

## AUMA Submission on the Annexation Principles and Procedures

### Discussion Question #1

Stakeholder input has pointed to the need for a formal set of annexation principles. What concerns (if any) exist with the annexation principles used by the Municipal Government Board?

- The current principles provide broad guidance to the annexation outcome; however, they do not provide a holistic and long-term strategic view of planning intermunicipally. For instance,
  - There is no requirement for the initiating municipality to include other important information such as its policies and plans to protect the environment and natural resources, minimize the development footprint, strengthen communities, provide alternative modes of transportation, and provide efficient infrastructure and services to the annexed lands;
  - There are no timelines identified in the annexation principles, which has led to lengthy annexation processes;
  - The current principles do not provide urban municipalities with the same opportunity as their rural counterparts to attract all types of development, including industrial development which requires significant areas of land historically not available in urban areas; and
  - The current principles do not consider the size of the municipality when developing the principles, standards and criteria for annexation.

### Discussion Question #2

Are there any annexation principles that should be added, modified, or removed from the Municipal Government Board’s annexation principles? If changes are needed, what is the rationale for each suggested change?

AUMA has three additional principles:

- Annexations to address growth should ensure the efficient use of public and private lands, and reduce the footprint of human activities.
- Initiating municipalities that propose to annex lands to address growth should demonstrate that they have policies in place to protect the environment and resources, minimize development footprint, strengthen communities (social, cultural, affordability, health and safety), provide for alternative modes of transportation (pedestrian, cycling, transit, vehicular), good management of agricultural lands, and efficient provision of infrastructure and services.
- Urban municipalities should be provided with an equality of opportunity regarding industrial development.

As well, the following changes to the MGB principles are recommended:

	MGB	AUMA
4.	An annexation must be supported by growth projections, availability of lands within current boundaries, consideration of reasonable development densities, accommodation of a variety of land uses and reasonable growth options within each municipality (initiating and responding municipality).	An annexation must meet minimum standards for growth projections, availability of lands within current boundaries, density and proven record of increased density, consideration of reasonable development densities, and accommodation of a variety of land uses in the initiating municipality.

	<b>MGB</b>	<b>AUMA</b>
9.	Annexation proposals must fully consider the financial impact on the initiating and responding municipality.	Annexation proposals must fully consider the financial impact on the initiating and responding municipality. Municipalities involved in annexations shall bear their own costs associated with the annexation process.
13.	Revenue sharing may be warranted when the annexation proposal involves existing or future special properties that generate substantive and unique costs to the impacted municipality(s) as part of the annexation or as an alternative to annexation.	Revenue sharing may be warranted when the annexation proposal involves existing or future special properties that generate substantive and unique costs to the impacted municipality(s) as part of the annexation or as an alternative to annexation. Mandatory costs and revenue sharing should be established at the local level to address local needs on both participating parties.

### Discussion Question #3

What considerations should the Minister use to develop the annexation principles?

- The principles need to be clear so they can be consistently and objectively applied and need to create a level playing field for municipalities while recognizing the need for appropriate growth management through linkages to intermunicipal and municipal development plans and overall economic, social and environmental sustainability. As well, the process itself needs to be less time consuming and costly and overall less onerous.

### Discussion Question #4

Do the basic ideas adequately reflect the core or essential considerations behind the desire for formalized annexation principles?

- Yes, assuming that the existing principles are used as the foundation, with required revisions made to reflect points mentioned in previous questions.

### Discussion Question #5

What part(s) of the existing annexation procedures require change?

What gaps or limitations exist with the existing annexation procedures used by the Municipal Government Board and the annexation provisions in the *MGA*?

- An approach should be adopted that provides urban municipalities with the same opportunity as their rural counterparts to attract all types of development, including industrial development which requires significant areas of land historically not available in urban areas.
- The initiating municipality and a municipality which has been served a written notice should be required to meet and proceed in good faith to prepare a study to identify the reason for and impacts of the proposed annexation, including proposals for public consultation.
- The negotiations regarding annexation should be made in good faith and allow either party to request that the minister appoint a mediator if no agreement is reached within 180 days.

- The affected municipalities should have an opportunity to have written submissions considered after the minister has recommended an annexation to the Lieutenant Governor in Council.
- Section 118(1) of the MGA should be amended to require both municipalities to provide their policies and plans in place to protect the environment, promote the efficient use of land, strengthen communities, provide alternative modes of transportation where appropriate, and provide efficient infrastructure and services. This would not require the creation of new plans prior to an annexation, but would simply require a presentation of the municipalities' general philosophies and approaches to land use.

### Discussion Question #6

What areas of the annexation process do municipalities/stakeholders require more provincial guidance on that could be addressed by new annexation procedures?

