

BOARD ORDER NO. MGB 012/12

FILE: AN10/AIRD/C-01

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

AND IN THE MATTER OF an application by the City of Airdrie, in the Province of Alberta, to annex certain territory lying immediately adjacent thereto and thereby its separation from Rocky View County.

BEFORE:

Members:

H. Kim, Presiding Officer
R. Glenn, Member
F. Wesseling, Member

Secretariat:

R. Duncan, Case Manager

SUMMARY

After careful examination of the submissions from the City of Airdrie, Rocky View County, affected landowners, and other interested parties, the Municipal Government Board (Board) makes the following recommendation for the reasons set out in the Board report, shown as Appendix D of this Board Order.

Recommendation

That the annexation be approved in accordance with the following:

The Lieutenant Governor in Council orders that

- (a) effective December 31, 2011, the land described in Appendix A and shown on the sketch in Appendix B is separated from Rocky View County and annexed to the City of Airdrie,
- (b) any taxes owing to Rocky View County at the end of December 30, 2011 in respect of the annexed land are transferred to and become payable to the City of Airdrie together with any lawful penalties and costs levied in respect of those taxes, and the City of Airdrie upon collecting those taxes, penalties and costs must pay them to Rocky View County, and

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- (c) the assessor for the City of Airdrie must assess, for the purpose of taxation in 2012 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, 8th day of March, 2012.

MUNICIPAL GOVERNMENT BOARD

(SGD.) H. Kim, Presiding Officer

APPENDIX A

**DETAILED DESCRIPTION OF THE LANDS SEPARATED FROM
ROCKY VIEW COUNTY AND ANNEXED TO THE CITY OF AIRDRIE**

SECTION TWENTY-FOUR (24), TOWNSHIP TWENTY-SEVEN (27), RANGE ONE (1) WEST OF THE FIFTH MERIDIAN INCLUDING ALL THAT LAND LYING SOUTH OF THE NORTH BOUNDARY OF THE EAST-WEST ROAD ALLOWANCE ADJACENT TO THE NORTH SIDE OF SAID SECTION AND INCLUDING ALL THAT LAND LYING SOUTH OF THE PROJECTION EAST OF THE NORTH BOUNDARY OF SAID ROAD ALLOWANCE AND INCLUDING ALL THAT LAND LYING SOUTH OF THE PROJECTION WEST OF THE NORTH BOUNDARY OF SAID ROAD ALLOWANCE.

SECTION THIRTEEN (13), TOWNSHIP TWENTY-SEVEN (27), RANGE ONE (1) WEST OF THE FIFTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE.

SECTION TWENTY-THREE (23), TOWNSHIP TWENTY-SEVEN (27), RANGE ONE (1) WEST OF THE FIFTH MERIDIAN INCLUDING ALL THAT LAND LYING SOUTH OF THE NORTH BOUNDARY OF THE EAST-WEST ROAD ALLOWANCE ADJACENT TO THE NORTH SIDE OF SAID SECTION AND INCLUDING ALL THAT LAND LYING SOUTH OF THE PROJECTION EAST OF THE NORTH BOUNDARY OF SAID ROAD ALLOWANCE.

ALL THAT PORTION OF SECTION FOURTEEN (14), TOWNSHIP TWENTY-SEVEN (27), RANGE ONE (1) WEST OF THE FIFTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE.

ALL THAT PORTION OF SECTION TWENTY-TWO (22), TOWNSHIP TWENTY-SEVEN (27) RANGE ONE (1) WEST OF THE FIFTH MERIDIAN INCLUDING ALL THAT LAND ADJACENT TO THE NORTH SIDE OF SAID SECTION LYING SOUTH OF THE NORTH BOUNDARY OF PLAN 791 0430 AND INCLUDING THAT PORTION OF THE NORTH-SOUTH ROAD ALLOWANCE ON THE WEST SIDE OF SAID SECTION LYING SOUTH OF THE PROJECTION WEST OF THE NORTH BOUNDARY OF PLAN 791 0430.

ALL THAT PORTION OF SECTION FIFTEEN (15), TOWNSHIP TWENTY-SEVEN (27), RANGE ONE (1) WEST OF THE FIFTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE.

ALL THAT PORTION OF SECTION TEN (10), TOWNSHIP TWENTY-SEVEN (27), RANGE ONE (1) WEST OF THE FIFTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE AND INCLUDING ALL THAT LAND LYING EAST OF THE WEST BOUNDARY OF PLAN 801 1594.

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THE NORTHEAST QUARTER OF SECTION NINE (9), TOWNSHIP TWENTY-SEVEN (27), RANGE ONE (1) WEST OF THE FIFTH MERIDIAN AND INCLUDING ALL THAT LAND LYING SOUTH OF THE NORTH BOUNDARY OF THE EAST-WEST ROAD ALLOWANCE ADJACENT TO THE NORTH SIDE OF SAID QUARTER SECTION.

ALL THAT PORTION OF SECTION THREE (3), TOWNSHIP TWENTY-SEVEN (27), RANGE ONE (1) WEST OF THE FIFTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE INCLUDING ALL THAT PORTION OF PLAN 801 1594 LYING EAST OF SAID SECTION AND INCLUDING ALL THAT PORTION OF PLAN 891 0982 LYING EAST OF THE PROJECTION SOUTH OF THE WEST BOUNDARY OF THE NORTH-SOUTH ROAD ALLOWANCE ADJACENT TO THE WEST SIDE OF SAID SECTION.

ALL THAT PORTION OF SECTION THIRTY-FOUR (34), TOWNSHIP TWENTY-SIX (26), RANGE ONE (1) WEST OF THE FIFTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE.

ALL THAT PORTION OF SECTION TWENTY-SEVEN (27), TOWNSHIP TWENTY-SIX (26), RANGE ONE (1) WEST OF THE FIFTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE.

ALL THAT PORTION OF THE NORTHEAST QUARTER OF SECTION TWENTY-EIGHT (28), TOWNSHIP TWENTY-SIX (26), RANGE ONE (1), WEST OF THE FIFTH MERIDIAN LYING EAST OF THE EAST BOUNDARY OF PLAN 9310526 BLOCK 8 LOT 2 AND INCLUDING ALL THAT PORTION OF SAID QUARTER SECTION LYING EAST OF THE PROJECTION SOUTH OF THE EAST BOUNDARY OF PLAN 9310526, BLOCK 8, LOT 2 AND INCLUDING THAT PORTION OF SAID QUARTER SECTION LYING EAST OF THE PROJECTION NORTH OF THE EAST BOUNDARY OF PLAN 9310526, BLOCK 8, LOT 2.

ALL THAT PORTION OF SECTION TWENTY-SIX (26), TOWNSHIP TWENTY-SIX (26), RANGE ONE (1) WEST OF THE FIFTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE.

ALL THAT PORTION OF SECTION THIRTY-FOUR (34), TOWNSHIP TWENTY-SIX (26), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE.

SECTION THIRTY-FIVE (35), TOWNSHIP TWENTY-SIX (26), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN.

ALL THAT PORTION OF THE WEST HALF OF SECTION THIRTY-SIX (36), TOWNSHIP TWENTY-SIX (26), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN

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AND INCLUDING ALL THAT LAND LYING SOUTH OF THE NORTH BOUNDARY OF PLAN 3506JK.

THE WEST HALF OF SECTION SIX (6), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN.

SECTION ONE (1), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN.

ALL THAT PORTION OF SECTION TWO (2), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE.

ALL THAT PORTION OF SECTION ELEVEN (11), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE.

SECTION TWELVE (12), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN.

THE WEST HALF OF SECTION SEVEN (7), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN.

THE SOUTHWEST QUARTER OF SECTION EIGHTEEN (18), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-EIGHT (28) WEST OF THE FOURTH MERIDIAN.

THE SOUTH HALF OF SECTION THIRTEEN (13), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN.

THE NORTHEAST QUARTER OF SECTION THIRTEEN (13), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN.

ALL THAT PORTION OF SECTION FOURTEEN (14), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE.

ALL THAT PORTION OF SECTION FIFTEEN (15), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN NOT WITHIN THE CITY OF AIRDRIE.

SECTION TWENTY-TWO (22), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN INCLUDING ALL THAT LAND LYING SOUTH OF THE NORTH BOUNDARY OF THE EAST-WEST ROAD ALLOWANCE

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ADJACENT TO THE NORTH SIDE OF SAID SECTION AND INCLUDING ALL THAT LAND LYING SOUTH OF THE PROJECTION EAST OF THE NORTH BOUNDARY OF SAID ROAD ALLOWANCE AND INCLUDING ALL THAT LAND LYING SOUTH OF THE PROJECTION WEST OF THE NORTH BOUNDARY OF SAID ROAD ALLOWANCE.

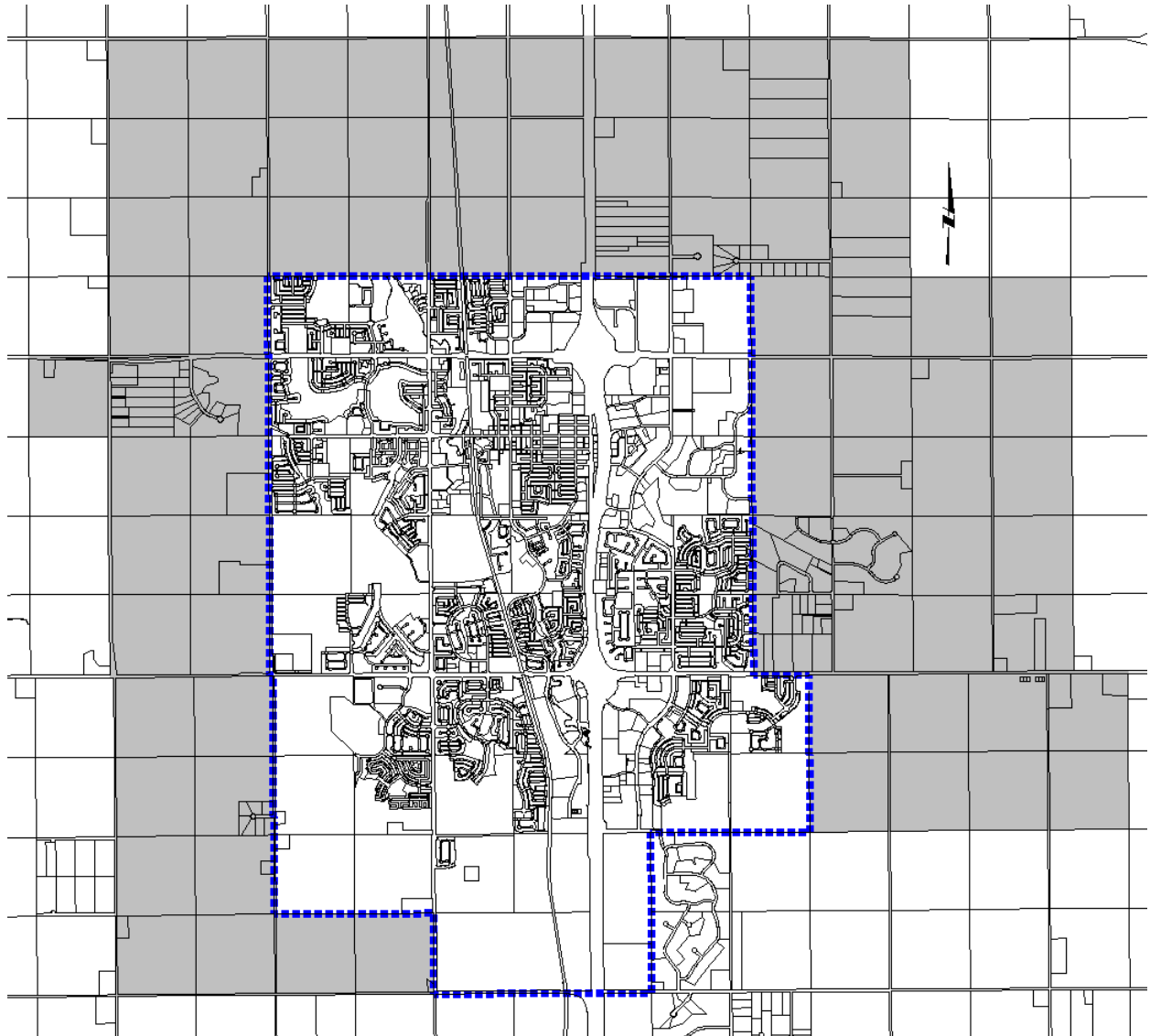
SECTION TWENTY-THREE (23), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN INCLUDING ALL THAT LAND LYING SOUTH OF THE NORTH BOUNDARY OF THE EAST-WEST ROAD ALLOWANCE ADJACENT TO THE NORTH SIDE OF SAID SECTION AND INCLUDING ALL THAT LAND LYING SOUTH OF THE PROJECTION EAST OF THE NORTH BOUNDARY OF SAID ROAD ALLOWANCE.

