

BOARD ORDER NO. MGB 118/09

FILE: AN07/CAMR/C-01

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 Camrose, in the Province of Alberta, to annex certain territory lying immediately adjacent thereto and thereby its separation from Camrose County.

BEFORE:

Members:

R. Scotnicki, Presiding Officer
J. Acker, Member
J. Noonan, Member

MGB Staff:

R. Duncan, Case Manager
C. Young, Assistant Case Manager

SUMMARY

After careful examination of the submissions from the City of Camrose (City), Camrose 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

That the annexation be approved in accordance with the following:

The Lieutenant Governor in Council orders that

- (a) effective January 1, 2010, the land described in Appendix A and shown on the sketch in Appendix B is separated from Camrose County and annexed to the City of Camrose,
- (b) any taxes owing to Camrose County at the end of December 31, 2009 in respect of the annexed lands are transferred to and become payable to the City of Camrose together with any lawful penalties and costs levied in respect of those taxes and the City of Camrose upon collecting those taxes, penalties and costs must pay them to Camrose County, and

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(c) the assessor for the City of Camrose must assess, for the purposes of taxation in 2010 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, 17th day of November 2009.

MUNICIPAL GOVERNMENT BOARD

(SGD.) R. Scotnicki, Presiding Officer

APPENDIX A

**DETAILED DESCRIPTION OF THE LANDS SEPARATED FROM
CAMROSE COUNTY AND ANNEXED TO THE CITY OF CAMROSE**

THE SOUTHEAST QUARTER OF SECTION NINE (9), TOWNSHIP FORTY-SEVEN (47), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN.

THE SOUTHWEST QUARTER OF SECTION TEN (10), TOWNSHIP FORTY-SEVEN (47), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN.

ALL THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION TWELVE (12), TOWNSHIP FORTY-SEVEN (47), RANGE TWENTY (20), WEST OF THE FOURTH MERIDIAN LYING WEST OF THE EAST BOUNDARY OF PLAN 982-6011 AND INCLUDING ALL THAT PORTION OF THE NORTH-SOUTH ROAD ALLOWANCE LYING WEST OF THE PRODUCTION SOUTH OF THE EAST BOUNDARY OF PLAN 982-6011.

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION TWELVE (12), TOWNSHIP FORTY-SEVEN (47), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN LYING WEST OF THE PROJECTION SOUTHWESTERLY OF THE EAST BOUNDARY OF PLAN 3694AF AND SOUTH OF THE NORTH BOUNDARY OF PLAN 5359Y.

ALL THAT PORTION OF SECTION ONE (1), TOWNSHIP FORTY-SEVEN (47), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE CITY OF CAMROSE INCLUDING ALL LANDS LYING WEST OF THE EAST BOUNDARY OF THE NORTH-SOUTH ROAD ALLOWANCE ADJACENT TO THE EAST SIDE OF SAID SECTION AND INCLUDING ALL LANDS LYING WEST OF THE PRODUCTION SOUTH OF THE EAST BOUNDARY OF THE NORTH-SOUTH ROAD ALLOWANCE ADJACENT TO THE EAST SIDE OF SAID SECTION.

ALL THAT PORTION OF THE WEST HALF OF SECTION THIRTY-SIX (36), TOWNSHIP FORTY-SIX (46), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE CITY OF CAMROSE INCLUDING ALL LANDS ADJACENT TO THE NORTH SIDE OF SAID HALF SECTION LYING SOUTH OF THE NORTH BOUNDARY OF PLAN 5295PX.

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION THIRTY-SIX (36), TOWNSHIP FORTY-SIX (46), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN LYING SOUTHWEST OF THE NORTHEASTERLY BOUNDARY OF PLAN 677R.

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ALL THAT PORTION OF THE NORTH HALF OF SECTION TWENTY-FIVE (25), TOWNSHIP FORTY-SIX (46), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE CITY OF CAMROSE LYING SOUTHWEST OF THE NORTHEASTERLY BOUNDARY OF PLAN 677R AND INCLUDING ALL THAT PORTION OF THE NORTH-SOUTH ROAD ALLOWANCE ADJACENT TO THE EAST SIDE OF SAID HALF SECTION LYING SOUTH OF THE PROJECTION SOUTHEASTERLY OF THE NORTHEASTERLY BOUNDARY OF PLAN 677R.

ALL THAT PORTION OF SECTION TWENTY-SEVEN (27), TOWNSHIP FORTY-SIX (46), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE CITY OF CAMROSE INCLUDING THAT PORTION OF THE NORTH-SOUTH ROAD ALLOWANCE ADJACENT TO THE EAST SIDE OF SAID SECTION.

ALL THAT PORTION OF SECTION TWENTY-TWO (22), TOWNSHIP FORTY-SIX (46), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE CITY OF CAMROSE INCLUDING THAT PORTION OF THE NORTH-SOUTH ROAD ALLOWANCE ADJACENT TO THE EAST SIDE OF SAID SECTION.

THE NORTH HALF OF SECTION FIFTEEN (15), TOWNSHIP FORTY-SIX (46), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN INCLUDING THAT PORTION OF THE NORTH-SOUTH ROAD ALLOWANCE ADJACENT TO THE EAST SIDE OF SAID HALF SECTION.

THE NORTHWEST QUARTER OF SECTION TWENTY-ONE (21), TOWNSHIP FORTY-SIX (46), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN.

ALL THAT PORTION OF SECTION TWENTY-NINE (29), TOWNSHIP FORTY-SIX (46), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE CITY OF CAMROSE.

ALL THAT PORTION OF SECTION THIRTY-TWO (32), TOWNSHIP FORTY-SIX (46), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE CITY OF CAMROSE.

THE NORTHEAST QUARTER OF SECTION THIRTY-ONE (31), TOWNSHIP FORTY-SIX (46), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN INCLUDING ALL THAT LAND ADJACENT TO THE NORTH SIDE OF SAID QUARTER SECTION LYING SOUTH OF THE NORTH BOUNDARY OF PLAN 2183PX.

