CLEARWATER COUNTY
COUNCIL AGENDA
December 10, 2013
9:00 A.M.
Council Chambers
4340 – 47 Avenue, Rocky Mountain House AB

9:50 A.M. DELEGATION: Agricultural Society
10:10 A.M. ATTENDING: Michelle Narang, West Country Family Services Exec Director

A. CALL TO ORDER

B. AGENDA ADOPTION

C. CONFIRMATION OF MINUTES
1. November 26, 2013 Regular Meeting Minutes

D. PUBLIC WORKS
1. Letter of Support to Woodlands County re Provincial Funding for Bridges
2. Road Allowance Permit Request E/W 36-41-8 W5
3. Policy Review: Road Weights Control

E. AGRICULTURAL SERVICES & LANDCARE
1. 9:50 A.M. Delegation: Agricultural Society

F. COMMUNITY & PROTECTIVE SERVICES
1. 10:10 A.M. WCFS Wheelchair Van Agreement
   Attending: Michelle Narang, WCFS Executive Director
2. Clearwater Regional Fire Rescue Committee Appointments
3. Canadian Postal Service Charter Review
4. Municipal Recovery Action Plan

G. PLANNING
1. Closure of the Remainder of Road Plan 7140AU by Resolution of Council
2. 2013 Internal Safety Audit

H. CORPORATE SERVICES
1. Request for Tax Penalty Waiver

I. MUNICIPAL

1. AAMDC *Apples to Apples: Rural Municipal Finance in Alberta* Discussion Paper
2. Meeting with MLA Joe Anglin
3. Municipal Law 2014 Educational Sessions
4. Agenda & Priorities 2014 Meeting Dates

J. IN CAMERA

1. Local Authorities Pension Plan (LAPP) Update

K. COMMITTEE REPORTS

L. INFORMATION

1. CAO'S Report
2. Public Works Director's Report
3. Councillor Remuneration
4. Accounts Payable Listing
5. Council Calender January – March 2014

M. ADJOURNMENT

TABLED ITEMS

Date	***Item, Reason and Status***
04/10/12	**Arbutus Hall Funding Request** • To allow applicant to provide a complete capital projects plan. **STATUS: Pending Information, Community and Protective Services**
09/10/13	**Repair of Bridge BF01963** • Reallocation of funds from bridge rehabilitation for the James River Bridge repair **STATUS: Pending Information, Alberta Transportation/Public Works**
11/26/13	**Caroline HUB Committee Terms of Reference** • Approval of the Caroline HUB Committee Terms of Reference as presented **STATUS: Pending Information, Community and Protective Services**

Agenda Item

Project: Letter of Support to Woodlands County in their efforts to urge the Province to reinstate funding for the replacement, repair, and maintenance of bridge structures.	
Presentation Date: December 10th, 2013	
Department: Public Works	**Author:** Kurt Magnus/Marshall Morton
Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation	
Strategic Area: Infrastructure & Asset Management	**Goal:** To effectively manage the financial and physical assets of the County in order to support the growth and development of the County while obtaining maximum value from County owned infrastructure and structures.
Legislative Direction: ☒None ☐ Provincial Legislation (cite) ______________________________ ☐ County Bylaw or Policy (cite) ______________________________	
Recommendation: That Council approves the recommendation to send the letter of support to Woodlands County.	
Attachments List: Clearwater County Letter of Support to Woodlands County	

Background:

Clearwater County has been asked to support Woodlands County , via the attached letter of support, in their efforts to urge the Province to reinstate funding for the replacement, repair, and maintenance of bridges and bridge culverts.

Through this letter of support, and hence, with the concerted efforts of several other municipalities, Clearwater County remains hopeful that the Province will reconsider its decision to cancel the program and continue to provide adequate funding for this important component of rural infrastructure.

December 10, 2013

Jim Rennie, Mayor
Woodlands County
P.O. Box 33
Fort Assiniboine, Alberta
T0G 1A0

Dear Mayor Rennie:

Clearwater County would like to express its support of your municipality's efforts to urge the Province to reinstate funding for the replacement, repair, and maintenance of bridges and culverts. The discontinuation of this program will have a tremendous negative impact on our budget as well as those of all other small rural municipalities. There is great concern that our county will have to close or severely restrict access to local area bridges, due to anticipated funding shortfalls. With the concerted efforts of several other municipalities, we remain hopeful that the Province will reconsider its decision to cancel the program and continue to provide adequate funding for this important component of rural infrastructure.

Sincerely,

Pat Alexander
Reeve, Clearwater County

cc: Honourable Jeff Johnson, Minister of Education, MLA for Athabasca-Sturgeon-Redwater
Honourable Ric McIver, Minister of Transportation
Alberta rural municipalities

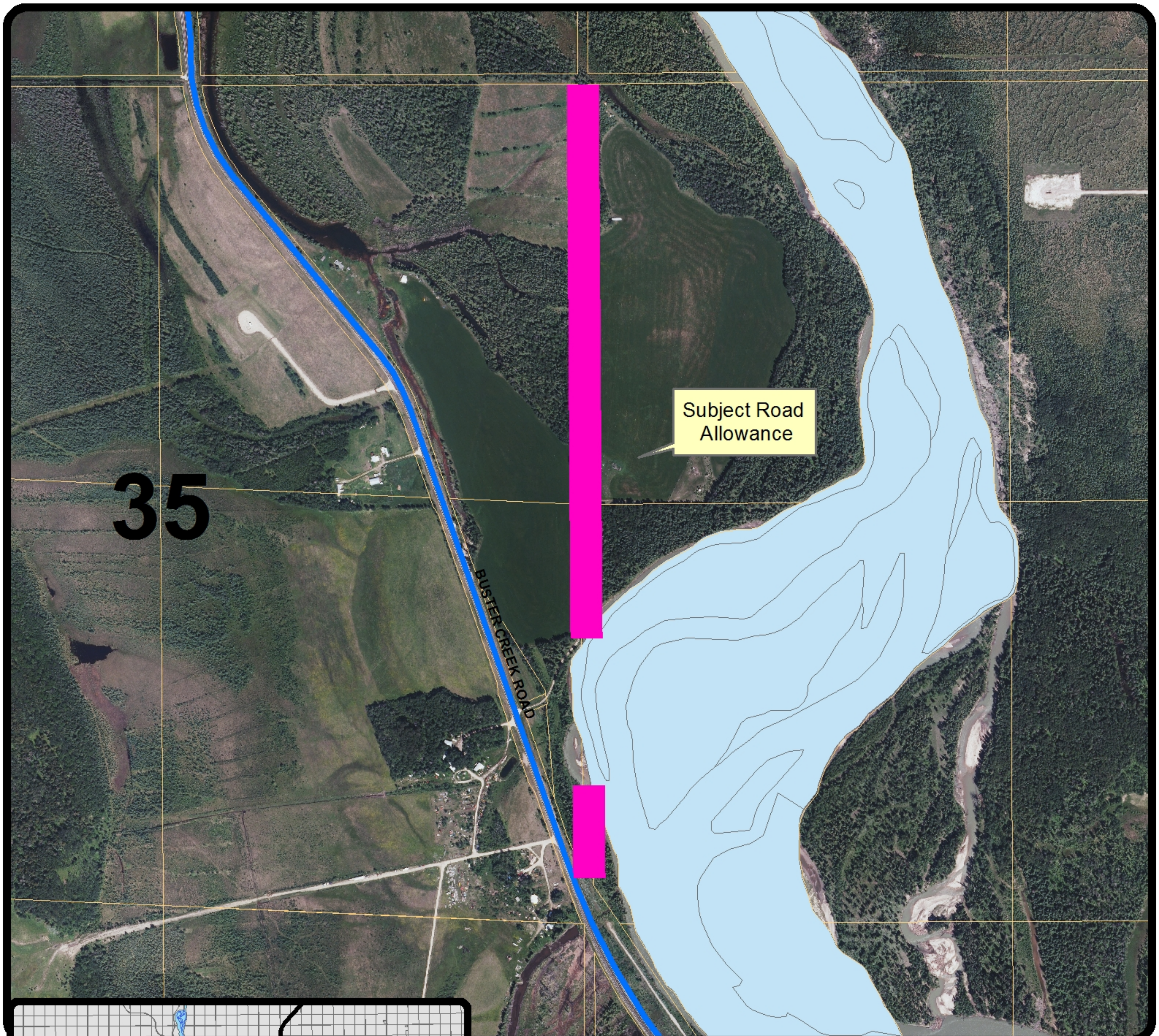
Agenda Item

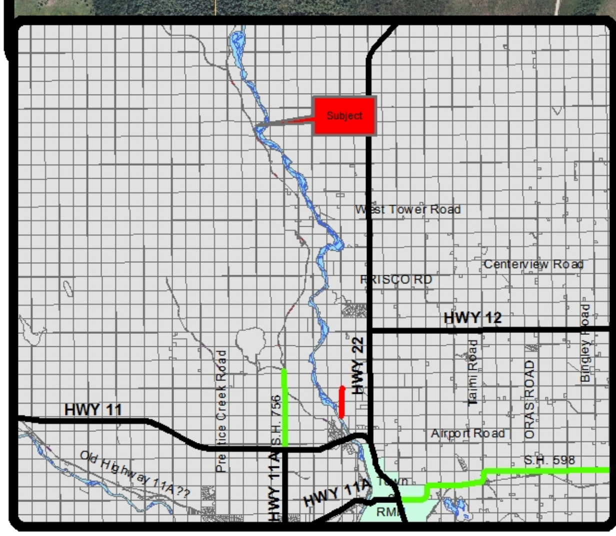
Project: Permitting of Road Allowance which lies between E-36-41-8 W5M & W-36-41-8 W5M (approximately 6.10 Acres/ 1227 meters)	
Presentation Date: December 10, 2013	
Department: Public Works	**Author:** Michelle Marshall/ Marshall Morton
Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation	
Strategic Area: Infrastructure & Asset Management	**Goal:** To effectively manage the financial and physical assets of the County in order to support the growth and development of the County while obtaining maximum value from County owned infrastructure and structures.
Legislative Direction: ☐None ☐ Provincial Legislation (cite) ____________________ ☒ County Bylaw or Policy (cite) __Bylaw 982/13__	
Recommendation: That Council gives first reading to By-law No. 982/13, with a Public Hearing to be held January 13th, 2014.	
Attachments List: Request letter from Randy Valstar representing Renato Pedrazzini Map of Requested Road Allowance Bylaw 982/13	

Background:

Randy Valstar (representing Renato Pedrazzini) has requested the use of the road allowance which lies between the E1/2-35-41-8 W5M & W1/2-36-41-8 W5M (approximately 1227 meters/ 6.10 acres) for cattle grazing purposes.

