

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

**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 Chestermere, in the Province of Alberta, to annex certain territory lying immediately adjacent thereto and thereby its separation from the Municipal District of Rocky View No. 44.

**BEFORE:**

Members:

R. Scotnicki, Presiding Officer  
T. Golden, Member  
R. Strauss, Member

MGB Staff:

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

**SUMMARY**

After careful examination of the submissions from the Town of Chestermere (Town), Municipal District of Rocky View No. 44 (MD), 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 the Municipal District of Rocky View No. 44 and annexed to the Town of Chestermere,
- (b) any taxes owing to the Municipal District of Rocky View No. 44 at the end of December 31, 2008 in respect of the annexed lands are transferred to and become payable to the Town of Chestermere together with any lawful penalties and costs

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

levied in respect of those taxes, and the Town of Chestermere upon collecting those taxes, penalties and costs must pay them to the Municipal District of Rocky View No. 44,

- (c) the assessor for the Town of Chestermere 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 10<sup>th</sup> day of February 2009.

MUNICIPAL GOVERNMENT BOARD

---

(SGD.) R. Scotnicki, Presiding Officer

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

**APPENDIX A**

**DETAILED DESCRIPTION OF THE LANDS RECOMMENDED FOR SEPARATION  
FROM THE MUNICIPAL DISTRICT OF ROCKY VIEW NO. 44 AND ANNEXED TO  
THE TOWN OF CHESTERMERE**

ALL THAT PORTION OF SECTION TWENTY-ONE (21), TOWNSHIP TWENTY-FOUR (24), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN SOUTH OF THE SOUTH BOUNDARY OF PLAN 761-0158 AND EXCLUDING THAT PORTION OF THE NORTH-SOUTH ROAD ALLOWANCE WEST OF SAID SECTION LYING NORTH OF THE PRODUCTION WEST OF PLAN 761-0158

ALL THAT PORTION OF THE WEST HALF OF SECTION TWENTY TWO (22), TOWNSHIP TWENTY FOUR (24), RANGE TWENTY EIGHT (28) WEST OF THE FOURTH MERIDIAN SOUTH OF THE SOUTH BOUNDARY OF PLAN 7307JK INCLUDING ALL THAT PORTION OF PLAN 2078JK SOUTH OF THE PRODUCTION EAST OF THE SOUTH BOUNDARY OF PLAN 7307JK AND INCLUDING ALL THAT PORTION OF PLAN 5730JK WITHIN SAID HALF SECTION AND EXCLUDING ALL THAT PORTION OF THE NORTH-SOUTH ROAD ALLOWANCE WEST OF SAID HALF SECTION LYING NORTH OF THE PRODUCTION WEST OF THE SOUTH BOUNDARY OF PLAN 7307JK

SECTION SIXTEEN (16), TOWNSHIP TWENTY-FOUR (24), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN

SECTION NINE (9), TOWNSHIP TWENTY-FOUR (24), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN

SECTION FOUR (4), TOWNSHIP TWENTY-FOUR (24), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN

ALL THAT PORTION OF SECTION THREE (3), TOWNSHIP TWENTY-FOUR (24), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE TOWN OF CHESTERMERE

SECTION THIRTY-FIVE (35), TOWNSHIP TWENTY-THREE (23), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN AND INCLUDING THE NORTH-SOUTH ROAD ALLOWANCE ADJACENT TO THE EAST SIDE OF SAID SECTION

ALL THAT PORTION OF SECTION TWO (2), TOWNSHIP TWENTY-FOUR (24), RANGE TWENTY EIGHT (28) WEST OF THE FOURTH-MERIDIAN NOT WITHIN THE TOWN OF CHESTERMERE

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

THE WEST HALF OF SECTION ONE (1), TOWNSHIP TWENTY-FOUR (24), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN

ALL THAT PORTION OF SECTION ELEVEN (11), TOWNSHIP TWENTY-FOUR (24), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE TOWN OF CHESTERMERE

ALL THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION TWELVE (12), TOWNSHIP TWENTY-FOUR (24), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN SOUTH OF THE NORTH BOUNDARY OF PLAN 781-0589 BLOCK A AND INCLUDING ALL THE NORTH-SOUTH ROAD ALLOWANCE WEST OF SAID QUARTER SECTION AND INCLUDING THAT PORTION OF THE EAST-WEST ROADWAY LYING NORTH OF THE NORTH BOUNDARY OF PLAN 781-0589 LOT 24 AND INCLUDING THAT PORTION OF THE EAST-WEST ROADWAY LYING NORTH OF THE PRODUCTION WEST OF THE NORTH BOUNDARY OF PLAN 781-0589 LOT 24 TO THE WEST SIDE OF SAID QUARTER SECTION

THE NORTHWEST QUARTER OF SECTION TWELVE (12), TOWNSHIP TWENTY-FOUR (24), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN

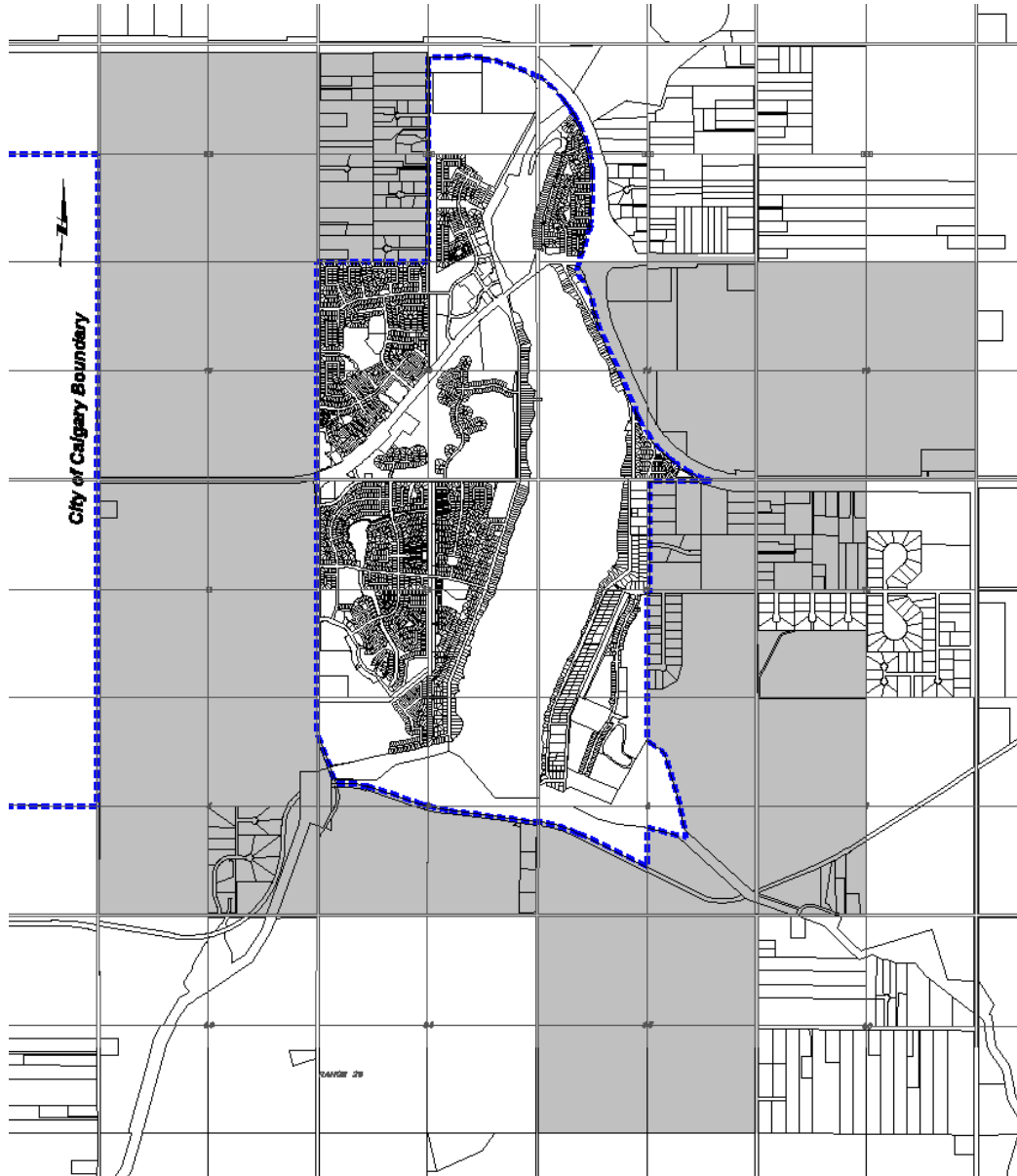
ALL THAT PORTION OF SECTION FOURTEEN (14), TOWNSHIP TWENTY-FOUR (24), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE TOWN OF CHESTERMERE

SECTION THIRTEEN (13), TOWNSHIP TWENTY-FOUR (24), RANGE TWENTY-EIGHT (28), WEST OF THE FOURTH MERIDIAN INCLUDING ALL THAT PORTION OF THE NORTH-SOUTH ROAD ALLOWANCE LYING EAST OF SAID SECTION

ALL THAT PORTION OF PLAN 1691LK WITHIN THE SOUTHEAST QUARTER OF SECTION TWENTY THREE (23), RANGE TWENTY EIGHT (28), WEST OF THE FOURTH MERIDIAN

APPENDIX "B"

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



Legend



Area to be annexed to the Town of Chestermere

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

**APPENDIX C**

**ORDER**

1 In this Order,

- (a) “annexation area” means the land described in Appendix A and shown on the sketch in Appendix B;
- (b) “effective date” means the date on which this Order in Council is signed by the Lieutenant Governor in Council;
- (c) “farm property” means
  - (i) a farmstead,
  - (ii) the parcels of land remaining after the separation of a farmstead to create a farmstead title,
  - (iii) a parcel of land used for the raising, production and sale of agricultural products pursuant to section 1(i) of the Matters Relating to Assessment and Taxation Regulation (AR 220/2004) or any successor legislation, and
  - (iv) a farm building as defined in the Matters Related to Assessment and Taxation Regulation (AR 220/2004) or any successor legislation;
- (d) “farmstead” means a parcel of land that
  - (i) encompasses a habitable dwelling that has existed on the parcel for a minimum of ten (10) years,
  - (ii) has a maximum area not exceeding one quarter section, and
  - (iii) is located on land used for the raising, production and sale of agricultural products;
- (e) “triggering event” means, with respect to a parcel of land, the occurrence, at the request of or on behalf of the landowner, of any of the following on or after the effective date:
  - (i) the Town of Chestermere Council, pursuant to the Land Use Bylaw in effect at the time for the Town of Chestermere, approves an application for redesignation of the parcel to a land use other than agricultural or urban reserve (or its equivalent), or to a land use other than that permitted by the land use designation that is in effect for the parcel on the effective date;
  - (ii) the parcel of land is subject to a local improvement bylaw providing for a local improvement project which results in the connection of

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

improvements on the parcel of land to the Town of Chestermere's water or sanitary sewer services;

- (iii) improvements on the parcel of land are otherwise directly connected to the Town of Chestermere's water or sanitary sewer services;
- (iv) the parcel of land is the subject of a subdivision or separation of title, whether by registered plan of subdivision, by instrument or by any other method whereby a new parcel of land (including the residual parcel) is created, except where the parcel of land contains a farmstead prior to the subdivision or separation of title.