- A streamlined process for annexations should be provided that occurs pursuant to an IDP. Clear guidelines should be provided for evidence-based determinations on contested annexations.
- The MGA should be amended to clarify responsibility for financial and/or infrastructure deficits in an annexation and provide formal policies on when and how the provincial government will provide financial assistance.
- Additional changes should be considered, such as expedited processes for annexations that are contemplated in an IDP, criteria that looks at land use policies of both the initiating and responding municipality, extending the target annexation period from 25 to 50 years, and additional conflict resolution mechanisms around the issue of compensation.
- There are no timelines identified in the annexation principles developed by the MGB which has in the past led to lengthy annexation processes. The Minister should develop regulations that would ensure a timely and due process that would better serve municipalities.
- Further details were outlined in question 1.

# ANNEXATION

PRINCIPLES AND PROCEDURES  
DISCUSSION PAPER – AUGUST 2016

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## Introduction

The *Municipal Government Act (MGA)* is the legislation which governs how local governments (municipalities) in Alberta govern, operate and provide services to the community. The current *MGA* was introduced in 1995 following an extensive review and was considered to be a model for municipal legislation in Canada. However, after nearly 20 years, it was determined the *MGA* should be revisited in order to meet the changing needs of Alberta's communities.

Following extensive consultation, the *Municipal Government Amendment Act (Bill 20)* was passed by the Legislature in the spring of 2015 to address issues that received broad support from the rural and urban municipal associations, the cities of Calgary and Edmonton, and business and industry associations representing key economic sectors. Most of the Bill 20 amendments have not yet been proclaimed and are therefore not yet in effect.

The *Modernized Municipal Government Act (Bill 21)* was introduced in the Legislature in the spring of 2016 to address other key issues affecting municipalities. Bill 21 includes several important policy shifts with respect to intermunicipal collaboration. Among them are the creation of mandatory Growth Management Boards for the Calgary and Edmonton metropolitan areas and the development of intermunicipal collaboration frameworks elsewhere in the province, inclusive of intermunicipal development plans. Feedback received from May to July 2016 will be used to finalize the legislation in fall 2016.

In support of this modernization, work is also underway to review and prepare regulations authorized by the *MGA*. This includes consideration of principles and procedures for annexation.

## Purpose of this Discussion Paper

This discussion paper seeks your input into the development of a set of annexation principles to be applied to all future annexations, and a regulation respecting procedures for annexations. Your comments and perspectives will be important in ensuring that any new principles and procedures accomplish its intended objectives.

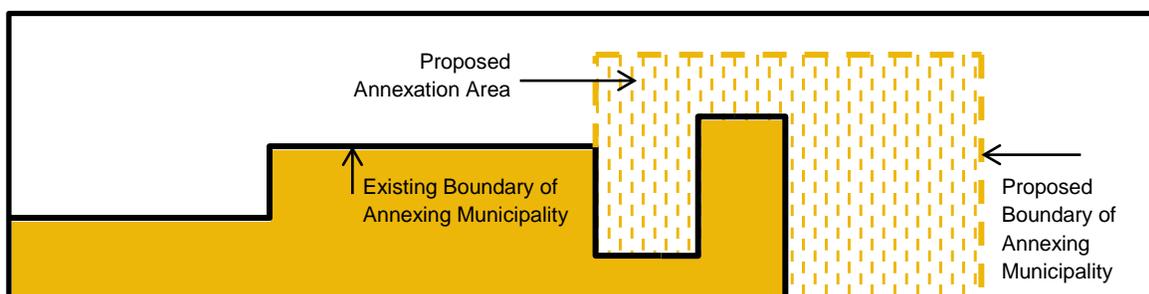
## Background

### What is annexation?

Annexation is a legal process where the boundaries between municipalities are altered in order to accommodate the growth of municipalities. In an annexation, the boundaries of the annexing municipality are expanded to incorporate land in an adjacent municipality, improvement district or special area. Annexation changes the local governance for an area of land from one municipal authority to another, but does not change the ownership of the lands affected. Figure 1 on the next page provides an illustrated example of an annexation.

Annexations are also known as municipal boundary alterations or municipal boundary adjustments in other North American jurisdictions. Annexation is one of six types of municipal restructuring permitted under Part 4 of the *MGA*. The other types of municipal restructuring are: formation, change of status, change of name, amalgamation, and dissolution.

**Figure 1: Sample Annexation and its Effect on Municipal Land Area and Municipal Boundaries**



Since 1995, the Municipal Government Board (Board) is the body which has authority to deal with annexations as defined in Part 4 (Municipal Restructuring) of the *MGA*. During the 20 year period following 1995, the Board has dealt with 262 annexations. A more detailed breakdown of the annexation cases processed since 1995 is found in Table 1 below.