Attached you will find a copy of the letter from Mr. Valstar as well as a copy of the associated bylaw.





Application to Lease a portion of Road Allowance lying between East 1/2 35 and West 1/2 36-41-8 W5
Approximately 1227 meters
6.10 Acres
Renato Pedrazzini

CLEARWATER COUNTY

November 2013

Erik Hansen

From:	Randy & Peggy Valstar <rpj3valstar@hotmail.com>
Sent:	November 22, 2013 11:05 AM
To:	Michelle Marshall
Subject:	Re: lease a specific road allowance

Yes, we are renting Renato Pedrazzini's land to pasture cattle and need to replace the existing fence that runs along the west side of the road allowance. I just don't want to replace the fence and find out later that it needs to be moved to the east side of the road allowance.

Thanks
Randy

From: Michelle Marshall
Sent: Tuesday, November 19, 2013 9:25 AM
To: Randy & Peggy Valstar
Subject: RE: lease a specific road allowance

Hi Randy,

I just wanted to confirm you were wanting to utilize the road allowance for grazing purposes correct?

Thank you,

Michelle Marshall
Industry/ Land Acquisitions Coordinator
mmarshall@clearwatercounty.ca

Clearwater County
P.O. Box 550
4340 -47 Avenue
Rocky Mountain House, AB | T4T 1A4
Office: 403.845.4444 | Fax: 403.845.7330

Visit our website at www.clearwatercounty.ca

Follow us on Facebook and Twitter @clearwatercnty

From: Randy & Peggy Valstar [mailto:rpj3valstar@hotmail.com]
Sent: September-28-13 8:49 AM
To: renato pedrazzini; Michelle Marshall
Cc: julia pedraz; silvia
Subject: Re: lease a specific road allowance

Michelle, the road allowance Renato is talking about is the sections between SE 35-41-8W5 and SW 36-41-8W5, Also between NE 35-41-8W5 and NW 36-41-8W5. I can come in any time and pay the $100 application fee just let me know when I need to come in and pay.

Thanks
Randy

From: renato pedrazzini
Sent: Saturday, September 28, 2013 5:18 AM
To: mmarshall@clearwatercounty.ca
Cc: Randy Valstar ; julia pedraz ; silvia
Subject: lease a specific road allowance

Hi Michelle,
Kindly process my request, as per attached, to lease a road allowance.
I have asked Randy Valstar to act on my behalf.

cheers
Renato Pedrazzini

BY-LAW NO. 982/13

A By-law of the Clearwater County, Province of Alberta, for the purpose of granting a permit for the temporary occupation or use of a road allowance in accordance with the Highway Traffic Act, Chapter H-7, Revised Statutes of Alberta, 1980, Section 16, 1, (Q).

WHEREAS, the lands hereafter described are no longer required for public travel and;

WHEREAS, application has been made to Council to have the highway temporarily occupied or used.

NOW, THEREFORE, be it resolved that the Clearwater County Council, in the Province of Alberta, does hereby authorize the following roadway for temporary occupation or use subject to rights of access granted by other legislation or regulations and relevant County Policy.

The portion which lies between the E1/2-35-41-8 W5M and W1/2-36-41-8 W5M (approximately 6.10 acres more or less).

Excepting thereout all mines and minerals.

READ A FIRST TIME this ____ day of _______________ A.D., 2013.

REEVE

CHIEF ADMINISTRATIVE OFFICER

PUBLIC HEARING held this day of A.D. 2013.

READ A SECOND TIME this day of A.D., 2014.

READ A THIRD AND FINAL TIME this day of A.D., 2014.

REEVE

CHIEF ADMINISTRATIVE OFFICER

Agenda Item

<table>
<tr><td colspan="2">Project: Proposed changes to the Road Weights Control Policy</td></tr>
<tr><td colspan="2">Presentation Date: December 10, 2013</td></tr>
<tr><td>Department: Public Works</td><td>Author: Erik Hansen/ Marshall Morton</td></tr>
<tr><td colspan="2">Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation</td></tr>
<tr><td>Strategic Area: Infrastructure & Asset Management</td><td>Goal: To effectively manage the financial and physical assets of the County in order to support the growth and development of the County while obtaining maximum value from County owned infrastructure and structures.</td></tr>
<tr><td colspan="2">Legislative Direction: ☐None
☐ Provincial Legislation (cite) ____________________
☒ County Bylaw or Policy (cite) Road Weights Control Policy</td></tr>
<tr><td colspan="2">Recommendation: That Council reviews the information provided, amend the draft policy changes if required or approve the draft policy changes as presented.</td></tr>
<tr><td colspan="2">Attachments List: Road Weights Control Policy</td></tr>
</table>

Background:

Clearwater County's current weights control policy, determined by previous Councils, outlines lower allowable weights than provincial standards. Clearwater County weights were established to ensure the protection of our surfaced road infrastructure relative to the standard to which they were constructed. Due to the upgrades completed to several of our surfaced roadways over the last few years we are now able to accommodate an increase of allowable weight without negatively impacting our infrastructure.

Changes include maximum weight allowances for single and tandem steer axle configurations with permanently mounted equipment (ex. Picker Truck, Bed Truck, Pump Truck, Winch Tractor, Coil Tubing Unit, Snubbing Unit, and Crane.) Staff is recommending that the revised weight schedule include allowances based on tire size and provincial permitting which is consistent with the Province.

Another proposed change is the adoption of the Provincial ban schedule. This includes five different seasons - Ban, Past Ban, Summer, Fall, and Winter. This ban schedule will only be applied to road structures that have been upgraded to accommodate the additional weight.

(Ex. Sunchild Road, Taimi Road, Airport Road. Angle Road, North Fork Road, 752 Access, Prairie Creek Road, Rainy Creek Road and the Pidherney Subdivision.

Typically proposed policy changes to be removed have been ~~struck through~~ whereas items intended to be added have been identified in **Red Bold.** Most all of the proposed changes pertain to the surfaced road weight schedule. Attached is the original weight schedule as well as the new weight schedule. If Council supports the proposed draft policy changes the policy will be brought back to the next regular Council meeting for final approval.

Clearwater County

ROAD WEIGHTS CONTROL

EFFECTIVE DATE: February 24, 2009
Revision: April 23, 2013
December 10, 2013

SECTION: Public Works

POLICY STATEMENT:

To protect roads under the control and jurisdiction of Clearwater County from damage due to heavy vehicular traffic.

DEFINITIONS:

"Non Standard Configurations" is any unit that requires an Alberta Transportation Permit (jeeps, wheelers, boosters added to a tractor unit).

"Non Divisible Load" a load that cannot be split (Does not apply to log haul)

"Dry Track" can be described as a lack of any type of moisture on the roadway. When roads are dry, a vehicle will not leave any type of indentation on the roadway, nor will it leave mud or debris on the road. If you are uncertain if the road condition would be considered Dry Track, you should contact the Municipality to verify if movement is allowed. Carriers must use discretion when traveling on roads and are responsible for any damage that may be cause.

PROCEDURE:

1. When possible, 48 hours prior to the placement of the Road Bans by the Road Weights Committee as per Bylaw 307/92 "Implementation of Road Bans", the Director, Public Works will place an ad in the local newspapers and on the local radio station advising the public that road bans are about to come into effect in the County.

2. Exemption permits to travel over banned roads will not be issued unless authorized by the Director, Public Works.

3. If authorization is obtained from the Director, Public Works the following procedures will be adhered to in instances when overweight vehicles are required to travel banned roads:

   a) During office hours, staff will take the required information concerning requests for permits on the Exemption Permit. No approval will be given at that time. The information will be passed on to the Director, Public Works who will ensure that the request is reasonable and will not damage the county roads. Director, Public Works or his designate may wish to inspect the road prior to the issuance of an agreement.

b) The Director, Public Works or his designate will then contact the permitee who will be given any weight restrictions, an approved route, permit number and any other specific instructions deemed necessary.

4. The following procedures will be followed when a trucker has in his possession an overweight permit issued by Alberta Transportation and wishes to travel on County roads. (No road bans in effect :)

    a) All heavy haul single trip permit requests to travel on County roads will be taken by TRAVIS MJ. Once the hauler has obtained a permit they may proceed with the haul.

    b) During wet periods, permits will be suspended for a period in time to allow for roads to dry as determined by the Director of Public Works or his designate.

5. When applying for a permit with TRAVIS MJ the following pertinent information may be requested.
    1. Origin and destination of load (legal land location)
    2. Haulers name and phone number
    3. Route being taken
    4. Description of load
    5. Transportation permit number
    6. Date of move

6. A condition of all permits issued is that a dry track must exist.

7. All permits and other pertinent information will be available for the County's Community Peace Officers (CPO)~~.~~

8. Any damage to roads beyond that resulting from normal public use will be charged to the permit holder, the permit holder will be responsible for all costs associated with the repairs to damaged roads. A letter of explanation outlining the circumstances shall be sent with the original demand for payment.

9. Public Works staff and contractors are expected to comply with road ban restrictions and to apply for permits and preferred routes. This is to ensure that private operators used by the County receive constant and consistent information regarding Council's desire to avoid damage to the county road network.

