

**BOARD ORDER NO. MGB 147/08**

**FILE: AN07/REDC/T-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 Town of Redcliff, in the Province of Alberta, to annex certain territory lying immediately adjacent thereto and thereby its separation from Cypress County.

**BEFORE:**

Members:

J. Acker, Presiding Officer  
W. Gagnon, Member  
H. Naboulsi, Member

MGB Staff:

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

**SUMMARY**

After careful examination of the submissions from the Town of Redcliff (Town), Cypress 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, 2009, the land described in Appendix A and shown on the sketch in Appendix B is separated from Cypress County and annexed to the Town of Redcliff,
- (b) any taxes owing to Cypress County at the end of December 31, 2008 in respect of the annexed lands are transferred to and become payable to the Town of Redcliff together with any lawful penalties and costs levied in respect of those taxes, and

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the Town of Redcliff upon collecting those taxes, penalties and costs must pay them to Cypress County,

- (c) the assessor for the Town of Redcliff must assess, for the purpose of taxation in 2009 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, 8<sup>th</sup> day of December 2008.

MUNICIPAL GOVERNMENT BOARD

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(SGD.) W. Gagnon, Member

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**APPENDIX "A"**

**DETAILED DESCRIPTION OF THE LANDS RECOMMENDED FOR SEPARATION  
FROM CYPRESS COUNTY AND ANNEXED TO THE TOWN OF REDCLIFF**

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION TWENTY (20), TOWNSHIP THIRTEEN (13), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN LYING EAST OF THE WEST BOUNDARY OF ROAD PLAN 921 1436

THE SOUTH HALF OF SECTION TWENTY-ONE (21), TOWNSHIP THIRTEEN (13), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN

THE NORTH HALF OF SECTION SIXTEEN (16), TOWNSHIP THIRTEEN (13), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN

THE NORTH HALF OF SECTION SEVENTEEN (17), TOWNSHIP THIRTEEN (13), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN INCLUDING THAT PORTION OF FIRST AVENUE NORTH CONTAINED WITHIN SAID HALF SECTION AND EXCLUDING THE NORTH-SOUTH ROAD ALLOWANCE LYING WEST OF SAID QUARTER SECTION

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION SEVENTEEN (17), TOWNSHIP THIRTEEN (13), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN NOT WITHIN THE TOWN OF REDCLIFF

ALL THAT PORTION OF THE NORTHWEST QUARTER OF SECTION SEVEN (7), TOWNSHIP THIRTEEN (13), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN BOUNDED ON THE NORTH, WEST AND SOUTH BY THE LEFT BANK OF THE SOUTH SASKATCHEWAN RIVER AND BOUNDED ON THE EAST BY THE NORTHEAST QUARTER OF SECTION SEVEN (7), TOWNSHIP THIRTEEN (13), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN

THE NORTHEAST QUARTER OF SECTION SEVEN (7), TOWNSHIP THIRTEEN (13), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN

ALL THAT PORTION OF THE SOUTH HALF OF SECTION SEVEN (7), TOWNSHIP THIRTEEN (13), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN LYING EASTERLY OF THE LEFT BANK OF THE SOUTH SASKATCHEWAN RIVER

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ALL THAT PORTION OF THE WEST HALF OF SECTION EIGHT (8), TOWNSHIP THIRTEEN (13), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN NOT WITHIN THE TOWN OF REDCLIFF

ALL THAT PORTION OF SECTION SIX (6), TOWNSHIP THIRTEEN (13), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN LYING EASTERLY OF THE LEFT BANK OF THE SOUTH SASKATCHEWAN RIVER

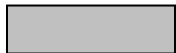
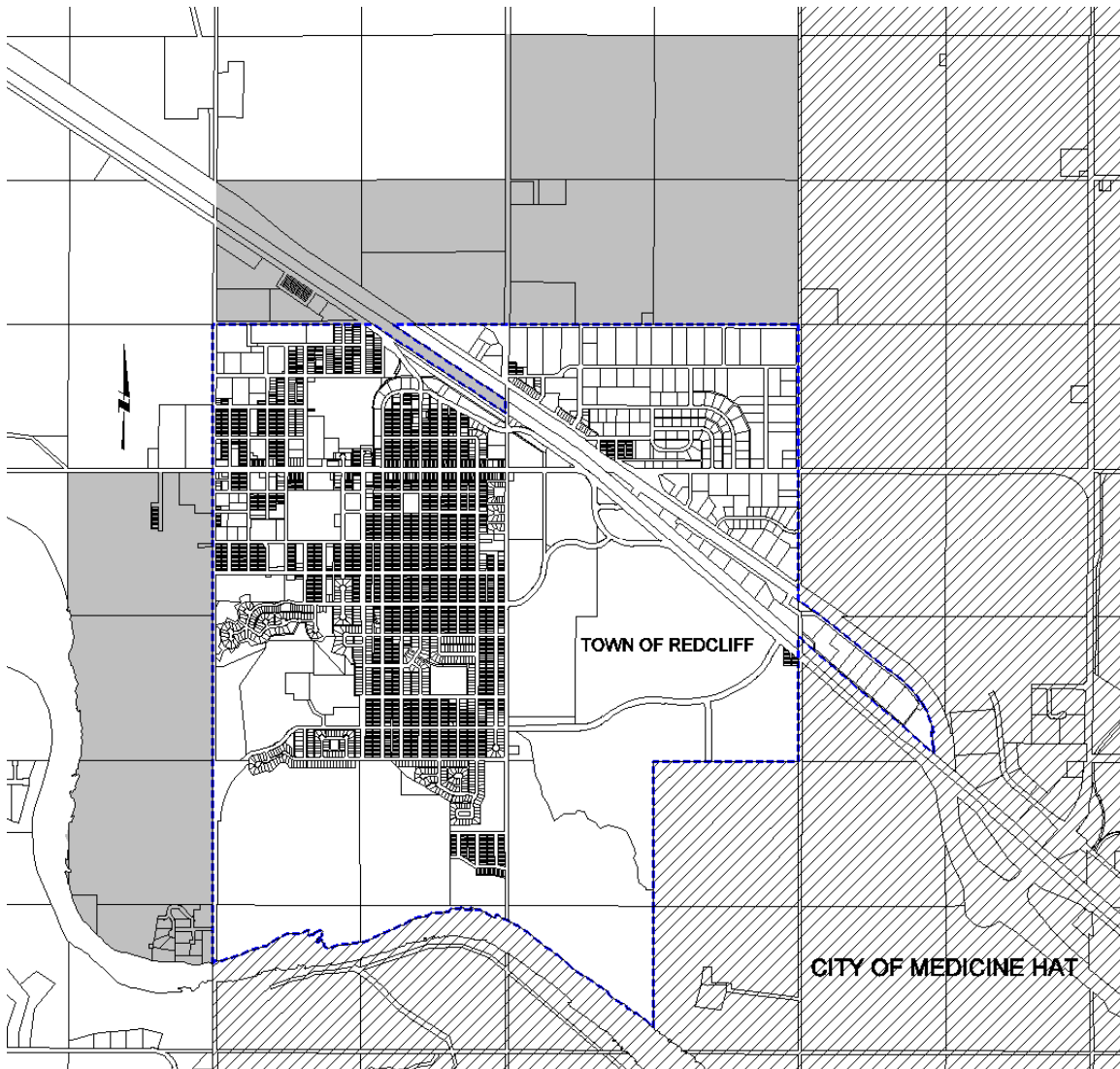
ALL THAT PORTION OF THE WEST HALF OF SECTION FIVE (5), TOWNSHIP THIRTEEN (13), RANGE SIX (6), WEST OF THE FOURTH MERIDIAN LYING NORTH OF THE LEFT BANK OF THE SOUTH SASKATCHEWAN RIVER NOT WITHIN THE TOWN OF REDCLIFF