2 Lands and improvements within the annexation area, other than farm property, will be assessed by the Town of Chestermere on a market value basis and will be taxed at the lowest applicable mill rate of either the Municipal District of Rocky View No. 44 or the Town of Chestermere until the earlier of

- (a) the occurrence of a triggering event, and
- (b) December 31, 2023.

Thereafter, the lands and improvements within the annexation area will be subject to taxation at the same rate as other land and improvements within the Town of Chestermere.

3(1) Farm property within the annexation area

- (a) must be assessed by the Town of Chestermere on the same basis as if the farm property had remained in the Municipal District of Rocky View No. 44, and
- (b) must be taxed by the Town of Chestermere in respect of each assessment class that applies to the annexed land and the assessable improvement to it using the lower of
  - (i) the municipal tax rates established by Municipal District of Rocky View No. 44, and
  - (ii) the municipal tax rates established by the Town of Chestermere,

for a period of thirty (30) years. At the expiry of the thirty (30) year period, farm property will be subject to taxation at the same rate as other land and improvements within the Town of Chestermere.

(2) Notwithstanding subsection (1), any applicable exemption under section 22 of the Matters Related to Assessment and Taxation Regulation (AR 220/2004) shall continue to apply to farm property within the annexation area, as if the farm property had remained in the Municipal District of Rocky View No. 44, for a period of 30 years. At the expiry of the 30-year

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

period, or at such earlier time as the exemption is discontinued or becomes inapplicable under the Municipal Government Act or its regulations, farm property within the annexation area will be subject to taxation at the same rate as other land and improvements within the Town of Chestermere.

4 The Town of Chestermere shall pay to the Municipal District of Rocky View No. 44:

- (a) \$265, 795.00 on or before January 31, 2010,
- (b) \$265, 795.00 on or before January 31, 2011,
- (c) \$265, 795.00 on or before January 31, 2012,
- (d) \$265, 795.00 on or before January 31, 2013,
- (e) \$265, 795.00 on or before January 31, 2014,
- (f) \$265, 795.00 on or before January 31, 2015,
- (g) \$265, 795.00 on or before January 31, 2016,
- (h) \$265, 795.00 on or before January 31, 2017,
- (i) \$265, 795.00 on or before January 31, 2018, and
- (j) \$265, 795.00 on or before January 31, 2019.

5 Title to the public utility lot located in the East Half of 13-24-28 W4M shall remain vested in the Municipal District of Rocky View No. 44 and shall not transfer to the Town of Chestermere as a result of this annexation.



**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

**APPENDIX D**

**MUNICIPAL GOVERNMENT BOARD REPORT  
TO THE MINISTER OF MUNICIPAL AFFAIRS  
RESPECTING THE TOWN OF CHESTERMERE PROPOSED ANNEXATION OF  
TERRITORY FROM THE MUNICIPAL DISTRICT OF ROCKY VIEW NO. 44**

**Table of Contents**

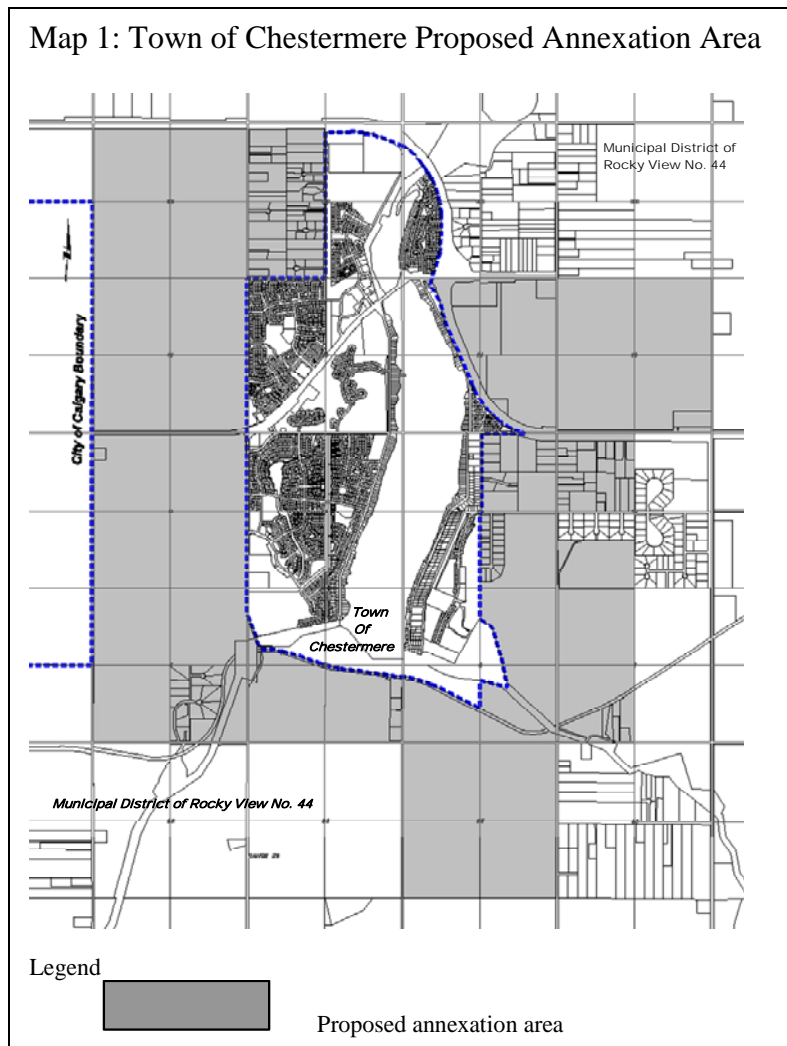
I	Introduction .....	12
II	Role of the MGB, the Minister and the Lieutenant Governor in Council.....	13
III	Annexation Application .....	13
	Provision of Municipal Services .....	14
	The Public & Landowner Consultation Process .....	14
	Identified Landowner and Public Issues .....	14
	The Annexation Agreement with the MD .....	15
	Proposed Assessment and Taxation Conditions.....	16
IV	The Annexation Application and Public Hearing .....	17
	The Public Hearing.....	18
	Town’s Submission .....	18
	MD’s Submission .....	22
	Landowner/Public Submissions .....	26
	Town’s Response to the Landowner Submissions .....	31
	MD’s Response to the Landowner Submissions .....	33
	MD’s Summation .....	34
	Town’s Summation .....	35
V	Additional Correspondence.....	36
	Financial Report Requested by the MGB.....	36
	Response from Mr. Ramsay Regarding the Financial Report.....	41
	Town’s Rebuttal of Mr. Ramsay’s Response Regarding the Financial Report .....	42
VI	MGB Recommendations .....	44
VII	Analysis and Reasons.....	44

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

**Summary**

The Town of Chestermere (Town) is located in southern Alberta, approximately half a kilometre east of the City of Calgary. On February 4, 2008, the Municipal Government Board (MGB) received an annexation negotiation signed by the Town and Municipal District of Rocky View No. 44 (MD) with respect to an annexation proposal by the Town. The proposed annexation includes approximately 6,650 acres (2,691 hectares) of land and would result in the Town and the City of Calgary sharing a common boundary of approximately two kilometres. Map 1 shows the proposed annexation area.



The annexation will allow the Town to expand to meet the longer term needs associated with an unprecedented rate of growth, as well as to diversify its tax base through the promotion and

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

provision of additional industrial and commercial land uses. Included in the annexation application is an Annexation Agreement in which the two municipalities commit to developing a joint Intermunicipal Development Plan (IDP), updating the Town's Municipal Development Plan (MDP), and an Area Structure Plans (ASP) for existing residential acreage areas.

Although there was general agreement with the proposed annexation, the application contained objections from a small number of affected landowners. In accordance with the *Municipal Government Act* (Act), the MGB held a public hearing on June 11 and 12, 2008 to receive information, evidence and argument on the annexation proposal. The MGB received several presentations at the hearing.

The collaboration between the two municipalities meets the objectives of intermunicipal cooperation outlined in the Provincial Land Use Policies and the annexation part of the Act. Additionally, the City of Calgary does not object to the annexation.

The 15 year assessment and taxation transition period included in the Annexation Agreement for non-farm property, while on the extremity of the normal recommended range will serve to provide a period of adjustment and certainty for affected landowners. Because of the extensive amount of land requested to be annexed, the importance of protecting farming operations is reflected through a 30 year transition period for farm property.

Although the \$268,795 per annum over a period of ten years in compensation agreed to be paid by the Town to the MD is substantial for a municipality of approximately 11,000 persons, the municipalities indicated that they had negotiated the arrangement to reflect the estimated gross 2007 municipal taxation revenue to be lost by the MD but balanced against the Town's new taxation revenue source expected from imminent development substantially approved prior to the annexation by the MD in the northeast annexation area. Compensation agreements should reflect the specific circumstances relevant to an annexation, and factors such as the impending Mountain View Park development in the northeast annexation area were cited as circumstances that warrant a significant level of compensation in this instance.

After reviewing the documentation provided, as well as hearing 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. Moreover, the MGB reviewed the arguments and evidence of all the parties and concluded it was in the greater public interest to recommend approval of the annexation. The detailed analysis and reasons of the MGB are contained in Part VII of this report.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

**I Introduction**

The Town is located in southern Alberta, approximately half a kilometre east of the City of Calgary. The Town is bounded by the MD. The Town's population has increased from 9,564 in 2006 to 11,262 in 2007.

The Town's close proximity to Calgary has contributed to an unprecedented rate of growth. Annual population growth rates during recent years have ranged between a low of 15% to a high of 32% during a single year. Statistics Canada data indicates that between 2001 and 2006, the Town experienced a five-year growth rate of 148% (5,708 people). The Town's growth study indicates a projected population of 47,415 by 2036. As a result of recent growth, the Town's existing land inventories are effectively depleted. Based on the projected population growth figures, the proposed annexation territory will increase the Town's supply of land in order to meet its needs for approximately the next 35 to 40 years.

The main purposes of this annexation are to bring into the Town an adequate supply of land to accommodate and manage its extremely rapid rate of growth, and to allow for an increased proportion of industrial and commercial development.

In a letter dated November 9, 2005 the Town provided written notification to the MD, the MGB and other local authorities of the Town's intent to annex Sections 4, 9, 11, 13, 16, 21 as well as portions of Sections 2, 3, 22, and 14 from the MD. The notification indicated that the Town intended to discuss the annexation further with the MD and the affected landowners. The notification further stated that due to accelerated growth rates, the intended annexation was necessary in order for the Town to plan for orderly and economical urban growth into the future.

The MGB received a formal annexation application from the Town on February 4, 2008. The Town and MD had reached an agreement regarding the annexation application and there were no matters that had not been agreed upon by the two municipalities. The Town and MD held several meetings with affected and adjacent landowners to receive feedback and input. Four annexation newsletters were also sent to landowners within the proposed annexation area and within one mile of the proposed annexation area. In accordance with the Act, the MGB held a public hearing on June 11 and 12, 2008 to receive information, evidence and argument on the annexation proposal.

The following report outlines the role of the MGB, provides a brief overview of the Town's annexation application, identifies adjacent landowner issues, identifies the MGB annexation processing methodology, summarizes the public hearing held on June 11 and 12, 2008, and provides a recommendation to the Minister regarding this matter.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

**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 of Chestermere has filed a formal annexation application and the MGB has now processed that application.