10. Heavy Haul Permit allowed weights will be issued in accordance to attached Schedule "B" and Schedule B-2; this will include all non-standard including service rigs.

11. **Provincial seasonal weights will only apply to specifically identified surfaced roadways (see schedule "B") whereas all other County surfaced roads will be restricted to legal and percentage banned weights.**

12. Tridem trailers will be recognized as a standard configuration by the county if the hauler has obtained an Alberta Transportation TAC (Tridem Axle Configuration Permit) Weights as per TAC permit will considered legal. Without the TAC permit the maximum allowed weight on County roads will be limited 17,000 Kgs. (non Divisible loads only) Haulers will be required to obtain a county heavy haul permit for any weights over 24,000 Kgs.

13. Failure to comply with this policy may result in the suspension of hauling privileges for the trucking company within Clearwater County.

CLEARWATER COUNTY

HEAVY HAUL PERMITTED WEIGHTS

MAXIMUM ALLOWABLE WEIGHTS BY COUNTY PERMIT

SURFACED ROADS

STEERING AXLE GROUPS

CODE	DESCRIPTION	SUMMER WEIGHT			*ACCEPTED WINTER WEIGHTS BY COUNTY PERMIT
	SINGLE	7,300			9,100
	TANDEM	13,600			15,200
	TRIDEM	19,000			24,000

DRIVE AXLE GROUPS

CODE	DESCRIPTION	LEGAL WEIGHT	75%	90%	*ACCEPTED WINTER WEIGHTS BY COUNTY PERMIT
12DR	TRIDEM DRIVE	** 23000 by County Permit	17,250	20,700	27,000
4	4 WHEEL SINGLE AXLE	9,100	6,825	8,190	12,500
8T	8 WHEEL TANDEM	17,000	12,750	15,300	21,000

TRAILER AXLE GROUPS

CODE	DESCRIPTION	ACCEPTED WEIGHTS BY COUNTY PERMIT	75%	90%	*ACCEPTED WINTER WEIGHTS BY COUNTY PERMIT
12L	Tridem Axle Long Sp 3.6-3.7m	24,000	18,000	21,600	27,000
12M	Tridem Axle Med Sp 3.0-3.59m	24,000	18,000	21,600	27,000
12S	Tridem Axle Short Sp 2.4-2.99m	21,000	15,750	18,900	27,000
16	16 Wheel Tandem Axle Group	28,000	21,000	25,200	37,000
16M	16 Whl Tand Mechanical Booster	28,000	21,000	25,200	37,000
16W	16 Whl Tand w/355 mm tires	32,000	24,000	28,800	49,000
20	20 Wheel Group	32,000	24,000	28,800	49,000
24	24 Wheel Tandem Axle	39,000	29,250	35,100	61,000
24TRI	24 Wheel Tridem Axle	38,000	28,500	34,200	40,000
4	4 Wheel Single Axle Group	9,100	6,825	8,190	12,500
4A	4 Wheel Air Booster Single Axle	7,500	5,625	6,750	9,000
4C	4 Wheel Common Air Booster	8,000	6,000	7,200	9,000
4M	4 Wheel Mech Booster	9,100	6,825	8,190	12,500
8	8 Wheel Tandem Axle Group	17,000	12,750	15,300	25,000
8A	8 Wheel Air Booster	12,000	9,000	10,800	15,000
8C	8 Wheel Common Air Booster	17,000	12,750	15,300	20,000
8F	8 Wheel Fat Tire Tandem Grp	20,500	15,375	18,450	27,000
8M	8 Wheel Mech Booster	17,000	12,750	15,300	25,000
8S	8 Wheel Single Axle Grp	14,000	10,500	12,600	20,000

*** WINTER WEIGHT PERIOD AS DEFINED BY ALBERTA TRANSPORTATION**

CLEARWATER COUNTY
HEAVY HAUL PERMITTED WEIGHTS
MAXIMUM ALLOWABLE WEIGHTS BY COUNTY PERMIT

SURFACED ROADS

STEERING AXLE GROUPS

SINGLE STEER AXLE WEIGHTS			TANDEM STEER AXLE WEIGHTS			TRIDEM STEER AXLE WEIGHTS		
DESCRIPTION	LEGAL	*MAX. WEIGHTS	DESCRIPTION	LEGAL	*MAX. WEIGHTS	DESCRIPTION	SEASON	*MAX. WEIGHT
Single steer 10" wide tires	5,100		Twin steer 11" wide tires	11,200		Tridem Steer	LEGAL	*19000
Single steer 11" wide tires	5,600		Twin steer 12" wide tires	12,200			BAN	*21000
Single steer 12" wide tires	6,100		Twin steer 13" wide tires	13,200			POST BAN	*22800
Single steer 13" wide tires	6,600		Twin steer 14" wide tires	13,600			SUMMER	*23500
Single steer 14" wide tires	7,100		Twin steer 15" wide tires	13,600	*15000		FALL	*24000
Single steer 15" wide tires	7,300	*7700	Twin steer 16" wide tires	13,600	*15200		WINTER	*24000
Single steer 16" wide tires	7,300	*8500	Twin steer 16.5" wide tires	13,600	*15200	Load per tire can't exceed 10kg/mm wide		
Single steer 18" wide tires	7,300	*9100	Twin steer 18" wide tires	13,600	*15200	Permit required to operate		
Single steer 315mm wide tires	6,300		Twin steer 315mm wide tires	12,600		Fixed Equipment ONLY, not for tractor unit		
Single steer 335mm wide tires	6,700		Twin steer 335mm wide tires	13,400		Must have 5.0m minimum interaxle		
Single steer 365mm wide tires	7,300		Twin steer 365mm wide tires	13,600		Not valid for travel on Ban Roads		
Single steer 385mm wide tires	7,300	*7700	Twin steer 385mm wide tires	13,600	*15200	Vehicle may not tow a trailer		
Single steer 425mm wide tires	7,300	*8500	Twin steer 425mm wide tires	13,600	*15200	Weight on steer axle must equalize		
Single steer 445mm wide tires	7,300	*9100	Twin steer 445mm wide tires	13,600	*15200			

***PERMITTTED WEIGHTS FOR PERMANENTLY MOUNTED EQUIPMENT ONLY (PICKER, BED TRUCK, PUMP TRUCK, WINCH TRACTOR, COIL TUBING UNIT, SNU**

DRIVE AXLE GROUPS

	LEGAL WEIGHTS			**LEGAL WEIGHTS ON BAN FREE ROADS				
DESCRIPTION	LEGAL	75%	90%	BAN	PAST BAN	SUMMER	FALL	WINTER
Tridem Drive	23,000	17,250	20,700	23,000	25,000	27,000	27,000	27,000
4 Wheel Single Axle	9,100	6,825	8,190	9,100	10,000	11,000	12,000	12,500
8 Wheel Tandem	17,000	12,750	15,300	17,000	19,000	21,000	23,000	25,000

TRAILER AXLE GROUPS

	LEGAL WEIGHTS			**LEGAL WEIGHTS ON BAN FREE ROADS				
DESCRIPTION	LEGAL	75%	90%	BAN	PAST BAN	SUMMER	FALL	WINTER
Tridem Axle Long Sp 3.6-3.7m	24,000	18,000	21,600	24,000	26,000	27,000	27,000	27,000
Tridem Axle Med Sp 3.0-3.59m	24,000	18,000	21,600	24,000	26,000	27,000	27,000	27,000
Tridem Axle Short Sp 2.4-2.99m	21,000	15,750	18,900	21,000	23,000	25,000	27,000	27,000
16 Wheel Tandem Axle Group	28,000	21,000	25,200	28,000	30,000	32,000	34,000	37,000
16 Whl Tand Mechanical Booster	28,000	21,000	25,200	28,000	30,000	32,000	34,000	37,000
16 Whl Tand w/355 mm tires	32,000	24,000	28,800	32,000	36,000	40,000	44,000	49,000
20 Wheel Group	32,000	24,000	28,800	32,000	36,000	40,000	44,000	49,000
24 Wheel Tandem Axle	39,000	29,250	35,100	39,000	44,000	49,000	55,000	61,000
24 Wheel Tridem Axle	38,000	28,500	34,200	38,000	40,000	40,000	40,000	40,000
4 Wheel Single Axle Group	9,100	6,825	8,190	9,100	10,000	11,000	12,000	12,500
4 Wheel Air Booster Single Axle	7,500	5,625	6,750	7,500	8,000	8,500	9,000	9,000
4 Wheel Common Air Booster	8,000	6,000	7,200	8,000	8,500	9,000	9,000	9,000
4 Wheel Mech Booster	9,100	6,825	8,190	9,100	10,000	11,000	12,000	12,500
8 Wheel Tandem Axle Group	17,000	12,750	15,300	17,000	19,000	21,000	23,000	25,000
8 Wheel Air Booster	12,000	9,000	10,800	12,000	13,000	14,000	15,000	15,000
8 Wheel Common Air Booster	17,000	12,750	15,300	17,000	19,000	20,000	20,000	20,000
8 Wheel Fat Tire Tandem Grp	20,500	15,375	18,450	20,500	23,000	25,000	27,000	27,000
8 Wheel Mech Booster	17,000	12,750	15,300	17,000	19,000	21,000	23,000	25,000
8 Wheel Single Axle Group	14,000	10,500	12,600	14,000	16,000	18,000	20,000	20,000

** BAN FREE ROADS INCLUDE: Sunchild Road, Priaire Creek Road, Rainy Creek Road, North Fork Road, Tiami Road, Airport Road(Twp RD 40-0), 752 Access, 5
Angle Road, Pidherney's Subdivision, RR 7-0 North of Hwy 11

Agenda Item

Project: Agricultural Society Delegation	
Presentation Date: December 10, 2013	
Department: Ag Services and Landcare	**Author: Matt Martinson**
Budget Implication: ☐ N/A ☐ Funded by Dept. ☒ Reallocation	
Strategic Area : Quality of Life	**Goal: 1- Evaluate and support recreation**
Legislative Direction: ☒None ☐ Provincial Legislation (cite) ☐ County Bylaw or Policy (cite) ____	
Recommendation: That Council considers the Ag. Society request of $20,000 for an agricultural recreation facility feasibility study.	
Attachments **None**	

Background:

The Agricultural Society has recently met with administration to discuss the potential of an agricultural recreation facility. Council may be aware of past plans and discussions similar to this around what was then called an Ag. Field House.