ALL INTERVENING ROAD ALLOWANCES, REGISTERED ROAD PLANS AND HIGHWAY PLAN RIGHTS-OF-WAY.

**APPENDIX "B"**

A SKETCH SHOWING THE GENERAL LOCATION OF THE AREAS  
RECOMMENDED FOR ANNEXATION TO THE TOWN OF REDCLIFF

AFFECTED AREA(S)



Annexation Area

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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 purpose of taxation in 2009 and in each subsequent year up to and including 2023, the annexed land and the assessable improvements to it

- (a) must be assessed by the Town of Redcliff on the same basis as if they had remained in Cypress County, and
- (b) must be taxed by the Town of Redcliff in respect of each assessment class that applies to the annexed land and the assessable improvements to it using the tax rate established by Cypress County.

3(1) Where in any taxation year, a portion of the annexed land

- (a) becomes a new parcel of land created
  - (i) as a result of subdivision,
  - (ii) as a result of separation of title by registered plan of subdivision, or
  - (iii) by instrument or any other method that occurs at the request of or on behalf, of the landowner,
- or
- (b) is redesignated at the request of or on behalf of the landowner under the Town of Redcliff Land Use Bylaw,

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) 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 Town of Redcliff is assessed and taxed.

4 The Town of Redcliff shall pay to Cypress County the amount of forty thousand dollars (\$40,000.00) on or before July 31, 2009 and on or before July 31 of every year thereafter until and including 2013.

**APPENDIX D**

**MUNICIPAL GOVERNMENT BOARD REPORT  
TO THE MINISTER OF MUNICIPAL AFFAIRS  
RESPECTING THE TOWN OF REDCLIFF PROPOSED ANNEXATION  
OF TERRITORY FROM CYPRESS COUNTY**

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**Summary**

The Town of Redcliff (Town) is located in southern Alberta, adjacent to the northwest boundary of the City of Medicine Hat (City). On May 13, 2008 the Municipal Government Board (MGB) received an annexation application signed by the Town and Cypress County (County). The proposed annexation would allow the Town to ensure the proper long-term planning of growth and development. The neighbouring City was notified of the proposed annexation. Further, the Town, County, and City have all recognized the lands identified in the application to be appropriate for future Town growth, and labelled them as such in a draft Intermunicipal Development Plan (IDP).

Although the Town and County were in agreement with regard to the proposed annexation, the application contained several objections from affected landowners. In accordance with the Act, the MGB held a public hearing on July 24, 2008 to receive information, evidence and argument on the annexation proposal. The MGB received several presentations at the hearing.

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 finds that the purpose of the annexation and amount of land being requested by the Town is reasonable and that the concerns of affected landowners have been given proper consideration. The MGB is also satisfied that the agreed-to compensation of \$40,000 a year for a five year period is not excessive and will not cause financial hardship for the Town. Moreover, the MGB reviewed the arguments and evidence of all the parties and concluded that it was in the greater public interest to recommend approval of the 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.

The MGB recommends an alteration from the Annexation Agreement's proposed provisions regarding assessment and taxation, extending the transition period from ten (10) years to fifteen (15) years. Although the Town did not directly comment on the possibility of a fifteen (15) year period at the MGB hearing, it was indicated that a ten (10) year period was chosen by the municipalities because they believed it to be the longest normally permitted. In actuality, the maximum transition period normally permitted is fifteen (15) years. Assessment and taxation concerns were a recurring theme during both the Town's public consultation process and the MGB hearing. As such, the MGB finds that a fifteen (15) year assessment and taxation transition period will serve to better address this major landowner concern.



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### **I Introduction**

The Town is located in southern Alberta, adjacent to the northwest boundary of the City. The Town is bounded by the County, and has a population of 5,096 as of 2007.

In recent years, the Town has experienced a substantial rate of growth. According to Statistics Canada, the Town's population grew by 16.6% between 2001 and 2006. This growth rate is higher than the provincial average and was the highest in the region.

As a result of recent growth, the Town's existing land inventories are effectively depleted. Based on projected population growth figures, the proposed annexation territory will bolster the Town's supply of land in order to meet its needs for approximately the next 35 to 40 years.

The Town has not undertaken any major annexations in the recent past, which has led to a requirement for additional developable land. The main purposes of this annexation are to bring into the Town an adequate supply of land to accommodate and manage growth in an orderly fashion, including providing for the expansion of industrial development.

On May 13, 2008 the MGB received a formal annexation application from the Town to annex approximately 764 hectares (1,888 acres) of land from the County. The Town and County had reached an agreement regarding the annexation application and there were no matters that had not been agreed upon by the two municipalities. However, the application contained objections from affected landowners and, in accordance with Section 120 of the Act, the MGB conducted a hearing.

The following report outlines the role of the MGB, provides a brief overview of the Town's annexation application, identifies affected landowner issues, identifies the MGB annexation processing methodology, summarizes the July 24, 2008 public hearing, and provides a recommendation to the Minister regarding this matter.

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

The MGB becomes active in the annexation process once the initiating municipality has filed its negotiation report with the MGB, pursuant to section 119(1) of the Act. If the initiating municipality requests the MGB to proceed with the annexation, the report becomes the annexation application. The Town has filed a formal annexation application and the MGB is now processing that application.

If the MGB is satisfied that the affected municipalities and public are generally in agreement, the MGB notifies the parties of its findings and unless there are objections to the annexation filed with the MGB by a specific date, the MGB will make its recommendation to the Minister

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without holding a public hearing. In this specific case, objections to the proposed annexation were contained in the annexation application submitted by the Town to the MGB.