**Table 1: Annexation Orders in Council Processed by the Municipal Government Board, January 1, 1995 to July 29, 2016**

Type	Number of Cases	% of Total
<b>Uncontested Annexation</b> Annexations where no hearing was held.	193	73.7
<b>Contested Annexation</b> Annexations where an objection was raised by at least one land owner, a member of the public, or other.	63	24.0
<b>No General Agreement</b> Annexations where an objection by a municipality and/or other parties.	6	2.3
<b>Total</b>	<b>262</b>	<b>100%</b>

### Annexation Principles, Standards and Criteria

Section 76 of the *Municipal Government Act* (1995) allows the Minister of Municipal Affairs to establish principles, standards and criteria that are to be taken into account in considering municipal restructuring. Although a set of restructuring principles was approved by the Minister in 2001 for the formation, amalgamation and dissolution types of restructuring, no principles, standards or criteria was adopted concerning annexations.

The Municipal Government Board developed a set of 15 principles in 2006 based on an examination of provincial land use policies, and the experience of the Municipal Government Board and its predecessor organizations in handling annexation requests in the past. The annexation principles developed by the Board have been used since 2006, starting with the City of St. Albert's annexation of lands from Sturgeon County.

A copy of the Municipal Government Board's Annexation Principles can be found in Appendix A, or on the Municipal Government Board's website at:

[http://municipalaffairs.alberta.ca/documents/mgb/MGB\\_Annexation\\_Principles\\_StAlbert\\_Sturgeon.pdf](http://municipalaffairs.alberta.ca/documents/mgb/MGB_Annexation_Principles_StAlbert_Sturgeon.pdf).

### Procedures for Annexations

Section 523 of the *MGA* allows the Municipal Government Board to make rules regulating its procedures. The Board has used this authority to establish procedures concerning annexations with the most recent procedures in use since January 1, 2013.

The Board's Annexation Procedure Rules can be found in Appendix C, or on the Municipal Government Board's website at: [http://municipalaffairs.alberta.ca/documents/mgb/MGB\\_Annexation\\_Rules\\_-\\_Jan2013.pdf](http://municipalaffairs.alberta.ca/documents/mgb/MGB_Annexation_Rules_-_Jan2013.pdf).

In addition to the Municipal Government Board's authority to make rules regulating its procedures, section 527.1(e) of the *MGA* allows the Minister to make regulations respecting the procedures and functions of the Municipal Government Board. To date this has only been exercised in the context of assessment complaints (i.e. the Matters Relating to Assessment Complaints Regulation).

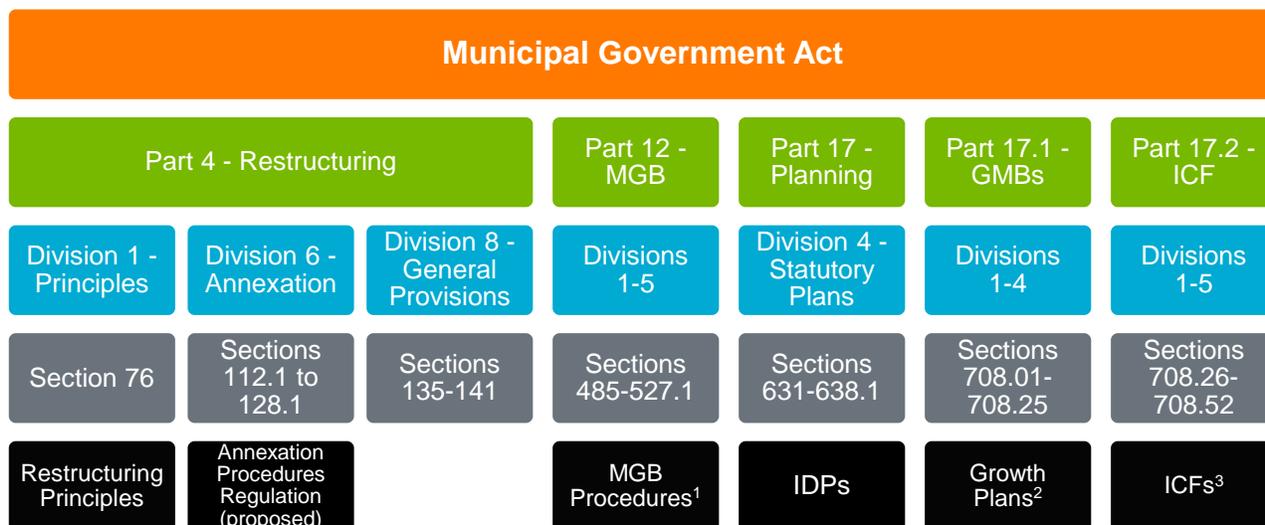
## Legislative Amendments Concerning Annexations

As part of the 2012-2016 *Municipal Government Act* Review, amendments were made to the governance parts of the *Act* which affects annexations. The first set of amendments to the *Municipal Government Act* that took place from 2012 to 2016 was introduced as Bill 20 in the Spring 2015 sitting of the Legislature. As part of Bill 20, a Cabinet decision was made to develop restructuring principles for municipal annexations and to develop a regulation to establish a set of procedures to be used by the Municipal Government Board concerning annexations.