The Ag. Society has expressed their interest in exploring the concept once again by initiating a feasibility study. Major components of the feasibility study would include a needs assessment and potential users study. Administration believes that the Ag. Society would be the most appropriate group to move this project forward due to their current activities which provides the majority of funding to put dirt in the arena as well significantly funding most of the local “dirt user groups” especially youth groups.

The Ag Society has requested $20,000 for the feasibility study. This could be drawn from the Ag Field House Reserve should Council wish to accommodate this request.

Agenda Item

Project: WCFS Wheelchair Van Agreement	
Presentation Date: December 10, 2013	
Department: CPS	**Author:** Trevor Duley
Budget Implication: ☐ N/A ☒ Funded by Dept. ☐ Reallocation	
Strategic Area: Quality of Life	**Goal:** Continue to evaluate, plan and support the recreation, cultural and leisure needs within the Rocky/Caroline/Clearwater community.
Legislative Direction: ☒None ☐ Provincial Legislation (cite) ____________________________ ☐ County Bylaw or Policy (cite) N/A	
Recommendation: That Council authorizes the Reeve and CAO to sign the agreement between Clearwater County and West Country Family Services regarding the funding and operation of the wheelchair van as presented.	
Attachments List: Draft WCFS Wheelchair Van Agreement; Van Statistics	

Background:

Clearwater County is the registered owner of a 2006 Dodge Caravan which is equipped to provide transportation for users in wheelchairs. This van was originally purchased through a partnership between Clearwater County, the Town of Rocky Mountain House and the Rotary Club. West Country Family Services (WCFS) has acted as the van operator and booking agent since it was purchased and until 2011, the Rotary Club provided some funding for van maintenance. In addition to this, in September of 2005, Clearwater County issued a letter to WCFS offering $7,000.00 funding annually for operating and maintenance support, $3,000.00 funding annually for contingency spending and also funding for insurance and registration, estimated at $1,250.00 annually. The total budgeted amount Council has historically included is thus $11,250.00.

WCFS has only begun to access these funds the last couple of years, since previously the Rotary Club was providing money for maintenance. That source of funding is no longer available.

There is not any formal agreement in place governing the operation of the van or the responsibilities of the parties involved. Please find attached a draft agreement between

Clearwater County and West Country Family Services for your review. This agreement serves to formalize the partnership with respect to the wheelchair van; it does not change the annual amount that Council currently budgets towards the wheelchair van.

WCFS responsibilities include managing the use and operation of the van, including bookings for passengers. Clearwater County's responsibilities include providing the $7,000.00 funding and registration costs as noted above. Should WCFS wish to access the $3,000.00 contingency funding, those requests would be reviewed administratively on a case by case basis.

WCFS has provided some statistics on the van's usage, which are attached for Council's reference.

WCFS has also noted that they subsidize the cost of trips, to make them more affordable for users and to increase access. The estimated trip cost is $22/hour while WCFS currently charges $7.50/hour and 0.48/km for users. Without maintenance and operation funding in place, WCFS may not be able to continue managing the wheelchair van for the County.

Should Council wish to do so, the agreement will be valid until December 31, 2023. Currently, nothing is being budgeted for the replacement of the van, and in 2023, the van will be 17 years old. The current van was purchased with a grant.

The WCFS Board has reviewed the draft agreement, and is content with proceeding as is. The recommendation is that Council approves the agreement and directs the Reeve and CAO to sign it.

Michelle Narang, the Executive Director for West Country Family Services, will be present to answer any questions Council may have about the organization.

Since the item was tabled on November 5th, Councilor Duncan has confirmed that the van is not eligible for FCSS funding.

As Council is aware, at the AAMDC Convention, the City and County of Wetaskiwin received a Municipal Excellence Award for their provision of handivan services. Staff have contacted officials from Wetaskiwin for more information on their program.

The 7 handivans are owned and operated by the Wetaskiwin Transportation Society, an 11-member board with representation of 2 members from each municipal Council. The County provides a $10,000 grant to the Society annually, and also places the vans under their insurance policy. The City is also a funding partner, providing $29,000 annually for operations, is able to access maintenance and parts for the vans at a discounted price for the Society and covers the financial cost of the annual operating deficit. The City also provides office space for administrators of the program. Catholic

Social Services and the Central Alberta Persons with Developmental Disabilities (PDD) also partner with the municipalities to provide funding.

This Agreement made in duplicate this ____ day of __________, 2013

BETWEEN:

CLEARWATER COUNTY
Box 550
Rocky Mountain House
T4T 1A4
in the Province of Alberta,
hereinafter referred to as **"the Municipality"**

OF THE FIRST PART

And

WEST COUNTRY FAMILY SERVICES ASSOCIATION
Box 646
Rocky Mountain House
T4T 1A5
In the Province of Alberta

hereinafter referred to as **"the Association"**

OF THE SECOND PART

WHEREAS the Municipality is the owner of a 2006 Dodge Grand Caravan, VIN # 1D4GP24R56B575824 (hereafter referred to as “the van”) which was purchased with the intent of providing transportation for users in wheelchairs;

AND WHEREAS the intended use of the van is to provide transportation for users in wheelchairs;

AND WHEREAS the Association has managed the operation of the van for numerous years, has acted as the booking agent for users accessing the van service, and is willing to continue acting in this capacity;

NOW THEREFORE the Municipality and the Association hereby agree that the Association will be the managing body of the van subject to the conditions set out within this agreement:

1. The term of this Agreement will be from the date hereof to December 31, 2023 unless otherwise terminated by the Municipality or the Association as set forth herein.

2. The Association is hereby authorized to manage the use of the van so as to sustain and achieve a long term availability of the van for users who may wish to access it.

3. The Association will maintain the van in a neat and orderly condition, and ensure the safe operation and maintenance of the van.

6. The Association may, from time to time, set and collect such fees from users, establish rules or regulations and expend such monies as the Association deems necessary to fulfill the terms of this Agreement.

7. The Association shall provide annually to the Municipality an accounting of the usage of the van, including maintenance and operating costs and trip statistics.

8. The Association will be responsible for the safe state and operation of the van. The Association acknowledges that it is the "prime contractor" as defined in the *Occupational Health and Safety Act*. The Association assumes all the responsibilities of the "prime contractor" and shall as a condition of this Agreement implement a safety plan that will ensure compliance with the *Occupational Health and Safety Act* and regulations by other contractors and employers, as defined under the *Act*.

9. The Association indemnifies the Municipality, its councillors, employees, and agents from and against any and all losses, damages, claims, costs and expenses of every kind and nature whatsoever including, without limiting the generality of the foregoing, all legal costs and expenses on a solicitor and his own client full indemnity basis and any payment made in good faith and settlement of any claim arising out of, occasioned by or in any way whatsoever related to the operation, management or the use of the van.

10. The Association shall provide the Municipality with an annual statement outlining the activity and costs associated with the van operation.

11. The Municipality shall provide adequate annual vehicle insurance for the van.

12. The Municipality shall provide the Association with $7,000.00 annually to be used towards van operation and maintenance. The Municipality shall not be responsible for any expenses incurred by the Association over and above this amount.

13. The Municipality shall budget contingency funds of $3,000.00 annually. The Association may request, in writing, contingency funds to cover unexpected expenses. Contingency funding shall not be guaranteed and approval of these requests shall be at the discretion of the Municipality and considered on a case by case basis.

14. Should the van be rendered inoperable due to age, collision or for any other reason, this contract shall be terminated.

15. The Association or the Municipality may terminate this Agreement upon thirty (30) days written notice, which notice shall be sent to:

    a) For the Municipality:
    Clearwater County
    Box 550
    Rocky Mountain House, Alberta
    T4T 1A4

    b) For the Association:

West Country Family Services Association
Box 646
Rocky Mountain House, Alberta
T4T 1A5

IN WITNESS WHEREOF the parties hereto have hereunto set their seals under the hands of their duly authorized officers the date and year first above written.