THE WEST HALF OF SECTION TWENTY-FOUR (24), TOWNSHIP TWENTY-SEVEN (27), RANGE TWENTY-NINE (29) WEST OF THE FOURTH MERIDIAN INCLUDING ALL THAT LAND LYING SOUTH OF THE NORTH BOUNDARY OF THE EAST-WEST ROAD ALLOWANCE ADJACENT TO THE NORTH SIDE OF SAID SECTION.

ALL INTERVENING ROAD ALLOWANCES, ROAD PLANS, HIGHWAY RIGHTS-OF-WAY PLANS, RAILWAY RIGHTS-OF-WAY PLANS AND UTILITY RIGHTS-OF-WAY PLANS.

APPENDIX B

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



Legend



Existing City of Airdrie Boundary



Annexation Area

APPENDIX C

ORDER

1 In this Order,

- (a) “annexation area” means the land described in Appendix A and shown on the sketch in Appendix B;
- (b) “effective date” means 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, or
 - (iii) a parcel of land used for the raising, production and sale of agricultural products in accordance with the applicable bylaws of Rocky View County and the *Matters Relating to Assessment and Taxation Regulation* (AR 220/2004) or any successor regulation;
- (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 immediately preceding the effective date,
 - (ii) has a maximum area equivalent to 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 within the annexation area, the occurrence, at the request of or on behalf of the landowner, of any of the following on or after the effective date:
 - (i) the City of Airdrie Council, pursuant to the Land Use Bylaw in effect at the time for the City of Airdrie, 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 that results in the connection of

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improvements on the parcel of land to the City of Airdrie's water or sanitary sewer services;

(iii) improvements on the parcel of land are otherwise directly connected to the City of Airdrie's water or sanitary sewer services.

2(1) Subject to subsection (2), for the purposes of taxation in 2012 and subsequent years up to and including December 31, 2031, every parcel of land within the annexation area, other than farm property, and any improvements to it

- (a) must be assessed by the City of Airdrie on a market value basis, and
- (b) must be taxed by the City of Airdrie using the municipal tax rates established by Rocky View County for property and improvements of the same assessment class.

(2) Subsection (1) ceases to apply to a parcel of land and any assessable improvements to it in the taxation year immediately following the taxation year in which a triggering event occurs with respect to the parcel.

(3) After subsection (1) ceases to apply to a parcel of land, the parcel and any assessable improvements to it must be assessed and taxed in the same manner and at the same rate as other property of the same assessment class in the City of Airdrie is assessed and taxed.

3(1) Subject to subsection (2), for taxation purposes in 2012 and subsequent years up to and including December 31, 2041, farm property within the annexation area

- (a) must be assessed by the City of Airdrie on the same basis as if the farm property had remained in Rocky View County, and
- (b) must be taxed by the City of Airdrie in respect of each assessment class that applies to the annexed land and any assessable improvements to it using the municipal tax rates established by Rocky View County for property and improvements of the same assessment class.

(2) Subsection (1) ceases to apply to farm property and any assessable improvements to it in the taxation year immediately following the taxation year in which

- (a) a triggering event occurs with respect to the farm property, or
- (b) the farm property ceases to be exempt from taxation under the *Municipal Government Act* or any successor Act.

(3) After subsection (1) ceases to apply to farm property, the farm property and any assessable improvements to it must be assessed and taxed in the same manner and at the same rate as other property of the same assessment class in the City of Airdrie is assessed and taxed.

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4 The City of Airdrie shall pay to Rocky View County one million six hundred and thirty-four thousand eight hundred and thirty-seven dollars and ninety cents (\$1,634,837.90) within 90 days after the date this Order in Council is signed by the Lieutenant Governor in Council.

5 Notwithstanding any other provision of this Order in Council, title to the property commonly known as the Rocky View County Public Works Shop and more particularly described as the easterly 240 feet of the northerly 544.5 feet of the northeast quarter of Section Thirty-Three (33), Township Twenty-Six (26), Range Twenty-Nine (29) West of the Fourth Meridian shall remain vested in Rocky View County and shall not transfer to the City of Airdrie as a result of this Order in Council.

APPENDIX D

**MUNICIPAL GOVERNMENT BOARD REPORT TO THE
MINISTER OF MUNICIPAL AFFAIRS
RESPECTING THE CITY OF AIRDRIE PROPOSED ANNEXATION
OF TERRITORY FROM ROCKY VIEW COUNTY**

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EXECUTIVE SUMMARY

[1] On September 14, 2011, the Municipal Government Board (Board) received an application from the City of Airdrie (City) to annex approximately 12,640 acres (5,115 hectares) of land from Rocky View County (County). The application stated that the purpose of the proposed annexation is to allow the City to plan for and accommodate future anticipated long-term growth. Although the City and the County were able to negotiate an annexation agreement, objections to the proposed annexation were filed with the Board. In accordance with the *Municipal Government Act* (Act), the Board held a public hearing on November 3, 2011 to receive submissions from the City, the County, the affected landowners and the public regarding this annexation.

Recommendation

[2] After reviewing the documentation and hearing from the various parties, the Board finds the annexation application to be reasonable. Therefore, the Board recommends the annexation of the land identified in the City's annexation application with an effective date of December 31, 2011.

Reasons

Consultation

[3] The Board finds the consultation process undertaken was fair and provided all affected persons with notice of the annexation and an opportunity for input. The municipalities employed open houses, letters, websites, "frequently asked questions", press releases, newspaper articles, focused open houses conducted by an intermunicipal committee and non-statutory public hearings to notify and consult with the affected landowners and the public. Some adjacent landowners who wish to be included in the annexation area felt they should have been given an additional opportunity for input, particularly after the intermunicipal committee recommended inclusion of a further 10 quarter sections to the north. However, in light of the extensive notice and consultation activities undertaken by the two municipalities, the Board does not accept these landowners had insufficient opportunity to comment. Moreover, the Board notes that each municipal Council conducted their own non-statutory public hearing that afforded these landowners another opportunity to make their case directly to the final decision makers, the elected officials.

Boundaries

[4] The Board accepts that the City is one of the fastest growing municipalities in Alberta and is convinced the major growth factors, close proximity to the City of Calgary and easy access to the Calgary City Centre, will continue to spur growth. Therefore, the Board finds a 50 year annexation is reasonable in this case.

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[5] This annexation was somewhat unusual in that a number of objections received by the Board were focused on having additional land included as part of this annexation. The new Act no longer permits a landowner to initiate an annexation. The Board accepts this was a deliberate decision by the legislature to ensure the annexation boundary would be thoroughly reviewed and vetted at the local level before being considered at the Provincial level. Although the Board places a great deal of weight on the annexation area submitted by the municipalities, it considered each of the requests from landowners to have additional lands included as part of the annexation.

[6] With regard to extending the annexation to the northeast, the Board was not persuaded that including lands on the periphery of the annexation area with lesser development potential just to square the boundary would be of substantial benefit to the City. The Board was also not convinced that an undeveloped road allowance would provide the same physical separation between the City and the County as an established road. The Board notes this land will still be within the County's jurisdiction, so the landowners can continue to operate their farms or develop their land in accordance with County bylaws.

[7] The Board does not recommend including more land on the west side of the annexation boundary. This land undoubtedly has features favourable for residential development, including infrastructure (transportation, water, wastewater and stormwater) advantages and favourable topography; it is also in the direction of historical market driven growth. However, the Board accepts the City's argument that it must have land within its jurisdiction to accommodate a wide and balanced range of land uses, including uses other than residential. In addition, the west side of the existing Range Road 13 provides a clear and visible border between the two jurisdictions. Inclusion of a quarter section containing a public school to the west of Range Road 13 is in the public interest and does not affect the rationale for excluding the additional land to the west.

[8] With regard to the concern raised that the annexation does not align with the future growth direction identified by the 2001 Intermunicipal Development Plan (IDP), the Board notes the 2001 IDP states the two municipalities can consider specific annexation proposals on their own merit. Since the two municipalities support the annexation, the Board must conclude the municipalities are satisfied the growth direction is appropriate. Moreover, the Board acknowledges the municipalities have agreed they will be negotiating a new IDP after the conclusion of the current annexation.

[9] The Board heard the Airdrie AirPark is the base or satellite base for such organizations as law enforcement, STARS, and the City's emergency responders. As these organizations provide a public service, the Board understands the rationale to include the AirPark despite the boundary not being a road. Although this makes the annexation border somewhat irregular in the southeast quadrant, the Board notes that including the six quarter sections to the east and south of the AirPark would create an even more irregular boundary. The Board accepts the submission by the City that the new IDP will address land use issues around the AirPark. It is possible the IDP process will allow the landowners to move forward with the concept plan they have developed

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for these six quarter sections. Therefore, the Board does not recommend the inclusion of the lands adjacent to the AirPark as part of this annexation.

[10] It was acknowledged that the lands south of the annexation area are within the County's Balzac Growth Node identified in the County's Growth Management Strategy. It is unfortunate that timing issues associated with the provision of municipal services prevented the County from approving this project. However, annexations must not encumber the rational growth directions of either municipality. Since the lands in question are clearly within an identified County growth area, the Board does not recommend the annexation boundary be altered to include these lands.

Services

[11] The Board accepts the City will be able to provide the municipal services required by the projected population to the annexation area and will undertake the required detailed engineering studies in due course. Moreover, the environmental impact assessment clearly demonstrates a desire on the part of the City to identify environmentally sensitive areas within the annexation area and take steps to mitigate the impact of development on these natural features.

Assessment and taxation

[12] The Board finds the assessment and taxation transition provisions requested by the two municipalities to be reasonable. Non-farm property is to be assessed by the City using the market value, but these properties are to be taxed using the County's municipal tax rate for a period of 20 years. Farm property is to be assessed based on regulated rates established by the Province and taxed using the County municipal tax rate for 30 years. The transition period time horizons typically accepted by the Board range from five to 15 years. However, the time horizon contemplated by this annexation is longer than most, so the Board accepts the longer transition provision periods.

County area structure plans and conceptual schemes

[13] The annexation agreement specifies that any approved County Area Structure Plan and Conceptual Schemes will no longer apply. It is noted that s. 135(1)(d) of the Act identifies the bylaws and resolutions of the County that apply specifically to the annexation area continue to apply until such time as they are repealed or others are made in their place by the City. As the process to change a bylaw or resolution may require some type of landowner or public consultation, the Board is reluctant to arbitrarily eliminate the opportunity for input. Therefore, the Board does not recommend the Order in Council include provisions that would in effect make invalid the existing County Area Structure Plan and Conceptual Schemes.

