing based on an annual growth rate of 3.2%. The location of the annexed areas allows for the logical extension of municipal water and sewer lines and roadways.

[17] Finally, the annexation provides an economy of scale, as the area along Highway 11A on the east side of Town would allow for servicing concepts to be developed, servicing charges to be established and a larger area to distribute the costs of the utility improvements. A servicing report summary submitted with the application discussed the potential for servicing the lands by connecting to existing infrastructure and building new infrastructure. Briefly, the new infrastructure needed is as follows:

West of 60 street

- 1) A reservoir and booster station for domestic water;
- 2) A sanitary sewer lift station west of 60 Street;
- 3) Storm sewer and retention ponds required by a stormwater management plan;
- 4) Roadway upgrades to serve new development west of 60 street.

These improvements are to be funded by off-site levies or by the developer. Stormwater management plans are developed or paid for by the developer.

Southeast Lands (NW 27)

- 1) Oversizing or looping of water to connect to existing water may be required;
- 2) Extending existing sanitary sewer. The lines may need to be upgraded;
- 3) Storm sewer and retention ponds required by a stormwater management plan;
- 4) Access points onto existing roads will need to be determined by Town.

These improvements are to be funded by off-site levies or by the developer. Any studies or analysis for connecting to existing services are to be developed or paid for by the developer.

- 1) Water servicing will be dependent on types of development proposed for the area. Distribution mains required for new development as well as a connection to northeast reservoir.
- 2) A new lift station for sanitary sewer is required near Range Road 12 and Highway 11A and also a force main constructed to connect west to existing sewer servicing.
- 3) Storm sewer and retention ponds required by a storm water management plan.
- 4) Access controls may be required at Range Road 12 and Highway 11A. Access points on Range Road 11 need to be determined.

These improvements will be funded by off-site levies or by the developer. A portion of off-site levies should be allocated to any new reservoir in the area.

Coordination and Support of Statutory and Other Planning Documents

[18] The annexation area along Highway 11A was established in the 2011 Intermunicipal Development Plan developed by Town and County and included in the draft Municipal Development Plan for the Town. The annexation application stated that the intent of the application was to help the municipality to build a complete community with residential lands as well as future industrial and commercial lands that would support employment.

Affected Agencies - Alberta Transportation (AT)

[19] AT did not object to the annexation, but did provide comments as two provincial highways - 11 and 20 - are located in the Town and in the proposed annexation area. AT's comments addressed highway access and the need for future planning. For example, it provided several documents and policies for highway access to help future transportation planning around Sylvan Lake including: policies for the use of roundabouts; the Highway 11/11A Functional Plan; interchange plans for 60 Street (Range Road 15) and Highway 11. AT also highlighted its requirements for the completion of an Area Structure Plan for lands adjacent to highways, the potential need for traffic impact assessments and a reminder that if any development of subdivision accelerated the need for highway improvements that these would be the responsibility of the developer or the Town.

Public Consultation

[20] There have been several opportunities for public input as to the area of annexation. In 2011 - during the development of the IDP with Red Deer County - the annexation area was discussed during open houses and at the public hearing. Adjacent landowners and municipalities were consulted and their comments reflected during the IDP's development. In 2014, two public meetings, held in June and August, allowed for discussion about the annexation with the affected landowners and the public. These public meetings included a brief presentation and a question and answer session. The presentation included a description of the rationale, process and the

implications of the annexation. Prior to the August meeting, letters were sent to each affected landowners, and included a comment sheet to return to the Town after the meeting. The majority of questions at the meetings and returned comment sheets centered on timing of industrial and commercial development, taxation, and ability to continue existing uses and servicing.

Annexation Agreement with Red Deer County

[21] The details of the annexation agreement put forward for approval by Cabinet are set out in Appendix C of this order.

[22] *Assessment and Taxation Provisions:* In general terms, the Town will assess annexed lands and improvements as if they were part of Red Deer County and tax them using the property tax rate set by Red Deer County for the current year for the appropriate assessment class. This provision will be in place for 10 years, ending in 2025.

[23] Annexed property that is redesignated under the Town's Land Use Bylaw or connected to Town water and sanitary sewer services will lose the benefit of the assessment and taxation provisions the following year. Likewise, new parcels created by or on behalf of a land owner that are 16 hectares or less will be assessed and taxed in following years on the same basis as similar property within the Town. An exception is that the assessment and tax conditions will continue to apply if the subdivision is for an existing farmstead on a previously unsubdivided quarter section.