## Overview of Legislative Framework for Annexations

The legislative framework governing annexations is shown in Figure 2 below.

**Figure 2: Legislative Framework for Annexations and Related Land Use Matters  
(includes current legislation and amendments from Bill 20 and Bill 21)**



### Notes:

GMB = Growth Management Board

ICF = Intermunicipal Collaboration Framework

IDP = Intermunicipal Development Plan

MGB = Municipal Government Board

1- Procedures affecting the Municipal Government Board may be determined by the Municipal Government Board, or by ministerial regulation.

2 – Growth plans are developed for areas of the province where growth management boards are mandated. As of August 2016, this will apply to the metropolitan areas in and around Calgary and Edmonton.

3 – Intermunicipal collaboration frameworks are required for all municipalities that do not fall under the jurisdiction of a growth management board and where land use is not governed by a growth plan.

## Options for Annexation Principles

### History and Method

Stakeholders from across the municipal sector have requested a set of Minister-approved or Cabinet-approved annexation principles to guide future municipal annexations in Alberta. As noted in the background section of this discussion paper, section 76 of the *MGA* provides the Minister of Municipal Affairs the authority to establish principles, standards and criteria with respect to annexations.

To ensure that a common understanding of the differences exists for the discussion, the three terms – principle, standard and criteria have been defined using definitions from the Cambridge Dictionary.

A **principle** is a basic idea or rule that explains or controls how something happens or works.

A **standard** is a level of quality or a moral rule.

A **criterion (criteria)** is a condition or fact used as a standard by which something can be judged or considered.

Based on these definitions, the purpose of annexation principles is to develop a set of basic ideas or rules that controls how annexations are conducted in Alberta.

This discussion paper presents two scenarios in which annexation principles may be developed. The first scenario uses the Municipal Government Board's existing 15 principles on annexations as a base. The second scenario is based on an analysis of the existing annexation principles used by the Municipal Government Board, stakeholder input from 1995 to 2016, and sampling of restructuring principles and guidelines from other Canadian jurisdictions.

## Scenario A

As stated earlier in the discussion paper, the Municipal Government Board developed a set of 15 principles in 2006 based on an examination of provincial land use policies, and the experience of the Municipal Government Board and its predecessor organizations in handling annexation requests in the past.

The Municipal Government Board's current annexation principles are as follows:

1. Annexations that provide for intermunicipal cooperation will be given considerable weight. Cooperative intermunicipal policies in an intermunicipal development plan will be given careful consideration, weight and support so long as they do not conflict with Provincial policies or interests.
2. Accommodation of growth by all municipalities (urban or rural) must be accomplished without encumbering the initiating municipality and the responding municipality's ability to achieve rational growth directions, cost effective utilization of resources, fiscal accountability and the attainment of the purposes of a municipality described in the Act.
3. An annexation or annexation conditions should not infringe on the local autonomy given to municipalities in the Act unless provisions of the Act have been breached or the public interest and individual rights have been unnecessarily impacted.
4. An annexation must be supported by growth projections, availability of lands within current boundaries, consideration of reasonable development densities, accommodation of a variety of land uses and reasonable growth options within each municipality (initiating and responding municipality).
5. An annexation must achieve a logical extension of growth patterns, transportation and infrastructure servicing for the affected municipalities.
6. Each annexation must illustrate a cost effective, efficient and coordinated approach to the administration of services.
7. Annexations that demonstrate sensitivity and respect for key environmental and natural features will be regarded as meeting provincial land use policies.
8. Coordination and cost effective use of resources will be demonstrated when annexations are aligned with and supported by intermunicipal development plans, municipal development plans, economic development plans, transportation and utility servicing plans and other related infrastructure plans.
9. Annexation proposals must fully consider the financial impact on the initiating and responding municipality.
10. Inter-agency consultation, coordination and cooperation is demonstrated when annexations proposals fully consider the impacts on other institutions providing services to the area.
11. Annexation proposals that develop reasonable solutions to impacts on property owners and citizens with certainty and specific time horizons will be given careful consideration and weight.
12. Annexation proposals must be based on effective public consultation both prior to and during any annexation hearing or proceedings.
13. Revenue sharing may be warranted when the annexation proposal involves existing or future special properties that generate substantive and unique costs to the impacted municipality(s) as part of the annexation or as an alternative to annexation.

14. Annexation proposals must not simply be a tax initiative. Each annexation proposal must have consideration of the full scope of costs and revenues related to the affected municipalities. The financial status of the initiating or the responding municipality(s) cannot be affected to such an extent that one or the other is unable to reasonably achieve the purposes of a municipality as outlined in section 3 of the Act. The financial impact should be reasonable and be able to be mitigated through reasonable conditions of annexation.
15. Conditions of annexation must be certain, unambiguous, enforceable and be time specific.