CLEARWATER COUNTY

____
Reeve

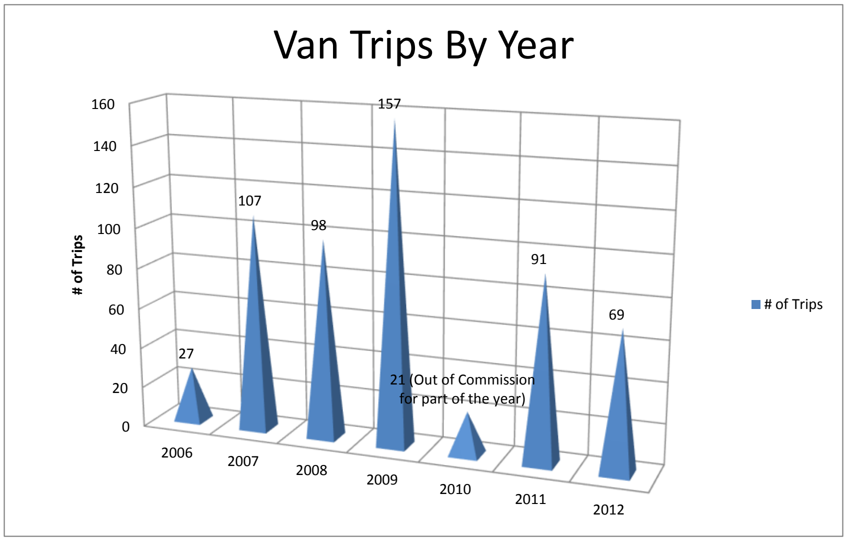
____
Chief Administrative Officer

WEST COUNTRY FAMILY SERVICES ASSOCIATION

____
Signatory

F1

West Country Family Service Association
Wheelchair Van Stats 2006-2012



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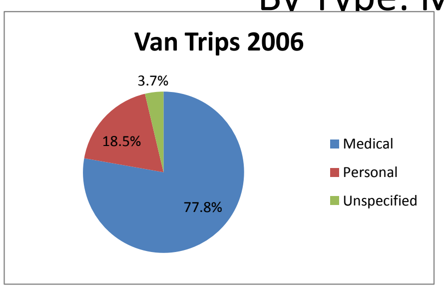
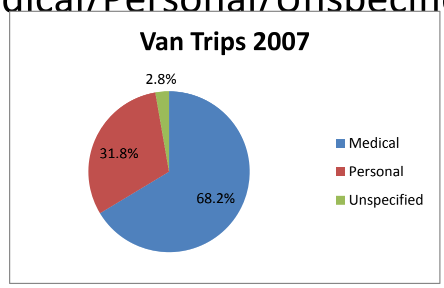
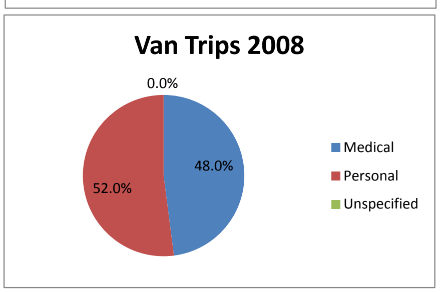
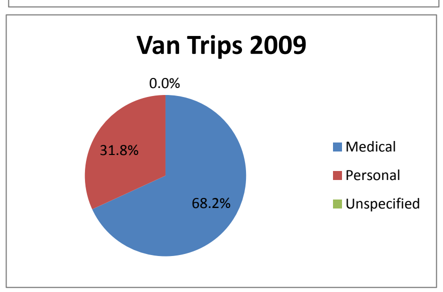
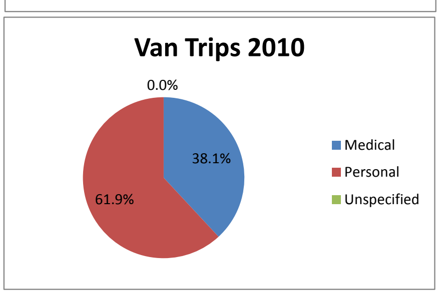
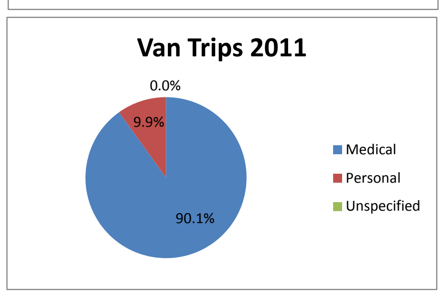


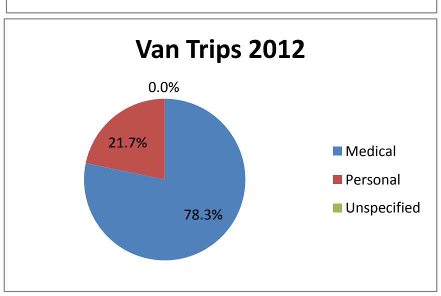












WCFSA Wheelchair Van Stats

Year:	# of Trips
2006	27
2007	107
2008	98
2009	157
2010	21
2011	91
2012	69

Year:	Total Trips	Medical		Personal	
2006	27	21	77.8%	5	18.5%
2007	107	73	68.2%	34	31.8%
2008	98	47	48.0%	51	52.0%
2009	157	107	68.2%	50	31.8%
2010	21	8	38.1%	13	61.9%
2011	91	82	90.1%	9	9.9%
2012YTD	69	54	78.3%	15	21.7%

	Unspecified
1	3.7%
3	2.8%
0	0.0%
0	0.0%
0	0.0%
0	0.0%
0	0.0%

Agenda Item

Project: Clearwater Regional Fire Rescue Committee Appointments	
Presentation Date: December 10th, 2013	
Department: Community and Protective Services	**Author: Mike Haugen**
Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation	
Strategic Area: Quality of Life	**Goal:**
Legislative Direction: ☒None ☐ Provincial Legislation (cite) ________________________________ ☐ County Bylaw or Policy (cite) ________________________________	
Recommendation: That Council designate an alternate to the Clearwater Regional Fire Rescue Committee.	
Attachments List:	

Background:

At Council's most recent Organizational Meeting, Council appointed three members to the Clearwater Regional Fire Rescue Services Committee (CRFRS). The appointments were Reeve Alexander, Councillor Vandermeer and Councillor Maki. The official motion reads:

That Councillor Vandermeer, Councillor Maki and Reeve Alexander are appointed as members to the Clearwater Regional Fire Rescue Services Board.

Council's membership on the Board is two Councillors. Historically, Council has also appointed an alternate to fill in as necessary. This practice is slightly different than the motion and as such, Staff is recommending that Council specify an alternate from among the Councillors appointed to the Committee in order to correct this minor inconsistency.

Agenda Item

Project: Canadian Postal Service Charter Review	
Presentation Date: December 10, 2013	
Department: Council	**Author:** Trevor Duley
Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation	
Strategic Area: N/A	**Goal:** N/A
Legislative Direction: ☒None ☐ Provincial Legislation (cite) ______________________________ ☐ County Bylaw or Policy (cite) ______________________________	
Recommendation: That Council provides Staff with direction as to whether or not participation in the requests from the Canadian Union of Postal Workers and the Canadian Postmasters and Assistants Association is required.	
Attachments List: Letters to Council	

Background:

In 2014, the Federal Government will review the Canadian Postal Service Charter,[1] to determine appropriate levels of postal service for Canadians. The Canadian Union of Postal Workers has provided Council with a letter indicating they anticipate cuts to service-delivery to improve the financial situation of the Canada Post Corporation.

The Union proposes that postal banking in Canada may be an alternative solution to program cuts, and Council has been asked to write The Honourable Lisa Raitt[2] to:

1) Focus on revenue-generating services, including bill payments, insurance and banking; not cuts during the Charter review; and,
2) To make the Charter review open for public input.

[1] A set of guiding principles established by the Federal Government which describe its' expectations of postal service in Canada, as carried out by Canada Post. It does not provide the specific powers, responsibilities and functions of Canada Post; those are included within *The Canada Post Corporation Act*.
[2] Minister of Transport Canada; Canada Post falls under her portfolio.

The Union references the document, 'Why Canada Needs Postal Banking' in their letter to Council. The main argument presented within this document is essentially that[3]: Canada's existing banking system is currently not providing competitive services to Canadians, and many areas are under-banked; Canada Post has the capacity to develop a full banking system, similar to systems provided in parts of Western Europe. This would enhance banking and postal services across Canada. The provision of this service by Canada Post would generate revenue for the corporation, making it more sustainable in the long run.

Additionally, Council has been asked to complete a survey by a consulting firm working on behalf of the Canadian Postmasters and Assistants Association. This survey notes that the Condor Post Office was closed in 1988, along with 1,700 offices across Canada over the last 30 years. The survey asks questions pertaining to appropriate service-levels provided to members of the Clearwater County community.

Historically, Council has opted to leave requests of this kind to the discretion of Federal officials. However, given recent discussions amongst Council in regards to postal service levels, particularly snow-plowing around mailboxes, does Council wish to participate in either of the requests?

Should Council wish to participate in either of these exercises, Administration recommends that Council directs Staff to compose a letter and complete the survey on Council's behalf, given the time constraints of the review taking place in January.

[3] John Anderson, "Summary: Why Canada Needs Postal Banking." *Canadian Centre for Policy Alternatives*. October 2013.

F3

cupw • sttp

377, rue Bank Street,
Ottawa, Ontario K2P 1Y3
tel./tél. 613 236 7238 fax/téléc. 613 563 7861

November 12, 2013

~~Jim Duncan~~ Pat Alexander
Reeve
County of Clearwater
Box 550
Rocky Mountain House, AB T4T 1A4

CLEARWATER COUNTY RECEIVED NOV 20 2013

Dear Mr. ~~Duncan~~: Alexander

Re: The future of Canada Post

Next year, the federal government will look at how it handles public postal service with a review of the Canadian Postal Service Charter. This review is important because the government could reduce Canada Post's obligation to provide service or even lay the groundwork for privatizing or deregulating our public post office.

Canada Post has been holding consultations on the future of our public postal service to prepare for the upcoming charter review. The corporation has been clear. It wants to dramatically cut service to improve its financial situation.

Cutting might help Canada Post with its money problems in the short-term but it is not a good long-term strategy and it certainly won't improve the future of postal service in our country. Fortunately, the corporation has other options according to a new study by the Canadian Centre for Policy Alternatives (CCPA).

CCPA study: Why Canada Needs Postal Banking

The CCPA study is entitled *Why Canada Needs Postal Banking*. It makes a powerful case for preserving postal services and improving Canada Post's financial picture through the addition of financial and banking services.

The study looks at the changing banking environment in our country as well as our post office's experience with banking. In addition, it reviews the status of postal banking around the world, highlighting five successful models in the United Kingdom, France, Italy, Switzerland and New Zealand. Having established that there is a need for improved financial services in our country and viable models in other countries, the study concludes by suggesting possible models for postal banking in Canada. It recommends that the federal government and Canada Post immediately establish a task force to determine how to deliver new financial services, and establish priorities for delivering new products.

CUPW has enclosed an executive summary of the CCPA study. You can get the full report by going to http://www.policyalternatives.ca/publications/reports/why-canada-needs-postal-banking

The union has also enclosed two resolutions that it would like you to consider passing. These resolutions request that you ask the Minister Responsible for Canada Post:

1. To use the upcoming review of the Canadian Postal Service Charter to focus on revenue-generating services, not cuts, including financial services such as bill payments, insurance and banking.
2. To improve the Canadian Postal Service Charter and make the upcoming review of the Charter open to public input.