If the MGB finds that there is objections to the annexation the MGB must conduct one or more public hearings (section 120(3)(b) of the Act). In this case, objections have been filed. The MGB may investigate, analyze and make findings of fact about the annexation. The MGB must 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.

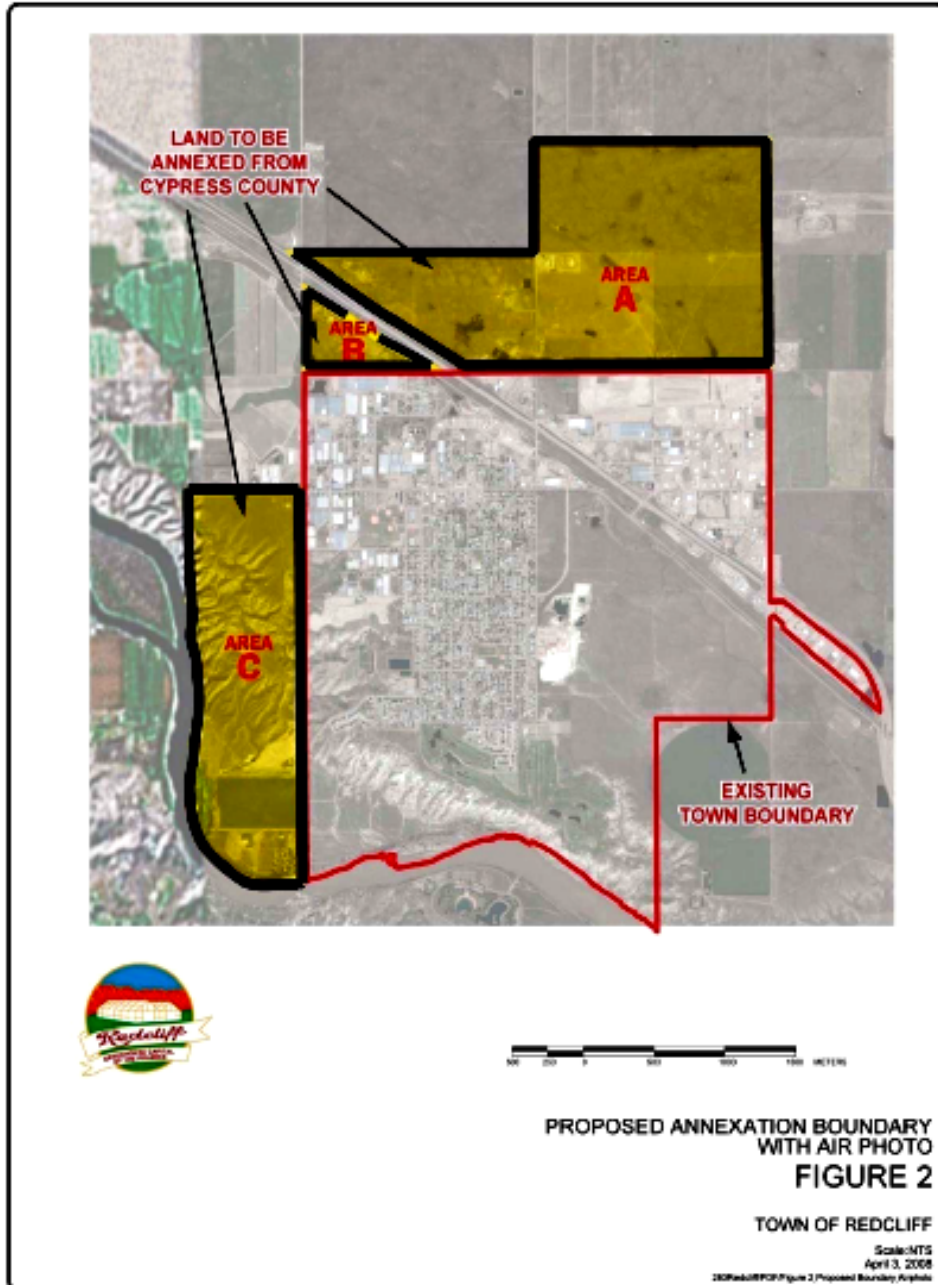
**III Annexation Application**

The MGB received the Town's annexation application on May 13, 2008. The following identifies the proposed annexation area, describes 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 Town's consultation process, provides the annexation agreement between the Town and the County, and states the proposed assessment and taxation conditions requested by the Town.

**Proposed Annexation Area**

The Town's annexation application proposed that approximately 764 hectares (1,888 acres) of territory be transferred from the County to the Town. The application categorized the total annexation area into three distinct regions, labelled as Annexation Areas A, B, and C. The location of these areas is illustrated on the map below, which was contained as part of the application submitted by the Town.

Map 1: Town of Redcliff Annexation Area



Source: Town of Redcliff Annexation Application

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**Development Plans**

The Town's Municipal Development Plan (MDP) was adopted in March 2000. The MDP identifies the majority of the areas currently proposed for annexation as being potential future annexation areas, but does not describe their land uses. The southern half of 21-13-6-W4M is also included in the annexation currently being proposed, but was not shown as a future annexation area in the MDP. This additional land is owned by the Town.

The Town, County, and City are in the process of preparing an IDP. The proposed annexation area is identified as future annexation lands for the Town in the current draft of the IDP.

**Provision of Municipal Services**

Some connections to the Town's water supply currently exist within the proposed annexation area. The Town will not automatically be extending its servicing to the entire annexation area as a result of the annexation. Servicing will be phased into the annexation in an orderly fashion as development occurs. The application indicates that services will be extended through agreements with developers and via local improvement levies.

The annexation application notes that the Town is currently in negotiations with natural gas service providers. At present, the Town is serviced by the City, and the proposed annexation areas are serviced by the 40 Mile Gas Co-op.

**The Landowner and Public Consultation Process**

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

In June 2007 a letter was mailed to all landowners within the proposed annexation boundaries, notifying them of the Town's intent to submit an application for annexation. An open house was held on June 14, 2007 at the Redcliff Town Hall, for which advertisements were placed in the community paper, the **Cypress Commentator**, for two consecutive weeks. A second open house was held on February 21, 2008, to which landowners were invited.

***Consultation with Local and Municipal Authorities***

The annexation application indicates that the Town notified all affected utilities and other agencies that might be affected to encourage them to provide input. No specific list of the notified utilities and agencies was provided. No municipal or local authorities raised objections to the annexation.