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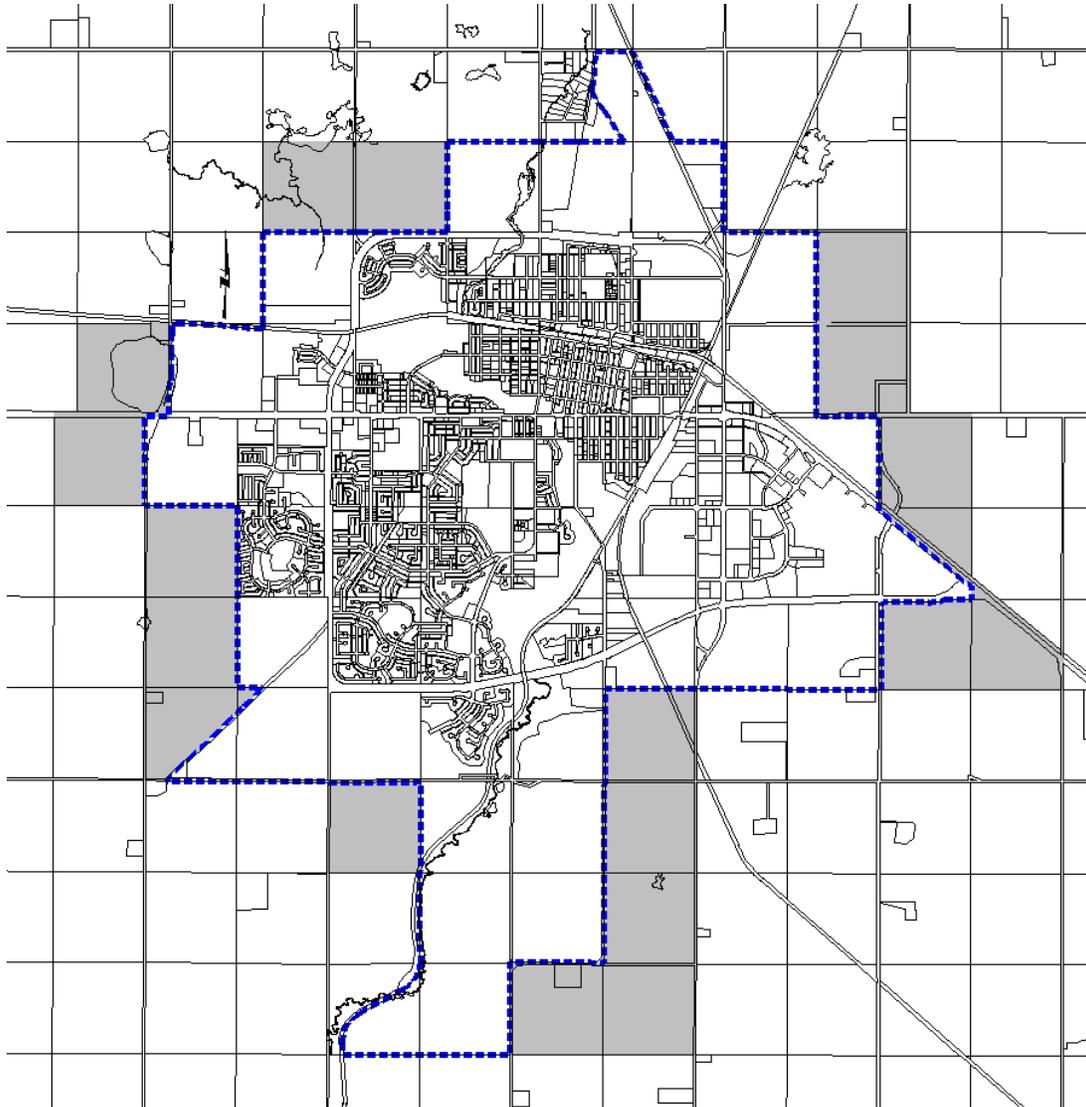
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THE SOUTHEAST QUARTER OF SECTION FIVE (5), TOWNSHIP FORTY-SEVEN (47), RANGE TWENTY (20) WEST OF THE FOURTH MERIDIAN INCLUDING ALL OF PLAN 722-2705.

ALL THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION FOUR (4), TOWNSHIP FORTY-SEVEN (47), RANGE TWENTY (20) NOT WITHIN THE CITY OF CAMROSE LYING SOUTH OF THE PRODUCTION WEST OF THE SOUTH BOUNDARY OF RAILWAY PLAN C&E 10.

APPENDIX B

A SKETCH SHOWING THE GENERAL LOCATION OF THE AREAS
ANNEXED TO THE CITY OF CAMROSE



Legend



Existing City Boundary



Annexation Areas

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APPENDIX C

ORDER

- 1 In this Order, “annexed land” means the land described in Appendix A and shown on the sketch in Appendix B.
- 2 For the purposes of taxation in 2010 and in each subsequent year up to and including 2024, the annexed land and the assessable improvements to it
 - (a) must be assessed by the City of Camrose on the same basis as if they had remained in Camrose County, and
 - (b) must be taxed by the City of Camrose in respect of each assessment class that applies to the annexed land and the assessable improvements to it using the lower of
 - (i) the municipal tax rate established by the City of Camrose, or
 - (ii) the municipal tax rate established by Camrose County.
- 3(1) Where in any taxation year a portion of the annexed land
 - (a) is redesignated, at the request of or on behalf of the landowner, under the City of Camrose Land Use Bylaw,
 - (b) 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,
 - (c) is the subject of a local improvement project described in a local improvement bylaw initiated by or on behalf of or with the support of the landowner pursuant to which the City of Camrose water and sanitary sewer services are made available to that portion of the annexed land, or
 - (d) is connected to the water or sanitary sewer services provided by the City of Camrosesection 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) If, under subsection (1), 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 following year in the same manner as other property of the same assessment class in the City of Camrose is assessed and taxed.
- 4 The City of Camrose will pay to Camrose County the following in Canadian dollars:
 - (a) \$86,422.90 on or before December 31, 2010,
 - (b) \$75,117.50 on or before December 31, 2011, and
 - (c) \$67,815.59 on or before December 31, 2012.

APPENDIX “D”

**MUNICIPAL GOVERNMENT BOARD REPORT
TO THE MINISTER OF MUNICIPAL AFFAIRS
RESPECTING THE CITY OF CAMROSE’S PROPOSED ANNEXATION OF TERRITORY
FROM CAMROSE COUNTY**

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Summary

The City of Camrose (City) is located approximately 100 kilometres southeast of Edmonton along Highway 13. On February 17, 2009 the Municipal Government Board (MGB) received an annexation application from the City to annex approximately 1,147 hectares (2,834 acres) territory from Camrose County (County).

The City and County were in agreement with respect to the annexation application. However, some affected landowners indicated that they opposed the proposed annexation. Because of these objections, the MGB held a public hearing on May 1, 2009 in order to receive information, evidence and argument on the annexation application.