Compensation

[14] The Board finds the method used to determine the compensation to be paid by the City to the County to be reasonable. The compensation methodology employed primarily reimburses the

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County for the investment in roads it made over the past five years as well as improvements to Range Road 13. The Board also accepts the joint financial analysis which concludes the annexation will not have a negative impact on either of the municipalities. Although the annexation agreement specifies the \$1,634,837.90 in compensation is to be paid 90 days after the effective date, due to the timing of the hearing the Order in Council may be retroactive. The Board accepts the submissions made by the City and the County at the hearing that they would be in agreement with this being changed to 90 days after the date the Order in Council is signed.

[15] With regard to compensation for natural gas providers, the Board notes the *Gas Distribution Act* specifically contemplates natural gas distribution in the event of an annexation. As this Act identifies a compensation methodology and specifies a compensation appeal process, the Board finds it would be more appropriate for this matter to be addressed in accordance with the policies and procedures established under the *Gas Distribution Act*. The Board also finds it would be inappropriate for an annexation recommendation to suggest an amendment to the procedure under the *Gas Distribution Act*.

Conclusion

[16] In conclusion, the Board finds that the purpose of the annexation and amount of land being requested by the City is reasonable and that the concerns of affected landowners and the public have been given proper consideration.

Introduction

[17] The City of Airdrie (City) is one of the fastest growing municipalities in Alberta, having grown from a population of 12,456 in 1991 to 39,822 in 2010. In 2003 the City annexed approximately 2,378 acres (963 hectares) of land from Rocky View County (County) to address growth needs. At that time it was expected that this annexation would provide the City with a 30 year land inventory which would allow it to plan for future development. However, the amount of actual growth experienced by the City has significantly surpassed the 2003 annexation projections. As a result, the two municipalities began negotiations in 2010 which eventually lead to an agreement that will allow the City to annex additional lands from the County.

[18] On September 14, 2011, the Municipal Government Board (Board) received an application from the City to annex approximately 12,640 acres (5,115 hectares) of land from the County. Although the two municipalities endorsed the application, objections to the proposed annexation were filed with the Board. In accordance with s. 120(3) of the *Municipal Government Act* (Act), a public hearing was held on November 3, 2011 to receive information and evidence regarding the annexation proposal.

[19] The following report has been divided into five parts. Part 1 identifies the role of the Board in relation to annexation matters. Part 2 provides an overview of the City's annexation application. Part 3 summarizes the oral and written submissions received by the Board. Part 4 provides a recommendation to the Minister of Municipal Affairs (Minister), while Part 5 identifies the reasons for the Board's recommendation.

Part I Role of the Board, the Minister and the Lieutenant Governor in Council

[20] Pursuant to s. 116 of the Act, a municipality seeking annexation must initiate the process by giving written notice to the municipal authority from which the land is to be annexed, the Board, and any other local authority the initiating municipality considers may be affected. The notice must describe the land proposed for annexation, set out the reasons for the proposed annexation, and include proposals for consulting with the public and meeting with the landowners. Once the notice of intent to annex has been filed, the municipalities involved with the proposed annexation must negotiate in good faith. If the municipalities are unable to reach an agreement, they must attempt mediation to resolve any outstanding matters.

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

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[22] The report is then submitted to the Board. If the initiating municipality requests the Board to proceed, pursuant to s. 119, the report becomes the annexation application. If the Board is satisfied that the affected municipalities and public are generally in agreement, the Board notifies the parties of its findings and unless objections are filed with the Board by a specific date, the Board makes its recommendation to the Minister without holding a public hearing. If an objection is filed, the Board must conduct one or more public hearings.

[23] The Board has the authority to investigate, analyze and make findings of fact about the annexation, including the probable effect on local authorities and on the residents of an area. If a public hearing is held, the Board must allow any affected person to appear and make a submission. After hearing the evidence and submissions from the parties, the Board is required to prepare a written report of its findings and recommendations and send it to the Minister. The Minister has the authority to accept in whole or in part or completely reject the findings and recommendations made by the Board. The Minister may bring a recommendation forward for consideration to the Lieutenant Governor in Council (LGC). After considering the recommendation, the LGC may order the annexation of land from the one municipality to the other.

Part II Annexation Application

[24] Part II is divided into two sections. The first section describes the notice of intent to annex submitted by the City, while the second section provides an overview of the application.

Notice of Intent to Annex

[25] The City filed its notice of intent to annex, pursuant to s. 116 of the Act, with the Board, the County and the other municipal authorities on March 10, 2010. The notice states that the City was proposing the annexation of approximately 11,040 acres (54,468 hectares) of land from the County and provided a list of the lands to be annexed.

[26] The notice identified that the annexation would allow the City to plan for and accommodate future anticipated long-term growth. The notice envisioned that the consultation activities may include some or all of the following activities: news releases to the press, information on the City and the County websites, general mail-outs, electronic mail-outs, public meetings, landowner meetings (one-on-one if required), stakeholder meetings (one-on-one if required), open house meetings, and non-statutory public hearings.

Application Overview

[27] As mentioned previously, the City submitted its application to the MGB on September 14, 2011. The public and landowner consultation process, the need for the land, projected municipal infrastructure requirements, environmental considerations, financial impacts, and annexation agreement information contained in the application is summarized below.

Consultation Process

[28] The two municipalities established an Intermunicipal Annexation Negotiating Committee (IANC) to determine the annexation area, negotiate an annexation agreement, and undertake the consultation process. With the assistance of a mediator, the IANC held 11 meetings between April 2010 and May 2011. The annexation application states the final agreement negotiated by the IANC addresses the interests of the two municipalities as well as the affected landowners and residents within the proposed annexation territory.

[29] The consultation process undertaken by the IANC afforded opportunities for affected landowners, stakeholders and member of the public to become informed about the annexation and provided opportunities for input. A number of methods were used to circulate general information about the status of the annexation as the negotiations moved forward. A website was launched in late August 2010 which offered continual up-to-date information regarding the annexation. Letters to residents and stakeholders in the proposed annexation area were used to update these key groups. Press releases to media outlets and interviews with newspaper publications kept the general public abreast of the status of the annexation negotiations. A set of up-to-date “frequently asked questions” was developed to answer questions people may have had about the annexation. The “frequently asked questions” were made available on the website and hard copies were included in correspondence to affected landowners and the public.

[30] Over 230 people attended the open houses held by the IANC on September 9 and 15, 2010. These open houses provided attendees with the opportunity to speak with City and County administrative and elected personnel about the proposed annexation. Issues identified during the open houses included the inclusion of additional land, the future land uses in the proposed annexation area, the timing of extending services to acreage communities, the pace of development, the inclusion of the Airdrie AirPark land, and how the proposed annexation will impact the provision of municipal and other services.

[31] Based on feedback from the open houses, focused consultation sessions were conducted for the Buffalo Rub, Yankee Valley Estates, and Hamilton Greens/Croxford Estates acreage communities in October and November 2010. The attendees expressed concerns over a wide range of annexation and transition related issues. After considering the concerns, the IANC provided responses to these groups and individuals. The IANC identified that the City and the County would work to address relevant transition planning issues through the conditions of the annexation agreement. The IANC also indicated the two municipalities would continue to work with impacted landowners and stakeholders to address remaining issues upon approval of the annexation.

[32] At the conclusion of the negotiations, both the City and the County held non-statutory hearings to gauge public reaction and to determine if there should be any additional adjustments. The City held its non-statutory hearing on March 2, 2011. Although some landowner’s issues

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were brought forward, City Council approved the negotiation report as presented without any changes. The County held its non-statutory hearing on March 10, 2011. In response to concerns related to land use in and around the existing Yankee Valley Estates community as well as requests for additional lands to be included as part of the annexation request, County Council recessed the public hearing in order for the IANC to consider if changes were necessary to the negotiation report.

[33] On March 13, 2011 the IANC met to consider the issues brought forward by County Council. With regard to the Yankee Valley Estate concerns, the IANC recommended a supplementary clause be added to the annexation agreement and annexation application to identify the City's responsibility to consult with all future residents. However, the IANC did not recommend the annexation boundary be expanded to include the additional lands. The IANC's position was that it had considered several adjustments to the proposed boundary during the consultation process and noted that the final proposed boundary was presented to the public in September 2010. As all landowners had been provided with an equal opportunity and sufficient time to request changes to the annexation area, the IANC was of the opinion any boundary adjustment at that point would only prolong the annexation process. On March 17, 2011, County Council considered a verbal presentation from the IANC regarding these matters and approved the annexation agreement and application with the addition of the supplementary consultation clauses.

[34] The annexation application maintains that all issues identified through the public consultation process were reviewed and addressed by the IANC. Despite this, the letter from the City accompanying the application notes that formal letters of objection have been filed with the Board regarding the inclusion of additional land to the proposed annexation area.

Growth and the Need for Land

[35] In 2007, the City retained a consultant to conduct a growth study. The 2008 Comprehensive Growth Study (CGS) identified the amount and location of land required for the long-term growth of the City and included a strategy for future annexation. The 2008 CGS was updated in 2010 to address new data from an ecological inventory and again in 2011 to reflect boundary adjustments negotiated by the two municipalities.

[36] The CGS identifies that traditionally municipalities have adopted policies to maintain a 30-year inventory of developable land within their boundaries. However faced with rapid growth many municipalities have begun to use a longer term growth horizon. In keeping with this trend the CGS used a 50-year time horizon and included a substantial section on population forecasting to improve its accuracy and comprehensiveness.

[37] The CGS regional growth trend analysis indicates that the City has benefited from the emergence of the City of Calgary as a large economic centre. Its close proximity to the City of Calgary combined with a direct transportation corridor running into the Calgary City Centre and relatively lower housing costs continue to provide the City with growth opportunities.

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[38] The CGS projects the City's population will grow from 31,352 in 2007 to 108,906 in 2057. The 2007 census identifies there were 2.69 people per household. However, it is noted that this figure is expected to decline due to an increase in the number of people living alone as a result of the aging population, a decrease in the proportion of couples with children, and a growth in the number of single parent households. The Canadian Mortgage and Housing Corporation has forecasted the number of people per household in Alberta will range from 2.5 to 2.6 in 2016. Using this information the CGS assumes the number of people per household in the City will shrink to 2.6 by 2037 and remain constant thereafter until 2057. As a result, the CGS predicts the City will need be an additional 30,172 new dwelling units by 2057. The CGS reported this growth can be accommodated either internally (intensification, brown field redevelopment, etc.) or externally (annexation). While densities in new neighbourhoods within the City have increased significantly over the past decade, the overall density of the municipality has only increased slightly due to the number of already established communities. Residential density in 2008 was 5.98 units per acre. The updated Land Demand Analysis contained in the CGS assumed that density would increase from its current level to 7.0 units per acre by 2037 and projected the amount of residential land required by 2057 to be 4,695.7 net developable acres. The amount of residential land supply within the City is estimated to be 1,081 net developable acres. The CGS projects the City will need an additional 4,890 gross developable acres of residential land, which includes the amount of land that is not developable or is expected to remain as natural environmental reserve, by 2057.

[39] Industrial demand was calculated by assuming there is a standard amount of land required for each additional person that resides in the City. In 2008 it was determined that the amount of land required for each 1,000 residents was 19 acres when using only built industrial land. The CGS states it is prudent to ensure there is an adequate supply of industrial land for the population and assumed this figure would increase gradually to 30 by 2057. This assumes the City will continue to increase its share of the regional economy and become an important industrial center as it is located on the Highway 2 corridor with easy access to the Calgary airport. Based on these assumptions, the CGS projects that the demand for additional industrial land would be 2,666.7 net developable acres by 2057. The CGS estimated there are 406.6 acres of net developable land available within the City at this time, which can support industrial growth until 2020. However, the majority of this land inventory is located in the south and will require significant investment before it can be developed, so an early annexation of industrial land may be required. Based on these calculations, the CGS estimates the City will require an additional 3,57.9 acres of gross developable land by 2057.

