

NEGOTIATIONS BETWEEN MUNICIPALITIES SUMMARY

April, 2019

Negotiations between Municipalities Summary

The following outlines the history of communications starting from 2012 between the City of Fort Saskatchewan (the City) and Strathcona County (the County) regarding the future of the City's growth. The majority of negotiations between the two municipalities were conducted prior to issuance of the Notice of Intent to Annex dated September 2018 (included in the application package).

In 2012, the City of Fort Saskatchewan and Strathcona County signed the Common Bonds Agreement, an intermunicipal cooperation agreement designed to strengthen the positive relationship between the two municipalities and identify opportunities for increased collaboration and communication. The Agreement defined principles, formalized the working relationship through committee structures and frequency of meetings. The agreement also included how problems would be resolved by defining the criteria for both municipalities to move through the stages of an intermunicipal issue resolution process in a collaborative manner.

In 2013, the City introduced a potential need for additional land in the future. This request was influenced by the existing Boundary Accord Agreement (2001) which states: "to ensure the long-term stability of their respective boundaries to better provide long range planning, fiscal management and delivery of services..." and remained in effect until 2031. The Agreement also states that "the City of Fort Saskatchewan not proceed to annex lands unless mutually agreed to by both parties".

In April 2014, the City of Fort Saskatchewan authorized a Growth Study to determine growth projections and land requirements for the City.

In March 2015, Strathcona County contacted its residents adjacent to the City to make them aware that annexation conversations were taking place between the communities.

In September 2015, Strathcona County requested the City of Fort Saskatchewan consider the use of the Common Bonds Agreement's Problem Resolution Protocol to reach a negotiated settlement. In October 2015, the City of Fort Saskatchewan agreed to use the protocol. The County and the City chose to appoint facilitators from the Municipal Dispute Resolution Services' roster. The facilitators were Andrew Fulton with ADR Education and Bill Diepeveen with Diepeveen Mediation Associates. Their first facilitated meeting was held the same month.

In October 2015, the City of Fort Saskatchewan also held meetings with Strathcona County residents adjacent to the City to discuss the City's growth study with Strathcona County present.

In June 2016, Strathcona County submitted a formal response to the City of Fort Saskatchewan's Growth Study and throughout the next year the two communities continued to meet and work towards a resolution.

By February 2017, the two municipalities had agreed on the following Growth Principles:

1. Growth is influenced by other levels of government, other municipalities, the Alberta Industrial Heartland and external economic drivers or conditions.
2. Growth can happen in different ways.
 - i. Growth occurs differently and reflects the unique characteristics of each municipality.
 - ii. Growth occurs in all sectors.
3. Growth benefits the region.
4. Growth is respectful of each other's existing developments and taxation base.
5. Both municipalities acknowledge the impacts of growth on each other and their ability to plan. (Independence comes with responsibility).
6. Coordinated growth plans manage infrastructure and other efficiencies, including service delivery.
7. Growth is contemplated over the long term.
8. Growth is managed by agreed to triggers and agreed upon processes.
9. The triggers and processes used to address regional growth are:
 - a. efficient (municipal partners first, outside assistance only when needed);
 - b. evidence based;
 - c. based on agreed methodologies; and
 - d. built on long-term, positive dialogue between the two municipalities.

The Intermunicipal Relations Committee continued to work collaboratively to develop the triggers and processes that reflected the Growth Principles and considered best practices in other intermunicipal agreements to determine a resolution process.

The two municipalities also agreed to commission an independent study on all potential solutions which was received in April 2017 from Dentons.

In September 2017, the Intermunicipal Relations Committee produced a Summary Report to be given to the incoming Councils following the election in October. The purpose of this report was to provide a full overview of the current status of their collaborative work and facilitate a smooth transition in the event of significant changes to the representative on the Intermunicipal Relations Committee and within their respective Councils.