After reviewing the documentation provided prior to the hearing, as well as listening to the presentations by the parties affected by the proposed annexations, the MGB finds that the purpose of the annexations and amount of land being requested by the City is reasonable and that the concerns of affected landowners have been given proper consideration.

The MGB is satisfied that the compensation amount agreed to by the City and County is equitable. The agreement reached between the two municipalities requires the City to pay a portion of the costs incurred by the County to reconstruct a range road that will be annexed to the City. The City is to pay the County 50 percent of the \$340,078.18 reconstruction cost over the next three years. The City is also required to reimburse the County for a portion of the municipal tax revenue lost by the County as a result of the annexation. The City is required to pay the County \$60,316.90 over a three year period.

The MGB recommends changes to the assessment and taxation conditions proposed by Annexation Agreement between the City and the County. The Annexation Agreement proposes a ten year taxation and assessment condition transition period for landowners within the annexation area. The MGB recommends that this transition period be extended to a period of 15 years. This change will serve to provide increased certainty to affected landowners. Additionally, the Annexation Agreement identifies that the assessment and taxation conditions are to be removed if the portion of the annexed land receives a development permit. The MGB finds the aforementioned triggering provision to be too broad in scope. The MGB recommends this provision be changed so that the assessment and taxation conditions are removed if the land becomes a new parcel of land created as a result of subdivision or separation of title at the request of or on behalf of the landowner.

After having conducted its investigation, the MGB concluded that it was in the greater public interest to recommend approval of the proposed annexation. The collaboration between the two municipalities meets the objectives of intermunicipal cooperation outlined in the Provincial Land Use Policies, the annexation principles set out by the MGB, and the Act.

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I Introduction

The City of Camrose (City) is located approximately 100 kilometres southeast of Edmonton along Highway 13. The City is bounded by Camrose County (County), and has a current population of 16,543.

A 2006 analysis conducted for the City projects that its population could increase to 35,230 by the year 2036. The City is seeking to acquire sufficient land to provide for additional residential, commercial, and industrial development. The City estimates that the proposed annexation territory will bolster its supply of land in order to meet its needs for approximately the next 30 years.

On February 17, 2009 the Municipal Government Board (MGB) received a formal annexation application from the City. The proposed annexation constitutes an approximate total of 1,147 hectares (2,834 acres).

The City and County were in agreement with the annexation application, and the application indicates that there were no matters that had not been agreed upon by the two municipalities. However, since the application contained objections, the MGB held a public hearing on May 1, 2009 to receive representations on the annexation applications in accordance with Section 120 of the *Municipal Government Act* (Act).

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

The MGB became active in the annexation process once the City filed its negotiation report with the MGB and requested the MGB to proceed with the annexation, pursuant to section 119(2) of the Act. Although the City and the County were in agreement with the proposed annexation, the MGB determined that the application submitted by the City contained objections. Moreover, additional objections were filed with the MGB. In accordance with section 120(3)(b) of the Act, the MGB conducted a hearing. The MGB is now required to prepare a written report of its findings and provide a recommendation to the Minister of Municipal Affairs (Minister) and the Lieutenant Governor in Council (LGC).

The Minister and the LGC have the authority to accept in whole or in part or completely reject the findings and recommendations of the MGB report.

III Annexation Application

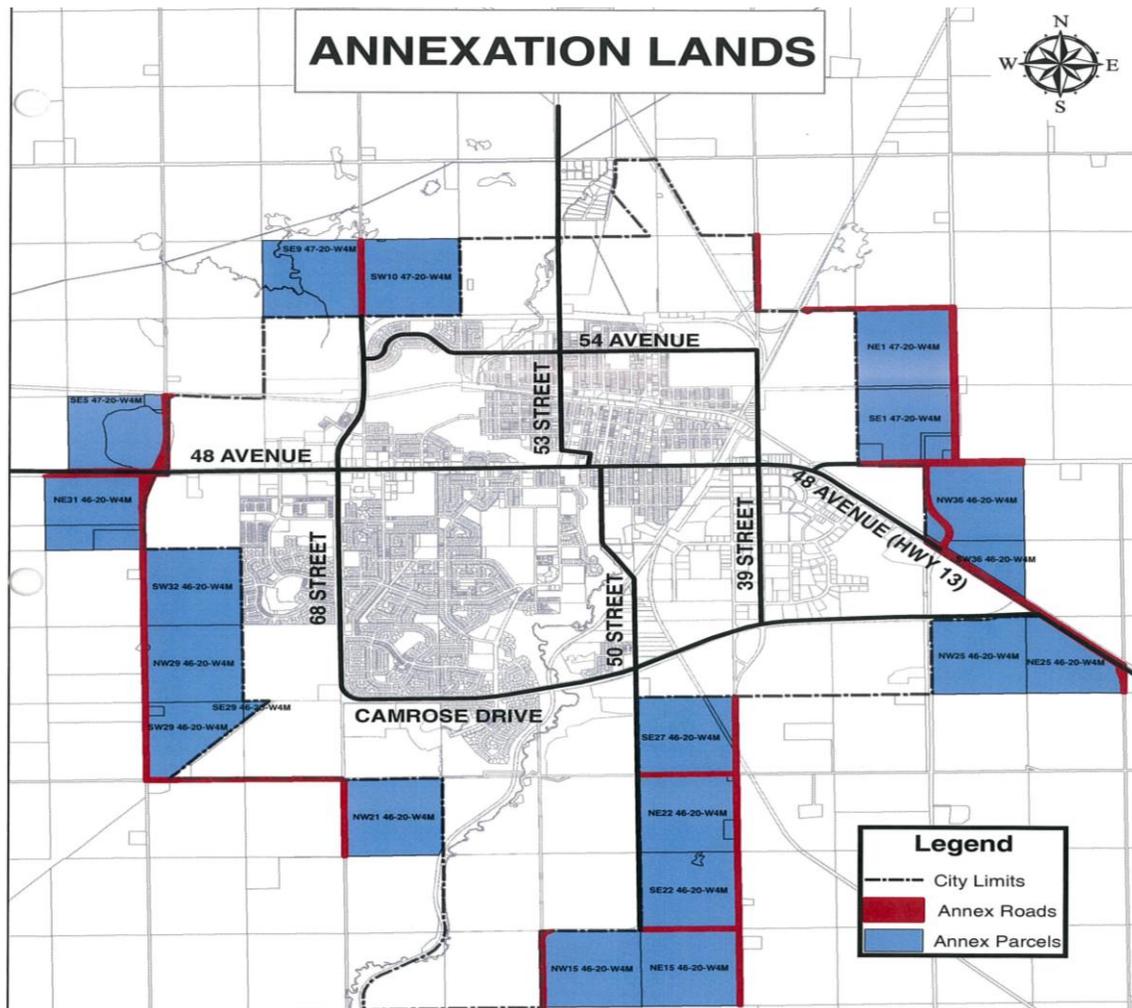
The MGB received the City's annexation application on February 17, 2009. The following section describes the proposed annexation area, the current state of development plans, indicates

how municipal services will be provided to the proposed annexation area, outlines the public consultation process used to develop the application, highlights the concerns expressed by landowners and the public during the City's consultation process, describes the Annexation Agreement between the City and the County, and states the proposed compensation provisions and assessment and taxation conditions agreed to by the municipalities.

