

Annexation from Foothills County – Resource and Timelines

RECOMMENDATIONS:

That the Intergovernmental Affairs Committee recommends that Council:

- 1) For the purpose of formally initiating the annexation process, confirm the boundaries of the annexation from Foothills County as shown in confidential Attachment 2;
- 2) Direct Administration to:
 - a) consider opportunities for resolving road issues with Foothills County as part of the annexation process;
 - b) report back to Intergovernmental Affairs Committee throughout the annexation process with updates, as required; and
- 3) Direct that the contents of Attachment 2 remain confidential pursuant to sections 16 (Disclosure harmful to the business interests of a third party) and 21 (Disclosure harmful to intergovernmental relations) of the *Freedom of Information and Protection of Privacy Act*.

Review By: 2022 October 15

HIGHLIGHTS

- Prior to initiating the annexation process with Foothills County, several items require confirmation and/or Council's direction or awareness, including boundaries, budget, and the potential for compensation to Foothills County.
- What does this mean to Calgarians? Annexations increase the city's land base, but they are complex and resource-heavy processes to undertake.
- Why does it matter? Confirming critical details in the initial stages will provide a stronger foundation for this work as it proceeds.
- This report seeks: confirmation of the annexation area and integration of direction provided by the Intermunicipal Committee into the annexation project. The report also acknowledges the likely need for compensation to Foothills County, with the amount determined through the negotiation process.
- Administration has determined that this work should be undertaken as part of the 2021 workplan and will require Administrative resources from across the Corporation as well as consulting support for the preparation of an Environmental Site Assessment and Financial Impact of Annexation Analysis
- The resources to conduct this work will come from reprioritized 2021 workplans and operating budgets in the Deputy City Manager's Office and Planning and Development, and will depend on additional support from multiple departments and services to complete.
- On 2020 July 27, Council approved a motion directing "Administration to enter into annexation negotiations with Foothills County Administration on the Sirocco lands and Anthem United Landowners." (Attachment 1)
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

This report will provide Council with the opportunity to confirm critical details prior to commencing this work.

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1) Confirm Annexation Area

To formally initiate the annexation process with Foothills County, Administration requests confirmation of Council's preferred lands for the potential annexation. These lands would be considered the starting point for annexation discussions and additional lands could be added (or lands removed) because of the public consultation process and the direct negotiation between the municipalities. Confidential Attachment 2 indicates the potential annexation area and is one of the options previously before Council.

In preparation of this report, Administration engaged with the owners of the Sirocco Golf Course and county residential parcels to the north of the golf course. The landowners confirmed their preferences are aligned to the map shown in Confidential Attachment 2.

Should this potential annexation area be confirmed by Council it will be a starting place for discussions with Foothills County. It is anticipated that other landowners will seek having their lands annexed through this process. Further adjustments to the annexation area may be made as both negotiations with Foothills County and public engagement proceed. Other adjustments may also be made through decisions of the Government of Alberta or the Municipal Government Board as they consider this matter.

For this report, the map has been made confidential. Council may elect to release the map publicly as part of their decisions on this matter. In either case, the map will become public upon initiation of the annexation process.

2) Resourcing

Annexations are substantive processes and resources are required to support the annexation negotiating team (members of Council), prepare the annexation agreement, facilitate public and stakeholder consultation, etc. Minimal technical planning work is undertaken as part of the annexation as most technical studies are not required until an Area Structure Plan (ASP) is commenced. Attachment 3 outlines work as outlined by Council in terms of timing and resourcing requirements.

Administration does not presently have adequate staff resources to undertake this work but can allocate staff for 2021.

Based on previous annexations and a desire to complete the project in a timely manner, it is estimated that the equivalent of approximately 3.0 FTE is required to run the process. During the balance of 2020, Administration will determine a specific work and resourcing allocation plan, which may result in the identification of additional resource needs. Upon allocation of resources and consulting funding, Administration intends to undertake the majority of the work in early 2021 in hopes of completing much of the annexation process prior to the 2021 municipal elections.

At this time, staff resources are fully committed to other priorities in the remainder 2020. The required resources would need to be allocated through a 2021 work plans and all accommodations will be made to reprioritize staff resources. Additionally, it is estimated that a minimum of \$100 thousand is required to support this work for technical consulting studies, engagement and communications, and contingency (given the unpredictable nature of annexations). This cost will be covered by the Deputy City Manager's Office 2021 operating budget.