In this specific case, objections to the proposed annexation were contained in the annexation application submitted by the Town to the MGB. In accordance with section 120(3)(b) of the Act, the MGB must conduct one or more public hearings due to these objections. As well, 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**

On February 4, 2008 the MGB received the annexation application submitted by the Town. The following describes the current state of development plans, how municipal services will be provided to the proposed annexation area, identifies the public consultation process used to develop the application, briefly describes the Annexation Agreement between the Town and the MD, states the proposed assessment and taxation conditions requested by the Town, and summarizes the issues identified by affected and adjacent landowners.

**Future Development Plans**

The Town indicated that its existing Municipal Development Plan (MDP) was adopted in 1999, and is already quite dated. Section 9.5 of the Annexation Agreement indicates that immediately upon the Annexation Order being issued, the Town will commence the process to update its MDP. Section 9.2 also indicates that within 120 days after the proposed annexation is approved, the Town and MD will commence the joint preparation of a new Intermunicipal Development Plan (IDP). Section 9.3 indicates that the parties will use all reasonable efforts to finalize the IDP within two years.

A Growth Study was conducted for the Town in 2005 by Brown and Associates. An update to the study was completed in March 2007. The study illustrates a significant need for growth, showing a 30 year additional land requirement of 4,007 acres (25 quarter sections), and a 50 year additional land requirement of 5,893 acres (37 quarter sections). The 2007 study indicates that

## **BOARD ORDER NO. MGB 018/09**

### **FILE: AN05/CHES/T01**

the annexation area being proposed by the Town would provide 5,692 acres of unfragmented agricultural land suitable for development at urban density levels, which would accommodate the projected growth requirements of the Town for an estimated 39 years. Moreover, the 2007 study identifies that the proposed annexation provides a long-term boundary that is logical with respect to the regional roadway system, the boundaries of the City of Calgary and the MD, and allows for the implementation of long-term municipal and intermunicipal land use plans and infrastructure by all three municipalities.

### **Provision of Municipal Services**

A master utility plan prepared by the consulting engineering firm of Stantec received by the Town in 2006 included an examination of the majority of the proposed annexation area. This plan was created independent from the growth study and utilized a higher density estimate.

The Town explained that the upcoming MDP, IDP, and ASP processes identified in Part 9 of the Annexation Agreement are intended to include preparation of an updated master servicing plan to address the logical extension of Town servicing into the proposed annexation area.

### **The Public & Landowner 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.

The Town and MD held three open house meetings to provide area residents and adjacent landowners with an opportunity to comment on the annexation. Open house meetings were held on May 3, 2006, January 17, 2007, and April 19, 2007. In addition, a special meeting for landowners and residents in the east half of 12-24-28 W4M was held on May 30, 2007. On September 12, 2007 the Town and MD held public hearings for the formal consideration of landowner input into the proposed annexation.

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

Through the public consultation process, public interests were found to include the protection of existing country residential subdivision communities, land use compatibility and certainty, the provision of municipal services, tax implications, schooling and education considerations, roads, and issues concerning the Agricultural Services Board.

As a result of objections and concerns from a number of landowners, the Town agreed to remove a number of properties from the annexation area, including the Lansdowne, High Point, and East Ridge subdivisions and the east one-half of Section 1.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

**The Annexation Agreement with the MD**

The Joint Annexation Committee met 19 times between March 2006 and September 2007 to discuss the annexation proposal. The Annexation Agreement was ratified by the Town's council on October 16, 2007 and the MD's council on December 11, 2007 and includes agreement on all matters.

**Compensation**

Part 7 of the Annexation Agreement deals with monetary compensation to the MD intended to replace lost tax revenue. It specifies that within thirty days of the effective date of annexation, and by January 31 of each year after for a total period of 10 years ending on January 21, 2117 (amended to January 31, 2118 to reflect the change in annexation date agreed to by both parties at the hearing), the Town shall pay the MD the amount of \$265,795 annually. The total compensation agreed to is thus \$2.66 million over ten years. Table 1 illustrates the compensation arrangement agreed to by the Town and MD.

It was submitted that the compensation figure was arrived at with the goal of compensating the MD for lost tax revenue, thereby achieving a revenue neutral position for both municipalities without unduly or unfairly impacting their financial positions. Preparation for the impending development of the Mountain View Park area is expected to constitute an added source of revenue for the Town in the near future, and the compensation arrangement reflects this future income as well. The compensation constitutes less than 2% of the Town's total municipal revenue in 2007 and is not expected to result in a burden on taxpayers.

<b>Table 1</b>	
Compensation to the MD of Rocky View No. 44	
<b>Date Due</b>	<b>\$</b>
January 31, 2009	\$265,795.00
January 31, 2010	\$265,795.00
January 31, 2011	\$265,795.00
January 31, 2012	\$265,795.00
January 31, 2013	\$265,795.00
January 31, 2014	\$265,795.00
January 31, 2015	\$265,795.00
January 31, 2016	\$265,795.00
January 31, 2017	\$265,795.00
January 31, 2018	\$265,795.00
<b>Total Amount to be Paid</b>	<b>\$2,657,950.00</b>

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

**Proposed Assessment and Taxation Conditions**

Part 3 of the Annexation Agreement details Proposed Assessment and Taxation Conditions. The parties requested the following assessment and taxation conditions be attached to the Order in Council:

1. Lands and improvements within the Annexation Territory, excluding Farm Property, will be assessed by Chestermere on a market value basis but will be taxed for a period of 15 years at the lowest applicable mill rate of either Rocky View or Chestermere until the earlier of
  - (a) the occurrence of a Triggering Event;
  - (b) December 31, 2022 if the earliest date on which the Annexation is to be effective for taxation purposes is January 1, 2008; or
  - (c) December 31 of the calendar year following fifteen (15) full years from the earliest date specified in the Annexation Order on which the Annexation is to be effective for assessment and taxation purposes, when such date is after January 1, 2008.

at which time the lands and improvements in question will be subject to taxation at the same rate as other land and improvements within Chestermere.

2. Farm Property within the Annexation Territory will continue to be exempt from taxation for a period of 30 years from the Effective Date of Annexation to the extent that and for so long as such exemption is prescribed for Municipal Districts under the Municipal Government Act. At the expiry of this 30 year period or at such time that such exemption is not provided under the Municipal Government Act, Farm Property will be subject to taxation at the same rate as other land and improvements within Chestermere.

It should be noted that the dates included in the requested provisions above reflect the originally proposed annexation date of January 1, 2008. As noted, the parties submitted at the MGB hearing that the effective date of annexation should be January 1, 2009.

Section 1.11 of the Annexation Agreement defines “Triggering Event” to mean the occurrence of any of the following on or after the effective date of annexation either at the request of or on behalf of the landowner:



**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

- (1) A re-designation application is approved by Chestermere Council pursuant to Chestermere's Land Use Bylaw in effect at the time for re-designation of the parcel to a land use district other than agricultural or urban reserve (or its equivalent), or other than as permitted by a land use designation in effect at the time of annexation pursuant to Chestermere's Land Use Bylaw in effect at the time;
- (2) When any parcel of land and improvements is subject to a local improvement bylaw for a local improvement project which results in the connection of the parcel of land and improvements to Chestermere water or sanitary sewer servicing;
- (3) Any parcel of land and improvements is otherwise directly connected to Chestermere's sewer or water services;
- (4) The parcel of land is the subject of a subdivision or separation of title, (whether by registered plan of subdivision, by instrument or any other method), whereby a new parcel of land (including the residual parcel) is created, with the exception of:
  - i) where the parcel of land contains a Farmstead prior to subdivision, or
  - ii) where the parcel of land contains a Farmstead prior to the separation of title into two separate parcels.

**IV The Annexation Application 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 June 11 and 12, 2008.

**The Annexation Application**

In accordance with section 118 of the Act, the Town submitted the required Negotiation Report to the MGB on February 4, 2008.

Although the Town and MD 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 June 11, 2008 at the Chestermere Regional Recreation Centre located at 210 W Chestermere Drive in Chestermere, Alberta.

The MGB sent letters to the Town and MD with copies to each of the affected landowners to notify the parties of the June 11, 2008 hearing. Letters were also sent to the people who had provided written comments which were contained in the annexation application. The letter

## **BOARD ORDER NO. MGB 018/09**

### **FILE: AN05/CHES/T01**

requested any person that planned to attend the hearing or make a submission at the hearing to notify the MGB by May 30, 2008. The MGB published a notice of hearing in the **Chestermere Anchor** and the **Rocky View Weekly**, local newspapers, the weeks of May 9, 16 and 23, 2008 to notify the public.

### **The Public Hearing**

At the hearing, the MGB received oral submissions from the Town, the MD, adjacent landowners, affected landowners and a developer. One hundred and eight people completed the registration form at the June 11 and 12, 2008 hearing.

### **Town's Submission**

#### Overview

The Town indicated that this proposal is for a comprehensive long-term annexation, which reflects the area's high growth rates, strategic location abutting the East Calgary Growth Corridor, and a history of ongoing cooperation between the Town and MD. The Town indicated that full agreement had been reached with the MD, and that there was strong support for the annexation from landowners in the affected area. It was submitted that land use and development concerns held by some adjacent landowners had been addressed through commitments to future planning processes.

#### Joint Annexation Committee Background

The Town explained that a Joint Annexation Committee (JAC) had been formed and utilized to prepare the Principles of Agreement, including the annexation boundaries. It was indicated that others stakeholders were consulted during the negotiation process and that all landowners included in the final annexation application were in support of the annexation.

#### Public and Landowners Consultation Process

It was indicated that a comprehensive consultation process had been carried out with landowners and the public. Newsletters were sent to landowners located within one mile of the annexation area. Additionally, advertisements were placed in Town and MD newspapers. All relevant agencies were also informed of the proposed annexation and forwarded the final MGB annexation application. A series of open houses and public meetings were hosted in order to provide information and address concerns.

Town Growth Study

The Town submitted that its March 2007 Growth Study Update Report reflects the JAC discussions regarding growth corridors and boundaries. Historical population growth figures were presented (Table 2), along with growth forecasts showing an estimated population of 47,415 by 2036 and 62,526 by 2056.

<b>Table 2</b>		
<b>Historical Population Growth</b>		
<b>Year</b>	<b>Population</b>	<b>% Change</b>
1999	2552	-
2000	3358	32%
2001	3856	15%
2002	4727	23%
2003	5712	21%
2004	6861	20%
2005	7904	15%
2006	9564	21%
2007	11262	18%

The extremely limited availability of land within the Town's current boundaries was emphasized, and it was noted that virtually all developable land is either under development or has approved outline plans of subdivision. Remaining undeveloped areas were noted to have development constraints that require further study and mitigation prior to development. A summary of projected land requirements from the 2007 Growth Study Update was presented, showing a 30 year additional land requirement of 4007 acres (25 quarter sections), and a 50 year additional land requirement of 5,893 acres (37 quarter sections). It was indicated that the annexation proposal is geared toward addressing these long term requirements, and providing a land supply for 35 to 40 years.

A 2006 utilities master plan was also submitted in support of the annexation. While the master plan reflects a majority of the proposed annexation area, some areas within the proposed boundaries were not included in the analysis.