Annexation Area

The annexation area proposed by the City is illustrated on Map 1.

Map 1: Proposed City of Camrose Annexation Area



Source: City of Camrose Annexation Application

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Development Plans

Policies within the Municipal Development Plans (MDP) of each municipality support intermunicipal cooperation and communication and recognize the potential for annexation. An Intermunicipal Development Plan (IDP) is currently being created between the City and County in conjunction with the proposed annexation. An initial open house regarding the IDP was held on March 16, 2009 and the plan is expected to be completed by Fall 2009.

Provision of Municipal Services

The annexation application provides detailed information concerning the City's ability to extend roadways, water, sanitary sewer, and storm sewer servicing to various portions of the annexation area.

Northwest Sector (SE 9, SW 10)

Roadways: This sector is currently only serviced by arterial roadways through the northerly extension of 68 Street, north of Camrose. In the future, 68 Street will be upgraded to the ultimate four-lane divided urban standard. In addition, the City plans to construct a major east/west arterial roadway along the south edge of this sector.

Water: The properties in this sector will be serviced through a network of transmission and distribution lines from the south and from the east. Water services will be continued to the north and west to permit possible future growth in these areas.

Sanitary: These areas will be serviced from the east. Services will be extended through the properties to the west and north to permit drainage in these areas.

Storm: All developments will be required to retain storm runoff, releasing at pre-development flow rates to an unnamed creek which is tributary to Camrose Creek. Pending the outcome of a drainage study, there may be a need to also improve the drainage of the existing unnamed creek flowing through the properties. If required, this would possibly involve adding more depth and/or width to the creek.

West Sector (SE 5, NE 31)

Roadways: This sector is currently serviced by Highway 13, as well as Range Road 204/205 to the east. It is anticipated that Highway 13 will be developed to provide highway commercial access, while Range Roads 204/205 will be upgraded to urban, arterial standard.

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Water: The properties in this sector will be serviced through a network of transmission and distribution lines from the East. Water services will be continued to the north, south, and west to permit possible future growth in these areas. As these properties are located in a higher pressure zone, there may be need to supplement capacity at existing booster stations.

Sanitary: This sector will be directly services with sanitary from the east. Services will be extended through the properties to the west, southwest, and south to permit drainage in these areas.

Storm: All developments will be required to retain storm runoff, releasing at pre-development flow rates to downstream storm infrastructure to the east.

West / Southwest Sector (SW 32, NW 29, SW 29, SE 29)

Roadways: This sector is currently serviced by Range Road 205, as well as Township Road 464. The City is planning to upgrade Range Road 205 as part of the westerly and northerly extension of Camrose Drive, the City's south ring road. Township Road 464 will also be upgraded as part of the ultimate arterial road network.

Water: The properties in this sector will be serviced through a network of transmission and distribution lines from the north and the east. Water services will be continued to the west to permit possible future growth in these areas. As these properties are located in a higher pressure zone, there may be need to supplement capacity at existing booster stations.

Sanitary: The majority of this sector will be directly serviced with a new trunk sewer from the southeast. The major sanitary collection pipes will be sized to accept future sanitary flows for the north.

Storm: All developments will be required to retain storm runoff, releasing at pre-development flow rates to downstream storm infrastructure to the east, southeast, and northeast. There is a possibility that the west portion of part of this sector will need to be temporarily pumped into existing storm infrastructure to the east. Ultimately, this pump station can be abandoned if and when downstream properties to the southwest are developed.

Southwest Sector (NW 21)

Roadways: This sector will be serviced predominantly through the southerly extension of 68 Street along Range Road 204.

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Water: The property in this sector will be serviced through a network of distribution lines from the north. Water services will be continued to the west and to the south to permit possible future growth in these areas.

Sanitary: A new trunk sewer has been installed immediately north of this sector. Due to the significant depths of this trunk sewer, the majority of this sector can be drained by gravity to the north.

Storm: All developments will be required to retain storm runoff, releasing at pre-development flow rates to Camrose Creek to the east.

South Sector (SE 27, NE 22, SE 22, NE 15, NW 15)

Roadways: This sector is currently serviced by a number of arterial roadways, including 39 Street (Range Road 202), 50 Street (Range Road 202A), Range Road 203, Township Road 464, and Township Road 463. Each of these roadways will be developed as major or arterial roadways to service this area. In order to improve railway crossing safety, the City is considering realignment of 39 Street (Rand Road 202) and Township Road 464 to intersect an existing CN rail spur line at right angles.

Water: The property in this sector will be serviced through a network of distribution lines from the north. Water services will be extended to the east and to the south to permit possible future growth in these areas.

Sanitary: This area will be directly serviced with the new southeast trunk sewer, which will be of such depth and diameter to accept a significant amount of future sanitary flows from the north.

Storm: All developments will be required to retain storm runoff, releasing at pre-development flow rates to downstream storm infrastructure to the west.

Northeast Sector (NE 1, SE 1)

Roadways: This sector is currently serviced by Highway 26 to the south, as well as Range Road 200 to the east. Both of these roadways will be upgraded to an ultimate urban standard with development.

Water: The properties in this sector will be serviced through a network of transmission and distribution lines from the south and west. Water services will be continued to the east to permit possible future growth in these areas.

Sanitary: These areas will be serviced from the south.

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Storm: All developments will be required to retain storm runoff, releasing at pre-development flow rates to downstream storm infrastructure to the northwest. Due to the proximity of this sector to the Camrose Regional Airport, it will likely be necessary to design and construct the storm retention facilities to discourage the presence of larger birds and other waterfowl that can be a threat to aircraft.