The intent of Scenario A is to use the Municipal Government Board’s existing set of annexation principles as the basis for annexation principles set by the Minister. Changes to the annexation principles to address concerns from municipalities and stakeholders will be made as appropriate.

### Discussion Question #1

Stakeholder input has pointed to the need for a formal set of annexation principles. What concerns (if any) exist with the annexation principles used by the Municipal Government Board?

### Discussion Question #2

Are there any annexation principles that should be added, modified, or removed from the Municipal Government Board’s annexation principles? If changes are needed, what is the rationale for each suggested change?

## Scenario B

The intent behind the second scenario is to utilize the existing authority of the Minister to establish restructuring principles, standards and criteria, and expand on the concept of principles to also set standards and criteria that should be followed and considered by annexation proponents, the Municipal Government Board, and the Minister for future annexations.

An analysis of the existing annexation principles and stakeholder input on annexation reveals that there are six basic ideas behind how annexations should be conducted. The ideas are:

1. Consistent, fair and respectful process
2. Consultation and consent of those affected
3. Accommodation of growth for all municipalities
4. Inter-jurisdictional collaboration
5. Net benefit to municipalities
6. Alignment with provincial interests

When these six basic ideas are compared to the existing annexation principles used by the Municipal Government Board, the linkages are as follows:

**Table 2: How the Existing Annexation Principles Fit into the Six Basic Ideas**

Basic Idea	Municipal Government Board’s Annexation Principles	Related Concepts
<b>Consistent, fair and respectful process</b>	15. Conditions of annexation must be certain, unambiguous, enforceable and be time specific.	<ul style="list-style-type: none"> <li>• Clear Process</li> <li>• Fairness</li> <li>• Equity</li> </ul>
<b>Consultation and consent of those affected</b>	<p>1. Annexations that provide for intermunicipal cooperation will be given considerable weight. Cooperative intermunicipal policies in an intermunicipal development plan will be given careful consideration, weight and support so long as they do not conflict with Provincial policies or interests</p> <p>12. Annexation proposals must be based on effective public consultation both prior to and during any annexation hearing or</p>	<ul style="list-style-type: none"> <li>• Public Interest</li> <li>• Consultation (Public/Community)</li> <li>• Engagement (Public/Community)</li> <li>• Collaboration</li> <li>• Good-Faith Negotiation</li> <li>•</li> </ul>

Basic Idea	Municipal Government Board's Annexation Principles	Related Concepts
<b>Accommodation of growth for all municipalities</b>	<p>proceedings.</p> <p>2. Accommodation of growth by all municipalities (urban or rural) must be accomplished without encumbering the initiating municipality and the responding municipality's ability to achieve rational growth directions, cost effective utilization of resources, fiscal accountability and the attainment of the purposes of a municipality described in the Act.</p> <p>4. An annexation must be supported by growth projections, availability of lands within current boundaries, consideration of reasonable development densities, accommodation of a variety of land uses and reasonable growth options within each municipality (initiating and responding municipality).</p> <p>5. An annexation must achieve a logical extension of growth patterns, transportation and infrastructure servicing for the affected municipalities.</p> <p>6. Each annexation must illustrate a cost effective, efficient and coordinated approach to the administration of services.</p>	<ul style="list-style-type: none"> <li>• Coordinated Growth</li> <li>• Regions</li> <li>• Intermunicipal Services</li> <li>• Urban Sprawl</li> <li>• Protection of Agricultural Lands</li> <li>• Local Autonomy</li> </ul>
<b>Inter-jurisdictional collaboration</b>	<p>8. Coordination and cost effective use of resources will be demonstrated when annexations are aligned with and supported by intermunicipal development plans, municipal development plans, economic development plans, transportation and utility servicing plans and other related infrastructure plans.</p> <p>10. Inter-agency consultation, coordination and cooperation is demonstrated when annexations proposals fully consider the impacts on other institutions providing services to the area.</p> <p>11. Annexation proposals that develop reasonable solutions to impacts on property owners and citizens with certainty and specific time horizons will be given careful consideration and weight.</p>	<ul style="list-style-type: none"> <li>• Impact Mitigation</li> <li>• Alignment with Statutory Plans</li> <li>• Intermunicipal Collaboration Frameworks</li> <li>• Intermunicipal Development Plans</li> <li>• Rural Utility Co-operatives</li> <li>• Growth Plans</li> <li>• Growth Management Boards</li> <li>• Long-term Planning</li> <li>• Highway Development</li> <li>• Franchise Areas</li> <li>• Consultation</li> <li>• Engagement</li> </ul>
<b>Net benefit to municipalities</b>	<p>3. An annexation or annexation conditions should not infringe on the local autonomy given to municipalities in the Act unless provisions of the Act have been breached or the public interest and individual rights have been unnecessarily impacted.</p> <p>9. Annexation proposals must fully consider the financial impact on the initiating and responding municipality.</p> <p>13. Revenue sharing may be warranted when the annexation proposal involves existing or future special properties that generate substantive and unique costs to the impacted municipality(s) as part of the annexation or as an alternative to annexation.</p> <p>14. Annexation proposals must not simply be a tax initiative. Each annexation proposal must have consideration of the full scope of costs and revenues related to the affected municipalities. The financial status of the initiating or the responding municipality(s) cannot be affected to such an extent that one or the other is unable to reasonably achieve the purposes of a municipality as outlined in section 3 of the Act. The financial impact should be reasonable and be able to be mitigated through reasonable conditions of annexation.</p>	<ul style="list-style-type: none"> <li>• Local Autonomy</li> <li>• Financial Viability</li> <li>• Sustainability</li> <li>• Economic Benefits</li> <li>• Compensation</li> <li>• Quality of Life</li> </ul>
<b>Alignment with provincial interests</b>	<p>7. Annexations that demonstrate sensitivity and respect for key environmental and natural features will be regarded as meeting provincial land use policies.</p>	<ul style="list-style-type: none"> <li>• Regional Planning</li> <li>• Intermunicipal Collaboration</li> <li>• Economic Development</li> <li>• Environmental Protection</li> <li>• Climate Change</li> </ul>