Intermunicipal Context

The intermunicipal context of the proposed annexation was emphasized. Tri-party discussions concerning boundaries were held between the Town, MD, and City of Calgary after the November 2005 Notice of Intent. The proposed annexation was presented to have logical boundaries for future intermunicipal planning with the MD and the City of Calgary. The southeast industrial area is one of the economic drivers of the Calgary region. An Annexation

## **BOARD ORDER NO. MGB 018/09**

### **FILE: AN05/CHES/T01**

Agreement between the City of Calgary and the MD defines future industrial growth corridors extending east from the new East Freeway (Ring Road) toward Chestermere. With construction of the new Ring Road, this corridor is expected to experience a high rate of growth. It was submitted that the proposed annexation coordinates the interests of the Town, the City of Calgary, and the MD in this growth area. Future IDPs will coordinate details of land use, as well as roadway design and services. It was indicated that the annexation of Section 35 in particular would enable the Town to participate in the corridor, and allow the Town and MD to continue to work cooperatively to manage future land use.

#### Reasons for Annexation

The Town presented three primary reasons for the annexation. First, the Town emphasized the importance of safeguarding its ability to accommodate a significant rate of growth. This includes allowing for the growth of a balance of land uses including residential, industrial, and commercial. It is also intended to promote competition within the housing marketplace to ensure variety and affordability. Coordinated storm water management solutions will also be allowed for. It was noted that the Town is addressing its obligations to the Western Irrigation District (WID) by participating in a joint Regional Storm Water Servicing Study with the City of Calgary and the MD.

The second reason articulated was enabling a contiguous, efficient, and cost-effective urban form. This is intended to promote the protection of the agricultural land base by ensuring growth is contiguous and phased in concert with urban infrastructure. It was presented as also promoting the efficient extension of urban services and utility infrastructure to facilitate development, enabling the creation of a continuous open space system, and to protect water and groundwater quality through connection to piped water and sewer services via agreement with the City of Calgary.

Finally, the Town submitted that the annexation is necessary in order to allow for a diversified tax base. It was presented that this would create a healthy and competitive residential marketplace and would help to ensure a range of services for residents in an autonomous and sustainable community.

#### Addressing the Concerns of Landowners

It was indicated by the Town that substantial efforts had been made in order to address concerns that were identified through the public consultation process. In the vicinity of Highway 791, it was noted that lands including the Lansdowne, High Point, and East Ridge subdivisions and the east one-half of Section 1 were removed from the annexation area in response to the concerns of landowners. Concerns from adjacent landowners located in Sections 23 and 24, which are not included in the annexation area, led to a commitment to review opportunities for compatible

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

integration of adjacent urban development through the anticipated IDP process. The Town also committed to review appropriate land use and development transition principles through the IDP and MDP processes. Finally, the existing acreage subdivisions that are included in the proposed annexation were provided a commitment that the Town would consult with landowners to prepare plans for future protection and/or infill development.

Annexation Principles of Agreement

It was reiterated that the annexation would provide the Town with a land supply estimated to accommodate future residential and employment uses for over 35 years. The Town explained that the Annexation Agreement provided that, subject to triggering events, the lowest mill rate of either the MD or the Town would be applied to the assessment and taxation provisions for all affected properties for a period of 15 years.

Several issues of agreement between the Town and MD concerning planning and development transition were also outlined. It was indicated that the MD's Land Use Bylaw and land use polices would continue to apply until replaced by the Town through normal planning and public hearing processes. Existing legal land uses would become legal "non-conforming uses" if lands are redesignated. All lands designated as "Ranch and Farm District" under the MD's Land Use Bylaw are to be redesignated to a new "Rocky View Ranch and Farm District" under the Town's Land Use Bylaw. Further, the processing of all ongoing applications will be completed by the Town, but current development or subdivision applications will be subject to MD regulations. It was submitted that the principles of agreement included provisions to cover road maintenance arrangements and the transfer of municipally owned lands.

The compensation arrangement in the Annexation Agreement requires that the Town pay the MD the estimated gross 2007 municipal taxation revenue for the annexation territory for a 10 year period (a total of \$2.66 million over 10 years). The Town's position is that the financial impact of the compensation agreement will be minimal because the annual payment, or property taxes forgone, represents a relatively small portion of annual revenues. Additionally, the Town expects to accrue additional revenues associated with the impending Mountain View Park development, which is currently in the MD. The Town further indicated that the projected growth and development of a more diversified tax base will ensure that the Town is positioned to afford added costs related to servicing and road maintenance.

It was agreed that the Town would take reasonable efforts to support existing agricultural operations until the land is required for urban development. The municipalities also agreed to take steps toward future long range planning, and preparation of an IDP within 120 days of the Province's decision on annexation. The Town will also immediately commence an update to its MDP, and will work to prepare an Area Structure Plan for existing rural residential acreages within the annexation territory.

## **BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

### **MD's Submission**

Lorie Pesowski, Director of Planning and Community Services, presented the majority of the MD's submission, with support from Kent Robinson, Director of Business Services and Joanne Klauer of Brownlee LLP.

#### Overview

The MD explained that it wishes to balance the interests of the Town, MD, and public with regard to the proposed annexation. This was described as being a key goal for the MD throughout the negotiation process. It was submitted that the Annexation Agreement, as presented, meets both the Division 6 requirements contained within the Act, and the principles of annexation that have been set out by the MGB in previous orders. It was explained that the annexation would provide the opportunity for each municipality to grow, balance the interests of all affected parties, enhance future intermunicipal cooperation, and minimize financial impacts on the Town and MD.

#### Joint Annexation Committee Background

The MD noted that the JAC was appointed in March 2006, consisting of elected officials and staff members from both jurisdictions. The mediation process was described as consisting of 19 meetings of the JAC, three open houses, and two public hearings. A mutual agreement was reached between the MD and Town which was felt to meet the objectives of balancing the interests of all stakeholders, providing opportunities for growth, and forming the basis for future inter-municipal cooperation between the MD and Town.

#### Public and Landowners Consultation Process

A detailed description of the consultation process was provided by the MD. The JAC was described as having undertaken a substantial public consultation and information process including three open houses, two public hearings, a landowner meeting, website materials, and newsletter mail outs. Letters submitted by the public were reviewed by each municipality, from which major themes were identified. The proposed annexation area was broken down into sub-regions in order to isolate and identify specific issues and concerns.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

MD's Interests

The MD's interests were described as falling into four key categories: regional philosophy, legitimate and equal interests, financial considerations, and land use.

With regard to regional philosophy, the MD outlined that it is a committed member of the Calgary Regional Partnership and other regional bodies. Managing regional growth, transportation, community services, utility services, and impact on the WID were all noted as important regional considerations. The MD's regional interests were described as having been addressed through Part 9 of the Agreement (Future Long Range Planning); Appendix 7 of the Report, which describes the intent to commence preparation of an IDP; and Appendix 8 of the Report, which describes the history of dealing with overlapping annexation interests between the Town and City of Calgary. It was explained that the Annexation Agreement between the MD and Town is compatible with the agreement mediated between the MD and the City of Calgary. It was further indicated that both jurisdictions are currently working with the WID, in concert with Alberta Energy and the City of Calgary to identify and address storm water drainage in an area east of Deerfoot Trail extending east of the Town.

The MD's concern toward considering the legitimate and equal interests of both itself and the Town was described as mirroring the principles of the Act and the Provincial Land Use Policies. Some of these interests were outlined as rights and responsibilities to residents, growth corridors, road maintenance standards, community services, landowner protection, and wastewater servicing. The MD further indicated that it strives to achieve the orderly, economical and beneficial development, use of land and patterns of human settlement and to maintain and improve the quality of the physical environment within which patterns of human settlement are situated, as outlined in section 617 of the Act. It was explained that Part 9 of the Agreement outlines the IDP preparation process, and that the IDP will address municipal roadways, coordinate alignments, and adopt design standards for intermunicipal roadways.

Financial Compensation

Financial considerations outlined by the MD centred on the goal of allowing for a revenue neutral situation for both municipalities. It was indicated that the MD therefore sought compensation for lost tax revenues with the intent of minimizing any impact on the remainder of taxpayers within its jurisdiction. This interest was addressed through Part 7 of the Annexation Agreement. The MD submitted that its revenues were expected to decrease by an estimated \$265,795 in 2007 as a result of lost taxation. The negotiated agreement includes a 10 year time frame in which the Town will offset this tax loss for the MD by making annual compensation payments of \$265,795, for a total of \$2,660,000.

## **BOARD ORDER NO. MGB 018/09**

### **FILE: AN05/CHES/T01**

Respecting existing land use policy plans and development, as well as established land uses and practices was articulated as an important concern for the MD. The annexation process was also suggested as a means of improving the overall intermunicipal planning relationship between the parties and committing them to a future IDP process. The MD noted that land use issues had also been addressed through the IDP review set out in Part 9 of the Annexation Agreement.

#### Town's Interests

The MD referred to interests identified by the Town at the beginning of the annexation process, and attested that they had been satisfied through the Agreement. It was suggested that the proposed annexation works to accommodate the Town's land supply needs, achieve its strategic interests, and provide for a large, contiguous area for unfragmented growth.

#### Public Interests

Several primary interests were identified from the public by the JAC through the public consultation process. The first interest was protecting existing country residential subdivision communities. Annexation boundaries were set as to avoid splitting existing communities in response to this issue. The irregular eastern boundary of the proposed annexation area reflects this.

A second interest was ensuring land use compatibility and certainty after the annexation. Part 4 of the agreement addresses this by providing for the continuation of the policies of the Calgary Chestermere Corridor Area Structure Plan (CCCASP). It was also noted that the Town intends to initiate a new "Rocky View Ranch and Farm District" within its Land Use Bylaw to allow for the continuation of existing agricultural uses as either permitted or discretionary. Lands within the annexation area will continue to be governed by the MD's Land Use Bylaw and the CCCASP as of the effective date of annexation until such time as the Town rezones the land or replaces or rescinds the ASP.

Ensuring that annexed residents have provisions allowing for the lowest taxation rates between the two municipalities to be applied was also identified as an issue. This condition was provided for in Part 3 of the Agreement, which allows for lands and improvements within the annexation territory to be taxed by the Town at the lowest of the two municipalities' rates for 15 full years (30 years for Farm Property) or until the occurrence of a specified triggering event.

Concerns revolving around road maintenance and servicing also emerged from the consultation process. Part 5 of the Agreement details that the Town will be responsible to maintain roads in the annexation area to at least the current standards. However, the agreement states that if the Town seeks assistance from the MD to maintain roads in a cost recovery arrangement, the MD will enter into such an agreement.



## **BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

### Removal of Lands

In addition to the Annexation Agreement being shaped with regard to public input, the Joint Annexation Committee (JAC) also responded by removing the east half of Section 1 from the annexation area.

### Future Vision

The MD indicated that they viewed the annexation not just as a single agreement, but as a contractual framework for future intermunicipal cooperation and commitment. The commitment to initiate and complete the IDP no later than two years subsequent to the Province's decision was cited as a key example.

### **Written Submissions**

#### Western Irrigation District

The MGB received a written submission from the WID indicating their concerns with regard to storm water access to the WID canal system. It was cited that the WID may not have the capacity to accept any new storm water runoff from the proposed area of the annexation, and that it is therefore necessary for a Regional Storm Water Master Plan be developed in concert with the proposed annexation plan. Additionally, developers need to anticipate the additional costs related to the engineering that will be required, and infrastructure that will need to be considered and constructed to manage storm water flows. It was further explained that storm water management may involve the construction of new underdrains below the WID Headworks canal as well as systems to move the flows beyond that point.