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Administration will present the 2021 City Planning & Policy work plan to the SPC on Planning & Urban Development in 2021 Q1. It is anticipated that other City Planning and Policy work will need to be deferred to accommodate the annexation work.

3) Developer-funded annexations

The City of Calgary has developed a program for developer-funded Area Structure Plans (ASP). In this program, Administration develops ASPs with costs offset by plan area landowners. In theory, a similar process could be used to offset some or all the costs to undertake the work identified in this report, with the exclusion of compensation to Foothills County (see #4 below).

However, ASPs and annexations are not analogous. They are very different processes and are governed by different legislation. Annexations are a matter between The City and the County, with the final decision resting with the Minister of Municipal Affairs. Developer-funded annexations have not occurred anywhere in Alberta, and there is some question as to The City's legal authority to charge a fee for this service.

Annexations also present additional risks to The City. For example, they are much more open processes with annexation lands subject to change throughout the process. Annexations are focussed on the needs of the municipalities rather than setting the stage for future development. Given these factors, Administration does not consider the developer-funded model appropriate for an annexation.

The project of developing a developer funded annexation process is also not currently resourced and would delay the work from starting on the Foothills annexation.

4) Compensation to Foothills

It is anticipated that Foothills County will seek compensation from The City as part of any annexation. The amount is unknown and will depend on factors that emerge through the negotiations. Administration will report back with a cost amount and a recommended funding source once a terms of agreement with Foothills has been reached. Council will be ultimately asked to confirm the terms of compensation as part of the annexation agreement. Compensation will be in addition to any costs described through this report.

5) Direction provided by Intermunicipal Committee

The City and Foothills County Administration have jointly identified the need to look at roads along and near the shared municipal boundary to ensure that these roads are within the most appropriate municipality. At the 2020 September 11 City of Calgary – Foothills County Intermunicipal Committee (IMC) meeting, the IMC passed the following motion:

Councillor Alger moved that the Foothills County and Calgary IMC recommend that the roads matters identified through the proposed Joint Roads Project, as moved at the January 24, 2020 meeting of the IMC be addressed as appropriate through the Annexation Project. This will facilitate continuation of mutually beneficial discussions and resolution of relevant roads issues.

The purpose of the motion is to provide guidance to Administration of Calgary and Foothills that identified roads issues should be considered as part of the forthcoming annexation process. Opportunities to achieve better outcomes for both Foothills and Calgary will be explored and form part of annexation discussions.

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6) Next Steps

With the approval of this report, Administration will be able to formally initiate the annexation process with Foothills County. A Terms of Reference for the Annexation Negotiation Committee is expected to be brought to the next meeting of the Calgary – Foothills Intermunicipal Committee. The Terms of Reference will also identify the number of members of each Council that will be appointed to the Committee. Once endorsed by the IMC, the Terms of Reference will be brought to both Councils for approval and appointment of members. Initial Administration work will be initiated prior to the appointment of the Committee.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

Significant landowner and stakeholder engagement will be required as part of the annexation process.

IMPLICATIONS

Social

Not applicable in this update report.

Environmental

Not applicable in this update report.

Economic

Not applicable in this update report.

Service and Financial Implications

Administration resources and required consulting work will be addressed as part of the 2021 budget.

It is likely that additional future budget, in an unknown amount, will be needed for compensation to Foothills County.

Existing operating funding - one-time

\$0

Opportunity cost of pursuing the recommendation

- In a time of limited budgets, allocating resources towards annexation will mean that other projects be delayed or postponed.

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RISK

Known risks at this early start-up stage of the annexation process include:

- The addition of this project to the City Planning & Policy Service Line's 2021 Workplan may necessitate adjustments to other initiatives on that workplan if required to provide the required resources
- Annexation processes are unpredictable. Annexation could take much longer and require more resources than anticipated in this report.
- The City may or may not have the legal authority to charge a developer for annexation process
- If a developer funded process is ultimately established, it may set a precedent for further developer-initiated annexations.
- Financial compensation payable to Foothills County is anticipated. The amount will remain uncertain until an annexation agreement is reached.

ATTACHMENTS

1. Previous Council Direction, Background
2. CONFIDENTIAL - Potential Annexation Area (Intermunicipal Committee Discussion)
3. Foothills Annexation Resourcing Requirements

Department Circulation

General Manager (Name)	Department	Approve/Consult/Inform (Pick-one)
Stuart Dalglish	Planning & Development	Consult