East / Northeast Sector (NW 36, SW 36)

Roadways: This sector is currently serviced by Highway 26 to the north, as well as Exhibition Drive to the west. Both of these roadways will be upgraded to an ultimate urban standard with development.

Water: The properties in this sector will be serviced through a network of transmission and distribution lines from the north, south, and west. Water services will be continued to the east and southeast to permit possible future growth in these areas.

Sanitary: These areas will be directly serviced from the west. Services will be extended through the properties to the east and north to permit drainage in these areas.

Storm: All developments will be required to retain storm runoff, releasing at pre-development flow rates to downstream storm infrastructure to the southwest. Due to the proximity of this sector to the Camrose Regional Airport, it will likely be necessary to design and construct the storm retention facilities to discourage the presence of larger birds and other waterfowl that can be a threat to aircraft.

East / Southeast Sector (NW 25, NE 25)

Roadways: This sector is currently serviced by Highway 13 to the northeast, as well as Exhibition Drive to the west and Range Road 200 to the east. These roadways will be upgraded to an ultimate urban standard with development. Nor direct industrial access will be permitted to Camrose Drive (Highway 13A), as this will continue to act as a bypass road for Camrose.

Water: The property in this sector will be serviced through a network of distribution lines from the north and west. Water services will be extended to the south to permit possible future growth in these areas.

Sanitary: These areas will be directly serviced from the north. Due to elevation differences, the South portion of this sector will need to be temporarily pumped to the north. Ultimately, these pump stations can be abandoned if and when downstream properties to the south are developed.

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Storm: All developments will be required to retain storm runoff, releasing at pre-development flow rates to downstream storm infrastructure to the north. Due to elevation differences, the south portion of this sector will need to be temporarily pumped to the north. Ultimately, pump stations in this sector can be abandoned if and when downstream properties to the south are developed.

The Landowner and Public Consultation Process

The public consultation process conducted by the City provided opportunities for affected landowners and the public/adjacent landowners to become informed about the proposed annexation and to express their opinions.

The City hosted open house meetings for affected landowners on April 17, 2007 and November 5, 2008. Letters were sent to landowners inviting them to attend the meetings and each open house featured a presentation by City and County officials. Interested parties were given opportunity to provide input and ask questions. Additional information was also provided by the City to landowners on a one-on-one basis. Annexation information was also made available to the public through the City's website.

Identified Landowner and Public Issues

The City received input from landowners and the public through the consultation process outlined above. Landowners expressed concerns relating to the impact of urban bylaws, the extension of servicing, potential increases in taxation, and the protection of wetlands. Some of these landowners requested not to have their lands included in the annexation. Some property owners located outside of the proposed annexation territory also expressed a desire to be included in the annexation.

Consultation with Local Authorities and Agencies

The annexation application indicates that the local school boards and Health Authority were provided with copies of the City's annexation application.

In a letter to the City dated December 8, 2008 Alberta Transportation (AT) identified issues relating to the fact that the proposed annexation crosses provincial highways. AT required that the City include directly affected sections of provincial highway which are wholly within or adjacent to the annexed lands. AT clarified that the City would become fully responsible for direction, management and control of these highways, including maintenance and future capital upgrades. This would include:

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- Highway 13 adjacent to NE 25-46-20-W4M
- Highway 13 adjacent to NE 31-46-20-W4M
- Highway 13 adjacent to SE 5-47-20-W4M
- Highway 26 adjacent to NW 36-46-20-W4M
- Highway 26 adjacent to SE 1-47-20-W4M.

AT further explained that the additional kilometres of highway within the City would be eligible for the annual Primary Highway Maintenance grant.

The Annexation Agreement with the County

The City and the County came to full agreement regarding the annexation details. A negotiation process was conducted, leading to agreement as to the proposed annexation area, tax and compensation agreement, assessment provisions, and transfer date. The annexation application was signed by both the City and County, indicating their approval of the Negotiation Report.

Compensation

The Annexation Agreement included provisions for the sharing of the costs associated with the County's reconstruction of Range Road 203 as well as providing decreasing amounts of compensation to be provided from the City to the County annually over a three year period.

With regard to the cost sharing associated with the County's reconstruction of Range Road 203, the Annexation Agreement states that:

The City shall pay the County 50 percent of the incurred cost of reconstruction of Range Road 203 Project Number 3-41-06 completed in 2007 for a total cost of \$340,078.18. The City's share, being \$170,039.09 shall be payable over three consecutive years by payments of \$56,112.90, \$56,112.90, and 57,813.29, payable on or before December 31 in each of the three years. The parties intend the first payment to be made on or before December 31 2009 assuming the effective date of the annexation as January 1 2009 or such other date within 2009 as the Annexation Order specifies. If the effective date of the Annexation Order is in 2010 the first payment shall occur on or before December 31, 2010.

The amount of taxes generated by the County from the proposed annexation lands in 2008 was \$30,310. Using this as the base, the two municipalities agreed that the City would pay a total of \$60,316.90 over a three year period to compensate the County for the loss of tax revenue. The compensation payment schedule identified in the Annexation Agreement is as follows:

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- a. 100 percent of the Taxes (\$30,310.00) on or before December 31 of the year following the effective date of the Annexation Order
- b. 66 percent of the Taxes (\$20,004.60) on or before December 31 of the second year following the effective date of the Annexation Order, and
- c. 33 percent of the Taxes (\$10,002.00) on or before December 31 of the third year following the effective date of the Annexation

In summary, the total amount to be paid by the City to the County over the three year period is \$230,355.99. Table 1 identifies the amount to be paid each year.

Table 1: Amount to be paid by City to County

Payment Due	Range Road 203 Reconstruction	Compensation	Total
First year following the annexation	\$56,112.90	\$30,310.00	\$86,422.90
Second year following the annexation	\$56,112.90	\$20,004.60	\$76,117.50
Third year following the annexation	\$57,813.29	\$10,002.00	\$67,815.59
Total	\$60,316.90	\$170,039.09	\$230,355.99

The application indicates that the annexation is not expected to have a significant financial impact on either municipality.