#### Alberta Transportation

Alberta Transportation also provided the MGB with a written submission indicating no objections to the proposed annexation, but outlining several considerations that the municipalities were encouraged to take into account. These included the potential need for an Area Structure Plan supplemented by site-specific traffic impact assessments. It was noted that since Highway 1 is designated a future freeway, access via interchanges only will be permitted at Rainbow Road, Highway 1A, and Highway 791, and all other at grade accesses will be closed. On Highway 1A, access must meet the department's access management guidelines and highway geometric design standards, which may not be compatible with the development and growth aspirations of the Town. As Highway 1A does not function as a provincial highway, it was explained that if the Town wishes to take over its control and management, that would require separate discussions with the department.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

Centron Residential Corporation

Centron Residential Corporation submitted a letter to the MGB noting that it planned to develop 621 acres to the east and north of the existing Town of Chestermere and within the proposed annexation area. The submission indicated that Centron was in support of the annexation, and that the inclusion of the annexed lands would ensure the Town of Chestermere has a sufficient long term supply of industrial, commercial, and residential property.

City of Calgary

The City of Calgary provided the MGB with an email stating that it is aware of the proposed annexation and that a letter from the Mayor of Calgary had been sent to the Town's mayor. The letter provided to the Town stated that the City of Calgary does not object to the proposed annexation.

**Other Submissions**

The MGB also received letters and emails from several landowners which are outlined in the descriptions of landowner submissions below.

**Landowner/Public Oral Presentations**

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

Guy Buchanan, Centron Residential Corporation

Mr. Buchanan is the President of the Centron Residential Corporation, which owns 621 acres to the east and north Chestermere, within the proposed annexation area. Mr. Buchanan noted that he was in support of the annexation. He submitted that the inclusion of the Mountain View Park area would ensure that the Town will have sufficient land for growth, and that Centron was interested in proceeding with development there. He further added that storm water servicing constraints are not unique to Chestermere, but affect the whole east and southeast quadrant around Calgary. Centron is currently in preliminary discussions with both jurisdictions and is looking at a zero discharge resolution that will utilize storm water.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

Debby Shmyrko

Ms. Shmyrko indicated that she owned property on the corner of Highway 791 and Highway 1, which is outside the proposed annexation area. She indicated that she wished to remain outside of the annexation area.

Mike Dockman

Mr. Dockman indicated that he owned property in the southwest quarter of Section 1, within the proposed annexation area. The landowner indicated that he was in support of the annexation, and wished to remain within the annexation area.

Frank Devetten, Lansdowne Estates Residents Association

Both oral and written submissions were received from Mr. Devetten by the MGB. Mr. Devetten explained that he was the current President of the Lansdowne Estates Residents Association. It was indicated that Lansdowne Estates was not included in the proposed annexation area and the Lansdowne Estates Residents Association is in favour of remaining within the MD.

Ray Boutin

Mr. Boutin indicated that he was landowner representing himself and other residents of Lake Ere Estates who were in favour of the annexation due to a desire to access the Town's water supply. He indicated that he had collected a petition in favour of the annexation signed by 17 of the 18 landowners. Mr. Boutin explained that the area was currently suffering from water problems including high fluoride content as well as septic tank issues.

Garry Ott

Mr. Ott introduced himself as the owner of two acres within Lake Ere Estates. He is in support the annexation proposal, and wishes to ensure that Lake Ere Estates remains included in the annexation territory. He is mainly interested in securing access to the Town's water supply, and indicated that there are serious problems associated with the water system presently in place.

Jakob Stubicar

Mr. Stubicar explained that he owned 15.5 acres in the northeast quarter of Section 12. He indicated that he was in strong support of the Town's proposed annexation due to a desire for access to the Town's water supply. According to Mr. Stubicar, the water currently available in his area is of poor quality, and not healthy for people to use.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

N.D. McMillan

N.D. McMillan submitted a letter to the MGB that was received on May 28, 2008. The submission stated that the majority of residents in Lansdowne Estates were satisfied with their exclusion from the proposed annexation area, and wished to remain within the MD.

Diane and Marcel Papp

The Papps provided a written submission via email on May 30, 2008, in which they outlined that they are the owners of a two acre parcel in Lansdowne Estates, which is currently outside of the proposed annexation area. The Papps indicated that they would like Lansdowne Estates to be included in annexation area. It was submitted that the close proximity to the current Chestermere boundary makes annexation of the area a natural progression. It was further explained by the Papps that they felt they could be better served through access to the Town's services, and the ability to participate in electing the Town Council.

Ian MacNeill

The MGB received an email submission from Ian MacNeill on May 30, 2008. Mr. MacNeill stated that he lived in Lansdowne Estates, an area now excluded from the proposed annexation area. He indicated that he found it difficult to decide upon whether he supported being annexed or not. Mr. MacNeill outlined that his primary interest was securing connection to a water line, and neither the Town nor the MD had provided cost estimates as to the price of doing so.

Bonnie Anderson (representing Bruce Ramsay)

A written submission from Mr. Ramsay was received by the MGB on May 30, 2008. Bonnie Anderson attended the MGB hearing on Mr. Ramsay's behalf, and made an oral presentation based on his objections as outlined in the letter.

Ms. Anderson indicated Mr. Ramsay lives on West Chestermere Drive, within the Town, and also owns 240 acres of Section 28, which is outside of the annexation area. It was indicated that Mr. Ramsay was concerned with the inclusion of Section 35 within the southern annexation area, and feels that it should not be annexed at the present time.

Ms. Anderson argued that the 2005 Growth Study included enough land for a 30-35 year period without anticipating the inclusion of Section 35 within the annexation area. As such, Ms. Anderson argued that the section is not necessary in order to provide sufficient land for the Town's projected growth. As evidence of this, Ms. Anderson submitted that the number of housing starts occurring over the past couple of years (and the first quarter of 2008) combined with the average of 2.87 residents per house indicate anticipated growth of 9%, which is well

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

below the 17.6% rate anticipated in the 2005 Growth Study. Extrapolating from first quarter numbers, it was presented that the estimated growth for 2009 should be 5%. Given these alternate growth rates, the inclusion of Section 35 was argued to be unnecessary.

It was further submitted that the 2006 Stantec utility plan addressed the area contained within the 2005 Growth Study, which excluded Section 35, and estimated that it was capable of containing substantial population growth.

Ms. Anderson also noted concerns as to how infrastructure and servicing will be extended south of Township Road 240. It was proposed that these issues could be avoided by excluding Section 35 from the annexation area.

Section 35 was indicated to be comprised of good agricultural land, and to therefore be poorly suited for being converted to urban usage. It was also submitted that Section 35 does not present a logical progression of growth plans in Chestermere, but rather is in the path of Calgary's eastward expansion. Ms. Anderson indicated that Section 35 should therefore be planned in conjunction with the Township Road 240/Glenmore Corridor.

Finally, Ms. Anderson noted that the Town's MDP will need to be updated in order to accommodate the Town's anticipated commercial or industrial use of Section 35. It was argued that including Section 35 in the annexation prior to a new IDP, MDP, and other key documents being in place would be premature.

Gale Clarke (representing family members)

Ms. Clarke explained that she was present to represent Catherine and Glenn Clarke who live just north of Section 35. She indicated that the questions being raised by landowners should be taken into consideration by the panel. Ms. Clarke described speaking to individuals around the area of Section 35 who are concerned regarding the impact of that section being annexed on the existing rural community present in neighbouring sections. Specific concerns were indicated to relate to the level of involvement landowners in this area will have. She suggested that the area might be better served by joint planning. Ms. Clark also described the area as having no transportation corridors and that the Town would need to cross the existing railroad tracks and irrigation pipe in order to provide sewer and water servicing.

W.J. and Penny Lester

The Lesters submitted an email to the MGB on May 8, 2008, indicating that they are landowners in NE 35-23-28 W4M, and the only individuals actually living in Section 35. The Lesters asserted that they were in favour of the proposed annexation.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

Truman Development Corporation

Brown and Associates provided the MGB with a written submission on behalf of Truman Development Corporation via email on May 29, 2008. The Corporation was explained to be the owner of 300 contiguous acres on the southern boundary of the current Town limits, within the proposed annexation area. It was indicated that Truman Development Corporation was in full support of the proposed annexation as outlined in the agreement between the Town and MD.

Bravin Goldade (representing West Creek Developments and Rick Trueman)

Mr. Goldade indicated that he was from West Creek Developments, and was speaking in favour of the annexation. He indicated that the lands West Creek Developments was representing are Sections 21, 16, and 9, as well as Mr. Trueman, who asked Mr. Goldade to represent his view in favour of the annexation. Mr. Goldade indicated support of the annexation because it will provide opportunities for the Town and allow for continuous development in an organized fashion.

Dave Nieckar

Mr. Nieckar indicated that he owned property located west of Paradise Road, directly adjacent to current town boundaries in the northern annexation area. He described the area to be small acreages, and expressed that it would be affected by the development of the Town whether annexed or not. Mr. Nieckar stated that he was in favour of the annexation.

Mr. Nieckar articulated that he felt different zones have substantial differences in their populations, and are likely to be affected by the annexation in different ways. He hopes that consideration of public input and opinion is taken within the context of the impacted zones. Mr. Nieckar also stated that an agreement developed between the Town and MD identifies specific portions of the annexation area containing acreages and country residential properties, and implies that residents in these zones will be allowed to have input in developing an ASP. He feels that this ability to participate in the future ASP process is very important.

Phil McLaren (representing family members)

Mr. McLaren indicated that his wife and sister have land in the northeast quarter of Section 33, which is outside of the proposed annexation area, and 40 acres in Section 4, which is within the annexation area. He indicated that they wished to have their property located in Section 33 included in the annexation in order to have access to the Town's water supply, new sewer line, and other services. It was noted that the Town's water line already goes through the property. Mr. McLaren also noted concerns that the planned spillway will have a negative impact on their

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

property, and cause flooding. He indicated that he was seeking more information on why Section 33 was excluded from the proposed annexation.

WestCreek Developments Ltd.

A written submission was received by the MGB from WestCreek Developments Ltd. on May 28, 2008. It was explained that the corporation had been a developing lands in Chestermere for ten years, and was the owner of approximately 1600 contiguous acres on the west boundary of the current Town limits. WestCreek Developments Ltd. was indicated to be in favour of the proposed annexation.

Warren Clayton

The MGB received a written submission from Warren Clayton on May 29, 2008. Mr. Clayton indicated that he was a landowner within the proposed annexation area, and that he wished to have the annexation proceed, as the two jurisdictions had listened to and worked to accommodate as many individuals as possible.

Polyco Land Corporation

A letter was received from Patricia Maloney, Chief Planning Officer for Isle of Mann on behalf of Connie Chow. It was stated that Polyco Land Corporation was the owner of land located in SW 28-23-28 W4M, and was in favour of the annexation.

Others

Irwin Tory, George Trutina and Patricia Maloney had indicated prior to the hearing that they may wish to make an oral presentation to the MGB; however, neither person appeared.