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### ***Response from Alberta Transportation (AT)***

A response from AT was contained in the annexation application. In a letter dated April 2, 2008, AT affirmed its commitment to supporting Section 7.0 of the Provincial Land Use Policies (PLUP), which deals with transportation. AT recommended that the Town begin planning for future transportation requirements, and suggested that future subdivision and development could be subject to an Area Structure Plan and site specific Traffic Impact Assessments. AT also noted that any access to Highway 1 must meet its guidelines and standards. Further, AT submitted that it is imperative that storm water be controlled and not directed toward or alter existing highway drainage patterns. Formal endorsement of a Storm Water Management Plan by AT was noted to be a part of the subdivision and development approval process. In conclusion, AT noted that it had no objections to the proposed annexation in principle.

### **Identified Landowner and Public Issues**

The Town held two open house meetings to receive feedback and input from the public and affected landowners. Taxation and assessment implications were identified by the Town as the primary concern expressed by landowners. Many landowners were concerned that they would be required to pay higher taxes within the Town, but not receive a commensurate level of municipal services. Some landowners also indicated concerns that the Town's bylaws may not be consistent with existing uses of their lands. As a result of objections and concerns from a number of landowners, the Town included a ten (10) year taxation transition period within the Annexation Agreement.

### **The Annexation Agreement with the County**

The Town and the County came to an agreement regarding the annexation details in December 2007. A formal negotiation process was conducted, leading to agreement as to the proposed annexation area, tax and assessment provisions, compensation, and transfer date. As a result of the negotiation process, the Town removed the South Half of 19-13-6-W4M and the South Half of 20-13-6-W4M from the proposed annexation boundary. The annexation application indicates that the two municipalities are in agreement on all issues relating to the annexation, and that there are no outstanding issues. The Annexation Agreement was signed by the County on May 6, 2008, and by the Town on May 9, 2008.

### **Compensation**

The Annexation Agreement between the two municipalities addresses monetary compensation to be paid by the Town to the County. It was submitted that the compensation figure was arrived at with the primary goal of compensating the County for lost tax revenue. The Annexation

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Agreement specifies that the Town will provide an annual payment of \$40,000 to the County each year for a total period of five years starting in 2008 (amended to 2009 to reflect the change in annexation date agreed to by both parties at the hearing). The total compensation agreed to is thus \$200,000 over the five year period. Table 1 illustrates the compensation arrangement agreed to by the Town and County.

<b>Table 1 Compensation to Cypress County</b>	
<b>Date Due</b>	<b>\$</b>
July 31, 2009	\$40,000.00
July 31, 2010	\$40,000.00
July 31, 2011	\$40,000.00
July 31, 2012	\$40,000.00
July 31, 2013	\$40,000.00
<b>Total Amount to be Paid Over the 5 Year Period</b>	<b>\$200,000.00</b>

**Proposed Assessment and Taxation Conditions**

The agreement between the Town and the County requests that the following assessment and taxation conditions be attached to the Order in Council.

- 1 For taxation purposes in 2008 and subsequent years, up to and including 2017, the annexed land and the assessable improvements to it
  - (a) must be assessed by the Town of Redcliff on the same basis as if they had remained in Cypress County, and
  - (b) must be taxed by the Town of Redcliff in respect of each assessment class that applies to the annexed land and the assessable improvements to it using the tax rate established by Cypress County.
  
- 2 Where in any taxation year, a portion of the annexed land
  - (a) becomes a new parcel in any taxation year, a portion of the annexed land 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, or
  - (b) is redesignated at the request of, or on behalf of the landowner under the Town of Redcliff Land Use Bylaw to another designation.

Section 1 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.

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3 After section 1 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 Town of Redcliff is assessed and taxed.

During the MGB hearing, it was noted that the proposed taxation transition period was set at ten (10) years because, after reviewing previous orders, the municipalities believed this to be the standard assessment and taxation transition period.

**IV MGB Application Processing Methodology and Public Hearing**

The following provides a description of the method used by the MGB to process the Town's annexation application and describes the public hearing held July 24, 2008.

**MGB Application Processing**

In accordance with section 116 of the Act, the Town submitted its notice of intent to annex to the County, the MGB and other local authorities on May 30, 2007. The notification stated that the Town intended to discuss the annexation further with the County and identified the methodology the Town would use to consult with the public as well as the affected landowners. The Town indicated that the land would allow the Town to accommodate and manage growth in an orderly fashion.

In accordance with section 118 of the Act, the required Negotiation Report was received by the MGB on May 13, 2008. The accompanying letter requested the MGB to accept the Report as the Town's official annexation application. The application submitted by the Town included a copy of the Annexation Agreement between the Town and the County, and a cheque for the annexation fees.

Although the Town and County were in agreement with the annexation, the application contained objections from landowners and the public. 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. The hearing regarding this matter was scheduled to commence at 10:00 a.m. on Wednesday, July 24, 2008 at the Parkside School Gymnasium located at 209 – 2 Street SE in Redcliff, Alberta.

In accordance with section 122(1) of the Act, the MGB published a notice of hearing in the **Cypress Courier**, a local newspaper, on July 1 and 8, 2008 to notify the public. The MGB also sent letters to the Town and County with copies to each of the affected landowners to notify the parties of the July 24, 2008 hearing. Letters were also sent to the people that had provided written comments which were contained in the annexation application. The letter requested that

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any person who planned to attend the hearing, or make a submission at the hearing, notify the MGB by July 16, 2008.

In response to the hearing notifications, the MGB received letters and emails from several landowners, which are outlined in the descriptions of landowner submissions below.

### **The Public Hearing**

At the hearing, the MGB received oral submissions from the Town, the County, adjacent landowners, affected landowners and a developer. Twenty-one people completed the registration form at the July 24, 2008 hearing.

### **Town's Submission**

Ken Snyder of Scheffer Andrew Ltd. presented the Town's oral submission at the MGB hearing.

### Overview & Background

The Town indicated that the proposed annexation is necessary in order for the Town to continue growth in the established pattern. It was submitted that the Town has recently experienced a spike in growth, with a 2007 increase of over 16% - considerably higher than the provincial average. The Town has also encountered a high rate of industrial growth due to its proximity to Medicine Hat. This development has led to a severe shortage of land remaining to accommodate industrial expansion.

### Public Consultation Process

The Town explained that a letter was mailed to all landowners within the proposed annexation boundaries, notifying them of the Town's intent to submit an application for annexation. An open house was then held on June 14, 2007 at the Redcliff Town Hall. After negotiations with the County concluded, a second open house was held on February 21, 2008, to which landowners were invited.

### Annexation Area

The Town explained that the proposed annexation had been divided into three distinct sub-areas, identified as Area A, Area B and Area C. Each of these sub-areas is described in the following section.