Proposed Assessment and Taxation Conditions

The annexation application contains a proposed 10 year assessment and taxation transition period. During the transition period, the annexed lands and assessable improvements to them would be assessed as if they had remained within the County and taxed at the lowest of the two municipalities' rates. These provisions would cease to apply to a portion of the annexed land and the assessable improvements to it in the taxation year immediately following the taxation year in which:

- (a) The portion of the annexed land is redesignated under the City of Camrose Land Use Bylaw, at the request of, or on behalf of the landowner;
- (b) The portion of the annexed land receives a development permit;
- (c) The portion of the annexed land is the subject of a local improvement project described in a local improvement bylaw initiated by or on behalf of or with the support of the landowner pursuant to which the City of Camrose water and sanitary sewer services are made available to that portion of the annexed land; or
- (d) The portion of the annexed land is connected to the water or sanitary sewer services provided by the City of Camrose.

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IV MGB Application Processing Methodology and Public Hearing

The following provides a description of the method used by the MGB to process the City's annexation application and describes the public hearing held May 1, 2009.

MGB Application Processing

In accordance with section 116 of the Act, the City submitted its notice of intent to annex to the County, the MGB and other local authorities on January 24, 2007. The City indicated that the reasons for the proposed annexation include meeting future residential, industrial, and commercial growth needs, and addressing the City's current shortage of lands suitable for development.

In accordance with section 118 of the Act, the required Negotiation Report was received by the MGB on February 17, 2009. The application submitted by the City included a copy of the Annexation Agreement between the City and the County, and a cheque for the annexation fees.

Although the City and the County were in agreement with the proposed annexation, the application contained objections from landowners. The Act requires that if the MGB receives an objection regarding an annexation application, the MGB must conduct one or more hearings in respect of the annexation.

A hearing on this matter was scheduled to commence at 10:00 a.m. on Friday, May 1, 2009 at the Edgeworth Centre located at 4512 – 53 Street in Camrose. In accordance with section 122(1) of the Act, the MGB published a notice of hearing in the **Camrose Booster** and the **Camrose Canadian**, local newspapers, during the weeks of April 6, 2009 and April 13, 2009 to notify the public. The MGB also sent letters to the City and County with copies to each of the affected landowners to notify the parties of the May 1, 2009 hearing. The letters and notices requested that any person who planned to attend the hearing, or make a submission at the hearing, notify the MGB by April 20, 2009.

The Public Hearing

Sixteen people attended the May 1, 2009 hearing. At the hearing, the MGB received oral submissions from the City, the County, adjacent landowners, and other affected landowners.

City's Submission

The City explained that the proposed annexation constitutes a comprehensive, long term, annexation and affects 1,147 hectares (2,834 acres) of land. The annexation is intended to address the future needs of the City by providing lands for a mix of residential, commercial and

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industrial growth, as well as providing additional land for a public works buffer. The annexation application was approved by both the City and the County and has the support of the majority of affected landowners.

It was identified that the two municipalities have a substantial history of cooperation, as exhibited through a variety of existing joint projects and agreements. The City indicated that it had originally sought a 50 year annexation, but that negotiations with the County had led to agreement on a 30 year land supply.

A summary of the timeline under which the annexation application had progressed was outlined. In January 2007 the City provided notice of its intent to annex land from the County. An initial open house meeting was held for affected landowners on April 18, 2007. On October 14, 2008 a memorandum of understanding was agreed to by both municipalities, proposing a 30 year annexation. A second open house was held for affected landowners on November 5, 2008. The City's annexation application was then submitted to the MGB in February 2009.

The City explained that it has forecasted an anticipated 3.5% annual growth over five years (2007-2011) and 2.5% annual growth thereafter. This produces an estimate of 19,203 additional people over 30 years. The City indicated that recent growth has been relatively consistent with these projections.

A total of 3,950 acres were noted to be the City's estimated land requirements for a 30 year period. The current availability of lands within the City's boundary was submitted to be 1,761 acres in 2006, leading to a need for an additional 2,189 acres for development. In addition, 640 acres were submitted to be required for the purposes of a public works buffer. The City indicated that the proposed annexation is consistent with these requirements.

The proposed annexation lands are located to the west, north and east of the City and will not impact the Camrose Creek system. The City is currently preparing a wetlands inventory that will include the annexation area in order to identify potential wetlands. This information will prioritize and preserve sensitive wetlands within the annexation area so that these areas can be potentially incorporated into the City park system or utilized as storm retention ponds.

With respect to servicing capability and standards, the City submitted that it had recently updated the infrastructure planning studies for areas within and surrounding the current City limits. Master planning documents cover four key types of servicing infrastructure: transportation, storm sewers, sanitary sewers and water distribution. The City indicated that from the master planning documents, it is possible to identify how each property within the proposed annexation area will be serviced. Additionally, the City submitted that it has also updated its development standards to ensure accuracy with universally accepted standards.

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The City explained that the two municipalities have undertaken to prepare an IDP and that the process for doing so has already begun. It was also stated that the City and County have committed to negotiating an agreement to provide for the maintenance of certain roads and to provide weed control services within the annexation area.

Growth studies were conducted by Brown and Associates in 2003 and 2006. The 2003 study included a detailed analysis of future residential, industrial and commercial land requirements, while the 2006 study provided an update. The City stated that the annexation application was consistent with the contents of both of these studies.

The City outlined that the Annexation Agreement includes a 10 year assessment and taxation transition period during which the lowest of the two municipalities' mill rates would apply to affected properties.

After inquiries by the panel, the City clarified that, although the annexation application indicates that January 1, 2009 is being requested as the effective date of annexation, the timeline under which the process has progressed would make January 1, 2010 an acceptable date. Given the change in the recommended effective date, the City undertook to work with the County to provide an updated agreement with respect to compensation. At the request of the MGB and subsequent to the hearing, the MGB received letter dated June 11, 2009 from the City confirming that the two municipalities have agreed that the compensation amount is to remain the same as in the Annexation Agreement submitted with the annexation application.

The City submitted that the annexation would not create a significant fiscal impact for either municipality. The 2008 annual tax revenue for the annexed lands was approximately \$30,000, which is less than one percent of the 2009 budgeted total tax revenue of either the City or County. Additionally, the current population of the annexation area was submitted to be only 28 persons, which will not impact the City's ability to supply services to its residents.

To summarize, the City submitted that the proposed annexation is supported by both municipalities, and will serve to address the City's need for a long term land supply without encumbering the ability of either municipality to achieve rational growth directions. Additionally, the City submitted that key landowner issues had been identified and addressed through the public consultation program and that the application complies with the annexation principles established by the MGB.

County's Submission

The County explained that the proposed annexation territory represents roughly 0.34% of its total area. The total taxes collected from the annexation territory were estimated to be around \$30,000. A letter dated May 27, 2009 from the County to the City confirms that should the effective date

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of the annexation be changed to January 1, 2010, the compensation amount is to remain the same as in the Annexation Agreement submitted with the annexation application.