[40] Local commercial uses are generally built into new residential communities; however, the City must also consider non-local commercial uses that provide retail services above that of the convenience needs of the immediate area. The CGS estimated that the retail demand was 56 square feet per person. Using this estimate, the City would require an additional 4,317 square feet of additional floor space, or 839 acres by 2057. The City only has 21.3 net developable acres of commercial land available at this time. Therefore, the CGS predicts an additional 1,106.6 gross developable acres of commercial land will be needed by 2057.

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[41] After considering the amount of land required, the CGS evaluated the suitability of the land adjacent to the City for urban development. Each quarter section of land within a perimeter of two sections (four quarter sections) of the City was assessed according to constraints and opportunities for urban development. Constraints pose a challenge or prevent development, while opportunities make the land more attractive for development. Natural constraints consisted of topography, geology, hydrology, soil quality and environmentally sensitive areas. Constructed constraints consisted of confined feedlot operations, oil and gas wells/pipelines and the noise exposure contours from the airport. Opportunities included the existing land use policy, land with development pressures, proximity to existing municipal services (roads, water, wastewater, stormwater) and emergency medical services. A weighting system was used so that each parcel could be evaluated and compared.

[42] In order to explain the results of the opportunities and constraints evaluation, the CGS divided the study area into four quadrants and provided a map showing the assessment of each quarter section. Each quadrant is described briefly below.

[43] The northwest quadrant contains the largest number of parcels with high development potential, making it the most opportune area for the City to annex. This quadrant has good transportation access, is in close proximity to existing municipal services, and is facing development pressures. The constraints in this quadrant include steep slopes along the western part, a confined feedlot operation adjacent to the west, and the possibility that lift stations may be required to service a part of this area.

[44] The CGS identifies that the most suitable land in the northeast quadrant is located centrally, with the lands in the northern portion of this quadrant having low urban development potential. Opportunities include some development pressure on the land located next to the existing City boundary, good transportation access, and access to existing municipal services for parcels close to the City. However, there are two areas of fragmentation and two pockets of sour gas setbacks. In addition, none of this quadrant has been identified as being within the City service zone, making it costly to provide water and sewer services.

[45] The southeast quadrant contains areas of high and very high development potential land adjacent to existing City boundary, with pockets of very low potential land along the eastern periphery. Again, there is good transportation access and municipal services can be extended to lands in close proximity to the existing City boundary. Constraints include areas of steep slopes, pockets of high to moderate fragmentation, sour gas well setbacks that impact most of this area, and noise exposure from the airport.

[46] The southwest quadrant has areas of very high development potential adjacent to Highway 2. Opportunities include proximity to Highway 2, good transportation access, and cost efficient access to municipal services adjacent to the existing City Boundary. Constraints include steep slopes along the west part of the quadrant, sour gas setbacks, and booster stations that may be required for water.

Statutory Plans and Policy Documents

[47] The annexation application provided a number planning documents to identify how the proposed annexation aligns with the statutory plans and policies of both the City and the County. Brief summaries of the statutory documents, which include the existing IDP, the City's Municipal Development Plan (MDP), the County's MDP, as well as a non-statutory planning document, the County's Growth Management Strategy, are provided below.

[48] The IDP was adopted in 2001, prior to the start of the 2003 annexation. Section 3.5 recognizes the City will explore future growth options aimed at facilitating growth in a contiguous and logical manner. Section 3.6 addresses the matter of annexation. Comprehensive rather than piecemeal annexation is preferred in order to provide opportunities for long-term planning and accommodate reasonable periods of time between annexation proposals. Notwithstanding this general principle, the two municipalities may consider specific annexation proposals on their individual merits. Annexation applications are to be based on technical analysis, extensive public consultation and intermunicipal negotiation. The annexation section of the IDP also identifies the need for an overall urban growth strategy as well as other issues that need to be addressed in any annexation negotiation process.

[49] The County's 1998 MDP contemplates annexations provided there is a demonstrated need for the lands under consideration. The need for an annexation is to be based on detailed growth studies, which are to include such things as historical and anticipated population increases, existing urban land consumption rates, and alternative growth options.

[50] The City's 2008 MDP identifies future land use, urban form and growth patterns, and infrastructure development. This plan is guided by a "triple bottom line" approach to ensure the City implements policies that are socially, environmentally and fiscally sustainable. To achieve the social component, the City has adopted policies related to community services, housing strategies, and emergency services. The environmental component identifies that the City will take a leadership role in environmental management and includes policies that will make the community an attractive and healthy place to reside. The fiscal component communicates a desire to not unduly tax for the provision of municipal services and to provide a balance between the residential and non-residential tax base. New development should not result in long-term costs to the community and must support itself in terms of initial capital expenditures. Moreover, the City is to attain a balanced financial position by influencing development to achieve an assessment split of 40 percent non-residential / 60 percent residential assessment.

[51] The County's 2060 Growth Management Study (GMS) also uses smart growth and triple-bottom-line approach to provide a long term (50 year) vision for the County. The GMS is a non-statutory planning document that provides clear direction on where County business and community growth nodes should be located. One growth node in particular is the Balzac area south of the City. While the intent is for Balzac West to be a community growth node, Balzac East is to be a business area. The GMS notes that planning has not occurred in the Balzac West area as rapidly as in Balzac East.

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Municipal Infrastructure

[52] In 2010, the City commissioned an infrastructure study to identify the wastewater, water, stormwater, and transportation system requirements for the proposed annexation lands.

[53] The infrastructure report identifies that the City's wastewater is transferred to the City of Calgary via conventional gravity flow collection mains with local pumping stations to overcome grade restrictions. The report shows that there is enough existing capacity in the pumping stations and forced mains to service a population of 103,000. The wastewater concept plan identifies that as the population grows, the City will have to expand the gravity flow trunk ranges, construct wastewater lift stations to overcome grade restrictions, install major pump stations to transfer wastewater to the City of Calgary system, and obtain additional forcemain capacity from the City of Calgary.

[54] The City obtains treated water from the City of Calgary via two major supply lines. These lines can service a population of over 112,000 people. The concept proposed by the infrastructure report is based on providing service to the annexation areas located within the lower pressure zone from the upper pressure zone utilizing pressure reducing stations. It may also be possible to service a portion of these areas directly from the existing infrastructure.

[55] The City supports the concept of regional stormwater facilities that are entirely developer funded. Efforts are made to assist the developer in recovering applicable oversized costs by inserting provisions in development agreements that would require other developers benefiting from the oversized infrastructure to help pay for the oversized infrastructure. All future developments will include stormwater management facilities to limit runoff to rates that have been established based on the assimilative capacity of the Nose Creek Watershed.

[56] As transportation is closely intertwined with land use, the infrastructure study was only able to provide a generalized transportation network for the proposed annexation lands. The conceptual plan provided as part of the study considered: incorporating previous transportation planning by the City and the County, concept plans for regional transit services and transportation networks under the Calgary Metropolitan Plan and the Calgary Regional Partnerships Regional Transit Plan, the need for strong north-south connections, and the need for east-west connections across Highway 2, the Canadian Pacific Railway line and the Nose Creek. A update to the City's Transportation Master Plan will be done in the future.

[57] The infrastructure study notes that the City's philosophy is that development pays for itself. Based on this, the study contends that it is feasible for the City to service the proposed lands over the 50 year planning horizon.

Environmental Considerations

[58] The City commissioned an environmental study in 2009 to effectively integrate and protect ecological and environmentally sensitive features. The focus was on identifying where these lands are located within the City's undeveloped land base as well as the proposed

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annexation areas. The study also offered best practice techniques from other municipalities in Alberta that the City can use to protect these environmentally sensitive lands. It was determined that the proposed annexation area is primarily rural, with 89 percent being grass, pasture and cropland. Twelve ecologically significant areas were specifically recognized due to their concentrated distinct features, such as riparian corridors, wetlands or natural grassland patches. Of these 12 “hot spots” the report identified two contiguous areas adjacent to existing development as high priority conservation regions that are vulnerable to future development pressures. The City maintains that the preservation of these lands will allow it to protect the ecological feature while offering opportunities for the City to expand its existing parks and open spaces.

Financial Impacts

[59] A joint financial impact analysis of the proposed annexation was prepared to assess the effect of the annexation and the associated compensation on both the City and the County.

[60] The financial analysis considered the impact of the proposed annexation on the County to be minimal, as it represents less than two percent of the County’s population and dwellings, only 1.3 percent of its assessment, and just 2.2 percent of its roadways. The analysis stated this will result in a loss of \$502,865 in municipal taxes for the County, but will also decrease the County’s operating expenses by \$246,422. The analysis concluded the net loss is negligible in that it represents merely 0.5 percent of the County’s municipal tax budget.

[61] The financial analysis also considered the impact of the proposed annexation on the City to be minimal. Large portions of the operating costs associated with the proposed annexation have already been included in the City’s 2011 budget. With short term net operating losses expected to peak in 2013 at \$204,364, the City anticipates that subsequent growth and development in the annexation area will reduce this amount over time. The 23 percent reduction in uncommitted operating reserves to reimburse the County for existing infrastructure improvements is the only significant financial impact on the City. However, the analysis notes these infrastructure improvements are attached to the value of the increased life expectancy of the roads in the proposed annexation area and should help lower future maintenance costs for the City.

Annexation Agreement

[62] The application confirms that the City and the County have reached agreement and that there are no outstanding matters. The annexation agreement has been summarized below.

[63] The annexation agreement requested the effective date of the annexation to be December 31, 2011 in order to address issues resulting from the method used by the Province of Alberta to determine education tax requisitions. The City’s application explained that the education taxes owed to the Province by each municipality is determined by the previous year’s assessment as of December 31. If the effective date of the annexation is December 31, only one year of education taxes would be affected as opposed to two years if the effective date is January 1 or later. It was

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further explained that an over/under levy would be required to balance the requisition for only the one year if the effective date is December 31, 2011.

[64] To minimize the financial impact of the proposed annexation on the affected landowners, the annexation agreement suggested farm property be taxed using the County mill rate for 30 years and all other properties be taxed using the County mill rate for 20 years. Farm properties are to continue to be assessed based on regulated rates established by the Province for 30 years. The assessment and taxation provisions for farm and non-farm property are to be removed if the land is redesignated by City Council pursuant to the City's Land Use Bylaw to a district other than agriculture or urban reserve (or equivalent), the land and improvements are subject to a local improvement bylaw which results in connection to City water or sanitary sewer servicing, are connected to City water or sewer services, or are the subject of a subdivision or separation of title.

[65] The annexation agreement identifies provisions that would allow the seamless transition of municipal services. The City is to provide agricultural support services in the annexed area, but it may choose to contract this service with the County on an as needed basis. Existing private water and sewer systems will be allowed to continue and development will be used as the primary mechanism to extend water and sewer services to un-serviced areas. Garbage collection will operate in the same manner as in the County until the City determines it is feasible to extend this service to the annexed areas. The County's Land Use Bylaw is to apply until the City adopts comparable regulations. All existing development in the annexation area that was legally approved would be "grandfathered" as "legally non-conforming uses". All pending planning and development applications with the County would be transferred to the City along with 50 percent of the application fees charged by the County upon approval of the annexation. Businesses in the annexed area would be required to purchase a business license by January 30, 2012 or 90 days following the effective date of the annexation, whichever is longer.