[24] *Compensation:* The two municipalities agreed to a compensation amount based on 100% of the taxes for 2016 and declining to 20% of the taxes for 2020. The amount is payable June 30 of each year. The compensation amount for 2016 is estimated to be \$122,966.

[25] *Subdivision Applications:* The two municipalities also agreed that any subdivision applications submitted to Red Deer County within the lands to be annexed, submitted after the annexation application, will be held in abeyance until a written decision is received from the MGB. The applications will then be handled by the appropriate subdivision authority.

[26] Boundary and other affected roadways:

- 1) The Town will assume responsibility and management for:
 - a. Range Road 12 from the north annexation boundary to the dividing line between the N1/2 and S1/2 of 26-38-1-5 and 27-38-1-5;
 - b. Township Road 384 from 60th Street to the west annexation boundary;
 - c. Township Road 385 from 60th Street to the west annexation boundary;
 - d. A new road right-of-way along the dividing line between the N1/2 and the S1/2 of 27-38-1-5.

- 2) The County will maintain responsibility and management for:
 - a. Range Road 11;
 - b. Highway 11A west of 60th Street;
 - c. Township Road 384 and Township Road 385 west of the annexation boundary.
- 3) The Town will compensate the County 50% of the estimated cost of the 2015 pavement overlay of Township Road 385, totaling \$113,500.
- 4) The Town and County will enter into a separate maintenance and inspection agreement for the bridge (described as Bridge File 7874) located on Township Road 385. (The Town will own the bridge but will contract the County of inspection and routine maintenance. Major (Capital) maintenance will be further negotiated between the parties but all costs will be ultimately borne by the Town).

Part IV Public Hearing – March 12, 2015

[27] The annexation application contained several objections from landowners; accordingly, the MGB convened a hearing on March 12, 2015 in Sylvan Lake. On February 5, 2015, the MGB sent notice letters to all landowners and referral agencies within the annexation area. Hearing notices also appeared in the **Sylvan Lake News** (February 19 and 26) and the **Red Deer Advocate** (February 20 and 27) inviting submissions prior to March 2, 2015 at noon. Written submissions were received in advance of the hearing were provided to the panel before the hearing. The following is a summary of written submissions and presentations made at the hearing.

Duke Severtson

[28] The Severtson lands are adjacent to the west annexation area in NW 30-38-1-W5M. The quarter section is bisected by the railway line and a stream. The Severtsons want the SE corner of their quarter section - which is separated from the balance - included in the annexation area. The SE corner parcel is brush covered, but has been used for pasture when necessary with cattle crossing the rail line. A fence is required to prevent people from crossing the pasture. Access to the parcel would be gained from the east, which is in the annexation area, or an access defined so that it could be given its own title.

[29] The County advised that the Severtson's quarter section is considered one parcel with access across the railway to Range Road 21, adjacent to the west boundary of the quarter section. If an application were made to the County to subdivide the SE corner, a roadway would be required and a crossing agreement could be obtained from the Railway. This roadway requirement would be consistent with other such parcels within the County.

Laurie Borrowman (for the Catholic Archdiocese of Edmonton)

[30] The Archdiocese owns a 10-acre parcel intended for a church and rectory, which are permitted uses under the Red Deer County bylaw. There is a concern that these uses might not be allowed if the lands were annexed into the Town.

[31] The Town clarified that it would consider the lands Urban Reserve/Agriculture and would accommodate the plans approved by County. Until subdivision occurs, there is no requirement for sewer and water connection or a change in assessment and taxation.

Henry Krebs

[32] Mr. Krebs owns lands within the NE annexation area. His lands are now cultivated, but are designated for industrial commercial uses in the IDP. Mr. Krebs enquired about the timing of land development and who would be preparing the plans.

[33] The Town clarified that any servicing or development plans for the area would be completed by the developer or a group of developers for the lands. Timing of the development will depend on the market for industrial and commercial lands.

Carol Ada (in writing)

[34] Mrs. Ada owns land within the west annexation area. She asked if the affected lands would be required to connect to municipal water and sanitary sewer systems upon annexation.