Area A (Map 2) was described as having a generally flat topography and being prime land for almost immediate industrial expansion. The parcels in Area A are large in size, and the Town

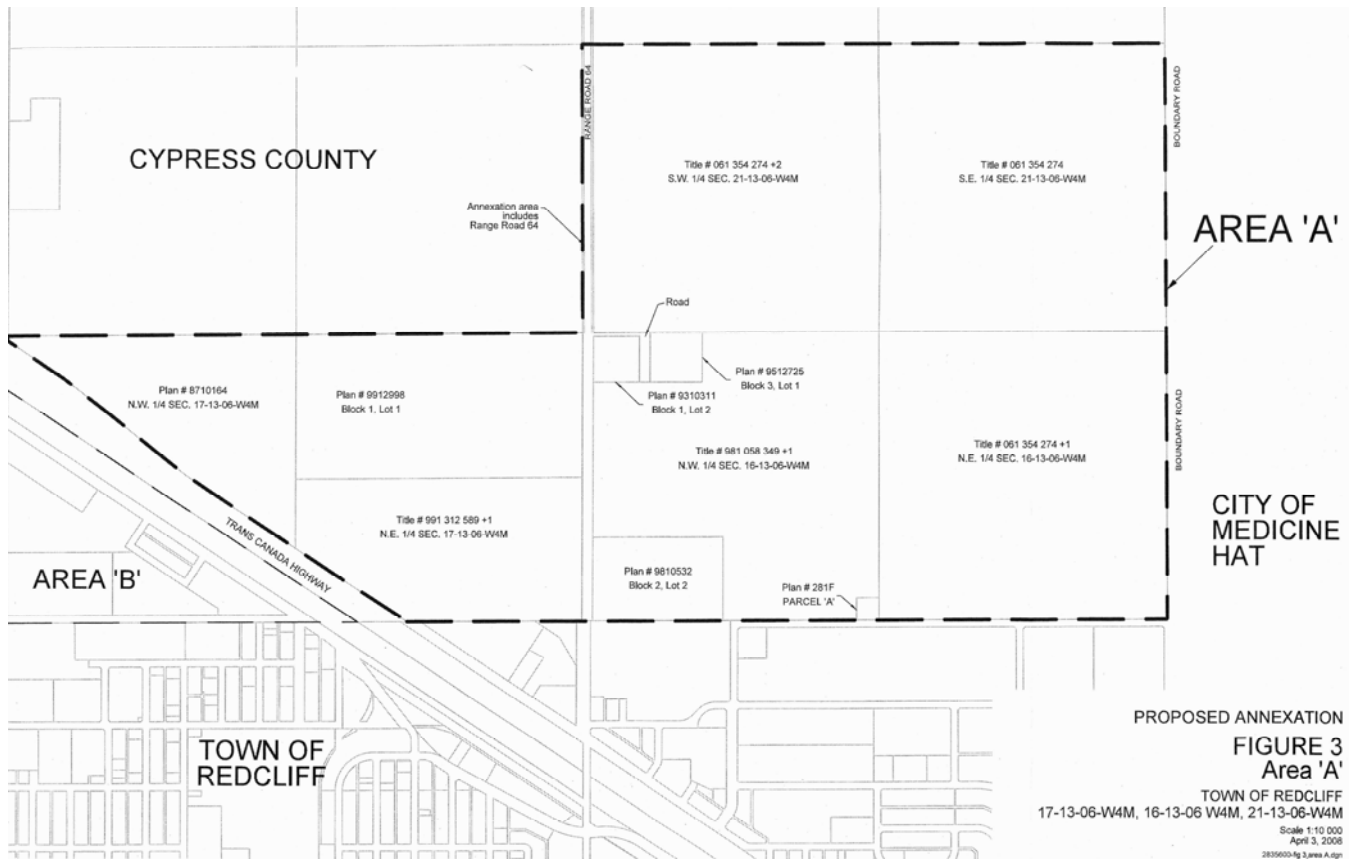


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submitted that it would be relatively easy to develop services into the area. The Town owns 51% of the land in Area A, and submitted that none of the other landowners had indicated their opposition to the annexation.

Map 2: Town of Redcliff Annexation Area A



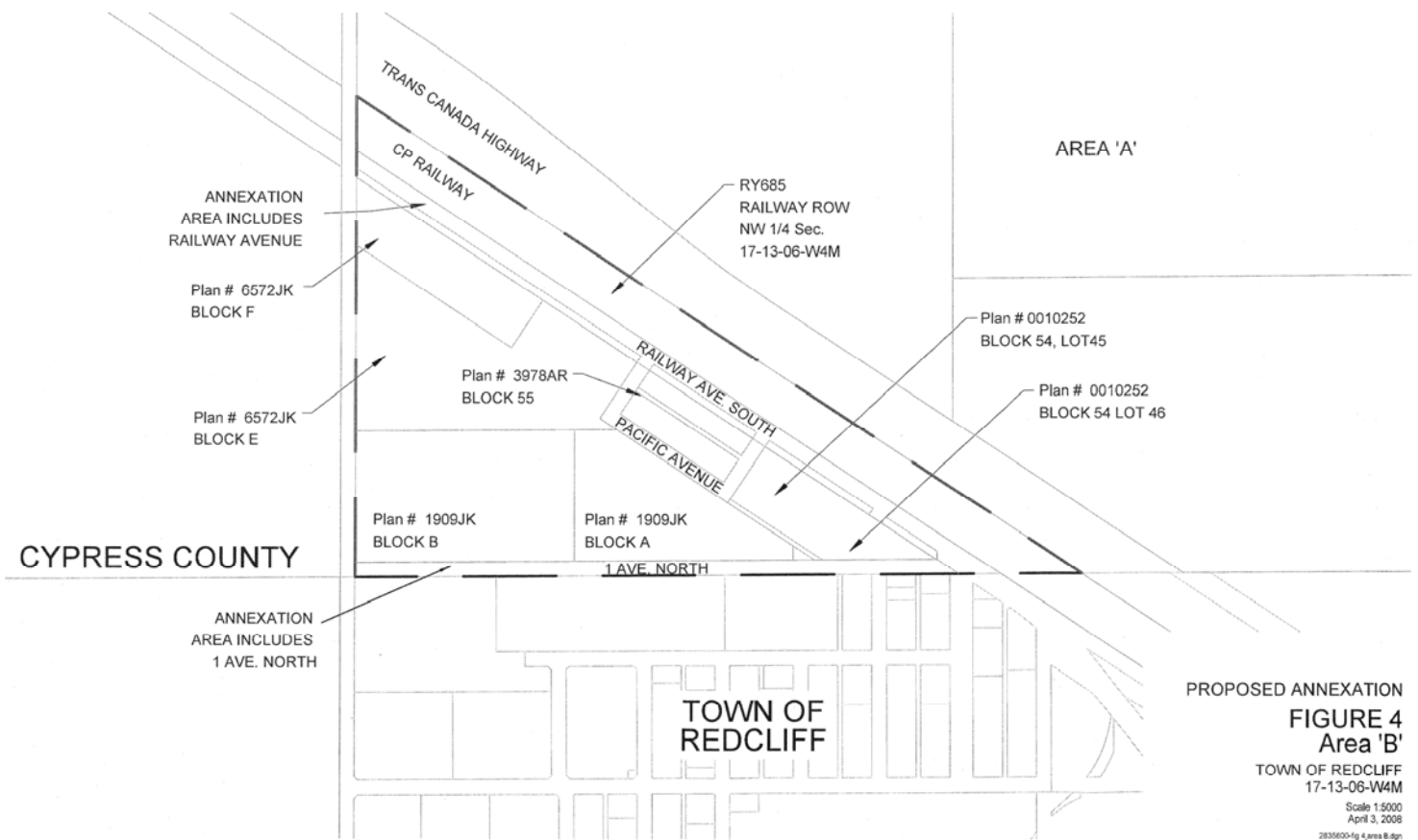
Source: Town of Redcliff Annexation Presentation to MGB, July 24, 2008