[66] The two municipalities agreed all municipal reserve parcels, intervening roads and boundary roads would be transferred to the City. However, the County's Public Works Shop, located at the easterly 240 feet of the northerly 544.5 feet of the northeast quarter of section 33, township 26 range 29 west of the fourth meridian is not to be transferred to the City. The two municipalities are to share the costs associated with scheduled improvements to Range Road 292. The improvements to Range Road 292 are expected to be undertaken in 2012. The two municipalities have also agreed that a debenture required for improvements to Range Road 13, from Yankee Valley Boulevard north to Highway 567 would be transferred to the City upon the effective date of the annexation.

[67] In light of the County's desire to recoup the costs associated with road infrastructure in the past five years, the two municipalities agreed that the City would reimburse the County for the cost of road improvements whose life cycles extend beyond the effective date of the annexation. The amount agreed to by the two municipalities for this was \$1,634,837.00.

Bylaws

[68] In response to concerns raised during the public consultation process regarding animals, noise, accessory buildings, fire pits and controlled burning, the annexation application identified that the County bylaws in effect for the proposed annexation area will either be used as is by the City or the City will adopt comparable regulations. The City would provide information to the public and affected landowners as decisions are made on such matters.

Part III Public Hearing

[69] As a result of objections recorded within the annexation application as well as written objections filed with the Board, the Board held a public hearing on November 3, 2011. The following provides a summary of the written and oral submissions received by the Board from the City, the County and the affected landowners/member of the public.

City Presentation

[70] During the public hearing, the City presented an overview of the annexation application and provided additional information concerning the annexation proposal.

Application Overview

[71] The City explained that since the 2003 annexation the two municipalities had worked hard to enhance their communications as well as identify areas of collaboration. The annexation process initiated in 2010 was based on mutual respect for the growth needs of both municipalities. Extensive public consultation was undertaken and the issues identified by both municipalities as well as the public were addressed through the negotiation process.

[72] The City confirmed that the annexation area being requested was 12,640 acres (5,115 hectares), comprising a population of 714 people, 231 dwelling units, and 52.8 kilometres of roads. The annexation area conforms with the City's CGS as well as the County's GMS. The City's CGS analyzed the suitability of the area adjacent to the City for development based on 19 different development factors and was used to select the annexation area. The County's GMS identifies the Balzac area to the south as a growth node for the County and justifies the exclusion of areas south of Township Road 264 from consideration as part of the proposed annexation.

[73] The proposed annexation boundary has a number of benefits. The north and south boundaries follow township roads, which clearly define the jurisdiction of each municipality. This reduces the possibility of manmade constraints on agricultural holdings. The west boundary generally follows Range Road 13, except for the inclusion of a publically owned quarter section designated as a future school site. The east boundary follows quarter section lines.

[74] During the negotiations it was determined that aligning the boundary to the roads on the east side would significantly increase the size of the annexation. It was also explained that the

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undeveloped rights-of-way would not function as well as a permanent boundary in this area as development on both sides of the right-of-way would have to be undertaken in order for there to be adequate cost recovery for the construction of the road.

[75] The City stated that its MDP requires it to maintain enough land for it to meet future growth needs. The CGS projects that the City will need a 9,050 acres (3,662 hectares) of developable land to accommodate the 50 year time horizon being contemplated by this annexation. The City selected the 50-year land supply in order to ensure a predictable land supply and limit the need for short-term annexations. The 50-year time horizon will allow the City to be more proactive as well as facilitate efficient land use and environmental planning. Although the City is requesting 12,640 acres (5,115 hectares) of land, this is reduced to 9,000 to 10,000 acres (3,342 to 4,047 hectares) when environmental and other constraints to development are considered.

[76] The City confirmed that after it submitted its notice of intent to annex, the IANC was instructed by the two municipal Councils to review the annexation area and consult with the public and affected landowners. During the consultation process the IANC was requested by adjacent landowners to include their lands as part of the annexation. After considering the requests, the IANC recommended inclusion of 10 quarter sections to the north. The IANC reasoned this would align the north boundary of the City with Township Road 274 and create a strong boundary that would protect agricultural operations. However, the IANC did not approve inclusion of the two quarter sections adjacent to the east side of the Airdrie AirPark. The IANC's position was that it did not want to expand the annexation area any further. Moreover, the IANC concluded the issues arising from the requests from these landowners could be addressed through terms of an agreement or a future IDP.

[77] The City stated that the overarching principles used by the IANC during the initial stages of the annexation negotiations between the two municipalities were to enhance the spirit of intermunicipal cooperation, ensure mutual respect for long-term growth needs, and strive to achieve a non-contested annexation. During the negotiation process and public consultation process these principles were expanded to include revising the proposed annexation area to align the City's north boundary with Township Road 274, ensuring the taxation conditions related to the level of service, agreeing that compensation is to be limited to the cost of road improvements, and updating the IDP as soon as the annexation is ordered.

[78] It was explained that the IANC used letters, notices/press releases, website, counter material, phone calls e-mails, one-on-one meetings, open houses, focused consultation sessions and public hearings to consult with the public and the affected landowners. The IANC attempted to address the issues identified during the consultation process through the annexation application as well as the annexation agreement. Questions regarding the financial impact of the annexation were addressed in the financial analysis contained in the application. Concerns about the continuity of agricultural holdings in the future were addressed in Part 9 of the agreement. Part 4 of the agreement tries to facilitate the seamless transition of planning and development for the lands shifting from a rural to an urban setting. Compatible development and transition

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concerns around acreage communities are addressed in Part 10 of the agreement, while Part 7 of the agreement addresses private servicing systems in the acreage communities. The City confirmed that the IANC considered the request for additional lands to be included as part of the annexation, but did not recommend accepting all of these requests.

[79] The City provided a brief overview of the annexation agreement. The two municipalities requested the effective date of the annexation to be December 31, 2011 in order to minimize the impact of the education tax. Farm property is to be assessed using regulated rates and the County mill rate for 30 years. Non-farm property is to be assessed in accordance with the Act using the County mill rate for 20 years. The farm and non-farm property assessment and taxation transitions conditions are to be removed if the land is re-designated, there is a local improvement bylaw for water/wastewater, the property connects to City water or wastewater services, or the land is subdivided. The assessment process will be used to determine if the land is farm property and the County's Land Use Bylaw will be used to identify specific permitted uses. It was explained that County statutory plans and its Land Use Bylaw would remain in effect; however, they would integrate into City bylaws over time. It was confirmed that the amount of compensation to be paid by the City to the County \$1,634,837 was due 90 days after the effective date of the annexation. In response to a Board question, the City and County agreed that the compensation payment date could be delayed if the annexation was signed by the LGC after January 1, 2012.

[80] The City confirmed that it had a long-term contract with the City of Calgary for water and wastewater services. It is expected that this contract will continue and could be updated as required. An additional water line is being developed that will allow the City to service about 100,000 people. The City's existing wastewater system can accommodate a population of up to 70,000. Offsite levies will be imposed as a condition of development to fund any additional upgrades to the water and wastewater systems. The City stated that Alberta Transportation (AT) was contacted during the public consultation process as the Queen Elizabeth 2 Highway runs through the municipality. The City understood that AT did not have any objections regarding the annexation, but agreed to provide the Board with written confirmation of this from AT after the hearing. Correspondence provided by the City after the hearing from AT confirmed AT has no objections to the proposed annexation.

County Presentation

[81] At the start of the hearing the County stated that the annexation request to the Board was a collaborative effort between the two municipalities. The County also confirmed that it supported the City's application.

Landowner/Public Submissions

[82] The following section summarizes the written submissions received prior to the hearing as well as the oral presentations received during the hearing. In order to reduce repetition, the oral and written submissions from an individual or group have been combined.

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Betty and D'Arcy Ste. Marie

[83] A written submission from Betty and D'Arcy Ste. Marie prior to the City submitting its annexation application identified that they owned property in the County adjacent to the 2003 annexation boundary. They expressed concern about a development approved by the City on the land next to them and the public consultation process undertaken for the current annexation. They stated that they object to the annexation because they do not wish to live in the City.

Mr. and Mrs. Claude Keenan

[84] The written submission from Mr. and Mrs. Claude Keenan explained that they lived on a four acre parcel located in Buffalo Rub Place. The Keenans questioned if the annexation would restrict them from developing the three acres or prohibit them from selling the land to an existing neighbour or developer. They stated this future development would not interfere in any way with the existing Buffalo Rub Place cul-de-sac.

Howard and Kathleen Verbeurgt

[85] Correspondence from Howard and Kathleen Verbeurgt stated that they had attended the hearings held by the two municipalities and believe the arguments of the people wishing to have their land included as part of the annexation to be inaccurate. The Verbeurgts contend that the annexation process took at least four years and provided several opportunities for people to submit feedback. In their opinion, the process was all-inclusive and very thorough. Moreover, the Verbeurgts note that the north boundary set by the IANC is consistent with the CGS.

Brent Szafron

[86] Correspondence from Brent Szafron states that he is a resident of Yankee Valley Estates. He highlighted that during the consultation process the City did not provide clarity or specifics about the annexation. In particular, he expressed concern with regard to complementary land uses and guaranteed transition zones, the protection of groundwater from typical high density development, and the need to transition incompatible County and City bylaws.

Dennis Inglis, Melcor Developments Limited

[87] The written submission received from Mr. Dennis Inglis, the Vice President - Calgary Region for Melcor Developments Ltd., states the company supports the annexation of its land. The company argues that these lands about the existing City limits and have access to Yankee Valley Road as well as other major roadways, can be serviced by existing City infrastructure, provide a natural extension of existing communities, and will permit development at urban density which will result in environmentally sustainable development. During the hearing Mr. Inglis confirmed his company's support for the proposed annexation.

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[88] Mr. Inglis also identified that Melcor Developments Ltd. had purchased land south of the City and requested the Board consider including these lands as part of the current annexation. He explained that his company had designed a development for this land, but that it had been turned down because of the County's concerns regarding the timing of services. Mr. Inglis stated that the water and wastewater lines that provide service to the City run through this property and that having this land annexed to the City would allow Melcor Developments Ltd. to access the required services needed to develop this land.

Frank Jansen

[89] Frank Jansen identified during the hearing that he owns farmland in the proposed annexation area and stated he was in favour of the annexation.

Lesley Neaves/Don Parkin, Airdrie AirPark

[90] On behalf of the Airdrie AirPark, Lesley Neaves, offered a written submission in support of the proposed annexation. It was observed that the AirPark aligns with the annexation goals as well as the plans, policies, directives and growth strategies of the two municipalities. These lands will also provide the City with a diverse land use that will accommodate future growth needs. The AirPark's Masterplan demonstrates that it will become a vital and integral component of the municipality, providing positive economic and social benefits. The facility offers aviation and non-aviation related business and is a base and/or satellite base for law enforcement, emergency medical services, STARS, and City emergency responders. The AirPark owners are aware of a number of proposed adjacent developments wishing to be part of the annexation with land uses and zoning compatible to Airport District zoning. Although they support the possibility that others can expand upon this base, the submission states the AirPark can exist independently.

[91] During the hearing, Don Parkin confirmed that the Airdrie AirPark owners were in favour of the these lands being annexed by the City. He also stated that the AirPark would be in favour of the inclusion of additional lands to the east and south of the AirPark as part of this annexation, assuming the land use was compatible and the inclusion of these lands did not stall the annexation.

Ronald Hanson/Irene Hanson/Wayne Hanson

[92] The written submission received by the Board from Ronald Hanson on behalf of Irene Hanson and Wayne Hanson notes that they own four quarter sections of land in the proposed annexation area and two quarter sections of land outside the proposed annexation area. The Hansons believe the annexation will give the City enough land for 50 years of development. They consider the use of road as a boundary to the north to be beneficial as it will act as a buffer between their agricultural operation and any future urban development.

