

PROCESS, IMPLICATIONS AND FEASIBILITY OF ANNEXATION OF THE BLAZER WATER TREATMENT PLANT BY ROCKY VIEW COUNTY

EXECUTIVE SUMMARY

At the 2013 July 22 Combined Meeting of Council, a Motion Arising directed Administration to provide Council with information on the process, feasibility and implications of 'de-annexing' the private Blazer water treatment plant located at 52 Bears paw Meadows Way NW. As the Municipal Government Act does not contemplate "de-annexation", Rocky View County would be responsible for initiating the annexation process. Administration has also identified a number of potentially significant implications that need to be fully considered before The City could determine a position on the potential annexation.

Concurrent to this work, the Rocky View/Calgary Intermunicipal Committee directed Administrations of both Rocky View County and The City of Calgary to identify locations where adjustments to the municipal boundary through an annexation process may have mutual benefits. Given that additional locations should be evaluated and the significant demands on municipal resources associated with annexation, Administration recommends the annexation of the Blazer water treatment plant be further evaluated and considered only as part of wider intermunicipal discussions of a possible annexation process for municipal boundary adjustments.

ADMINISTRATION RECOMMENDATION(S)

That the Intergovernmental Affairs Committee recommend Council:

1. Not support Rocky View County initiating an annexation process for the Blazer water treatment plant at this time;
2. Direct Administration to initiate discussions with Rocky View County to identify possible locations, including the Blazer water treatment plant, where municipal boundary adjustments through annexation could be mutually beneficial; and
3. Report to Council through the Intergovernmental Affairs Committee on the outcome of those discussions and a strategy for possible annexations no later than 2014 December.

RECOMMENDATION OF THE INTERGOVERNMENTAL AFFAIRS COMMITTEE, DATED 2014 JANUARY 09:

That the Administration Recommendations contained in Report IGA2014-0043 be approved.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2013 September 16 Combined Meeting, Bylaw 74D2013 was adopted following an amendment to "limit the gross floor areas and potable water servicing capacity of the Water Treatment Plant by adding new sections to the Bylaw restricting the maximum gross floor area of a Water Treatment Plant as 575 square metres and a maximum servicing capacity of 591,407 cubic metres of potable water per year."

At the 2013 July 22 Combined Meeting Council approved a Motion Arising, moved by Alderman Pincott, that with respect to Bylaw 74D2013 (CPC2013-083), the following be adopted: "that

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Council direct Administration to bring forward a report to City Council on the process, feasibility, and implications of 'de-annexing' the private water treatment plant on Bears paw Meadow Way, no later than 2013 December".

BACKGROUND

Located in the northwest community of Lynx Ridge, the Blazer water treatment plant is a private facility developed in the late 1990s when the lands were part of the MD of Rocky View (Attachment). It was annexed along with adjacent lands into the City of Calgary in 2005 as a result of provincial Order in Council 486/2004. The facility is the only private water treatment plant in Calgary and currently serves approximately 72 customers in Rocky View County and 102 customers within the city.

In 2012 the operator of the Blazer water treatment plant proposed a facility expansion to service future growth areas in Rocky View. The expansion required both a development permit and a land use redesignation as the existing building was non-conforming (LOC2013-0004). On 2013 September 16 Council gave third reading to Bylaw 74D2013, a Direct Control land use district including an additional listed use of Water Treatment Plant.

While deliberating Bylaw 74D2013, Council raised concerns that expanding the water treatment plant would facilitate low-density residential growth outside the city boundaries. In response Bylaw 74D2013 was amended to effectively limit the number of units that could be accommodated by the expanded facility. This was done through limiting the gross floor area (to a maximum of 575 square metres) and potable water servicing capacity (to a maximum of 591,407 cubic metres of potable water per year) of the water treatment plant.

Although the majority of current customers are within the city limits, the expansion of the water treatment plant is intended to solely serve new customers in Rocky View County. The new customers would be located in both existing residential areas and in future development areas. The lands intended for future development were identified as a Rocky View County Growth Area in both the 2007 Annexation Agreement and the 2012 Rocky View – Calgary Intermunicipal Development Plan (IDP). The lands are not identified as a Priority Growth Area in the 2012 Calgary Metropolitan Plan (CMP) and; therefore, would not be eligible for regional servicing solutions described by the CMP.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Following the approval of Bylaw 74D2013, Council approved a Motion Arising directing Administration to investigate the possible 'de-annexation' of the water treatment plant to Rocky View County. This report has been prepared to address the process, feasibility and implications of a de-annexation.

Process

Annexation in Alberta is directed through the provisions of Division 6 of the Municipal Government Act (MGA). The MGA contemplates annexation only and there is no process for 'de-annexation'. For annexation to occur the municipality receiving any lands would have to

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undertake an annexation process. In this situation Rocky View County would need to initiate an annexation from The City of Calgary.