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Area B (Map 3) is made up of approximately 26 hectares south of the TransCanada Highway. It was noted that the landowners in this area are opposed to their inclusion in the annexation, but that the area was a logical extension of urban development. The Town indicated that the land is fairly flat and easy to develop and that residential and/or light industrial uses were anticipated for the area in the future. It was noted that development in this area would likely occur on a more long-term basis.

Map 3: Town of Redcliff Annexation Area B



Source: Town of Redcliff Annexation Presentation to MGB, July 24, 2008

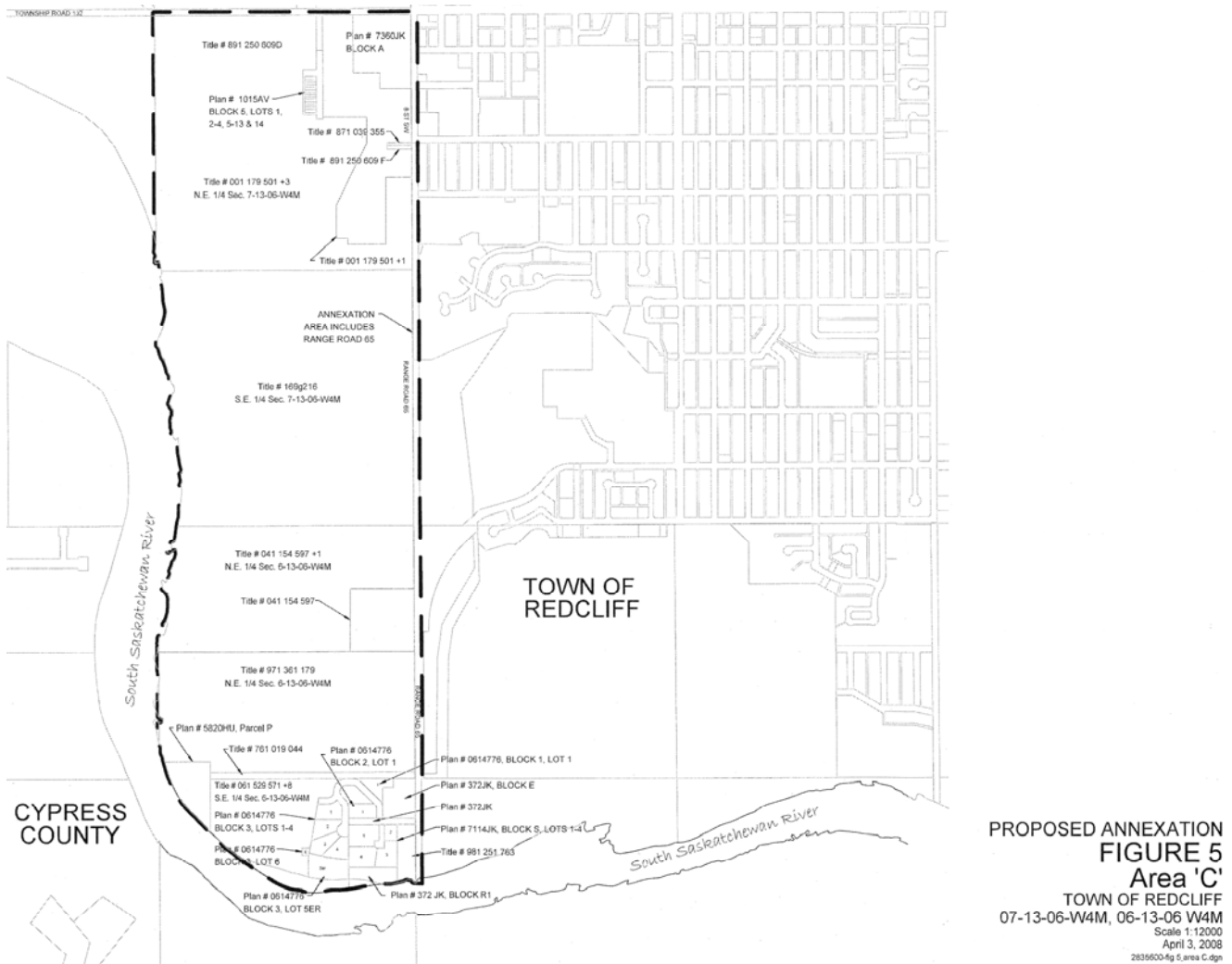
Area C (Map 4) consists of several country residential parcels and some agricultural operations. The topography was described as including substantial slopes and coulees, making a large

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portion of the area undevelopable, with the remainder likely suited for long-term residential development. Area C was explained to include the Town's potable water intake. It was also submitted that the area is relatively isolated from the County, with the only vehicular access to the area located through the existing Town. As such, the Town submitted that the inclusion of the area would be a logical extension of existing development, and that the County was in agreement that the inclusion of Area C is sensible.

Map 4: Town of Redcliff Annexation Area C



Source: Town of Redcliff Annexation Presentation to MGB, July 24, 2008

Compensation

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The Town submitted that the agreed amount of compensation to flow to the County was based on the estimated amount of tax revenues generated from lands within the proposed annexation area. As such, the Annexation Agreement includes a provision for the Town to transfer \$40,000 per year to the County for a period of five years. The total compensation agreed to is thus \$200,000 over the five year period. The Town submitted that it was comfortable with its financial capability to meet this requirement. Additionally, the Town submitted that if the annexation boundaries agreed to by the municipalities were to be altered, the amount of compensation should also be amended accordingly.