[93] At the hearing, R. Hanson confirmed he was in favour of the proposed annexation. Although the land owned by the family straddles the proposed boundary, he believes the family's

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farming operation will be able to continue in an economical manner. During his oral presentation he suggested that the assessment and taxation conditions be extended indefinitely in order to ensure farm operations are not overtaxed after the 30-year transition period.

Peter Harty, Rockyview Gas Co-op Ltd.

[94] In his oral presentation, Peter Harty identified that he was a Director and Vice-Chair of the Rockyview Gas Co-op Ltd and was speaking on behalf of the organization. The Rockyview Gas Co-op Ltd. provides natural gas services to the area being annexed by the City. Mr. Harty stated that the *Gas Distribution Act* addresses how natural gas providers are to be compensated when service areas are transferred as a result of an annexation. He explained that the *Gas Distribution Act* was established in 1974, but, although the compensation rules were adjusted in 2004, the legislation does not contemplate an annexation of this size. Mr. Harty suggested that there be an adjustment to the legislated compensation amounts or that the annexation be approved in stages.

Karen Huhn/Nicholle Huhn/Christopher Huhn

[95] Correspondence from James Polley, solicitor for Karen Huhn, Nicholle Huhn, and Christopher Huhn, identified that his clients owned a quarter section of land adjacent to the west side of the annexation area and confirmed that they wanted their land included as part of this annexation. Mr. Polley suggested that during its deliberation the Board consider the following issues: the City's need for future residential development land, the historical development of the City to the west, the existing transportation corridors and direct access to the City of Calgary from the west side, the favourable topography on the west side, and the inclusion of the school quarter section of the west side of Range Road 13. He also argued that his clients' lands would serve the needs of the City better than the lands to the east because the land around the airport were not conducive to residential development. Mr. Polley highlighted that it would be in the best interest of the City to grow to the west rather than the east or north. He expressed concerns that a small group of six people made all the decisions regarding the boundary in a seemingly arbitrary manner.

[96] Additional correspondence from Mr. Polley identifies that the County had approved a water line to the southwest corner of the City from the City of Calgary and identified a number of planned transportation infrastructure improvements. He suggested that the City should take advantage of these infrastructure benefits by including his client's land and expanding to the west.

[97] Subsequent correspondence from Ms. K. Huhn and Ms. N. Huhn echoed the submission from Mr. Polley. The correspondence also identified that the City is planning to build a large collector sewer line to serve the areas north and east. It was also noted that the City currently has an 84 percent residential base and that future residential development is an important component of the City's expansion. It was argued the proposed eastern expansion area, approximately twice as large as the area to the west, is adjacent to an industrial area as well as an airport, factors the

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proponents consider are not conducive to residential development. Ms. K. Huhn and Ms. N. Huhn highlighted the fact the school quarter was included on the west side of Range Road 13 would support the inclusion of other quarter sections towards the west. Moreover, concern was expressed that a small group of six people made the boundary decisions in an arbitrary manner and included lands to the north for reasons unrelated to the most favourable future development area of the City.

[98] In her oral presentation at the hearing, Ms. K. Huhn stated that her family have attended the open houses conducted by the City and submitted requests to be included as part of the annexation in 2010, May 2011 and June 2011. However, on June 7, 2011, the IANC informed the family that their land would not be included as part of the annexation request and that they should direct their request to the Board.

[99] Ms. Huhn explained that historically, the City has grown to the west. These lands are higher in elevation, providing beautiful views that are advantageous for residential development. She emphasized that large majority of City residents work and commute to the City of Calgary on a daily basis and that access from the City to the City of Calgary is direct and quick on the west side. Moreover, the southwest corner of the City is supported by existing public transportation groups and systems.

[100] She argued that the inclusion of the airport lands to the east of the City was not conducive to residential development because of noise and safety issues. Furthermore, the prevailing winds from the west would cause pollution issues associated with industrial areas currently located on the east side of the City for residential areas to the east. It was also noted that residential development on the west side would be an advantage because all wastewater flows from the northeast to the southwest where it flows to the City of Calgary. The Huhn property is only two quarter sections away from the wastewater forced mains and four quarter sections away from the southwest pump station. A new water line will begin construction in late 2011, so again this would give her family's land an advantage for residential development.

[101] Ms. K. Huhn asserted that if this is a 50-year plan, the land closest to the infrastructure should not be excluded and concluded that her land and others in the same area should be included as part of this annexation.

[102] Additional correspondence received from Ms. K. Huhn after the hearing observed that the 2001 IDP indicates future residential development was to be to the west and south of the City. Ms. K. Huhn contends that the current annexation area is a 180 degree change in policy.

John Stanlake/Tony Milkovich/Donald (Dan) McKinnon

[103] Correspondence from John Stanlake and Tony Milkovich to the Board prior to the City submitting its annexation application identified that they own land adjacent to the northeast quadrant of the proposed annexation area. They believe the boundary proposed by the City isolates their land, reducing their options for this property which may result in a loss of value.

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The correspondence explained that on April 21, 2011 the City informed them that the annexation boundary originally proposed by the two municipalities had been extended to include land directly bordering their property. As this was the first they had become aware of the boundary shift, they immediately requested their property also be included. They were informed that the negotiations had been completed and no further changes to the annexation area would be contemplated at that time. However, City and County representative did state that the land may have been included if the IANC had known about this request earlier in the process. It was also noted that their neighbour, Dan McKinnon was in support of their request.

[104] A second letter to the Board reported that Mr. Stanlake and Mr. Milkovich were filing an objection because they believe their property should have been included as part of this annexation. They stated the exclusion of their property is counter to the principles of having the annexation boundary follow municipal roads or allowances. They argued that there were omissions in the consultation process in that they were never notified the ten quarter sections of land immediately adjacent to them would be part of this annexation application. A letter from Mr. McKinnon echoed the objections of Mr. Stanlake and Mr. Milkovich.

[105] During his oral presentation to the Board, Mr. Stanlake emphasized that he has lived and farmed on this land for 40 years and was not an opportunist. He argued that the annexation should include his property as it would be logical to square off the annexation area at the undeveloped road allowance adjacent to the east side of his property. He also expressed concerns regarding the consultation process. It was explained that at the first public meeting the IANC presented a map that showed the annexation area, which he believed was the final annexation area. He did not realize there could be adjustments to the boundary. At the second open house a new map was presented with the land changes. Mr. Stanlake does not believe the public was notified of the change. He argued that although his concern about his land being included was brought forward to both Councils at the non-statutory public hearings, Mr. Stanlake maintains the Councils did not listen. Despite County Council instructing the IANC to reconsider the inclusion of additional land, he was not permitted to make a presentation. He also confirmed the boundary he was proposing was an undeveloped road allowance, but observed that there were many jurisdictions that were separated by these types of roads.

[106] Mr. Stanlake submitted another letter to the Board after the hearing. The letter reiterates his position that there was a lack of stakeholder consultation and public involvement, which he contends is evident as there were only two sets of public hearings held, with the second being completely meaningless as the negotiations had already been completed. He alleges that this process was flawed in that there has never been an official public notification of the proposed annexation boundary and as an adjacent landowner he never had any direct contact with the IANC. Mr. Stanlake further contends the reasons provided at the hearing regarding the exclusion of his land was contradictory in that the City identified that the east side did not have a road and later stated that it was an undeveloped road allowance.

[107] During the hearing Mr. McKinnon confirmed that he was not notified of the boundary change and argued that his land should be included in the annexation.

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PolyCo Group (Brown and Associates Planning Group)

[108] The Brown and Associates Planning Group provided a written submission on behalf of PolyCo Group. The submission identifies that although the annexation area is predominantly defined by existing roads or rights-of-way on the north, west and south west sides, the east boundary does not have a clearly defined edge. The submission contends that the rationale for the boundary on the east appears to be inconsistent, arbitrary and not based on sound planning. Therefore, it is requesting the Board to order the inclusion of six quarter sections located on the east side of the City's proposed annexation boundary, adjacent to the Airdrie AirPark.

[109] The written submission identifies that on September 15, 2010, the PolyCo Group requested inclusion of two quarter sections of land to the east of the Airdrie AirPark. Correspondence from the IANC dated January 7, 2011 informed the PolyCo Group the request to include the additional two quarter sections had been considered, but would not be included as part of the City's application. The IANC letter also stated that it was unwilling to continue opportunities for dialogue. The PolyCo Group contends the IANC provided inadequate opportunities for discussion when compared to the boundary adjustments that were made to the north. It was argued that upon input from the landowners in the north, the annexation area was extended an additional 1.5 miles to align with the boundary of Range Road 274. The rationale for this was to provide a clearly defined edge rather than a fence on a quarter section line. The PolyCo Group contends the lands on the east have not been given this same consideration.

[110] A subsequent request to have an additional six quarter sections included as part of this annexation was made by the PolyCo Group at the City and the County non-statutory public hearings. The PolyCo Group states County Council tabled the annexation document in part due to concerns regarding the arbitrary nature of the east boundary. The IANC returned to County Council with no changes, stating that it did not want to open up discussion on the east boundary where there have been multiple requests for additions by adjacent landowners and that the parties wishing to be included could make their case to the Board.

[111] The written submission stressed that the request to include the additional six quarter sections is based on sound planning rationale. The additional lands would prove opportunities for long-term strategic planning that aligns with the City's growth principles as well as the vision and long-term strategic planning that is the rationale behind the City's large annexation. These lands can be easily serviced and are well connected by existing roads. Constraints regarding the presence of sour gas wells and pipelines have been mitigated as the Nexen Gas Plant east of Balzac has been shutdown and options are being proposed for the abandonment and decommissioning of the gas lines. Being located adjacent to Airdrie AirPark, these lands will serve as an extension to the Airpark, providing an employment hub with non-residential land uses. It was noted that servicing constraints to the south could diminish the City's existing non-residential land supply faster than anticipated, so an additional area with this type of land use would be beneficial.

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[112] The PolyCo Group submission provided a high level concept plan for the additional six quarter sections to illustrate how these lands would connect with and support the Airdrie AirPark. The sanitary infrastructure for the PolyCo Group land will tie into the proposed wastewater mains on the east side of the City. The general topography suggests that a gravity feed system can be used to connect the wastewater from the northern part of the PolyCo Group land with the City infrastructure, while a lift station and forced main will be used to connect the PolyCo Group lands to the south that cannot use the gravity feed system. With regard to water, the PolyCo Group lands straddle two pressure zones, but it is likely pressure reducing valves will be required to address transition issues. Stormwater management facilities will be used to collect, treat and store the runoff from the developed sites. Stormwater discharges to the regional Nose Creek Watershed will be maintained at pre-development flow rates.

[113] In addition to the written submission, the Brown and Associates Planning Group provided letters in support of the PolyCo group request from the landowners within the six quarter sections.

[114] At the hearing Paul Mercier, Brown and Associates Planning Group, explained the reason they were making the presentation was because the IANC had refused to recommend the inclusion of this land and had suggested the PolyCo Group make its request to the Board. Ashley McDonald with the Brown and Associates Planning Group identified that the inclusion of these lands would provide a clearly defined boundary between the two jurisdictions and provide opportunities for long-term planning. The unfragmented quarter sections have a high potential for development and few constraints as several pipelines are in the process of being decommissioned. Moreover, the inclusion of this land respects the County's Balzac Growth Node and addresses the City's growth principles. It was explained that the PolyCo Group did not meet with the IANC. It was also clarified that the concept plan was not a statutory plan under the Act.