Thank you very much for considering our request. If you have any questions or concerns, please do not hesitate to contact me.

Yours truly,

Denis Lemelin

Denis Lemelin
National President

Encl.

cc. National Executive Committee, Regional Executive Committees, National Union Representatives, Regional Union Representatives, Specialists

/bk cope 225

andersonconsulting.ca
sure results

P.O Box 4340, Station E
Ottawa, ON, K1S 5B3
Tel. 613-290-0016
info@andersonconsulting.ca

October 28, 2013

Reeve Pat Alexander
Clearwater County
Box 550
Rocky Mountain House, AB T0M 0P0

Attn: Reeve Alexander

In efforts to improve postal services for your community, I am asking that you complete and return the enclosed survey in the stamped self-addressed envelope provided. This survey is in regard to postal services in your area. We have discovered that some 1,700 post offices have been closed all across Canada over the last three decades. We note that the Condor post office in your municipal area has been closed since 01-Nov-88 . Through our research we have found a franchised operation sometimes replaced full service operations. In other cases, there is no post office and your community have to travel long distances to reach one. We would like to ask you how this closure has affected your community. Do you feel the postal services provided in your area are adequate? Are there other services you would like to have available through the post office?

The survey is being funded by the Canadian Postmasters and Assistants Association which was founded in 1902 in Stonewall, Manitoba. The Association represents 7,739 Canada Post employees who work in federally operated rural post offices, consisting of Postmasters, part-time assistants and terms. The survey is being carried out by Anderson Consulting an Ottawa based consultancy firm headed by John Anderson.

Your assistance in completing this survey, in conjunction with that of others, will form the basis of a Canada-wide report contributing to discussions on how to improve postal services. We will send you a copy of the report. Please do not hesitate to write, call or email me regarding any questions or suggestions you might have regarding this survey. Please send this back to us within the 3 weeks of receiving it.

Yours sincerely,

John Anderson

John Anderson
Principal, Anderson Consulting

Agenda Item

Project: Municipal Recovery Action Plan	
Presentation Date: December 10, 2013	
Department: CPS	**Author:** Trevor Duley
Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation	
Strategic Area: N/A	**Goal:** N/A
Legislative Direction: ☒None ☐ Provincial Legislation (cite) ________________________________ ☐ County Bylaw or Policy (cite) ________________________________	
Recommendation: That Council approves the Municipal Recovery Action Plan as presented, and directs Staff to submit it to the Provincial Flood Recovery Task Force.	
Attachments List: Municipal Recovery Action Plan	

Background:

As Council is aware, post-flood reconstructive efforts are on-going after the disaster experienced across Southern Alberta in June of this year.

The Alberta Flood Recovery Task Force, an agglomeration of various staff from across multiple Provincial departments was established to help coordinate and implement reconstructive efforts across Alberta. The Honourable Kyle Fawcett, MLA for Calgary-Klein, is the Associate Minister for Recovery and Reconstruction of Southwest Alberta. This is the region Clearwater County has been grouped within the Province's overall Provincial Recovery Framework—essentially the strategic plan to flood recovery.

As part of the Provincial outlook on recovery, Clearwater County, and all other affected communities, have been asked to establish a Municipal Recovery Action Plan. This Plan is based off of a pre-existing template established by the Task Force with the 4 key focus areas being: people, economy, reconstruction and environment. These 4 key focus areas were initially established under the overall Provincial Recovery Framework in July. The purpose of municipalities establishing a plan is to ensure that local governments and the Province are working together to rebuild the damaged areas of Alberta.

Staff has tailored the template provided by the Task Force to reflect the scenario in Clearwater County; it is attached for Council's review and approval. Staff have been asked to submit the completed document to the Province as soon as possible, although it has been noted that changes can still be made after submission.

Municipal Recovery Action Plan

Clearwater County

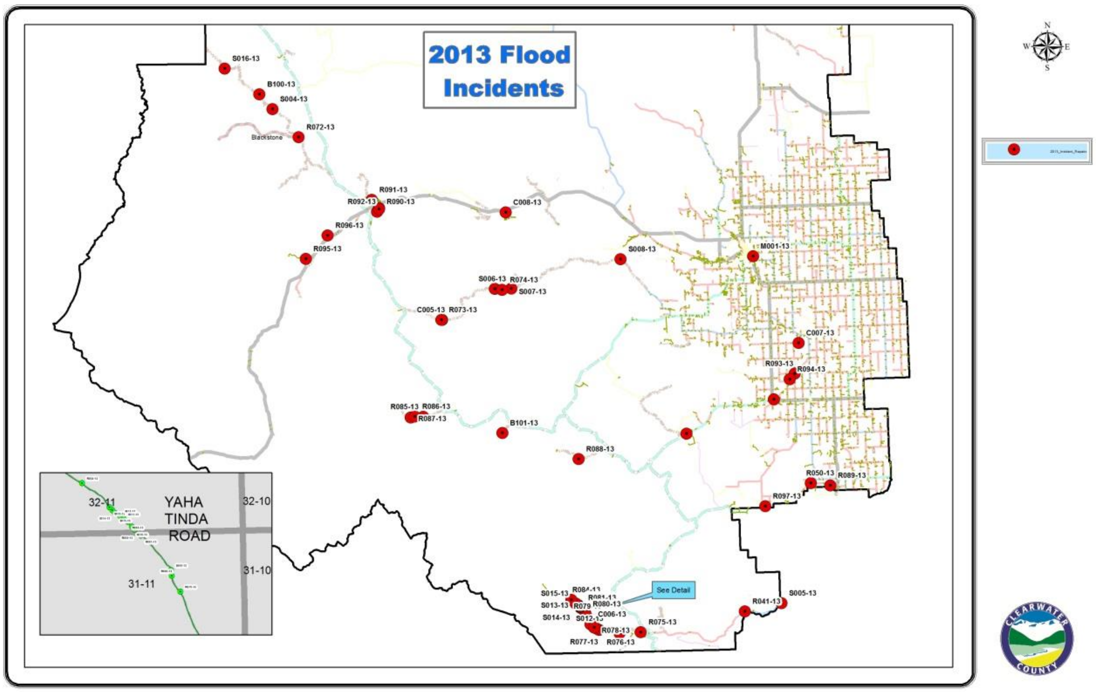
Table of Contents

BACKGROUND

The Impact

Clearwater County sustained significant infrastructure damage to roads, bridges, culverts and a municipal campground as result of the June floods. Some of the infrastructure requires mitigation work to be completed, in addition to reconstructing the infrastructure to pre-event condition. The total cost for this work is currently estimated at $5 million.

Several residents and businesses were affected by the floods, and have since applied to the Disaster Recovery Program (DRP) and private insurance for assistance in reconstructive efforts.



INTRODUCTION

A municipal Recovery Action Plan recognizes the need to swiftly rebuild flood- affected areas while continuing to pursue the municipalities' strategic goals. A recovery plan is intended to guide recovery efforts and help target resources where they will be most valuable and impactful for the remainder of this fiscal year and beyond. The Municipal Flood Recovery Plan will also influence the development of future Municipal Strategic Plans and other related government documents that are part of the annual business planning cycle.

Using the building blocks described in the Provincial Recovery Framework http://alberta.ca/albertacode/images/Flood-Recovery-Framework.pdf released in July 2013, the Flood Recovery Plan provides more detail to government departments and stakeholders as to how Clearwater County intends to achieve the outcomes described in the framework. This detail includes the key milestones for this fiscal year (to March 31, 2014) and beyond. The strategic guidance is intended to enable continued alignment of efforts and provide clarity for longer-term planning, particularly for municipal departments.

VISION AND PRINCIPLES

Flood Recovery Vision

"Honour residents of Clearwater County and Albertans in general by supporting the social, environmental and economic recovery of the County, with the Government of Alberta; and its industries and families in order to provide a healthy and resilient community for current and future generations."

Principles

"Resident Focus, Sustainable Infrastructure, Future Mitigation, Timely**."**

Flood Recovery Goals

- Work with the Province to ensure affected residents and the municipal organization have the information necessary to support their recovery efforts
- Work to receive appropriate funding and recovery supports to rehabilitate damaged municipal infrastructure and private property
- Work to receive funding which ensures effective flood hazard mitigation is in place to protect existing and future public/private infrastructure against potential damage from future events
- Rebuild municipal infrastructure, transportation and recreation facilities

STAKEHOLDERS

Successful long-term recovery will depend on all stakeholders and every level of government working collaboratively. The municipality interacts with a broad range of stakeholders on a regular basis. These include the federal and provincial governments, community not-for-profit sector, businesses and industry groups, education and training providers, social service providers, children, students, their families, and individuals. This section should describe the recovery roles and responsibilities of the outlined stakeholders.

These stakeholders and the municipality perform three main functions together.

1. Encourage, support and coordinate contributions for the recovery efforts.
2. Gather, track and coordinate cross-ministry and cross-municipality issues.
3. Recommend possible responses.

Engagement needs to be collaborative and supportive; enabling ministries and communities to take ownership as they move from "emergency response" to recovery.

Individuals and Families

The affected individuals and families in the region have begun begun the process of working with insurance companies and the Disaster Recovery Program and are seeking information on the process of rebuilding.

Local Governments

Clearwater County and the Government of Alberta are responsible for leading and planning the recovery within the community.

Businesses

Businesses damaged or lost in the floods are working with insurance companies, seeking financial assistance through Agriculture Financial Services Corporation (AFSC) loans or their local banks, and seeking business advice in order to re-establish their presence within the community.

Government of Alberta

The Government of Alberta provides a support role to the local government recovery. The Government of Alberta appointed the Flood Recovery Task Force to coordinate department support to the affected communities and facilitate the recovery process. The Government of Alberta is the main source of disaster assistance funding.