#### Identified Concerns and Response Taken by the Town

Regarding the results of the public consultation process, the Town submitted that the most prevalent concern was with respect to transition to the Town's higher tax rate. To address this, a ten year taxation transition period was included in the Annexation Agreement. Some individuals also indicated that they were content with the current level of services provided by the County, and others voiced a concern that the Town's bylaws may not be consistent with existing residential uses within the annexation area. The Town suggested that the inclusion of the ten year taxation transition period contained within the final Annexation Agreement addresses the primary concern held by landowners. It was noted that the taxation transition period was set at ten (10) years because the municipalities believed this to be the furthest that such a period was normally extended. The Town indicated that the intent was to be as positive as possible toward affected landowners.

#### Servicing and Utilities

The Town noted that some existing water connections operate within the proposed annexation area, but indicated that it would not automatically be extending servicing as a result of the annexation.

#### South Saskatchewan River

The Town indicated that protection for the river system has been provided for through previous subdivisions within the County. It was indicated that the only other lands adjacent to the river are owned by the Town.

#### Intermunicipal Cooperation

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The Town noted that it had undertaken a negotiation process with the County which ended with the full agreement of both municipalities. As a result of the negotiation process, the Town agreed to reduce the proposed annexation area and include the compensation provisions which are reflected in the final application. Although no IDP currently exists, the Town indicated that one is currently being developed in conjunction with the County and the City of Medicine Hat. This was described as being part of an attempt by the three municipalities to coordinate growth strategies and establish long term planning for the region.

Proposed Date of Annexation

Due to the timeline under which the proposed annexation has progressed, the Town requested that the original proposed annexation date of January 1, 2008 be moved to January 1, 2009.

**County's Submission**

The County indicated that it felt most relevant issues had been adequately addressed through the Town's presentation and the documents submitted to the MGB. The County therefore explained that it would briefly speak to Annexation Areas B and C.

It was requested by the County that Area B be included in the annexation, as it would otherwise be almost completely surrounded by the Town. The County indicated that it was conscious of landowner objections with regard to the area, but felt that its inclusion in the annexation was a necessary progression.

It was submitted that geographical factors also make the inclusion of Area C in the annexation territory logical, as it is cut off from the rest of the County by the South Saskatchewan River on one side and the Town on the other.

The County indicated that it concurred with the Town in requesting that the original proposed annexation date of January 1, 2008 be moved to January 1, 2009.

**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, grouped by relevant annexation area.

Submissions respecting Annexation Area A

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*Elaine Terry*

Elaine Terry explained that she was the owner of approximately 62 acres within Area A. Most of her land is used as pasture, and is thus taxed at a low mill rate. Ms. Terry outlined that until recently she had been in favour of the annexation, but that she now had some concerns. She suggested that there should have been more meetings, rather than open houses, so that people could have more readily exchanged ideas and thoughts concerning the proposed annexation. Ms. Terry noted that the area in which her land is located is planned to be the location of industrial development, and expressed that her land should only become industrial at her request. Ms. Terry also suggested that the ten (10) year taxation provisions should not commence until the date of the annexation order. Additionally, Ms. Terry noted a concern that Town bylaws would prevent those residing in the annexation area from carrying on current practices with regard to their animals. Finally, she submitted that increased taxes should go hand in hand with service provision. Ms. Terry clarified that she was referring to basic services such as water, sewer, and garbage pickup.

Submissions respecting Annexation Area B

*Shirley Lapp*

Shirley Lapp provided a written submission as well as an oral presentation at the MGB hearing. She indicated that she was presenting on behalf of all of the landowners within Area B. Ms. Lapp submitted that the Town has little to offer the residents of Area B, and will have sufficient land for 25 years or more of development without the area's inclusion. She indicated that the landowners in Area B would like to either be excluded from the annexation or to have their properties purchased by the Town. It was submitted that the Town had declined to buy the lands, and they should therefore be excluded, just as other property owners who were included in the original annexation proposal were.

Ms. Lapp submitted that the landowners were originally told that they would remain taxed at the County rates for ten (10) to fifteen (15) years, but were later informed that this may not be the case if they subdivide, the land use changes, or other events occur. Additionally, the landowners are concerned that an increase in tax rates will not necessarily correspond to the extension of services provided by the Town. It was explained that one of the landowners had a previous negative experience with the taxation provisions included with the annexation of lands by the City of Medicine Hat, and was concerned about a similar situation. Ms. Lapp suggested that some owners would have difficulty affording to keep their homes and properties should taxes increase. The commercial property of one owner was cited as an example of potential financial hardship. The tax implications for farm land were also mentioned as a concern. Further, Ms. Lapp indicated that the City of Medicine Hat Gas Department employees had been seen

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surveying in Area B, and that landowners were concerned that this would lead to the extension of services against their wishes, thus ending the ten (10) year tax provisions prematurely.

It was noted that three of the landowners within Area B keep horses on their properties, and that one owner keeps cattle on his lands seasonally. Ms. Lapp submitted that the Town had assured the landowners that it would not interfere with their keeping of livestock, but that the potential of rezoning and enforcement of Town bylaws could interfere with this element of their existing lifestyle. Potential restrictions on the ownership of cats and dogs was also outlined as a concern.

Other concerns outlined included the potential requirement to purchase costly business licenses from the Town, past issues with the Town regarding subdivisions, and a possible degradation in standards of road maintenance.

Ms. Lapp submitted that the Area B landowners had previously expressed their disapproval at the June 14, 2007 and February 21, 2008 open houses. It was suggested that formal meetings with all affected parties present would have been superior to the open house process conducted. She contended that the Town has no immediate plans for the development of Area B, and that it should be excluded from annexation at this time.

*Peter Bensler*

Peter Bensler explained that he was a landowner in Area B, and was in agreement with the majority of Shirley Lapp's presentation.

*Ted Reid, Gas Distribution Manager*

Ted Reid, Medicine Hat Gas Distribution Manager, clarified that Gas Utility employees had visited the area in order to determine servicing requirements, as they may have to provide gas at some point in the future. It was explained that this would not affect taxation conditions within the Annexation Agreement.

Submissions respecting Annexation Area C

No landowners from Area C made submissions at the MGB hearing.

**Town's Response to the Landowner Submissions**

The Town provided additional information in response to the submissions of landowners at the MGB hearing. A summary of these responses is below, grouped by relevant annexation area.

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In response to Elaine Terry's concerns about land use, the Town clarified that most of the proposed annexation area north of Highway 1 is indeed planned for industrial use in the long term. However, because of where Ms. Terry's lands are located, it is likely to be years before actual industrial development takes place there.

Regarding the concerns raised about Town bylaws impacting the ability of landowners to raise animals, the Town acknowledged that the current bylaw was developed for a denser urban area. The Town noted that any potential changes to the bylaw would be a political matter left to the Town Council, but expected that Council would likely consider the issue.