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

In response to the presentation made by Ms. Anderson on behalf of Mr. Ramsay, the Town explained that the 2005 Growth Study was the basis of the notice of intent to annex that was originally submitted to the MGB. The Town had recognized that the 2005 Growth Study was not long term and comprehensive enough to deal with regional issues amongst the municipalities. It was noted that Ms. Anderson referenced the largest option presented by the study, but that it had presented a number of options, and at the time it had not been determined which of those options was favoured. The Town subsequently came to realize that a broader examination of the southern area was required than what had been considered in the 2005 Growth Study. Consideration needed to be given to the impact of interchanges improvements, expansion of the regional

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

growth corridors, waste water lines, etc. The Town then further examined these factors and considered how best to cooperate with the MD.

The Town also responded to the objections raised with respect to the inclusion of Section 35. It was noted by the Town that Section 35 was not the only area that was not represented in the old study and was now included in the annexation area. It was explained that the Town had engaged in many discussions with the MD and JAC to look at the different options available for the growth corridor, and that this set a good basis for not only the annexation proposal, but also for the upcoming IDP discussions. If Section 35 were to be excluded from the annexation, the benefits of these existing discussions could be diminished.

Concerning the Town's anticipated growth, it was submitted that the census data shows an annual growth rate of 18%. Because growth has been slowed recently by self-imposed development constraints, the growth rate conclusions drawn by Ms. Anderson from permit data were suggested to not present an accurate picture. The temporary development issues caused by the water system infrastructure are expected to be solved by the fall of 2008, and the Town submitted that such short term issues should not be granted much weight when considering long term planning.

It was emphasized by the Town that it is important not to underestimate its forecast of how much land might be required for growth. While conducting the 2005 Growth Study, a conservative estimate of future density numbers was utilized. In contrast, the Stantec master utility plan utilized a higher density estimate.

The Town submitted that Section 35 is a logical extension of growth patterns. It was explained that there are already plans to extend utilities south of the canal, that services are being put in place today along Township 240, including a regional water line. The Town is also constructing a large lift station that will tie into a new sewage trunk line to Calgary that will run along Township Road 240. These new lines will be available to service Section 35. In terms of the WID canal, it was explained that the storm water plan envisions needing to bring some of the storm water south of the canal. The Town also re-emphasized that the annexation of Section 35 ties into the existing industrial corridor plans of the MD and City of Calgary. Section 35 was described as an attractive piece of land for a variety of potential land uses, including industrial development as part of the industrial corridor area.

The implication that there may be strong public opposition to the annexation of Section 35 was disputed by the Town, indicating that they had received several letters from landowners in that section indicating either support or no objections. It was submitted that the Town had provided additional information to adjacent landowners who had indicated concerns over what future industrial land might look like. The Town had provided explanations in printed materials that heavy industry or smokestack type development would not be targeted for the area. Development



**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

similar to an urban business park was indicated to be a more likely scenario, and the Town felt that this information had addressed the majority of concerns.

Section 35 has been identified by the Town and MD annexation committee members as an important part of the annexation to support development. Section 35 could be one of the most readily serviced areas in the short term, and is an important part of the Town's diversification objectives.

With regard to the landowners from the Lake Ere Estates, the Town confirmed that the annexation does contain assurances for the residents that the Town will commence preparation of a plan for that area. The preparation and adoption process will provide for the opportunity for public input.

In response to Dave Nieckar from the Rainbow Road area, the Town affirmed that it does acknowledge that the residents need to be involved and have their lifestyle aspirations respected and recognized.

Regarding Phil McLaren's presentation, the Town indicated that there had been discussions concerning each of Sections 33, 34, and 35. The Town commented that it would allow the MD to speak to the future of Section 33 under its joint planning agreement with the City of Calgary. Both the Town and MD agree that Township Road 240 will be a significant transportation corridor in the future, and needs to be respected.

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

The MD outlined that their response to landowner submissions would focus on Mountain View Park and Section 35.

Mountain View Park

Mountain View Park is located between Sections 14 and 13 on the east side of the Town. It was indicated that there would be a variety of land uses within the area, with approximately 40% being industrial, 20% residential, 10% commercial, 18% infrastructure, and 10% municipal reserves.

The Mountain View Park Conceptual Scheme (Exhibit 9) submitted to the MGB discusses the planned phasing of development. The development will commence with Phase A, which begins at the boundary of Highway 791, with additional phases extending westward. Phase A is intended for industrial development, Phase B is intended for residential development, and Phase C is intended for commercial development. The MD explained that it is logical to include Mountain View Park in the annexation area, as it will require water servicing from the Town.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

Section 35

Ensuring development proceeds in an effective and efficient manner for the benefit of the region was noted by the MD as a significant priority.

In response to the suggestion that Section 35 or other areas should be jointly planned, the MD pointed out that Appendix 7 of the Annexation Agreement details discussions with respect to intermunicipal planning, focusing on the development of an IDP. It was explained that the IDP would allow for a broader commitment to joint planning between the municipalities than what would result through jointly planning only specific areas.

**MD's Summation**

The MD provided a detailed summation at the close of the hearing, in which it emphasized the cooperation and agreement of both municipalities and encouraged the MGB to respect the results of their negotiations. The MD also addressed the 15 Annexation Principles that have been developed by the MGB through previous recommendations and submitted that the subject application meets all of the requirements articulated therein.

It was noted that the application considers growth corridors for both municipalities, as well as the City of Calgary. The compensation agreement was suggested to be reasonable in nature, and the impending Mountain View Park development was cited as a major benefit for the Town. It was therefore submitted that the proposed annexation accommodates growth needs without encumbering either of the municipalities' abilities to achieve rational growth directions.

The MD reiterated that the Town has submitted the 2005 Growth Study and articulated its goal of achieving a more diverse tax base through development of the proposed annexation area. Part 9 of the Annexation Agreement sets out a process for the future development of a comprehensive servicing plan and IDP, along with updates to the Town's MDP. The Town and MD have also discussed a five party regional storm water drainage plan involving the WID. It was explained that no natural environmental sensitivities were identified and that the spillway west of Chestermere Lake will be dealt with in the upcoming IDP and MDP processes, as well as through local planning exercises.

The financial impact of the proposed annexation was suggested to have been dealt with within the Annexation Agreement and through the additional financial report to be received by the MGB subsequent to the hearing. Further, the annexation proposal was stated to not be a tax initiative and it was submitted that the terms set out in the Annexation Agreement were certain and time specific.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

The MD stated that the consultation process engaged in by the parties was comprehensive and that actual changes were made to the application as a result of public input. The MD noted that the municipalities consulted with the health board, school boards, and other local bodies and did not identify any opposition to the proposed annexation. While WID did express some concerns, the MD indicated that these were being addressed. It was also noted that individual interests and rights have been taken into consideration and not unnecessarily impacted. Several areas in the Annexation Agreement were cited as lessening the annexation's impact on landowners and the public. These included the annexation and taxation provisions, the planning and development transition, the Town's commitment to maintain roads to their existing level, and the commitment to protecting agriculture.

It was suggested that while some landowners were not included in the proposed annexation area had expressed interest in being included, it would not be appropriate for the MGB to alter the proposed boundaries. The MD stated that previous MGB orders indicated that parties who wish for their land to be annexed must first convince the municipality that the land should be included in the annexation area and that a thorough review should occur at the local level before lands are included.

The MD proposed that if the MGB takes issue with any part of the agreement, the offending provision should be sent back to the municipalities to be renegotiated.

**Town's Summation**

The Town submitted that it agreed with the MD's summation. It also felt that the application was in compliance with the 15 Annexation Principles developed by the MGB for the purpose of evaluating the merits of an annexation. The Town suggested that it had three main areas to address through its summation: planning with respect to new areas, utilities and servicing, and compensation.

It was reiterated that the proposed annexation represents the culmination of a lengthy and involved process which included public participation and consultation. The Town suggested that the two municipalities had been very attentive to the concerns of citizens, as illustrated by the amendments made to the original proposal. The lengthy and involved negotiation between the municipalities was said to have resulted in a comprehensive agreement and a regional approach. The Town submitted that few landowners remained in opposition to the annexation proceeding.

Some timing issues were faced by the municipalities. For instance, it was submitted that no map of proposed land uses exists because the development of such a map will be driven by the establishment of the annexation's boundaries. The Town emphasized that it is seeking a comprehensive annexation that will allow it to create a diversified land base, but is waiting on

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

knowledge of the final boundaries. Agreements have been put into force in order to ensure that existing uses can be kept in place until the occurrence of triggering events.

With regard to utilities, the Town explained that the considerable growth which it has already experienced has led to significant upgrades of the utility system to prepare for and address future growth. While the 2006 utility master plan does not directly address some areas, such as Section 35, it is still of some value and is in the process of being updated. In terms of transportation, the Town has commissioned a Master Transportation Plan, and a draft has been prepared. The Town's water comes from the City of Calgary, eliminating the need for a water treatment plant or other infrastructure. An expansion currently underway will give the Town capacity to service approximately 19,000 people. There is a contract in place with EPCOR to operate and maintain the Town's utilities. The Town therefore has the capacity necessary to deal with the level of growth proposed in the annexation.

Again, the Town submitted that the final annexation boundaries will dictate what changes to the plans and plans under development are necessary. The Town attested that it is confident that there will not be any issues servicing the land contained in the proposed annexation area.

With regard to compensation, the Town expressed that it sees the pending Mountain View Park development as a tax base that will be brought into the Town in relatively short order. The Town is satisfied that the compensation is fair to both municipalities.

**V Additional Correspondence**

In response to the MGB's concerns about the absence of the financial implications of the annexation and, in particular, the impact of the compensation agreement on town ratepayers, the Town and MD offered to prepare a financial analysis. The MGB accepted the offer and on August 29, 2008 received the "Final Report Financial Analysis of Proposed Annexation: Town of Chestermere MD of Rocky View, August 2008" prepared by Nichols Applied. Following the receipt of the document, the MGB placed a notice of the report in the **Chestermere Anchor** and **Rocky View Weekly** during the weeks of September 29 and October 6, 2008. Landowners and the public were informed where and how to access the report and that responses to the report would be accepted by the MGB until October 17, 2008. A summary of the financial report, a landowner response, and the Town's rebuttal of the landowner response is contained below.

**Financial Analysis of Proposed Annexation**

The report provided comparative financial indicators for the both the Town and MD, and included data on equalized assessment, taxes, and debt. These indicators are illustrated in Table 3 and Table 4 respectively.

**Table 3 - Comparative Financial Indicators: M.D. of Rocky View,  
All Alberta Rural Municipalities, All Alberta Municipalities**

	M.D. of Rocky View	All Municipal Districts / Counties	All Municipalities
<b>Equalized Assessment <sup>1</sup></b>			
Per Capita			
Residential	238,691	97,666	102,767
Non-Residential	57,364	167,875	56,598
Total	296,056	265,541	159,365
Non-residential %	19%	63%	36%
<b>Taxes <sup>2</sup></b>			
Municipal Tax Burden			
Residential Tax Rates	2.7333	6.3095	9.2991
Non-Residential Tax Rates	5.3974	10.9245	12.7649
Split tax rate ratio <sup>3</sup>	1.97	1.73	1.37
Total Residential/Farm Taxes per Household <sup>4</sup>	2,766	1,644	1,667
Municipal and Education Tax Rates <sup>2,5</sup>			
Residential	8.2377	12.6028	14.1116
Non-Residential	13.9972	19.2039	21.7520
Split tax rate ratio <sup>3</sup>	1.70	1.52	1.54
<b>Other <sup>4</sup></b>			
Expenditures per Capita	1,287	1,202	1,628
Reserves per Capita	686	1,719	1,243
<b>Debt and Liquidity <sup>4</sup></b>			
Debt per Capita	1,012	363	1,003
Debt burden <sup>6</sup>	45.1%	9.6%	25.8%
Financing burden <sup>7</sup>	14.4%	7.2%	22.4%

1. 2008 equalized assessment (based on 2007 taxable assessments)  
2. 2007 mill rates  
3. Ratio of nonresidential to residential mill rates (business tax not included)  
4. Based on 2006 data  
5. Also includes seniors foundation and allowance for uncollectables  
6. Total debt limit is set at 1.5 times Rocky View's revenue  
7. Debt servicing limit is set at 0.25 times Rocky View's revenue  
Source: Alberta Municipal Financial System (AMFIS)

The data presented for the MD was submitted to illustrate a generally positive financial position. The MD has a strong assessment base that is distinguished by the high value of its residential properties. With respect to non-residential assessment, the MD has a relatively low proportion of non-residential development when compared to other rural municipalities.