Should Rocky View County initiate an annexation of the Blazer water treatment plant lands, the municipalities would then seek to negotiate a mutually agreeable annexation agreement and undertake public engagement. Following the completion of those processes, Rocky View County could choose to submit an annexation application to the Municipal Government Board for their consideration and recommendation. The decision to approve annexations rests with the Lieutenant Governor in Council.

Negotiating an annexation agreement occurs through an annexation committee that includes elected officials from both municipalities. As a result the annexation process requires significant investment of time by both Administration and Council in both municipalities.

Implications

In preparing this report, Administration has conducted an internal review of the implications of the water treatment plant being annexed by Rocky View County.

Most significantly annexation would negate Council's ability to render land use decisions on the land. Rocky View County Council would be able to either redesignate the land or amend the current Direct Control bylaw. Both of these could remove the limitations on gross floor area and potable water servicing capacity that are currently in place in the Direct Control bylaw in response to Council's concerns. While The City would be able to comment on any such proposals, ultimately the decision would rest with the County.

In terms of achieving Municipal Development Plan goals, the lands are of limited long-term strategic interest to The City. Intensification is limited by poor transit and transportation access and proximity to country residential development in Rocky View County. More specific implications identified include:

- Geography – It may be appropriate to consider a wider annexation area. The current boundary is awkward and may create challenges for residents in determining which municipality to deal with on any given issue.
- Planning issues - The potential exists for the scope of the project to broaden through the public engagement process. Annexing just the water treatment plant would exacerbate an already awkward municipal boundary.
- Water servicing issues – Water Resources has indicated they need to evaluate the option to connect current Calgary residents serviced by Blazer customers to The City's water system. This is potentially very costly and appears to be difficult to fund through the local improvements process.
- Other servicing issues - The site is part of an integrated water and sewer system. It may be necessary to consider a wider annexation to maintain functionality of these systems.
- Transportation and access issues – Annexing only the water treatment plant site would leave access via an isolated City of Calgary road segment and may create maintenance challenges.

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- Fire protection issues – Prior to annexation The City should ensure that fire flow requirements are met to ensure satisfactory fire protection for Calgary residents serviced by the water treatment plant.
- Taxation and Assessment – The City of Calgary would no longer receive municipal taxes from the site although this may be alleviated through provisions within any annexation agreement.
- Other City Bylaws - Other City of Calgary Bylaws, such as the Community Standards Bylaw, would no longer apply to the site.

Feasibility

For the annexation to be feasible, Rocky View County must support the proposed annexation as they would be required to initiate the process. At this time Rocky View County Administration has indicated they require further information regarding the purpose and objectives of the proposed annexation prior to determining a position. As a result further discussion between Rocky View Administration and Calgary Administration is required. Once further discussions have occurred, it is anticipated that Rocky View Council would be asked to provide a position on the potential annexation.

In considering annexation applications, the Municipal Government Board also places considerable emphasis on the interests of landowners. The owner and operator of the water treatment plant have both indicated to Administration that they would support the annexation of the lands into Rocky View County. Broader public engagement including nearby residents would occur through the annexation process.

Further Municipal Boundary Challenges

As this investigation was underway, administrative discussions between Rocky View and Calgary identified a number of geographical areas along our shared municipal boundary that currently present challenges in terms of logical areas for planning and development. Examples include parcels that are isolated by roads and natural features or where access is challenging.

These preliminary discussions were followed by similar discussions at the 2013 September 27 Rocky View-Calgary Intermunicipal Committee (IMC) meeting. The IMC directed Administration to prepare a list of areas that may benefit from an adjustment of the municipal boundary and to return to the IMC for further discussion. Additionally some landowners have also identified locations where the current municipal boundary presents challenges and have raised their concerns with both Administrations.

As a result of this investigation, Administration has identified two options to address the Motion Arising. Both options recognize that the MGA enables Rocky View County or The City to initiate an annexation process at any time. The identified options are:

Option 1: Indicate to Rocky View County that The City would be receptive to negotiations regarding the potential annexation of the Blazer Water Treatment Plant.

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Evaluation: This option would require The City to conduct a detailed evaluation of the implications (as noted above) of the potential annexation. This would likely involve significant staff time from across the Corporation and would only address a single situation. As Rocky View County have not determined a position, further consultation with the County is required to determine their interest in pursuing the annexation.

Option 2: Indicate to Rocky View County that The City would only be receptive to negotiations regarding the potential annexation of the Blazer water treatment plant as part of a broader discussion. This broader discussion will identify potential areas along the shared Rocky View-Calgary municipal boundary in which an adjustment of the municipal boundary through annexation would result in a more rational municipal boundary.