City's Response to the Landowners/Public

[115] The City stressed the annexation before the Board was the result of an extensive collaborative effort between the two municipalities. The annexation agreement reached shows the mutual respect each municipality has for the growth areas of the other municipality, demonstrates a desire for an enhanced spirit of intermunicipal cooperation, and is in keeping with the desire of the two municipalities to negotiate a non-contested annexation.

[116] In response to the oral submission from Mr. Harty of the Rockyview Gas Co-op Ltd., the City's position is that the compensation formula for natural gas distributors as a result of an annexation has been established by the *Gas Distribution Act*, so this issue should not be considered by the Board in developing its recommendation. The City explained it was confident the amount of land being requested was reasonable, so it did not use the phasing annexation methodology considered by other municipalities in Alberta as suggested by Mr. Harty. It was argued that this comprehensive annexation request would reduce the costs associated with developing a number of smaller applications. With regard to the public consultation process, the

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City submitted the Rockyview Gas Co-op Ltd. was notified of the public hearings and sent information about the proposed annexation during the process. The City stated it received nothing from the Rockyview Gas Co-op Ltd. regarding this matter during the public consultation process.

[117] In response to the submissions from Karen, Nicholle and Christopher Huhn, the City explained residential lands are not the only types of land uses that must be considered in determining the boundary of an annexation. In making its decision the City considered such things as the independent environmental study, the CGS, the infrastructure report, the City's MDP, the County's CGS, and the existing Area Structure Plans. Moreover, The City considers Range Road 13 to be a logical boundary as it clearly marks the extent of each municipality's jurisdiction.

[118] The City agreed with Mr. Stanlake, Mr. Milkovich and Mr. McKinnon that the original notice of intent to annex did not include the additional 10 quarter sections to the north. However, in response to requests from the landowners of these 10 quarter sections, the IANC included these lands in the annexation. The City pointed out there were a number of opportunities during the process for public to access information about the annexation. Moreover, the IANC did consider including these lands after the issue was referred back to them by County Council.

[119] The City argued that the annexation area was chosen in an objective manner, using the CGS which evaluated each quarter. The City reported that the lands owned by Mr. Stanlake, Mr. Milkovich and Mr. McKinnon were identified by the CGS as having a "low" to "very low" development potential and there was concern that including these lands would require the annexation area to be expanded to include land considered less suitable for urban growth. The City explained that the undeveloped road allowance did not have to be developed and that additional study would be required to determine if this would be feasible. The City had no knowledge that landowners wanted these lands included prior to the non-statutory public hearing. It was highlighted that the additional 10 quarter sections to the north were added by the IANC after it received letters from the landowners in April 2010. In response to questioning from the Board, the City reported that the IANC did not receive oral submissions from the landowners to the north prior to including this land as part of the annexation application.

[120] It was explained that during the consultation process the IANC considered a request from the PolyCo Group to include two quarter sections of land. The City understood that only two quarter sections were being proposed because not all the landowners supported the annexation of their land at that time. The City maintained that the new IDP will address thresholds and edge conditions in order to ensure the proper interface between the Airdrie AirPark and the adjacent lands.

[121] The Melcor Development Ltd. lands identified as part of the annexation application were included because the company requested their inclusion early on in the process. Moreover, these lands meet the growth principles established by the City. However, the City does not support the

inclusion of the Melcor Development Ltd. lands to the south as proposed during the hearing as these lands are in the growth area identified by the County's GMS.

County Response to Landowners and/or the Public

[122] In its summary, the County confirmed that the annexation agreement was reached after a significant amount of public consultation. It was highlighted that when making agreements of this type, municipal Councils must consider the overall public interest. In this case both Councils are directly responsible to their ratepayers and believe the annexation will be beneficial to their municipalities as well as the landowners.

[123] The County noted that in previous decisions the Board has treaded lightly when it has been satisfied that the annexation agreement reached by the municipalities does not interfere with Provincial interests, complies with the Act, and is consistent with the annexation principles. This situation is different from the City's 2003 annexation in that the agreement between the two municipalities was reached before the application was submitted to the Board.

[124] The County confirmed that it had received a plan from Melcor Development Ltd. to develop land in the Balzac Growth Node. However, after analyzing the project the County found the development premature as services would have to be brought in from the east.

Part V Board Recommendation

[125] After reviewing the documentation and hearing from the City, the County, the affected landowners, and the general public, the Board finds the annexation application to be reasonable. Therefore, the Board recommends the annexation of the land identified in the City's annexation application with an effective date of December 31, 2011.

Part VI Reasons

Annexation Process

[126] The Board finds the consultation process to be reasonable. The IANC was instructed by the two municipal Councils to consult with the affected landowners and the public. In fulfilling this task the IANC employed a variety of methods (open houses, letters, websites, frequently asked questions, press releases, newspaper articles and focused open houses). These activities were conducted to update the public of the status of the negotiations and identify concerns about the proposed annexation. It is clear that the input received by the IANC was considered as alterations were made to the annexation boundary and additional clauses were incorporated into the agreement to address concerns of landowners within the annexation area.

[127] It was argued that the public consultation after the inclusion of the ten quarter sections to the north was inadequate and that others wishing to have their lands included were denied an adequate opportunity to make presentations to the IANC. It appears that some landowners did

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not become aware of the boundary adjustment (including a further 10 quarters) until just prior to the non-statutory public hearings held by each of the two municipal Councils. However, it is not unusual for annexation boundaries to change as a result of negotiations/mediation between municipalities or after consultation with affected landowners and the public. From a practical perspective, municipalities cannot be expected to re-advertise and hold new consultations following every such adjustment. The municipalities provided notice of the proposed annexation and undertook extensive consultation activities. All landowners had an equal opportunity to participate in the consultation process. The Board does not accept that adjacent land owners - including those wishing to have their land added to the annexation area - received insufficient notice or that they were denied an opportunity to request inclusion of their land during the consultation process.

[128] Furthermore, both municipalities also held additional non-statutory public hearings before approving the annexation application and these hearings gave affected landowners and the public a further opportunity for comment. After hearing submissions from those in attendance, County Council adjourned its proceedings to have the IANC consider the concerns brought forward. It is apparent the IANC considered the addition of further lands seriously, because it recommended changes to the annexation agreement related to future public consultation and the City's planning process. When the County's non-statutory public hearing was reconvened, Council heard the IANC's rationale and made its decision accordingly. Therefore, the non-statutory public hearings did in fact give those wishing inclusion of their land an additional opportunity to make their case to the elected officials who are the final decision makers. The Board concludes the public consultation process was fair and gave all affected persons a full opportunity to comment.

Need for Land

[129] The Board accepts the population projection submitted by the City. The fact that the population has grown from 12,456 in 1991 to 39,822 in 2010 clearly demonstrates the City is growing rapidly. The competitive advantages cited by the City, close proximity to the City of Calgary and good transportation corridors to the Calgary City Centre, are population drivers that are not expected to change in the future. The Board typically considers annexations with 30- to 35-year time horizons, but acknowledges the two municipalities are proposing this annexation a relatively short time after the 2003 annexation which brought 2,378 acres (963 hectares) of land into the City. Although the annexation time horizon currently being requested is somewhat long, the rapid growth experienced by the City has convinced the Board that a 50-year annexation in this case is not unreasonable. Therefore, the Board finds that the growth study is reasonable and accepts that the City's population will expand to 108,906 by 2057.

[130] The Board also finds the amount of residential, industrial and commercial land being requested by the City is reasonable.

[131] The CGS identifies that the City will be increasing its residential density level to 7.0 units per acre. The Board finds this demonstrates an attempt by the City to reduce the amount of

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residential land required to accommodate the projected population. The Board would have preferred the City making additional intensification efforts to boost the density level to 8 to 10 units per acre, especially given the City's close proximity to the City of Calgary. However, the Board notes the current density level is only 5.98 and considers the planned increase in the residential density level an effort by the City to reduce its footprint on Alberta's landscape. The Board received no evidence to reject the City's assertion that the municipality has 1,081 net acres (437 net hectares) of existing developable residential land within its jurisdiction and concludes that the City only needs 4,890 acres (1,979 hectares) of residential land to accommodate the proposed 50-year planning horizon.

[132] The City stated it has 406 acres (164 hectares) of vacant developable industrial land, which represents enough land to support industrial growth until 2020. The City stated the majority of this land will require significant investment before it can be developed, which may delay the development of land in certain areas. As the planning horizon is quite long, the Board accepts the City can address the development constraints over time. Although the Board finds the City has substantial amount of existing vacant industrial land, it heard no evidence to justify a reduction in the amount of additional industrial land requested by the City.

[133] The Board acknowledges that the City has very little available vacant commercial land (21 acres/8 hectares). Therefore, the Board accepts the amount of additional commercial land requested by the City.

Growth Direction

[134] This hearing was somewhat unusual in that most of the submissions received requested land be included as part of the annexation rather than excluded. As stated in previous Board annexation recommendations, prior to 1995 the Act permitted landowners to apply to have their land annexed into a municipality. However, the new Act no longer permits a landowner initiated annexation and clearly specifies that a municipality must submit the annexation application before it can be considered by the Board. The Board accepts this was a deliberate decision by the legislature to ensure the annexation boundary would be thoroughly reviewed and vetted at the local level before being considered at the Provincial level.

[135] The Act gives a municipality the ability to enter into agreements with other municipalities. The Board expects the municipalities involved in an annexation will exercise due diligence and will consider the financial, planning, and community impacts to their jurisdiction when making decisions about a proposed annexation area. In this case the representatives appointed by their respective municipal Councils to the IANC consisted of both elected officials and administrative personnel. Since they were appointed by Council, it is reasonable to conclude these representatives would only have recommended boundaries that were in the best interest of their respective municipalities. Although the IANC was established to oversee the negotiation and application development process, the municipal Councils ultimately signed the annexation agreement. Since the agreement between the City and the County clearly specifies the lands to be included as part of the annexation, the Board accepts the two municipal Councils exercised their

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discretion when they signed the annexation agreement and approved the associated boundary recommended by the IANC's. Because the final decision rests with elected officials, the Board does not accept the allegation that the annexation boundary was the construct of small group of people.

[136] The Board finds the method used to select the annexation area and determine the annexation boundary identified in the City's application to be reasonable. The CGS contains a constraints and opportunities analysis which evaluated each quarter section within a two section perimeter of the current City boundary. This clearly shows a desire on the part of the municipalities to objectively assess the land in terms of its suitability for urban growth. Therefore, the Board does not accept the claim that the annexation area was selected in an arbitrary manner.

[137] The Board places a great deal of weight on the annexation agreement as well as the area identified by an application. However, Board considered each of the requests from landowners to have additional lands included as part of the annexation.

[138] With regard to extending the annexation to the northeast, the City identified that these lands had a lower development potential. The Board confirmed this by examining the Development Potential map contained in the CGS submitted as part of the annexation application. This map identifies that two of the three quarters in question were assessed as having "low" to "very low" development potential. As the Board has already acknowledged that the CGS evaluation was conducted in an objective manner, the Board accepts the City's assertion that these lands were excluded because of urban development issues. The proponents requesting the inclusion of this land argued that shifting the annexation boundary to the undeveloped road allowance would square the City's boundary. However, the Board was not persuaded that including lands on the periphery of the annexation area with lesser development potential just to square the boundary would provide the City with any additional future benefit. The proponents also argued that including their land would be in keeping with the principle established by the two municipalities of following roads or road allowances wherever possible. The Board was not convinced that an undeveloped road allowance would provide the same physical separation between the two jurisdictions as an existing road. Moreover, despite the ability to develop a road in the future, shifting the boundary to an undeveloped road allowance at this time without additional studies may result in additional costs to the City in the future. In relation to the assertion that excluding these lands would reduce the options for their property, the Board notes that the land is still within the County's jurisdiction and that the landowners can continue to operate their farms or develop their land in accordance with County bylaws as they have done in the past.