The MD's tax rates are relatively low compared to other rural municipalities. In 2007, the residential tax rate was 2.7333 mills, compared to the rural provincial average of 6.3095 mills. Similarly, the MD's non-residential tax rate was 5.3974 mills, compared to the rural provincial average of 10.9245 mills. These low rates were largely attributed to the high value of the MD's housing stock.

The MD's non-residential/residential mill rate split was articulated to be 1.97, somewhat higher than the rural provincial average of 1.73. While the MD's residential taxes per household are relatively high compared to other rural municipalities, this was described as primarily a reflection of the municipality's lower non-residential assessment base. Further, it was submitted to also be a result of the high provincial education taxes paid by the MD's residential properties.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

The MD's expenditure levels were described to be only 10% higher than the rural provincial average. It was submitted that the MD's debt levels were somewhat high for a rural municipality, being just over \$1000 per capita, compared to the rural provincial average of \$363. The municipality's debt levels were described to have increased significantly in recent years, increasing from approximately \$1.5 million in 1996 to approximately \$35 million in 2006. Debt relating to special levies, primarily related to utilities, currently makes up over 90% of the total debt.

**Table 4 - Comparative Financial Indicators: Town of Chestermere, All Alberta Towns and All Alberta Municipalities**

	Town of Chestermere	All Towns	All Municipalities
<b>Equalized Assessment<sup>1</sup></b>			
Per Capita			
Residential	152,687	77,263	102,767
Non-Residential	4,994	21,389	56,598
Total	157,681	98,560	159,365
Non-residential %	3%	22%	36%
<b>Taxes<sup>2</sup></b>			
Municipal Tax Burden			
Residential Tax Rates	5.7032	9.877	9.2991
Non-Residential Tax Rates	5.7032	13.7871	12.7649
Split tax rate ratio <sup>3</sup>	1.00	1.40	1.37
Total Residential/Farm Taxes per Household <sup>4</sup>	1,461	1,630	1,667
Municipal and Education Tax Rates			
Residential	9.4036	15.0089	14.1116
Non-Residential	11.6166	27.5313	21.7520
Split tax rate ratio <sup>3</sup>	1.24	1.83	1.54
<b>Other<sup>4</sup></b>			
Expenditures per Capita	1,012	1,247	1,628
Reserves per Capita	720	879	1,243
<b>Debt and Liquidity<sup>4</sup></b>			
Debt per Capita	777	711	1,003
Debt burden <sup>5</sup>	36.3%	25.9%	25.8%
Financing burden <sup>6</sup>	24.9%	23.8%	22.4%

1. 2008 equalized assessment (based on 2007 taxable assessments)  
2. 2007 mill rates  
3. Ratio of nonresidential to residential mill rates (business tax not included)  
4. Based on 2006 data  
5. Total debt limit is set at 1.5 times Chestermere's revenue  
6. Debt servicing limit is set at 0.25 times Chestermere's revenue  
Source: Alberta Municipal Financial System (AMFIS)

The data presented for the Town was also described as showing it to be in a generally positive financial position. Like the MD, the Town was submitted to have a strong assessment based characterized by high valued residential properties. The report articulated that the Town has a low proportion of non-residential assessment, 3% compared to the provincial town average of 22% and the overall municipality average of 36%. It was noted that bedroom communities are often characterized by a lower amount of non-residential development. The Town's non-residential equalized assessment per capita is \$4,994, which is still significantly lower than the \$21,389 provincial average for towns. The Town's municipal tax rates are also relatively low compared to other towns. In 2007, the Town's tax rates were 5.7032 mills for both residential and non-residential properties, compared to the provincial average for towns of 9.877 mills and 13.7871 mills for residential and non-residential properties respectively. The Town's average

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

total residential taxes per household are relatively low when compared to other towns, which was indicated to be a reflection of its lower per capita expenditure levels. On a per capita basis, the Town's 2006 debt level of \$777 was relatively close to the provincial average of \$711 for towns. The Town's corresponding debt burden was 36% and financing burden was 25%.

The report also addressed the proposed annexation's relative size. Table 5 illustrates the annexation in the context of the MD as a whole, and Table 6 illustrates the impact of annexation on selected financial indicators. The tables were submitted to show that the fiscal impact of the annexation on the MD is likely to be a modest one and that the municipality's financial health is not expected to be seriously affected.

**Table 5 - Annexation Area Relative to M.D. of Rocky View**

	M.D. of Rocky View	Annexation Area	Percent of Total
Population	34,171	464	1.4%
Dwelling Units	13,685	155	1.1%
Assessment (millions)	\$10,117	\$89	0.9%
Roadways (km)	2,426	28	1.2%
Area (hectares)	413,204	2,557	0.6%

**Table 6 - Impact of Annexation on Selected Financial Indicators: M.D. of Rocky View**

	Without Annexation (Base Case)	With Annexation
Equalized assessment per capita	\$296,056	\$297,496
Non-residential assessment as a percent of total	19.38%	19.50%

Similar to the above, Table 7 and Table 8 were presented to illustrate the annexation area relative to the Town and the impact of annexation on selected financial indicators. The figures indicate that the annexation will immediately increase the Town's assessment per capita as well as its non-residential assessment percentage. The report submits that the impact on the Town will be more significant over time as development occurs. A positive financial impact on the Town is expected to result, as a significant amount of non-residential development is expected to occur in the proposed annexation area.

**Table 7 - Annexation Area Relative to the Town of Chestermere**

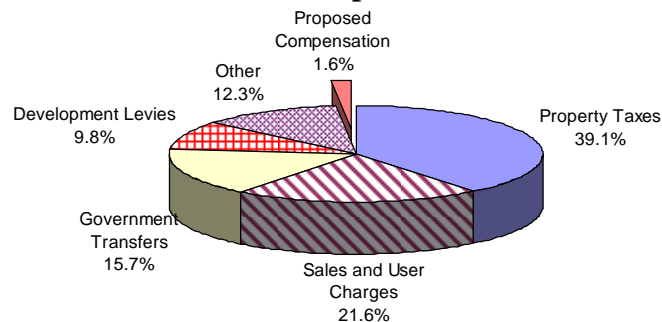
	Town of Chestermere	Annexation Area	Percent of Total
Population	9,564	464	4.9%
Dwelling Units	4,406	155	3.5%
Assessment (millions)	\$1,508	\$97	6.5%
Roadways (km)	60	28	47.1%
Area (hectares)	823	2,557	310.7%

**Table 8 - Impact of Annexation on Selected Financial Indicators: Town of Chestermere**

	Without Annexation (Base Case)	With Annexation
Equalized assessment per capita	\$157,681	\$160,106
Non-residential assessment as a percent of total	3.17%	3.27%

The fiscal impact of the compensation agreed to between the municipalities was also analyzed. The annual compensation figure of \$265,795 was explained to essentially be a flow-through of existing taxes currently generated by the properties located in the proposed annexation area and as a result will not be a burden to the remainder of the Town’s taxpayers. The compensation would constitute approximately 4% of the Town’s municipal property taxes and less than 2% of the Town’s total municipal revenue in 2007. This proportion may be expected to decrease further as the lands in the annexation area develop and municipal revenues expand accordingly. Figure 1 illustrates the proposed compensation in relation to the Town’s 2007 municipal revenues.

**Figure 1 - Proposed Compensation in Relation to Town of Chestermere’s 2007 Municipal Revenues**



The report noted that the Mountain View Park development is expected to occur soon after a decision on the annexation is rendered. This development was approved by the MD prior to the annexation and is ready to proceed. Table 9 presents the population and density projections provided in the Mountain View Park Conceptual Scheme, and Table 10 contains a summary of the projected tax revenues from the commercial and industrial development expected. The report



**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

indicates that the potential commercial and industrial development as proposed in the Mountain View Park concept scheme is equivalent to 30 times the existing non-residential assessment in the Town.

**Table 9 - Mountain View Park Conceptual Scheme: Population and Density Projections**

	Hectares	Acres	Building (m <sup>3</sup> )	Units	Population
Industrial	175.55	433.77	526,640		
Commercial	41.4	102.29	103,492		
Residential	66.02	169.62		850	2,465

1. Mountain View Park Conceptual Scheme (page 32)

**Table 10 - Cumulative Tax Revenues from the Proposed Commercial/Industrial Component of the Mountain View Park Development**

	Tax Revenues 2009-2013 (5 years)	Tax Revenues 2009-2018 (10 years)	Tax Revenues 2009-2033 (25 years)
Chestermere Municipal Tax Revenues	\$5.0 m	\$18.4 m	\$108.8 m
Less: Provision for municipal costs at 30%	\$1.5 m	\$5.5 m	\$36.6 m
Net tax revenues to the Town	\$3.5 m	\$12.9 m	\$76.2 m

The report concludes that both municipalities are in sound fiscal positions and that the proposed annexation would not significantly impact the financial condition of either of them. The projection of the tax revenues associated with the industrial and commercial portion of the Mountain View Park concept scheme was submitted to suggest that the fiscal position of the Town will improve significantly with annexation and that the negotiated compensation would not adversely impact the Town.

**Response from Mr. Ramsay Regarding the Financial Report**

The MGB received a letter dated October 17, 2008 in which Bruce Ramsay, a resident of the Town and an owner of property within the MD, responded to the financial submission made by the Town subsequent to the MGB hearing.

Mr. Ramsay's letter suggested that while the financial report indicates that the compensation agreement represents a flow-through of existing taxes generated by the properties located in the proposed annexation area, it does not adequately take into account the expenditures associated with the annexed lands. As such, he argued that the Town's taxpayers will bear 100% of the

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

expenditures associated with the annexed lands. Mr. Ramsay submitted that this will present a significant burden on current Town residents.

Specifically, Mr. Ramsay submitted that there will be significant future expenditures associated with roads, the significant increase in the Town's area, and the nature of the lands within the proposed annexation area.

Additionally, Mr. Ramsay submitted that the report mistakenly assumes that the Town's revenue base will continue to grow rapidly. It was suggested that revenues associated with development levies may soon decrease, along with property taxes and other sources of income.

Mr. Ramsay indicated that a significant portion of the annexed lands are acreages and that this type of development is not economically advantageous. It was suggested that this would create an additional burden on the Town's taxpayers.

It was further submitted that the financial report relies on profitable future development, including Mountain View Park, which may fail to occur in the event of an economic slowdown.