To clarify its position regarding services, the Town noted that service provision in the annexation area was likely to remain relatively constant. Garbage services would likely be provided by the Town, but services such as water, storm lines, and sanitary lines would only be provided by the Town at the expense of the owners. Local improvement levies may be utilized so that landowners do not have to pay for costs upfront. Developers would be expected to pay for the extension of services to new areas.

Regarding Shirley Lapp's comments about the Town's alleged interference in a past subdivision application, the Town clarified that it does not have the ability to reject subdivision applications within the County. The Town also indicated that it was unaware that the City of Medicine Hat had been looking into the requirements for potential future servicing of the area.

**MD's Response to the Landowner Submissions**

The County provided no additional response to the submissions made by landowners at the MGB hearing.

**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, 2009. Further, the MGB recommends that the proposed assessment and taxation provisions be extended to exist for a period of fifteen (15) years.

**VI Reasons**

The MGB finds that the limited amount of land currently available for development within the Town's boundary, combined with the accelerated growth recently experienced by the Town, is a reasonable justification for this annexation. Furthermore, the MGB is convinced that this annexation will facilitate the well managed growth of the Town by providing land inventory for



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both industrial and residential development. At the same time, the MGB finds that the annexation will not serve to hinder the County's ability to achieve its own rational growth directions.

The Town, through its MDP, identified the majority of the lands to be annexed as future growth areas. The MGB accepts that these areas, as well as the additional two quarter sections being requested by the Town in Annexation Area A are logical extensions of established and developed areas. With specific regard to Annexation Area C, the MGB notes that it is currently isolated from the remainder of the County, and is only accessible via the Town. Similarly, Annexation Area B will be bounded by the Town on three sides. The MGB also recognizes that the County asked for Area B to be included in the annexation, and concurs with the inclusion of Area C. As such, the MGB finds that it is a logical progression for these lands to be included within the Town boundary.

The MGB accepts that the Town has adequately established that the extension of servicing will primarily be paid for by developers and through local improvement levies. As such, existing residents of the Town will not be unjustly burdened with the costs of servicing new areas. While current residents of the annexation area may be required to pay for the extension of water, sanitary, and storm water servicing, the Town indicated that local improvement levies may be utilized in order to ensure that such costs will not have to be incurred upfront. As well, servicing into the annexed areas will proceed in an orderly fashion as development dictates. The MGB finds that this illustrates a satisfactory approach to the extension of municipal services.

Although the Town did not directly address the concern relating to road maintenance standards raised by landowners in Annexation Area B, the MGB finds that no compelling evidence was presented to suggest that the quality of roads would suffer as a result of the annexation. The MGB further finds that the maintenance of roads is primarily a local issue that may be raised with and considered by local officials.

The MGB finds that the Annexation Agreement demonstrates a high degree of cooperation and collaboration between the Town and County. Although no IDP currently exists, the MGB recognizes that one is currently being developed by the Town, the County, and the City of Medicine Hat. The thrust for intermunicipal cooperation envisioned by the Act, PLUP, and MGB annexation principles was well documented in the written and oral submissions presented by the municipalities. Moreover, the MGB finds that the successful negotiations between the Town and County illustrates the effective use of the concepts outlined in the PLUP for encouraging intermunicipal cooperation and the intermunicipal coordination of land use planning. Further, the MGB finds that it does not appear that the annexation or annexation conditions will infringe on the local autonomy given to municipalities under the Act.

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The MGB notes that the Town has notified relevant entities of the proposed annexation, including AT. Having received a response from AT, the Town is aware of requirements regarding future transportation planning and storm water drainage. The MGB is satisfied that AT does not object to the annexation proceeding. Further, no objections were noted from school authorities or other local bodies. The City of Medicine Hat, which lies adjacent to the Town, also did not raise any objections to the annexation.

The MGB acknowledges the contention of landowners that formalized public meetings might have constituted a more participatory method of ascertaining input than the open houses utilized by the Town. However, the MGB is satisfied that the Town provided adequate notification to landowners, and undertook a sufficient level of consultation through holding an open house on June 14, 2007 and a second open house on February 21, 2008.

The MGB is also satisfied that the lifestyle concerns of the affected landowners have been sufficiently addressed by the Town. With regard to issues relating to how the Town's bylaws may affect the ability of landowners to raise animals, the MGB finds that such considerations are matters which can be resolved locally. The issue of raising animals was not identified as such a significant issue that the lands should remain in a rural jurisdiction. The MGB accepts the Town's indication that it will give due consideration to such concerns. The MGB further notes that it does not have authority to recommend that property be purchased from affected landowners by the Town, as requested by those in Annexation Area B. Any such arrangements remain in the private sphere, and are outside the purview of the MGB's statutory mandate.

The MGB notes that the Town addressed environmental protection for the South Saskatchewan River, and accepts the submission that protection and conservation measures have been and will continue to be addressed through the subdivision process.

The MGB is satisfied with the provisions included in the Annexation Agreement respecting compensation. The MGB accepts that the amount of compensation to be provided from the Town to the County was based on an estimate of the taxation revenue generated by the annexation area. The MGB accepts the Town's submission that the compensation amount of \$40,000 per year for five (5) years would not constitute a financial burden. The MGB is satisfied that the compensation figure agreed to by the municipalities is not excessive, and that the Town has sufficient financial capacity to meet its obligations with regard to compensation.

The MGB finds that the Town has taken reasonable steps to address the concerns raised by landowner through the addition of a taxation transition period into the Annexation Agreement. However, the MGB recommends an alteration from the Annexation Agreement's proposed provisions regarding assessment and taxation, extending the transition period from ten (10) years to fifteen (15) years. The municipalities did not specifically provide their position on the potential of a fifteen (15) year period at the MGB hearing. However, the MGB accepts the

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explanation provided at the July 24, 2008 hearing that a ten (10) year period was chosen by the municipalities because they believed it to be the longest normally permitted. However, the MGB's 2005 Annexation Bulletin No. 1 states that "In some recent annexations timelines have ranged from five to 15 years. Justification of timelines greater than 15 years would require significant rationale." As noted in the MGB bulletin, previous annexations have generally allowed for assessment and taxation transition periods to span up to fifteen (15) years. Several landowners raised assessment and taxation concerns through the Town's consultation process, as well as at the MGB hearing. The Annexation Agreement articulates that taxation and assessment provisions were identified as an "overwhelming concern" of affected landowners. As such, the MGB recommends that the proposed transition period from the Annexation Agreement be extended to fifteen (15) years in order to better reflect the intentions of the parties and provide a longer period of adjustment and certainty for affected landowners.

The MGB finds that the proposed annexation reflects legitimate local needs and concerns. As such, the MGB feels it appropriate to recommend approval of the proposed annexation.