Contained within the September 2017 Summary Report was the agreement to a long term strategy to define future growth and land supply needs through the creation of a Growth Planning Framework. This framework would define the commitment and the process to ensure each other's goals, objectives, and needs are never a surprise to the other. This framework would lay out a roadmap for representatives from both municipalities to identify current circumstances that influence decisions, regularly analyze if growth triggers had been met, and act accordingly within the framework processes. It would also provide definitions on mutually-agreeable terminology and calculation formulas to assist future leaders and administrators to address growth needs.

Throughout the winter and spring of 2018, negotiations made significant progress. By the summer of 2018, the Intermunicipal Relations Committee was closing in on a negotiated annexation and its conditions.

On September 11, 2018, each respective Council approved the signing of the Alliance Exploration Agreement. This singular agreement laid out the terms of the negotiated annexation of 952 hectares of land to accommodate a total of 35 years of projected growth for the City of Fort Saskatchewan,

including their current land supply within pre-annexation city boundaries. Fort Saskatchewan's initial proposal following their Growth Study was close to 2,000 hectares and a projected 50 additional years of growth, including a portion of Strathcona County's land in Alberta's Industrial Heartland. The negotiated settlement eliminated this industrial land, protected valuable agricultural land and mapped out new proposed boundaries of the City of Fort Saskatchewan to accommodate future residential and commercial growth. It was also agreed that the boundary roads would also be included in the City of Fort Saskatchewan's proposed expansion area.

A primary condition of the negotiated annexation was the agreement to do a joint Alliance Exploration Study. Both communities committed up to \$100,000 to this study and agreed to apply to Government of Alberta for matching funds through the Intermunicipal Collaboration Funding program for a potential total of \$400,000.

The Alliance Exploration's goal would be to explore and document a range of options available to the municipalities for governance, growth management and the most efficient and effective delivery of services to their communities.

The Intermunicipal Relations Committee representatives at the time the Alliance Exploration Agreement was signed were:

City of Fort Saskatchewan	Strathcona County
Mayor Gale Katchur	Mayor Rod Frank
Councillor Ed Sperling	Councillor Paul Smith
Councillor Gordon Harris	Councillor Brian Botterill
City Manager, Troy Fleming	Chief Commissioner, Rob Coon

It was vitally important to Strathcona County to be the first point of contact with their affected residents in the negotiated annexation area. Strathcona County officials were committed to providing a full explanation to the affected residents on the reasons why a negotiated solution was in the best interests of their municipality and its residents. Letters were hand-delivered or electronically transmitted immediately following the signing of the Alliance Exploration Agreement to each landowner. The County was aware that the City of Fort Saskatchewan would be engaging these same landowners in early October.

Landowners were invited to meet with Strathcona County elected and administrative representatives on Friday, September 14, 2018 and again through a separate mailed invitation on October 1, 2018. Both open houses were held in Fort Saskatchewan for the landowners' convenience. Strathcona County was joined by officials from the City of Fort Saskatchewan. All landowner's questions and concerns were addressed within the meeting and/or recorded for future response and impact mitigation efforts committed to by both municipalities. A copy of the questions and concerns raised in these open houses with County officials was provided to the City for reference, including input from County officials addressing issues raised.

The City of Fort Saskatchewan also held four open houses over two days, October 2 and October 4, 2018. Within this submission are records of the correspondence to landowners from both municipalities and landowners' feedback and written submissions. These are contained in the Stakeholder Mitigation Report prepared by the City of Fort Saskatchewan.

To complete the annexations discussions, Strathcona County and the City of Fort Saskatchewan continued negotiations in relation to transition provisions to mitigate the impacts on these affected landowners.

As outlined in the Conditions of Annexation, following the completion of the annexation affected landowners will be assessed as if still in Strathcona County and taxed by Fort Saskatchewan using the lower of the municipal tax rates established by Strathcona County or the City of Fort Saskatchewan up to and including December 31, 2049. The only changes to this will be through land use changes as outlined in Section 3 and 4 of the Conditions of Annexation in this package.