Federal Government

The Government of Canada will provide financial assistance to Alberta through the Disaster Financial Assistance Arrangements (DFAA), administered by Public Safety Canada (PSC). As well, funding for First Nation recovery is available through Aboriginal Affairs and Northern Development Canada.

GOVERNANCE, ROLES AND RESPONSIBILITIES

It is important for local leadership to guide the community through recovery, back to pre-disaster conditions and, if possible, better than pre-disaster conditions. Local government primarily has this responsibility and will be supported by the Alberta Government through its departments and the Flood Recovery Task Force.

RECOVERY PLANNING FRAMEWORK

The planning framework considers four elements: people, environment, reconstruction and economy (as outlined in Figure 2). The concept of local community remains at the centre of each element and provides the lens through which all aspects of recovery are viewed. This approach embraces the regional community's cultures, values, objectives and goals.

Figure 2: Recovery Framework

PEOPLE

The highest priority is the overall physical, mental and social well-being of the residents of Clearwater County**.** This component focuses on aspects that ensure the right resources are in place to support the community's needs.

ENVIRONMENT

The disaster had significant impacts on the environment as a result of overland flooding.

Biodiversity, ecosystems and natural resources

The flooding event affected precious environmental assests on both public and private lands, including a number of nature areas. This element focuses on activities and management of parks, wildlife and pests. Monitoring of the air, water and soil quality is an essential activity during recovery.

Amenities

Amenities such as recreational facilities are an essential part of recovery operations. Projects to re-establish or enhance available amenities can assist in meeting the overall plan objective.

RECONSTRUCTION

The disaster affected approximately 10 properties. Damaged infrastructure included residential, agricultural and commercial proprties. Prioritizing the needs of the community on a social and economic basis has to be taken into account for the re-establishment of a viable, attractive and sustainable community.

Residential, commercial and public buildings

Rebuilding infrastructure lost in the flooding in a predetermined and timely manner is essential to community recovery.

Re-establish Insured Assets

A main component of the rebuild is to establish what is covered by insurance and focus on the rebuilding of those assets.

Architecture and Surveying

After the cleanup of debris, decisions regarding the establishment of architectural controls will need to be taken and property lines may need to be re-surveyed.

Prevention

Steps should be taken to reduce the risk of similar disasters in the future. Adopting flood mitigation standards is required to ensure the community is available for DRP funding.

Information for Homeowners and Business Owners

Due to the diversity of individuals, home and business owners involved in the losses, information on rebuilding will need to be proactively provided.

Planning and Permits

Before rebuilding, careful attention should be paid to the existing planning requirements and restrictions of the municipalities.

Inspections

The affected areas fall under the Alberta Safety Codes Act (chpt S-1 RSA 2000) for permitting and inspections. At this time, Alberta Municipal Affairs will monitor and assist the municipalities in their permitting and inspection programs to ensure construction is in compliance with the Act.

ECONOMY

The economic recovery of the region will help ensure that people, business and industry, infrastructure and government in the region are able to return to normal. The plan will support the return of economic health in the region, and will help to enhance the economy and offset economic disadvantages experienced as a direct result of the disaster.

Individuals

Individuals require access to insurance adjusters and emergency financial services.

Business

Businesses have been impacted by the disruption of service resulting in loss of income, loss of goods due to spoilage and potentially the loss of clients and staff. Support could include loans, temporary office space, and advice on how to re-establish their presence within the community.

Infrastructure, communications and transport planning

Restoration of affected communications, infrastructure and transportation links are vital to the recovery and enhancement of the local economy.

Government

Support of the local government in Clearwater County is imperative to assist with the economic recovery of the region. Intermediate and long-term supports will be put in place to assist local governments with their recovery goals.

SUCCESS FACTORS

In general, community recovery is successful if it overcomes the impacts of the disaster, re-establishes an economic and social base that instills confidence in the local citizens and businesses, and rebuilds the community to be more resilient from future disasters.

A critical issue in defining recovery success is specifying when recovery is complete. Metrics (indicators) of successful recovery are based on this end point. Recovery is also considered within the context of the trajectory of the community and not based solely on a static pre-disaster state. For example, successful recovery considers the previous population growth of the community not just the total population. Measures of success for each individual project or activity in the plan are required to monitor overall success of the recovery.

Figure 3: Indicators of Successful Recovery

Indicator	Target
PEOPLE	
Population	In 2015, residents of Clearwater County continue to enjoy a high quality of life.
ENVIRONMENT	
Environmental parameters	Soil, air, water and biodiversity monitoring show that there have been no long-term adverse impacts to the region due to the flood.
RECONSTRUCTION	
Rebuild	All destroyed or damaged infrastructure has been rebuilt and growth rate for the community has been re-established.
ECONOMY	
Employment rate	Regional employment in 2015 is consistent with local historical and overall provincial rates.

RECOVERY PLAN FUNDING

A plan should be supported to some extent by all levels of government, including municipal, provincial and federal; not for profit organizations; and support through donations from individuals, agencies and businesses. The federal government will fund some aspects through the Disaster Financial Assistance Arrangements (DFAA). The provincial government will fund some aspects through the Disaster Recovery Program (DRP), and other aspects through special programs or financial approvals.

CONCLUSION

Recovery cannot be defined simply by the region's return to pre-disaster circumstances. Recovery is a success when it overcomes the impacts of disasters and re-establishes an economic and social base that will enable future growth. Continued collaboration and support from all stakeholders will be a key enabler of success in the long-term recovery of Clearwater County.

G1

Agenda Item

Project: Closure of the Remainder of Road Plan 7140AU by Resolution of Council	
Presentation Date: December 10, 2013	
Department: Planning	**Author: Eleanor Pengelly**
Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation	
Strategic Area: n/a	**Goal: n/a**
Legislative Direction: ☐None ☒ Provincial Legislation (cite) Municipal Government Act (MGA) S.16, S.18, S.22 & S.24 "Roads" ☒ County Bylaw or **Policy** (cite) "Closure of County Roadway"	
Recommendation: That council grant approval to the closure of the remainder of Road Plan 7140AU by passing a resolution for the closure of Road Plan 7140AU and the consolidation of the subject land with lands held in title by Cinda Montgomery & Graeme Meyer and Elieo & Tova Della Costa & Donna Pengelly.	
Attachments List: Application, Aerial Photo, Drawing, Resolution (Schedule "A"), Closure of County Roadway Policy	

Background:

We have received an application to close all the remainder of Road Plan 7140AU, an old forced road, lying between two agricultural parcels, the SE 32-37-06 W5M & NE 32-37-06 W5M. The subject lands are located south of Rocky Mountain House near the Clearwater River.

Cinda Montgomery and Graeme Meyer presently hold title to the SE 32, containing 0.46 acres of the subject plan area. Elieo and Tove Della Costa and Donna Pengelly presently hold title to the NE 32, containing 0.253 acres. Upon approval of the road closure, the applicants are proposing to consolidate the road closure portion with their two titled areas. Closure of the road plan is subject to the applicants paying a price based on the number of acres that they are consolidating with their land. The cost per acre will be in accordance with the "Closure of County Roadway" policy.

Road Plan 7140AU was an old road plan that used to cross the Clearwater River. Once Highway 22 was constructed, the old river crossing was no longer necessary. The north portion of Road Plan 7140AU, on the right bank of the Clearwater River, was cancelled in 1981. The remainder forms a stub of unused roadway bordered on the west by Road Plan 4200PX and coming to a dead end at the left bank of the Clearwater River. Both Montgomery & Meyer's land and Della Costa & Pengelly's land obtain access by way of Road Plan 4200PX.

In response to the applicants' request, Clearwater County Public Works Department has provided the following comments:

"Clearwater County has no objection to the application, providing a minimum 20-metre turnaround is left east of the west boundary of the east half of Section 32-37-06 W5M. This will allow for access to both the SE and the NE portions of Section 32."

It has been determined that approximately 70 metres of Road Plan 4200PX remains to provide access to the two subject quarter sections.

Municipal Government Act (MGA), Division 2, Roads:

Section 16(1)
"The title to all roads in a municipality, other than a city, is vested in the Crown in right of Alberta."

Section 18(1)
"Subject to this or any other Act, a municipality has the direction, control and management of all roads within the municipality."

Section 22(1)
"No road in a municipality that is subject to the direction, control and management of the municipality may be closed except by bylaw."

Section 24
"Despite section 22, the council of a municipal district may by resolution, with the approval of the Minister of Infrastructure and Transportation, close the whole or any part of a road described in a surveyed road plan that the council determines is no longer required for use by the travelling public owing to the existence of an alternate route."

In order to close this remaining portion of Road Plan 7140AU, a resolution from Council is required. The application has been referred to applicable government agencies, utility companies and to the adjacent landowners for comment. To date, there have been no concerns received regarding closure of the road plan. If the resolution is passed, the application, including all written comments received, will be sent to Alberta Transportation for Ministerial approval. Alberta Transportation will prepare the documentation necessary for Land Titles to transfer the portions of the road to the appropriate title holders.

Recommendation:

That Council consider:

Passing a Resolution to close all the remainder of Road Plan 7140AU within the SE 32-37-06 W5M and NE 32-37-06 W5M for sale and consolidation with lands under ownership of Cinda Montgomery & Graeme Meyer (Title Number 112 178 877) and Elieo & Tova Della Costa and Donna Pengelly (Title Number 082 267 476), as shown on Schedule "A" forming part of the Resolution.