### Discussion Question #3

What considerations should the Minister use to develop the annexation principles?

#### Discussion Question #4

Do the basic ideas adequately reflect the core or essential considerations behind the desire for formalized annexation principles?

## Options for Annexation Procedures

The annexation process and requirements for annexations are stated in Division 6 of Part 4 (sections 112.1 to 128.1) of the *MGA*. A copy of Division 6 can be found in Appendix B.

Procedures concerning annexations are divided into two categories. The first category is for procedures that guide municipalities through the annexation process from initiation of annexation to the approval of the annexation by the Lieutenant Governor in Council (Cabinet). The second category is for procedures that are followed by the Municipal Government Board when it deals with annexation requests.

The amendment to add Section 128.1 to the *MGA* found in Bill 20 (The Municipal Government Amendment Act, 2015) provides new regulation-making authority to allow the Minister to make regulations respecting procedures to be followed for annexations. The procedures regulation (when developed) will apply to the procedures to be followed by municipalities and by the Municipal Government Board.

The current procedures followed by the Municipal Government Board with respect to annexations were developed by the Municipal Government Board in 2012 and were made effective January 1, 2013. A copy of the current procedures can be found in Appendix C.

At this time, there has been minimal stakeholder input on the issue of annexation procedures as the majority of the issues raised were related to annexation principles, or issues that could be resolved through the development of annexation principles, standards and criteria.

#### Discussion Question #5

What part(s) of the existing annexation procedures require change?

What gaps or limitations exist with the existing annexation procedures used by the Municipal Government Board and the annexation provisions in the *MGA*?

#### Discussion Question #6

What areas of the annexation process do municipalities/stakeholders require more provincial guidance on that could be addressed by new annexation procedures?

## Appendix A – Annexation Principles as Developed by the Municipal Government Board

In order to deal with the various issues raised by the affected parties, the landowners and the interest groups, the MGB has developed a series of annexation principles. The MGB has developed these principles from the examination of the annexation provisions in the Act, the Provincial Land Use Policies and previous annexation orders and recommendations. These principles are based on significant annexation decisions prior to 1995 and a total of nearly 170 annexations processed since the introduction of the 1995 Municipal Government Act. In summary, these principles include the following:

1. Annexations that provide for intermunicipal cooperation will be given considerable weight. Cooperative intermunicipal policies in an intermunicipal development plan will be given careful consideration, weight and support so long as they do not conflict with Provincial policies or interests.
2. Accommodation of growth by all municipalities (urban or rural) must be accomplished without encumbering the initiating municipality and the responding municipality's ability to achieve rational growth directions, cost effective utilization of resources, fiscal accountability and the attainment of the purposes of a municipality described in the Act.
3. An annexation or annexation conditions should not infringe on the local autonomy given to municipalities in the Act unless provisions of the Act have been breached or the public interest and individual rights have been unnecessarily impacted.
4. An annexation must be supported by growth projections, availability of lands within current boundaries, consideration of reasonable development densities, accommodation of a variety of land uses and reasonable growth options within each municipality (initiating and responding municipality).
5. An annexation must achieve a logical extension of growth patterns, transportation and infrastructure servicing for the affected municipalities.
6. Each annexation must illustrate a cost effective, efficient and coordinated approach to the administration of services.
7. Annexations that demonstrate sensitivity and respect for key environmental and natural features will be regarded as meeting provincial land use policies.
8. Coordination and cost effective use of resources will be demonstrated when annexations are aligned with and supported by intermunicipal development plans, municipal development plans, economic development plans, transportation and utility servicing plans and other related infrastructure plans.
9. Annexation proposals must fully consider the financial impact on the initiating and responding municipality.
10. Inter-agency consultation, coordination and cooperation is demonstrated when annexations proposals fully consider the impacts on other institutions providing services to the area.
11. Annexation proposals that develop reasonable solutions to impacts on property owners and citizens with certainty and specific time horizons will be given careful consideration and weight.
12. Annexation proposals must be based on effective public consultation both prior to and during any annexation hearing or proceedings.
13. Revenue sharing may be warranted when the annexation proposal involves existing or future special properties that generate substantive and unique costs to the impacted municipality(s) as part of the annexation or as an alternative to annexation.
14. Annexation proposals must not simply be a tax initiative. Each annexation proposal must have consideration of the full scope of costs and revenues related to the affected municipalities. The financial status of the initiating or the responding municipality(s) cannot be affected to such an extent that one or the other is unable to reasonably achieve the purposes of a municipality as outlined in section 3 of the Act. The financial impact should be reasonable and be able to be mitigated through reasonable conditions of annexation.
15. Conditions of annexation must be certain, unambiguous, enforceable and be time specific.