Evaluation: The Rocky View-Calgary Intermunicipal Committee has already directed staff to begin to look at opportunities to refine our shared municipal boundary. This process will identify challenging boundary locations and evaluate the implications of pursuing annexations in these areas. By including the Blazer water treatment plant in these discussions it will be possible for the municipalities to explore the full range of possible boundary adjustments that would achieve mutual benefits.

Administration recommends Option 2. This option allows The City and Rocky View County to identify lands where a municipal boundary adjustment would be beneficial. Reasons to consider possible annexations at these locations include alignment with the Rocky View-Calgary Intermunicipal Development Plan, creating rational development areas, addressing transportation challenges, and better alignment with natural boundaries. As discussions progress Administration would continue to engage the Rocky View-Calgary Intermunicipal Committee. This process is the most effective use of staff and Council time for both the evaluation process and any subsequent annexation process that either Council may choose to initiate.

Option 1 would place significant demands on staff time in both Rocky View County and The City of Calgary while addressing only a single piece of land. Other areas that should be considered for possible annexation would not be properly evaluated.

Stakeholder Engagement, Research and Communication

The landowner, operator, Rocky View/Calgary Intermunicipal Committee and Rocky View County administration have provided information to assist in the preparation of this report. Broader public consultation of Rocky View and Calgary residents would be required as part of any annexation process initiated.

Strategic Alignment

The Municipal Development Plan notes that “Regional alignment with Rocky View County is administered through the Rocky View/Calgary Intermunicipal Development Plan”. The Intermunicipal Development Plan (IDP) does not contemplate the potential annexation of the

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Blazer water treatment plant. Section 8.1.8 of the IDP states that “Future annexation proposals shall proceed in accordance with the process for annexation in the *Municipal Government Act*”.

The IDP further identifies areas intended for servicing by an expanded Blazer water treatment plant as a Rocky View County growth corridor. The Calgary Metropolitan Plan does not identify these lands as a Priority Growth Area, nor is Rocky View County a current member of the Calgary Regional Partnership. Therefore, the lands intended for servicing by Blazer would not be eligible for regional servicing solution.

Social, Environmental, Economic (External)

Further intermunicipal discussion with respect to possible areas where municipal boundary adjustments may be required would provide an opportunity to consider the Triple Bottom Line impacts of any proposed annexations.

Financial Capacity

Current and Future Operating Budget:

There are no operational budget implications identified with this report.

Current and Future Capital Budget:

There could be substantial capital cost implications for The City if Blazer were to be annexed back into Rocky View County, and The City were to provide water servicing to the existing Blazer customers located within city limits.

Risk Assessment

Should Rocky View County initiate an annexation for the Blazer water treatment plant only, a number of risks should be considered:

- Significant staff time to deal with a single boundary issues
- The City loses the ability to regulate land use and enforce municipal bylaws for the water treatment plant
- The possible need to consider a wider annexation in the Lynx Ridge area to ensure continued functioning of integrated water, sewer and transportation systems
- The potential need to connect city residents currently serviced by the Blazer water treatment plant to City water systems. The costs and method for connecting City residents have not been fully evaluated in the preparation of this report but would occur prior to entering into an annexation agreement.

These risks could be mitigated by a thorough evaluation prior to Council approval of an annexation agreement or by not supporting the annexation should it be initiated by Rocky View County. Risk may also be addressed by the including risk mitigating provisions in any annexation agreement negotiated.

Risks associated with a broader discussion of a potential annexation for boundary adjustments include:

- Significant staff time to evaluate the potential boundary adjustments and to work on any subsequent annexations

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- Potential for project scope to expand as other landowners may be encouraged to seek annexation
- The City still may need to connect city residents to the municipal water system at a potentially high expense

These risks may be mitigated by ensuring an appropriate strategy is developed to limit the project scope and make efficient use of staff resources.

Undertaking an investigation of possible mutually beneficial boundary adjustments/annexations would enable The City to address outstanding boundary challenges and may work to advance The City's greater strategic interests. Not doing so would represent a lost opportunity to address areas of mutual interest with Rocky View County and create a more efficient municipal boundary for The City of Calgary. Additionally any annexation process requires significant staff time that may divert resources from other projects.

REASON(S) FOR RECOMMENDATION(S):

Including the Blazer Water Treatment Plant within a larger process would be a more effective use of Administration and Council resources than exploring annexation in a single location. This report recommends The City work with Rocky View County to identify and evaluate potential municipal boundary adjustments that could benefit both municipalities. By doing so a comprehensive adjustment of the municipal boundary could occur through an annexation process.

ATTACHMENT(S)

Land Use Map of Subject Site and Surrounding Lands