The assessment and taxation provisions agreed to in the Annexation Agreement were outlined. Land in the annexation area would be assessed by the City on the same basis as if it had remained in the County, and taxed at the lower of the two municipal rates. These provisions would cease applying to a parcel if one of the proposed “triggering events” were to occur.

It was submitted that road maintenance shall be at the standard applied by the City to similarly classified roads. Dust control fees and charges would be the responsibility of landowners, as is currently the case in both municipalities. Additionally, the municipalities have signed an agreement whereby the County will supply weed control to the entire City.

With respect to the IDP, the County explained that an initial open house meeting had been held on March 16, 2009 and that the plan is expected to be completed by fall of the same year. The County indicated that it would not be opposed to changing the effective date of annexation to January 1, 2010. It agreed to work with the City to negotiate a new agreement with respect to compensation.

Landowner/Public Submissions

At the hearing, the MGB received presentations from several landowners and members of the public. A summary of each presentation is provided below.

Dr. E.D. Hilderman

Dr. Hilderman explained that his property is located in the portion of the annexation area located to the west of the City. He indicated that he had submitted a letter outlining his concerns. Dr. Hilderman argued that a 15 year assessment and taxation transition period would be preferable to a 10 year, and was unsure as to why a set timeframe was necessary at all. Dr. Hilderman indicated that some of his concerns regarding living in an urban municipality had already been addressed, but that he was still worried about whether his farm structures would be assessed and taxed under urban rules. He specifically identified concerns regarding the use of firearms, burning of waste, fuel storage, use of All-terrain vehicles (ATV), farm animals, and his ability to continue to operate his mixed farm. He also submitted that after being annexed, he would be unable to continue using his current suppliers or natural gas and power, which will lead to increased costs. Concerns were also expressed by Dr. Hilderman about whether a transfer of land would cause the assessment and taxation transition period to end. Finally, he submitted that he should remain able to subdivide another lot on his property for family members if he so desired.

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Jane Hilderman

Jane Hilderman expanded upon her father's comments, stating that they were concerned about timelines relating to the accommodations being made for rural lifestyle issues. She submitted that the City should make clear whether such accommodations would expire or have to be renewed. Additionally, Ms. Hilderman stated that while the Urban Reserve area referred to sounds promising, more details on which areas will be included and what resulting accommodations will be made should be provided to landowners.

Ken Hildebrant

Ken Hildebrant explained that his property is located outside of the annexation area in NE 25-46-20-W4M. He submitted that the rest of the quarter section was included in the proposed annexation and that his land should be added as well. Mr. Hildebrant submitted that his property offers excellent access to the highway and railway and that its addition to the annexation area would make good planning sense.

County's Response to Landowner/Public Submissions and Summary

In response to Dr. Hilderman's concerns with the proposed 10 year assessment and taxation period, the County pointed out that the conditions form part of the agreement negotiated between the municipalities. The County also explained that any adjustments to the City's existing bylaws were beyond its purview. Dr. Hilderman was noted to be correct in stating that the City has exclusivity agreements with respect to the provision of natural gas and power. In response to Mr. Hildebrant, the County noted that the agreed upon boundary was also established as a result of negotiations between the municipalities. It was emphasized that the Annexation Agreement was a cooperative effort and the result of a long period of negotiation. The County therefore suggested that it be accorded a considerable amount of deference.

City's Response to Landowner/Public Submissions and Summary

In response to the comments of Dr. Hilderman, the City indicated that it is open to further discussions with landowners in the annexation area to try to reach accommodations with regards to usual farm practices. The City stated that the use of firearms is not permitted within its boundary, but a special request can be made to the Chief of Police to allow the discharge of firearms for the purpose of pest control. The burning of farm waste within the City can be accommodated by obtaining a burning permit from the City. The handling and storage of farm/fuels and oils are under provincial regulation. ATVs can be operated on the Hilderman property; however, the use of ATVs on roadways is subject to Provincial regulations and City bylaws. The City does not require the licensing of cats nor does it restrict the number of cats a person may own. Dogs older than six months must be licensed and a kennel license is required

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for anyone owning more than three dogs. The City also confirmed that the mixed farming operation described by Dr. Hilderman would be a permitted use within the City.

The City was unable to comment regarding the franchise agreement issue brought forward by Dr. Hilderman; however, the MGB requested the City to provide a written response. In a letter dated June 11, 2009 to the MGB, the City identifies that it has a gas franchise agreement that specifically provides that the franchise will be applied to areas annexed to the City. The City understands that the County does not have a gas franchise agreement in the proposed annexation area. There is no gas franchise agreement within the County. The City contends that pursuant to Section 23 of the *Gas Distribution Act*, the City's franchise agreement will operate in the annexed area. The City states that the Rural Electrification Association which provides service to the proposed annexation area does not appear to have been granted a franchise. The City's position is that since there is no franchise granted, section 127.1 of the Act does not appear to apply and the City's franchise agreement would be applied to the annexed area.

Responding to the submissions of Mr. Hildebrant, the City emphasized that the annexation area was agreed upon after long negotiations between the municipalities. Mr. Hildebrant's land was noted to be included in the longer term annexation plan.

The City restated that the proposed annexation is vital to meeting its growth needs, and emphasized that the agreement was reached after years of negotiations and discussions between the municipalities. The January 1, 2009 effective date was requested due to growth pressures in the City and because of the impending IDP, which is based on the boundaries set out in the proposed annexation.

V MGB Recommendations

After reviewing the documentation provided prior to the hearing, as well as listening to the presentations by the parties affected by the proposed annexation, the MGB recommends that the annexation of the lands applied for proceed with an effective date of effective January 1, 2010.

The MGB recommends that the proposed assessment and taxation provisions be extended in order to apply for a period of 15 years rather than 10 years. Additionally, the MGB recommends that the proposed triggering condition related to the granting of a development permit be removed and replaced by a provision triggering an end to the assessment and taxation transition period for a parcel upon subdivision.

VI Reasons

The high level of intermunicipal cooperation demonstrated through this annexation proposal serves to further the objectives of each municipality. Both municipalities have demonstrated that

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they are capable of carrying out the mandate required of them under the Act, and that the annexation will not have a negative impact upon their operations or future ability to achieve rational growth strategies and directions. The MGB also recognizes that the City and County are currently developing an IDP based around the proposed annexation, which further speaks to the continuing spirit of cooperation between the two municipalities.