The compensation package for the land is another significant annexation condition. The compensation has been calculated based on Strathcona County 2018 revenue breakdown as follows:

Total Strathcona County Municipal Taxes for Negotiated Annexation Area

2018 Municipal Tax Levy	\$93,106
2018 Municipal Linear Tax Levy	<u>\$87,360</u>
2018 Total Municipal Taxes	\$180,466

The total compensation of \$541,000 was calculated using a five-year declining percentage as shown in Schedule A of this report.

The parties also agreed that this compensation would be applied directly to road improvements to Township 543 within the negotiated annexation area to improve access for residents of the Pointe Aux Pins country residential subdivision, as well as pedestrian, bicycle and vehicular safety for affected landowners (outlined in Schedule A to this report).

To conclude, a full list of Intermunicipal Relations Committee meetings these two communities held to reach a negotiated annexation agreement follows:

Record of related IMRC meetings:

June 19, 2013	September 23, 2016	September 1, 2017
December 6, 2013	February 13, 2017	December 7, 2017
March 26, 2014	February 23, 2017	February 22, 2018
September 22, 2014	March 1, 2017	May 3, 2018
October 22, 2015	April 10, 2017	May 23, 2018
December 1, 2015	May 15, 2017	June 20, 2018
June 27, 2016	June 19, 2017	August 13, 2018

As noted in this report, a number of agreements and collaborative initiatives were achieved between the City and the County. These include:

1. Agreement on Growth Principles
2. Agreement to develop a Growth Planning Framework
3. Alliance Exploration Agreement including:
 - a. Agreement on Annexation Area (amount of land and location of expansion)
 - b. Alliance Exploration Study
4. Conditions of Annexation

Agreement 1-3 form the contents of the September 12, 2018 Alliance Exploration Agreement through the inclusion of the Growth Planning Framework and the Map and List of Legal Lands within the Proposed Annexation Area.

As well, the Conditions of Annexation were agreed upon to mitigate the most important concerns from affected landowners as communicated in written submissions and verbal communications tracked at six open houses in September and October 2018.

Regular meetings, at minimum monthly, have continued for the Intermunicipal Relations Committee following their Alliance Exploration Agreement to prepare for the Alliance Exploration Study. Strathcona County and the City of Fort Saskatchewan received approval for an Alberta Municipal Affairs Intermunicipal Collaboration Funding grant in the amount of \$200,000 to complete the study.

This significant project began with the development of a Request for Proposal listed on the Alberta Purchasing Network. The Intermunicipal Relations Committee members have participated in a structured project proposal evaluation and consultant selection process and have engaged a consultant to work with them throughout 2019/2020 to undertake this study. They also continue to work with the same mediators who assisted in the resolution of the annexation negotiation and now are working to enhance their open communication throughout this study.

This report accurately reflects the results of negotiations. Copies of this report and all annexation application documents have been sent to Strathcona County. No other local authorities were considered impacted by this report.

Dated this 11th day of APRIL, 2019.



Troy Fleming, City Manager
City of Fort Saskatchewan



Rob Coon, Chief Commissioner
Strathcona County

Authorized by:

Council Motion R68-19

Council Motion 2019/71

Schedule A – Report on Negotiations

The following conditions of annexation were negotiated between the parties to address concerns raised by affected landowners:

1. The City of Fort Saskatchewan will compensate Strathcona County for loss of taxation revenue within the Annexation Area in the total amount of \$541,000, based upon the estimated tax revenue for the Annexation Area over five years on a declining percentage as follows:

year 1 - 100%
year 2 – 80%
year 3 – 60%
year 4 – 40%
year 5 – 20%
2. Strathcona County will contribute the compensation directly towards payment of the costs of constructing new infrastructure improvements to Township Road 543 (the “Road Improvements”):
 - (i) will improve safety for pedestrians, cyclists and vehicular traffic
 - (ii) will improve access management for Pointe Aux Pins residents.
3. The City will complete the Road Improvements no later than 2023.