Mr. Ramsay summarized his concerns by stating that the analysis presented did not properly review the questions of revenue and expenditures, and therefore reaches inaccurate conclusions about the financial impact of the proposed annexation. Further, he submitted that the report represent a "bubble mentality" instead of a more realistic assessment. Finally, Mr. Ramsay submitted that the result of this is a scale of annexation which is far too expansive and may bring significant financial hardship to the municipalities. The letter concluded by requesting that the MGB recommend that the annexation be rejected in its proposed form.

**Town's Rebuttal of Mr. Ramsay's Response Regarding the Financial Report**

The Town provided a response to some of the assertions contained in Mr. Ramsay's letter.

The Town agreed that there will be additional costs with the annexed land, but asserted that to suggest that there will be no offsetting revenue is false. It was noted that the Annexation Agreement indicates that if there is a change in land use, the land becomes taxable for the changes and the Town will receive the increase in taxation. As an example, the Town indicated that this will be the case in the Mountain View Park area, which is proposed for immediate development. The expectation is that this area will generate taxation revenue to the Town far in excess of what it will cost to administer or maintain the lands. The Town also suggested that there will be no extra costs for fire, enforcement, or similar services due to existing agreements between the municipalities for joint services.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

The Town noted that the costs of maintaining roads currently within the Town, which are paved and have features such as sidewalks and street lights, cannot simply be transposed to the roads in the annexation area. It was clarified that the Town does not intend to upgrade roads to Town standards until development begins on them.

The Town submitted that while it would indeed increase in size by 311%, the annexation reflects a 35 year supply of land. It was further indicated that much of the land is owned by developers and that associated costs will be covered through development agreements, not by the Town's taxpayers.

Although the Town agreed that acreage development is not economically advantageous, the Town submitted that acreage development does not constitute a significant portion of the annexation area. It was attested that acreages make up approximately 100 acres of the 6500 acre annexation area, and are primarily located in three clusters.

The Town explained that its projections are based on long term figures, whereas Mr. Ramsay's are based on a short term period. Due to this, the Town submitted that its own projections are more reliable. While acknowledging that housing prices have recently dropped, the Town submitted that the situation is not one unique to the area. Further, the Town submitted that the reason the report does not review factors created by the global credit crunch is that it was created prior to the situation.

It was submitted that the Town's revenue is stable, and that it does not expect material increases in expenditures that would cause a serious strain on its finances.

The Town noted agreement with Mr. Ramsay's assertion that the potential assessment value of Mountain View Park mentioned in the report appears to be very high. It clarified that the latest assessment totals show non-residential assessment as just \$40 million, but that Mountain View Park could conceivably increase the non-residential assessment by five fold. This would be in line with other municipalities of similar size. The Town submitted that the figures in the report are looking at potential assessment 25 years into the future, and that a potential of \$1.5 billion in assessment is therefore quite realistic. It was further explained that the Mountain View Park concept plan has indeed already been approved by the MD, and is ready to proceed. The first stages of the park could potentially be occupied in late 2009.

The Town concluded by reiterating that the financial report presents a valid analysis. The Town stated that it feels that the application is valid, worthwhile, and should be approved. It further submitted that the opinion of one resident of the Town should not outweigh the support of the rest of the residents in the MD and the Town for the proposed annexation to move forward.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

**VI MGB Recommendations**

After reviewing the documentation provided prior to and following 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 January 1, 2009 and including the conditions outlined in the proposed order in council.

**VII Analysis and Reasons**

The reasons for the MGB recommendations are provided below.

The MGB finds that the Annexation Agreement demonstrates a high degree of cooperation and collaboration between the Town and MD. Although no IDP currently exists, the MGB recognizes that the Annexation Agreement indicates that within 120 days of the proposed annexation being approved, the Town and MD will commence the joint preparation of a new IDP. The Annexation Agreement also outlines that the municipalities will undertake reasonable efforts to finalize the IDP within two years. The MGB places considerable weight on this demonstration of intermunicipal cooperation between the two impacted municipalities in support of the proposed annexation.

The MGB acknowledges that the Town has experienced a period of nearly unprecedented population growth which has been a driving factor behind the proposed annexation. The MGB finds that this rapid growth, combined with the limited amount of land currently available for development within the Town's boundary, constitutes 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 the expansion of industrial, commercial, and residential development. The MGB finds that the lands identified for annexation represent a logical progression of growth. At the same time, the MGB finds that the annexation will not serve to hinder the MD's ability to achieve its own rational growth directions.

The MGB notes that the Town has acknowledged that its MDP was adopted in 1999, and that it is therefore significantly out of date. The MGB accepts that an extremely rapid growth rate has presented unique challenges with respect to the Town's ability to maintain an up-to-date statutory plan.

The MGB also recognizes that the upcoming MDP, IDP and ASP processes identified in Part 9 of the Annexation Agreement are intended to include preparation of an updated master servicing plan to address the logical extension of Town servicing into the proposed annexation area. The MGB also notes that the Stantec utility plan was provided. Although dated, the Stantec report provides the foundation of a utility plan that is supportive of the various directions of growth

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

contemplated in the annexation. Despite the Stantec report not referencing Section 35, the MGB accepts that this area is needed in order to allow for added non-residential growth and allow the Town participation in the East Calgary Growth Corridor.

Again, the MGB acknowledges that the community is experiencing severe pressures due to an extremely rapid population growth rate, which may account for the present lack of a completed plan dealing with the extension of servicing. During its presentation, the Town indicated that it was confident that there would not be any major issues with servicing land within the proposed annexation area. Additionally, the MGB is conscious of the high level of intermunicipal cooperation which has been evident in the Annexation Agreement and subsequent proceedings. Due to these circumstances, the MGB accepts the undertaking by the municipalities to create such a servicing plan.

The MGB notes that the Town has notified relevant agencies and other entities of the proposed annexation, including Alberta Transportation and the WID. The MGB is satisfied by the evidence that the Town and MD are working with the WID to identify and address storm water drainage issues. Having received a response from Alberta Transportation, the Town is aware of requirements regarding future transportation planning. The MGB is satisfied that Alberta Transportation does not object to the annexation proceeding.

The MGB feels that the public consultation could have provided more focus on informing the Town's ratepayers of the financial implications of annexation. However, upon review of the process as a whole, the MGB is satisfied that the Town provided adequate notification of the annexation proposal to landowners and undertook a sufficient level of consultation. The consultation process included holding open house meetings on May 3, 2006, January 17, 2007, and April 19, 2007. In addition, a special meeting for landowners in the East Half of 12-24-28 W4M was held on May 30, 2007. On September 12, 2007 the Town and MD also held public hearings in order to allow further input concerning the proposed annexation. The MGB accepts that these meetings provided opportunity for public input and participation.

At the hearing, the municipalities offered and the MGB accepted that additional information be provided reflecting the Town's fiscal position and the potential financial ramifications of the proposed annexation. The MGB notes that the financial report provided did not provide an ideal level of detail in its analysis of some issues, such as the financial implications of annexing a considerable length of rural roads that will have to be maintained pursuant to the agreement. Nor did it provide alternative projections for costs and revenues based on different economic variables. However, the MGB does find the presented report to be adequate and to provide clarification of the Town's fiscal situation in relation to the annexation. The MGB notes that there may be additional costs over the first few years of the annexation until the benefits of additional tax revenue are realized. Nevertheless, the MGB is satisfied that the annexation is unlikely to cause serious financial hardship for the Town.

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

The MGB is satisfied with the provisions included in the Annexation Agreement respecting compensation are reasonable considering the facts in this annexation. The MGB notes that the total compensation agreed to by the municipalities is substantially larger than the compensation amounts corresponding with many previous annexations in the province. Nevertheless, the MGB places a great deal of emphasis on the autonomy of municipalities and the fact that the proposed compensation figure was developed through a negotiation process. The financial report presented by the municipalities subsequent to the MGB hearing provided further evidence that the Town is unlikely to face a significant financial burden as a result of the annexation. Taking into account the impending Mountain View Park development, the MGB is satisfied that the compensation figure agreed to by the municipalities is not excessive.

In Mr. Ramsay's response to the financial report, he suggests that the Town may be overestimating future revenues and underestimating future costs. The MGB notes that even if this is found to be true, the Town has a sizable contingency fund that is available to deal with any short term financial impact. Additionally, the costs associated with annexation appear to represent a relatively small portion of the Town's total income from property taxes, and less than 2% of the Town's total revenue in 2007. There are therefore options available to the Town if it should be necessary to respond to a short term shortfall. As such, the MGB finds that the Town has sufficient financial capacity to meet its obligations with regard to compensation.

The Town clarified in the financial report that roads within the annexation area would not immediately be upgraded to Town standards, but that this would occur as development progresses. The MGB finds that this will help to ensure that the Town will not be unduly burdened with maintenance and upgrading costs.

The presentation made on behalf of Mr. Ramsay at the MGB hearing was primarily centred on the question of whether Section 35 should be included within the annexation area. Some additional concerns regarding the annexation of this section were raised by other nearby landowners. While acknowledging these concerns, the MGB feels that it is appropriate for this section to be included in the annexation area. The inclusion of Section 35 allows the Town to participate in the East Calgary Growth Corridor. Diversification of its tax base was one of the reasons for annexation set out by the Town, and potential industrial development within Section 35 is a crucial element to accommodating non-residential growth. The MGB also notes that individuals residing in Section 35 indicated their support of the annexation. The MGB places considerable weight on the boundaries proposed in the application, as they reflect an agreement negotiated between the Town and MD.

The MGB acknowledges that some landowners who are not located in the annexation area requested to have their lands included. As noted above, the MGB gives considerable regard to the boundaries negotiated by the municipalities. Further, the MGB respects that the final

**BOARD ORDER NO. MGB 018/09**

**FILE: AN05/CHES/T01**

boundaries were arrived at after a public consultation process. The MGB does not find that sufficient reason was given to recommend a change to the proposed boundaries presented in the Annexation Agreement.

The proposed assessment and tax conditions address many of the concerns raised by the impacted landowners. The MGB finds that the 15 year assessment and taxation transition period for non-farm property is within the normal range recommended. The MGB feels that this time period will provide a sufficient timeline of adjustment and certainty for affected landowners. A longer assessment and taxation transition period of 30 years was included in the Annexation Agreement with respect to farm property. The MGB recognizes the importance of agriculture and preserving agricultural lands, and therefore accepts this attempt to provide a longer period of transition and protection for agricultural operations. Additionally, the agreed-to definition of “Farm Property” included in the Annexation Agreement is sufficiently narrow in scope. As such, the MGB finds that this longer transition period for farm property is acceptable.

The MGB finds that the Town has indicated a respect for existing acreage owners within the annexation area and recognized their unique interests. Through providing assurances that residents in country residential areas will be included in future planning processes, the Town has strived to address the interests of these landowners in a proactive manner.

The MGB notes that the MD addressed environmental considerations and indicated that there were no natural environmental sensitivities identified within the annexation area. The spillway to the west of Chestermere Lake was mentioned, and it was expressed that principles of development in that area would be addressed through the upcoming IDP and MDP processes, as well as through local planning exercises. The MGB is satisfied that environmental factors have been taken into account by the municipalities and that the annexation does not pose a threat to the environmental integrity of the area.

In conclusion, the MGB finds that the proposed annexation reflects legitimate local needs and concerns as well as complies with the MGB’s annexation principles set out in previous recommendations. As such, the MGB is satisfied it appropriate to recommend approval of the proposed annexation.