[139] The Board does not recommend the inclusion of the land on the west side of the annexation area. The proponents of this idea argued the land on the east side of the City is not suitable for residential development as it is adjacent to existing industrial areas and the Airdrie AirPark. However, the Board accepts the City's argument that it must have land within its jurisdiction to accommodate a wide range of land uses. Moreover, the City's MDP clearly

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articulates a policy of attaining a balanced financial position by influencing development to achieve an assessment split of 40 percent non-residential/60 percent residential assessment. The Board accepts the annexation area will allow the City to acquire the commercial and industrial land base required to accomplish this financial goal.

[140] The Board agrees the land west of the annexation area does have infrastructure (transportation, water, wastewater and stormwater) advantages, favourable topography, and is in the direction of historical market driven growth. Nonetheless, the Board finds the annexation boundary area agreed to by the two municipalities, the existing Range Road 13, provides a clear and visible border along the east side of the City. Since the parcel on the west side of Range Road 13 has been identified for public use, a future school, the Board does not agree the addition of this one quarter section would justify extending the annexation boundary any further west. Inclusion of this quarter section is clearly in the public interest, whereas the addition of further lands to the west lack a similar justification. With regard to the concern raised that the annexation does not align with the future growth direction identified by the 2001 IDP, the Board notes that the section that deals with annexation in this IDP states the City is to review future growth options aimed at facilitating growth in a contiguous and logical manner. Moreover, the 2001 IDP states the two municipalities can consider specific annexation proposals on their own merit. Since the two municipalities support the annexation, the Board must conclude they are satisfied that the new growth direction is appropriate.

[141] As the Airdrie AirPark is the base or satellite base for such organizations as law enforcement, STARS, and the City's emergency responders, the Board can understand the City's desire to include these lands as part of the annexation area. Although an attempt was made by the IANC to use roads where possible as the boundary between the City and the County, the Board finds it is reasonable to conclude the municipalities relaxed this boundary principle to accommodate the AirPark. The Board notes this makes the annexation boundary somewhat irregular in the southeast quadrant. However, including the additional six quarter sections to the east and south of the AirPark would create an even more irregular boundary. The Board accepts the submission by the City that the new IDP will address land use issues around the AirPark. It is also possible the IDP process would allow the landowners to move forward with the concept plan they have developed for these six quarter sections. Therefore, the Board does not recommend the inclusion of lands adjacent to the AirPark.

[142] The lands south of the annexation area are within the County's Balzac Growth Node identified in the County's GMS. It is unfortunate the County determined that timing issues associated with the provision of municipal services would not allow the developer to proceed with a project in this area. However, annexations must not encumber the rational growth directions of either municipality. Since the lands in question are within the growth area identified by the County's GMS, the Board does not recommend the annexation boundary be altered to include these lands.

Municipal Infrastructure

[143] The Board accepts the City will be able to provide the municipal services required by the projected population to the annexation area. The existing water and wastewater agreement with the City of Calgary will provide the City with enough capacity to accommodate the projected population. Stormwater removal is done on a regional basis with runoff rates limited to the capacity of the Nose Creek Watershed. Although the City has not updated its transportation master plan, the generalized transportation network provided as part of the infrastructure study shows how the transportation needs of the City and the region can be addressed in the future.

Environmental Considerations

[144] The environmental impact assessment clearly demonstrates a desire on the part of the City to identify environmentally sensitive areas within the annexation area and take steps to mitigate the impact of development on these natural features. The assessment identifies best practices that will allow the City to integrate and protect ecological and environmental systems within its existing boundary as well as the annexation area. The fact that the City is updating the report to include the additional 10 quarter sections to the north demonstrates the importance placed on this assessment. Moreover, the annexation application states the City will use this document to form the basis for future land use planning. With regard to concerns about the protection of groundwater being used as a potable water source, the Board accepts the City has identified that any future development will have to maintain pre-development run off levels to the Nose Creek Watershed area. The Board is satisfied this will protect the existing groundwater sources.

[145] The environmental impact assessment identified that a large percentage of the annexation area is farmland. Statements by the City at the hearing confirm that attempts will be made to not hinder farming operations until the land is planned for urban development. Moreover, the two municipalities have agreed that the City may contract services currently provided by the County's Agricultural Service Board. As the annexation time horizon is quite long, the Board finds this demonstrates a desire on the part of the City to facilitate ongoing farm operations. These efforts may also, to some degree, protect farmland from premature fragmentation.

Annexation Agreement

[146] Section 117 of the Act requires the municipal authorities from which the land is to be annexed to meet with the initiating municipal authority to discuss the proposal and negotiate in good faith. The City and the County complied with this requirement of the Act by appointing people to the IANC. The IANC representatives were instructed by their respective municipalities to negotiate an agreement and, if agreement was reached, develop the annexation application. The fact that the municipalities were able to sign both the annexation agreement as well as the annexation application demonstrates to the Board that this negotiation process was successful. Moreover, the Board accepts there are no outstanding matters between the City and the County.

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[147] Section 135 of the Act states that unless the Order provides otherwise all assets of the old municipality that relate to the annexation area are to automatically pass to the new municipality. However, the County's Public Works Shop is located in the annexation area. The Board finds it is reasonable to conclude that the County Public Works Shop would continue to be a base of operations for County employees providing services to County residents after the annexation. Therefore, the Board recommends the Order in Council specify the ownership of the County Public Works Shop not be transferred to the City.

[148] The two municipalities requested the effective date of the annexation be December 31, 2011 in order to address issues resulting from the method used by the Province to determine education tax requisitions for each municipality. The Board notes that s. 135 of the Act identifies that the liabilities, rights and obligations of the old municipality that relate to the land are to pass to the new municipality. As the education tax is a liability, the Board finds that this issue is already contemplated by the Act. However, the Board understands the two municipalities would like to facilitate the early transfer of the education tax. The Board accepts the two municipalities undertook the due diligence required when making this request and that there are no negative consequences. Therefore, the Board will recommend the effective date requested by the City and the County.

[149] The Board finds the assessment and taxation transition provisions requested by the two municipalities to be reasonable. Non-farm property is to be assessed by the City using the market value, but these properties are to be taxed using the County's municipal tax rate for a period of 20 years. Farm property is to be assessed based on regulated rates established by the Province and taxed using the County municipal tax rate for 30 years. The non-farm and farm transition provisions are to be removed if the land is redesignated pursuant to the City's Land Use Bylaw, subject to a local improvement bylaw resulting in the connection of the parcel and improvements to City water or sanitary services, the connection to the City's water or sewer services, or subdivision. The transition period time horizons typically accepted by the Board range from five to 15 years. However, the Board acknowledges the time horizon contemplated by this annexation is longer than most, so the Board accepts the longer transition provision period.

[150] The Board does not accept the suggestion brought forward at the hearing that the assessment and taxation transition period for farmland be in effect until there is a triggering event. Such an arrangement would be difficult for the initiating municipality to administer, result in patchwork development, and/or could have a negative impact on the landowner. As such, the Board would be hard pressed to suggest a provision to the Minister without a definite end point. Since the extension of the transition period may impact such things as the financial condition of the municipalities, the amount of compensation to be exchanged by the municipalities or the tax implications on the existing residents/landowners, the Board would require a substantial amount of evidence before considering this type of request. As this request was accompanied by no substantiating information, the Board does not recommend an adjustment to the transition provision time horizon.

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[151] The annexation agreement specifies land uses will continue to be governed by the County's Land Use Bylaw until they are redesignated by the City and that any land uses which were existing and legal under the County's Land Use Bylaw will be considered as lawful "non-conforming" pursuant to s. 643 of the Act. The Board also notes the Act specifies the public consultation process required before a municipality can amend a Land Use Bylaw or statutory plan. Moreover, the annexation agreement states that amendments to the City's MDP will be undertaken in a manner that will identify the boundaries and appropriate policies relating to the existing country residential communities of Hamilton Greens, Croxford Estates Hamilton Buffalo Rub, and Yankee Valley Estates. While bylaw amendments are beyond the scope of an annexation, the Board is satisfied that a process is in place for landowners to be heard in the event a change is being made to any planning related bylaw adjacent to these country residential areas.

[152] The annexation agreement specifies that any approved County Area Structure Plan and Conceptual Schemes will no longer apply. It is noted that s. 135(1)(d) of the Act identifies that the bylaws and resolutions of the County that apply specifically to the annexation area continue to apply until such time as they are repealed or others are made in their place by the City. The Act allows the City to change bylaws and resolutions and specifies the required process. The Board notes that the Act allows the City to change the area structure plan bylaws and conceptual schemes once the land is within its jurisdiction. As this change process may require some type of consultation the Board is reluctant to eliminate the opportunity for public input. Therefore, the Board does not recommend the Order in Council include provisions that would in effect make invalid the existing County Area Structure Plan and Conceptual Schemes.

[153] The annexation agreement states the City will assume the rights and obligations of the County in relation to subdivision and development approvals. The Board acknowledges this is in compliance with s. 135(1)(d) of the Act and will provide certainty for landowners, developers and the public as they adjust to the new jurisdiction. The Board cannot comment on the concern expressed regarding legal restrictions after the annexation to prevent the development or sale of a portion of an existing property. However, it should be noted that the County Land Use Bylaw and MDP are still in effect until they are changed by the City. It should also be noted that subdividing the property may result in removal of the assessment and taxation transition provisions.

[154] The Board finds the method used to determine the compensation to be paid by the City to the County to be reasonable. The compensation is primarily to reimburse the County for the investment in roads it has made over the past five years. The Board also accepts the joint financial analysis conducted by the City and the County which concludes the \$1,634,837.90 compensation will not have a negative impact on either municipality. Although the agreement specifies the compensation is to be made 90 days after the effective date, due to the timing of the hearing the effective date on the Order in Council may be retroactive. The Board accepts the submissions made by the City and the County at the hearing that they would be in agreement with this being changed to 90 days after the date the Order in Council is signed. The Board

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acknowledges the County accommodated the City by financing improvements to Range Road 13 by debenture. Although the City will be responsible for a payment of \$850,000 for the next 10 years, the financial analysis convinced the Board that this will not cause an undue financial burden on the residents of the City.

Bylaw Conflicts

[155] Although bylaws pertaining to animal control, noise, accessory buildings, fire pits and controlled burning bylaws are local in nature and are beyond the scope of an annexation, the Board accepts the statement made in the City's annexation application that the City will adopt similar bylaws and policies to those that are currently in effect in the County. The Board is satisfied this will address possible bylaw and policy conflicts associated with the proposed annexation area.

Compensation for Natural Gas Providers

[156] The Board notes s. 23 of the *Gas Distribution Act* states "when any part of a franchise area is annexed by an urban municipality, the right to provide service to the residents of the annexed area shall be vested with the urban gas utility". Section 25 of this Act identifies how natural gas providers are to be compensated when service areas are transferred as a result of an annexation and s. 27 stipulates if there is a dispute about compensation an appeal can be filed with the Alberta Utilities Commission. Since the *Gas Distribution Act* specifically contemplates natural gas distribution in the event of an annexation, the Board finds it would be more appropriate for this matter to be addressed in accordance with the policies and procedures established under that Act. As there is an appeal mechanism in place, the Board is confident the Alberta Utilities Commission will consider arguments regarding the size of the annexation if there is an appeal regarding compensation. As the matter of compensation can be dealt with by another forum, the Board rejects the request from the natural gas provider to phase in this annexation.

Summary

[157] The Board finds that the purpose of the annexation and amount of land being requested by the City is reasonable and that the concerns of affected landowners and the public have been given proper consideration.