The MGB is satisfied that the projections developed for the City in its 2006 Growth Study Update are reasonable and serve to justify the proposed annexation. Taking into account the City's longer term growth plans, the MGB finds that the annexation area represents a sensible approach to addressing growth over the next 30 years.

The MGB is satisfied that the City has included substantial information in the annexation application with respect to the future extension of municipal services. The annexation application addresses the City's ability to extend and upgrade roadways, water, sanitary sewer, and storm water servicing into various portions of the annexation territory. The MGB therefore accepts that the proposed annexation area can be fully serviced by the City and that it represents a logical extension of existing servicing and infrastructure. The MGB is also satisfied that the City has an adequate financial capacity to finance costs associated with the extension of servicing into the annexation territory.

The MGB accepts that the City is currently undertaking a wetlands assessment. Further, the MGB is satisfied by the City's submission that it will be taking care to ensure that creeks and other environmentally sensitive areas are protected.

The MGB finds that the consultation process conducted by the City prior to submitting the annexation application was comprehensive and appropriate. Affected landowners, the public, and other local authorities were provided notification of the annexation. Landowners and members of the public were also given opportunities to provide input regarding the annexation process through two open house meetings. Additionally, the MGB notes that the majority of landowners within the annexation area have indicated their support of the application.

The MGB accepts that the municipalities have renegotiated a compensation agreement based upon an effective date of annexation of January 1, 2010. The MGB finds that the terms of the compensation arrangement are reasonable in nature and will not place undue financial hardship on the City.

Both municipalities demonstrated that the proposed annexation is part of a rational and cooperative strategy to manage growth between the City and the County. The MGB accepts that each of the municipalities has given due consideration to the anticipated fiscal impacts of the annexation. The municipalities provided evidence that no serious concerns are expected with respect to the annexation's effects on the financial state of either municipality.

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The MGB finds that, in general, the assessment and taxation conditions included in the Annexation Agreement will serve to address concerns held by landowners. However, the MGB recommends that the assessment and taxation period proposed by the municipalities be extended from 10 years to 15 years. This will serve to provide an increased level of certainty to landowners and address the concern identified by Dr. Hilderman. Moreover, the 15 year assessment and taxation period being recommended is consistent with the five to 15 year transition period granted by the MGB in previous annexation recommendations.

The MGB recommends that the proposed events which will serve to trigger an end to the assessment and taxation transition period for a particular parcel be amended. The proposed “triggering events” contained in the annexation application includes a clause that would remove the assessment and taxation transition conditions upon the granting of a development permit. The issuing of a development permit does not necessarily change the population density of a parcel of land nor does it inevitably lead to a change in the use of the land. The MGB finds the aforementioned triggering provision to be too broad in scope, and recommends its replacement with by a provision that would bring an end to the assessment and taxation transition period if a parcel of land is subdivided. Application of the *Matters Related to Assessment and Taxation Regulation* for permitted development can allow the assessed value of the property to increase and will allow the City to generate the appropriate tax revenue. Moreover, the recommended clause can help to protect landowners from inadvertently losing their assessment and taxation conditions as the result of a minor improvement to their property.

The MGB did consider Dr. Hilderman’s request that the assessment and taxation conditions be retained after a subdivision during its deliberations on the assessment and taxation conditions. While the landowner in question made the request in order to accommodate his estate planning options, the MGB must consider the broader perspective. Subdivisions usually precipitate an increase in population density by permitting additional development to occur. This generally causes an increase in demand for municipal services and may result in a corresponding increase in expenses for the provision of said services. These costs would have to be absorbed by the existing City taxpayers. Therefore, the MGB recommendation does not include this request.

With respect to Dr. Hilderman’s suggestion that landowners within the annexation area should not be forced to switch power and natural gas providers, the MGB finds that no special accommodations should be made in this case. The City has a franchise agreement for the supply of natural gas. Section 127(1)(3) of the Act does not allow an annexation order to affect the provision of natural gas service if the right is subject to section 23 of the *Gas Distribution Act*. The City has also entered into a franchise agreement with an electricity distribution company to provide electricity within the municipality. The City contends that the Rural Electrification Association (REA) providing electricity to Dr. Hilderman does not have a franchise. The REA did not provide any written submissions regarding the annexation to the MGB nor did it attend

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the hearing to speak on this matter. While the MGB appreciates the franchise fees may increase the electricity costs to the landowners in the annexation area, the MGB did not hear sufficient evidence to fully appreciate the extent of this concern on the REA and therefore was not swayed by the argument of the landowner.

The MGB is satisfied that the City will attempt to accommodate existing farm operations within the annexation area. The City is planning a new Urban Reserve District which would encourage conservation of agricultural land. The MGB finds that the City's response to concerns regarding firearms, burning of waste, handling of farm fuel, use of ATV's, and animal control issues were reasonable.

The MGB does not find that the lands owned by Mr. Hildebrandt should be added to the annexation. The MGB has consistently ruled that the Act no longer permits an individual landowner to make an application for annexation. There was a deliberate amendment to the Act by the legislators to ensure that the lands to be annexed were agreed to by the initiating municipality first. Moreover, the MGB strongly encourages intermunicipal cooperation and gives an agreement that has been reached by the municipalities involved in an annexation a great deal of weight. Although the lands owned by Mr. Hildebrandt were identified as part of a possible 50 year annexation, the annexation application submitted by the City was reduced to 30 years. The lands indentified in the application did not include the lands owned by Mr. Hildebrant. The MGB heard from both the City and the County that the Annexation Agreement was the result of a long and deliberate negotiation. The MGB respects the difficult decisions made by the municipalities during the negotiation process and does not recommend altering the area identified in the annexation application.

The Annexation Application requests an effective date of January 1, 2009. At the hearing, both municipalities indicated that they did not have serious objections to moving the effective date to January 1, 2010. The MGB therefore recommends an effective date of January 1, 2010, which will be more consistent with the timeline under which the application has moved forward and will serve to avoid any complications which may arise from a retroactive effective date of annexation.

Summary

The MGB finds that the Annexation Agreement meets the criteria of outlining conditions that are certain, enforceable, and time specific. The annexation application presented, along with the testimony of the City and County, indicates that the criteria for annexation are met. As such, the MGB recommends approval of the proposed annexation with the extension of the proposed assessment and taxation provisions to a period of 15 years, the recommended alterations to the events which would trigger the end of those provisions with respect to a particular parcel, and with an effective date of January 1, 2010.