[35] The Town responded by stating that unless lands are subdivided or redeveloped, there will be no requirement to connect to Town sewer and water. On March 6, 2015, the Town sent a letter describing the circumstances where connection to municipal sewer and water would be required. These circumstances include additional development leading to intensification of use or inability to replace the private sewage disposal system (PSDS). In addition, the Town advised there have been some cases where landowners have continued to use wells and PSDS even after the water and sanitary sewer lines were extended past the property, paying a fee after the lines are constructed, but not connecting immediately. These situations are reviewed on a case by case basis by the Town.

Anne Reiser (in writing)

[36] Mrs. Reiser objected to the annexation as she wishes her lands to remain undeveloped and part of Red Deer County. Her 80-acre parcel contains an extensive tree stand and natural grassland. She also stated that the area has a high water table and industrial or commercial users might contaminate the water supply.

Rodney and Elaine Hansen (in writing)

[37] The Hansen's response to the Town's annexation survey stated they are not in favour of the annexation until property tax implications are known.

Hardy and Kathryn Sonnenberg (in writing)

[38] The Sonnenberg's response to the Town's annexation survey stated that they were not in favour of the annexation as it would mean higher property taxes. They also see no advantage to their property being annexed as it has onsite servicing and does not require connection to Town services.

Part V After the Hearing

[39] During the development of this recommendation and after the hearing, the municipalities requested that the MGB to move the effective date of the annexation to January 1, 2016. This change in date also required changes in the dates for the payment of compensation from the Town and County.

Part VI MGB Recommendation

[40] The MGB recommends that the annexation be approved as requested in the application. The effective date of the annexation is recommended as January 1, 2016 to allow for the municipalities to implement the assessment and taxation conditions, and the balance of the annexation agreement.

Part VII Reasons

[41] After reviewing the annexation application and supporting materials, and hearing from the two municipalities and the affected landowners, the MGB wishes to outline its reasons for the recommendation to approve the annexation.

Intermunicipal Cooperation to Accommodate Growth

[42] When the Town adopted its MDP in 1996, the policies in the plan were developed for a population of up to 11,000 residents. At the time of the Town's last annexation in 2008, the population was over 10,000. The Town's growth rate has averaged over 20% a year, driving demand for additional land, particularly for commercial and industrial uses. Annexation is necessary to manage this continued growth.

[43] The willingness of the two municipalities to work together - first by developing the IDP in 2011 and then discussing amendments to the plan - shows there is a great deal of

intermunicipal cooperation. Amendments to the IDP demonstrate that the municipalities continue to meet and discuss intermunicipal issues. The allowance in the IDP for an annexation area for Norglenwold also shows there is communication between other municipalities in the area and that growth is being accommodated.

[44] MGB Order 123/06 sets out 15 guiding principles as to the appropriateness of annexation. Five of these principles speak to the need for intermunicipal cooperation, communication and coordination of resources. The IDP, this application and the agreement for road maintenance show that the two municipalities have continued to meet and discuss growth issues in the area. Both municipalities responded to questions posed by the landowners about the annexation and other questions related to development or continued use of their lands.

[45] The Town and County appear to have taken a proactive approach to coordinating development in the area. Although Norglenwold and Jarvis Bay are not parties to the IDP, there are provisions within the Plan for working with the other municipalities on regional issues, annexation and servicing. The 1996 MDP speaks of the extension of water and sewer services to Jarvis Bay and the 2008 establishment of regional services commissions for water and waste water distribution demonstrating that there is a commitment to regional cooperation and to maintaining the water quality within Sylvan Lake.

[46] The MGB does not recommend the inclusion of Condition 6 of the annexation agreement into Appendix C of the Order. This condition appears to be a transitional provision that the two municipalities agreed to during their negotiation, and such items are outside of the items that the MGB considers when drafting its recommendation. Section 135 addresses transitional provisions for any obligations, agreements, and actions between the municipalities as a result of the annexation, not activities that occur between the submission of the annexation applications and the issuance of the Order-In-Council. The MGB is not making a decision on the appropriateness of placing a hold on applications in the annexation area.

[47] The MGB also does not recommend the inclusion of Condition 7 into Appendix C of the Order. The lump sum payment to reimburse the County for a pavement overlay is a matter that the two municipalities may agree on at any time and there appears to have been agreement between the municipalities on several matters related to infrastructure in the annexation area. While the roadway is included in the annexation area, the payment is not material to the annexation order.

Landowner Concerns

[48] Consistent with section 121(b) of the *Act*, the MGB reviewed and considered written landowners' objections and comments and the submissions provided at the public hearing. The comments provided on the landowner surveys show understandable concerns about taxation and

assessment and the timing of or requirement for development. In addition, concerns were raised by several affected parties about their continued use of their property.