Source: Municipal Government Board

([http://www.municipalaffairs.alberta.ca/documents/mgb/MGB\\_Annexation\\_Principles\\_StAlbert\\_Sturgeon.pdf](http://www.municipalaffairs.alberta.ca/documents/mgb/MGB_Annexation_Principles_StAlbert_Sturgeon.pdf))

## Appendix B – Part 4, Division 6 of the *Municipal Government Act*

### Division 6 Annexation

#### Mediation

**112.1** In this Division, “mediation” in respect of an annexation means a process involving a neutral person as mediator who assists the initiating municipal authority and the one or more municipal authorities from which the land is to be annexed, and any other person brought in with the agreement of those municipal authorities, to reach their own mutually acceptable settlement of the matter by structuring negotiations, facilitating communication and identifying the issues and interests of the participants.

#### Application

**113** This Division does not apply to the annexation of land

- (a) from an improvement district to another improvement district, or
- (b) from a special area to another special area.

#### Restriction on annexation

**114** No order that annexes land to a municipal authority may be made if the land to be annexed is not contiguous with the boundaries of the municipal authority.

#### Annexations of same land

**115(1)** A municipal authority may not initiate or proceed with more than one proposed annexation at any one time concerning the same land.

**(2)** A municipal authority may not initiate or proceed with a proposed annexation when the municipal authority is proceeding with an amalgamation, unless the annexation is of the type referred to in section 103(2).

#### Initiation of annexation

**116(1)** A municipal authority initiates the annexation of land by giving written notice of the proposed annexation to

- (a) the one or more municipal authorities from which the land is to be annexed,
- (b) the Municipal Government Board, and
- (c) any local authority that the initiating municipal authority considers would be affected by the proposed annexation.

**(2)** The notice for an annexation must

- (a) describe the land proposed to be annexed,
- (b) set out the reasons for the proposed annexation, and
- (c) include proposals for
  - (i) consulting with the public about the proposed annexation, and
  - (ii) meeting with the owners of the land to be annexed, and keeping them informed about the progress of the negotiations.

#### Direct negotiations

**117(1)** The municipal authorities from which the land is to be annexed must, on receipt of the notice under section 116, meet with the initiating municipal authority to discuss the proposals included in the notice and negotiate the proposals in good faith.

**(2)** If there are matters on which there is no agreement, the initiating municipal authority and the one or more municipal authorities from which the land is to be annexed must, during the negotiations, attempt to use mediation to resolve those matters.

### **Report on negotiations**

**118(1)** On conclusion of the negotiations, the initiating municipal authority must prepare a report that describes the results of the negotiations and that includes

- (a) a list of the matters agreed on and those on which there is no agreement between the municipal authorities,
- (a.1) if there were matters on which there was no agreement, a description of the attempts to use mediation and, if mediation did not occur, the reasons for this,
- (b) a description of the public consultation processes involved in the negotiations, and
- (c) a summary of the views expressed during the public consultation processes.

**(2)** The report must be signed by the initiating municipal authority and by the municipal authorities from which the land is to be annexed that are prepared to sign and must include a certificate by the initiating municipal authority stating that the report accurately reflects the results of the negotiations.

**(3)** A municipal authority that does not sign the report may include in the report its reasons for not signing.

### **Disposition of report**

**119(1)** The initiating municipal authority must submit the completed report to the Municipal Government Board and send a copy of it to the municipal authorities from which the land is to be annexed and any other local authority the initiating municipal authority considers would be affected.

**(2)** If the initiating municipal authority indicates in the report that it wishes to proceed with the annexation, the report becomes the initiating municipal authority's application for the annexation.

### **General agreement on proposed annexation**

**120(1)** If the initiating municipal authority wishes the annexation to proceed and the Municipal Government Board is satisfied that the affected municipal authorities and the public are generally in agreement with the annexation, the Board must notify the Minister and all the local authorities that it considers would be affected by the annexation, and anyone else the Board considers should be notified, that

- (a) there appears to be general agreement with the proposed annexation, and
- (b) unless objections to the annexation are filed with the Board by a specific date, the Board will make its recommendation to the Minister without holding a public hearing.

**(2)** If no objections are filed with the Board by the specified date, the Board must

- (a) consider the principles, standards and criteria on annexation established under section 76, and
- (b) prepare a written report with its recommendations and send it to the Minister.

**(3)** If objections are filed with the Board by the specified date, the Board

- (a) may investigate, analyze and make findings of fact about the annexation, including the probable effect on local authorities and on the residents of an area, and
- (b) must conduct one or more hearings in respect of the annexation and allow any affected person to appear before the Board at a hearing.

### **No general agreement on proposed annexation**

**121** If the initiating municipal authority wishes the annexation to proceed and the Municipal Government Board is not satisfied that the affected municipal authorities or the public are in general agreement with the annexation, the Board

- (a) must notify the Minister and all the local authorities that it considers would be affected by the annexation, and anyone else the Board considers should be notified, that there is not general agreement with the proposed annexation,

(b) may investigate, analyze and make findings of fact about the annexation, including the probable effect on local authorities and on the residents of an area, and

(c) must conduct one or more hearings in respect of the annexation and allow any affected person to appear before the Board at a hearing.

### **Notice of hearing and costs**

**122(1)** The Municipal Government Board must publish a notice of a hearing under section 120(3) or 121 at least once a week for 2 consecutive weeks in a newspaper or other publication circulating in the affected area, the 2nd notice being not less than 6 days before the hearing.

(2) The Municipal Government Board may determine the costs of and incidental to a hearing and decide by whom and to whom the costs are to be paid.

(3) Section 502 applies to a decision of the Board relating to costs under this section.

### **Board's report**

**123** After one or more hearings under section 120(3) or 121 have been held and after considering the reports and representations made to it and the principles, standards and criteria on annexation established under section 76, the Board must prepare a written report of its findings and recommendations and send it to the Minister.

### **Contents of report**

**124(1)** A report by the Municipal Government Board to the Minister under this Division must set out

(a) a recommendation on whether land should be annexed to the initiating municipal authority or other municipal authority;

(b) if it is recommending annexation, a description of the land, whether there should be revenue sharing and any terms, conditions and other things the Board considers necessary or desirable to implement the annexation.

(2) If the Board does not recommend that land be annexed in its report, the Board must provide the report to all local authorities that it considers would be affected by the annexation.

### **Annexation order**

**125** The Lieutenant Governor in Council, after considering the report of the Board, may by order annex land from a municipal authority to another municipal authority.

### **Annexation order without report**

**126** Despite sections 116 to 125, the Lieutenant Governor in Council, on the recommendation of the minister, may by order annex land to a municipal authority.

### **Contents of order**

**127** An order to annex land to a municipal authority may

(a) require a municipal authority to pay compensation to another municipal authority in an amount set out in the order or to be determined by means specified in the order, including arbitration under the Arbitration Act,

(b) dissolve a municipal authority as a result of the annexation, and

(c) deal with any of the matters referred to in section 89.

### **Public utilities**

**127.1(1)** In this section, "utility agreement" means an agreement approved by the Alberta Utilities Commission in which a municipality grants a right to a person to provide a public utility in all or part of the municipality.

(2) An annexation of land does not affect any right under a utility agreement to provide a public utility on the annexed land unless the annexation order provides otherwise.

(3) This section does not apply to a right to provide a natural gas service if the right is subject to section 23 of the *Gas Distribution Act*.

### **Annexation refused**

**128** If an application for an annexation of land is refused, the Minister must notify the initiating municipal authority of the refusal and the initiating municipal authority may not make another annexation application concerning the same land for a period of one year after it receives notice of the refusal.

### **Regulations (not yet proclaimed – Bill 20 amendment)**

**128.1** The Minister may make regulations

- (a) respecting procedures to be followed under this Division;
- (b) defining terms used in this Division but not defined in this Act.

Sources:

Municipal Government Act (<http://www.qp.alberta.ca/documents/Acts/m26.pdf>)

Bill 20 Municipal Government Amendment Act, 2015

([http://www.assembly.ab.ca/ISYS/LADDAR\\_files/docs/bills/bill/legislature\\_28/session\\_3/20141117\\_bill-020.pdf](http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/bills/bill/legislature_28/session_3/20141117_bill-020.pdf))

## Appendix C – Municipal Government Board Annexation Procedure Rules

A copy of the Municipal Government Board's Annexation Procedure Rules can be found in the following pages.

Source: Municipal Government Board ([http://www.municipalaffairs.alberta.ca/documents/mgb/MGB\\_Annexation\\_Rules\\_-\\_Jan2013.pdf](http://www.municipalaffairs.alberta.ca/documents/mgb/MGB_Annexation_Rules_-_Jan2013.pdf))