[49] To address concerns about assessment and taxation, it is recommended that the annexed lands continue to be assessed and taxed as if they were still within the County for 10 years unless the land is subdivided, redesignated at the owner's request or connected to Town water/wastewater services. If the subdivision application is solely to create a farmstead, as defined in the Red Deer County's Municipal Development Plan, the assessment and taxation conditions remain in place for the 10-year period, ending in 2025.

[50] With respect to concerns about the timing of or requirement for development, there is no obligation on any of the landowners in the annexation area to develop their lands. The northeast lands being annexed for industrial and commercial purposes may need area structure plans and servicing studies before development, but these studies and the servicing would be undertaken either wholly or partly by the developer of the lands or the Town. Timing of infrastructure development and construction of roadways would be driven by demand for serviced commercial and industrial land or the requirements of a particular industry.

[51] The Town's explanations about districting and development in the annexation area address specific concerns about development limitations or requirements expressed by the Ada and Kreb families as well as the Archdiocese. The MGB also notes that under section 135 of the *Act*, existing land use bylaw designations and districts remain in place unless the lands are redesignated (or rezoned) or a new statutory plan or land use bylaw is adopted. Servicing of the lands will occur either by off-site levies or by a developer oversizing or constructing infrastructure to serve the lands being subdivided.

[52] With respect to the Reiser lands, excluding them from this annexation would create a parcel in Red Deer County surrounded by the Town. This arrangement would cause inefficiency and logistical problems. The MGB recommends the Reiser lands be included so that the Town may plan for long term infrastructure needs for these lands and others in the area. There is no requirement to develop the lands. The lands will remain assessed and taxed at the current County rates for 10 years if they are not further developed or subdivided.

[53] The MGB considers it inappropriate to grant the Severtson's request for a parcel of land to be subdivided from their quarter section and added to the annexation area. Section 127 of the *Act* states that an annexation order may include an order for compensation, municipal dissolution, or a matter referred to the MGB under section 89. Subdividing land so it can be added to an annexation is not included in this section. The *Act* describes the process to make an application for subdivision and the Severtson's may consider whether that is an option they wish to pursue with the SE corner. In addition, there were other venues (public consultation, during the mediation for this annexation, or during an intermunicipal committee meeting) during which this request could have been considered by the municipalities, and the IDP and the annexation

application amended, but it was not. The explanation provided by Red Deer County was reiterated by the Town, and the MGB considered that the municipalities did not wish to add the SE corner, as the quarter section has access to a public roadway on the west boundary.

[54] The MGB accepts Red Deer County's explanation to the Severtson family. While the quarter section is bisected by the railway, under the *Act*, the SE corner is considered to have access to the public roadway. In this case, Range Road 16 on the west boundary. If an application for subdivision were made, the *Act* requires the construction of a public roadway to serve the parcel.

[55] The MGB observes that the SE corner and the quarter section could also be incorporated into a statutory plan with the adjacent lands within the County or in the Town, for which access would be one part of the servicing of the area. As the adjacent lands in the Town develop, there may be the potential for access and servicing from the east to this parcel. However, access and subdivision are a matter that must be addressed by the County and the Town under the IDP, then under the appropriate MDP and land use bylaw.

Financial Viability

[56] The MGB reviewed the financial information the Town provided in its annexation application. From the financial data and indicator graphs submitted, the Town is in a good financial position relative to other towns in the province. The Town's assessment base is split between 15% non-residential and 85% residential and agricultural assessment. The MGB anticipates this annexation will result in a small, gradual increase in non-residential assessment after 2017, which should increase as properties are rezoned and developed. The Town intends to service the annexed lands using grants, off site levies, development agreements with developers, or a combination of these options. The Town appears to have considered the financial implications of this annexation. There are no issues with financial viability for the County, as this is small area and the amount of taxes generated by the lands in 2015 is just over \$120,000. It does not appear that there was any debenture or local improvement bylaws affecting the lands to be annexed.

Conclusion

[57] The general agreement and the cooperation shown by both the Town on County was evident throughout this process. The development, adoption and amendment of the intermunicipal development plan, and the responses to the public and other interested parties by the municipalities shows a high degree of respect and a willingness to resolve issues related to this annexation. For the residents located within the annexation area, this decision will allow parties to proceed with future planning for their lands.