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CLEARWATER COUNTY

Road Closure Application

File # 7140 AU
Date Rec'd Sept 20, 2013
Application Fee $700.00

APPLICANT(S): CINDA MONTGOMERY / GRAEME MEYER

MAILING ADDRESS: BOX 908 ROCKY MOUNTAIN HOUSE, AB T4T 1A7

CONTACT NUMBERS:

Home Telephone	Work Telephone	Fax Number	E-mail Address
403 845-6997	403 845-8945	403 845-5720	cinda@telus.net

LEGAL DESCRIPTION OF ROAD TO BE CLOSED:
(Example: part of road allowance adjacent to NE 34-38-07-W5; Second Street East; or best description)

SE 32-37-6 W5 .46 acres ROAD PLAN 7140 AU

NE 32-37-6 W5 .253 acres ROAD PLAN 7140 AU

REASON FOR ROAD CLOSURE APPLICATION:

no longer used for Road purposes.

Please draw a sketch of the road that you wish to close below or on a separate sheet and attach to the application. Indicate any significant landmarks in the area of the proposed closure (i.e. developed roads, water bodies, buildings, etc.)

SIGNATURE OF APPLICANT(S): Donna Pengelly, Elios Della Costa, Jore Della Costa, Cinda Montgomery, G Meyer **DATE:** July 3, 2013

Note: If the road closure is successful the applicant is normally required to purchase the property at fair market value, plus title transfer costs, registration costs, survey costs, etc. if applicable. The road closure process is a very lengthy one that takes time to process.

The signed and fully completed application form, as well as the information and applicable fee must be submitted to:

Planning and Development Department
CLEARWATER COUNTY
BOX 550
4340 – 47 Avenue
ROCKY MOUNTAIN HOUSE, AB
T4T 1A4
Telephone: (403) 845-4444

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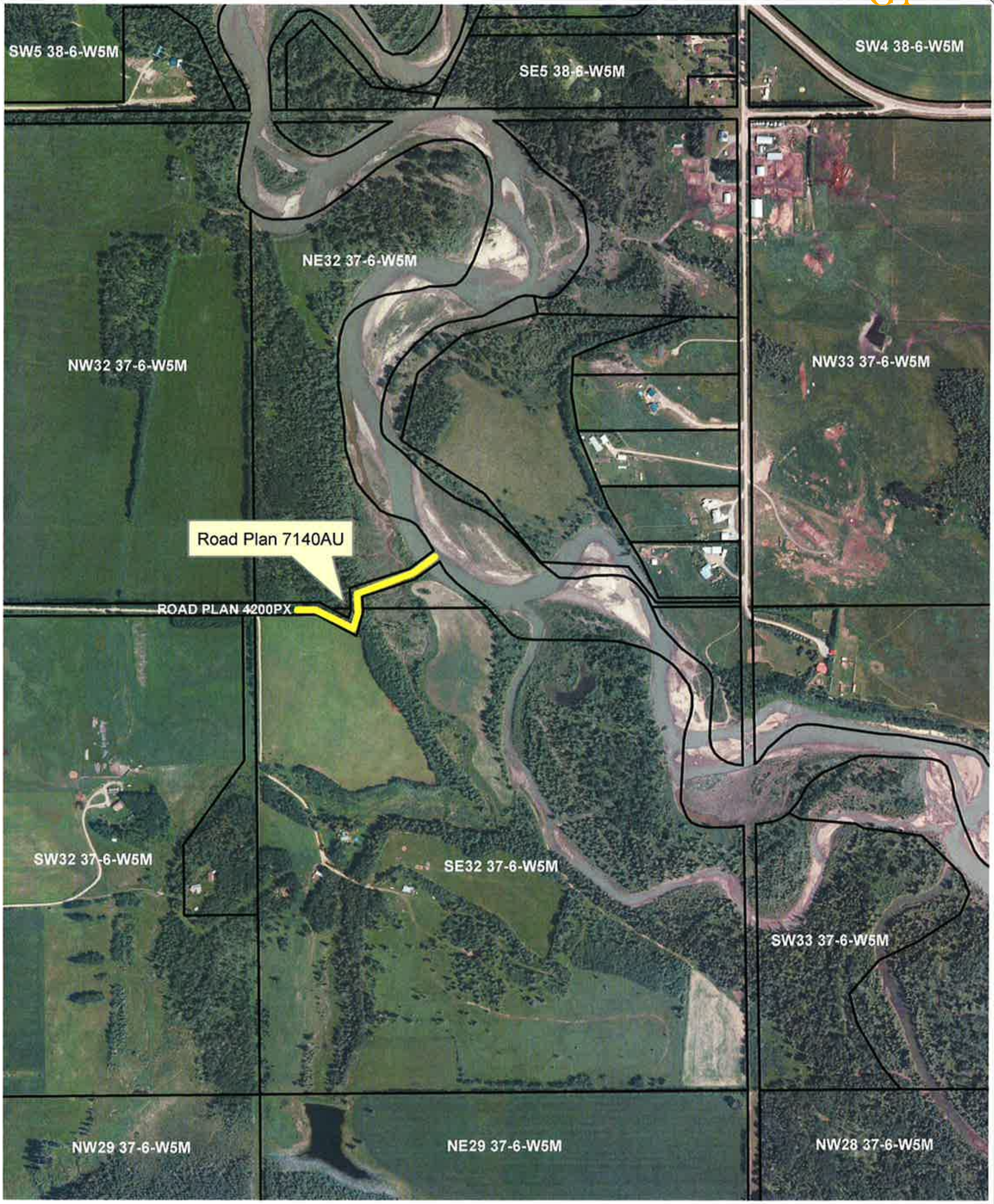
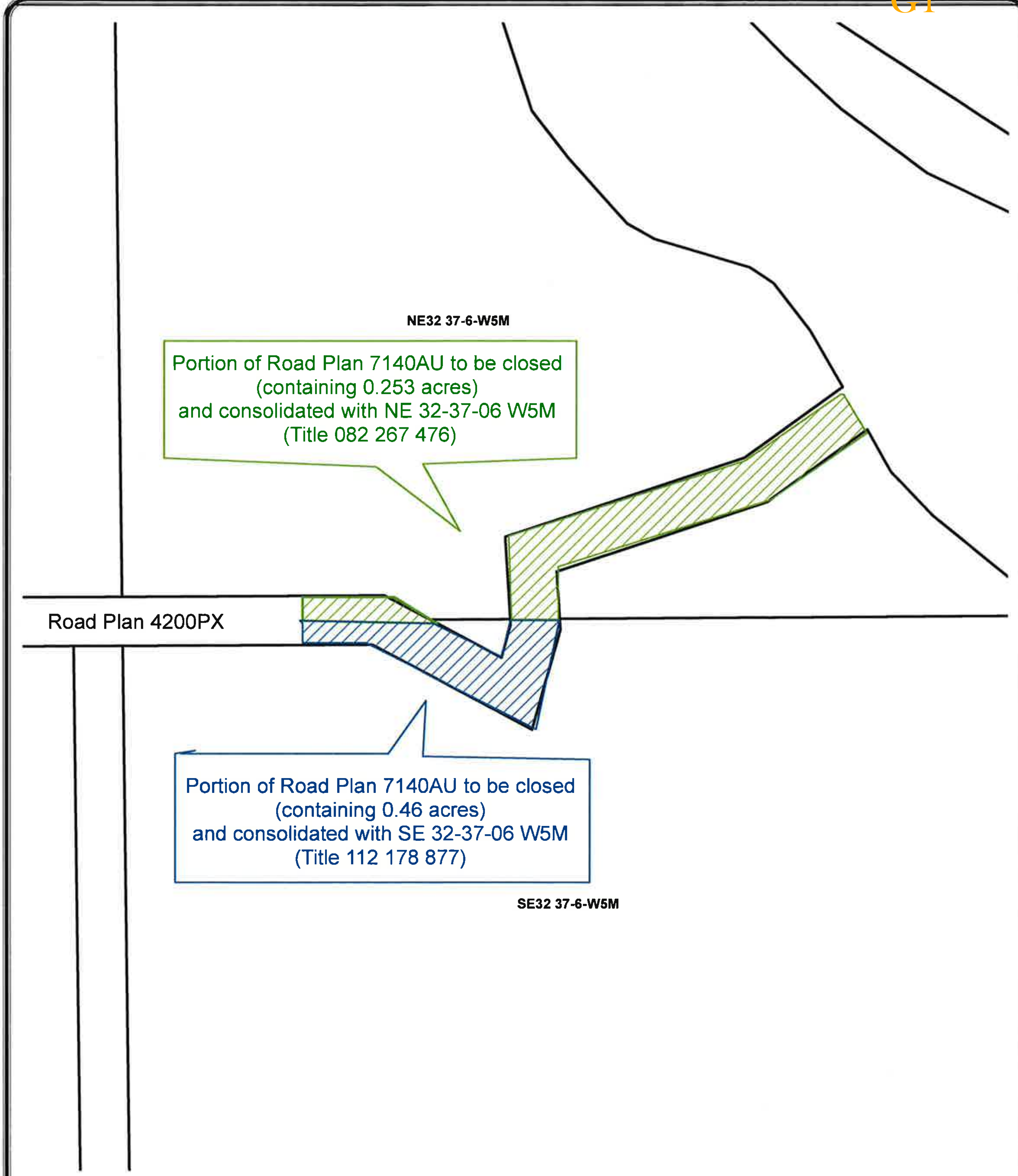


Road Closure Application
Road Plan 7140AU
SE 32-37-06 W5M
PT NE 32-37-06 W5M

1:8,000



Road Closure Application
Road Plan 7140AU
SE 32-37-06 W5M
PT NE 32-37-06 W5M

1:2,000

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CLEARWATER COUNTY
RESOLUTION

A Resolution of Clearwater County for the purpose of closing to public travel and canceling a public highway in accordance with Section 24 of the Municipal Government Act, RSA 2000, Chapter M-26, as amended.

WHEREAS, the lands hereafter are no longer required for public travel;

NOW THEREFORE be it resolved that the Council of Clearwater County does hereby close the following described road, subject to the rights of access granted by other legislation:

All that portion of Road Plan 7140AU within the SE 32-37-06-W5M for consolidation with lands under ownership of Cinda Montgomery & Graeme Meyer (SE 32-37-06-W5M; Title Number 112 178 877) and Elieo & Tove Della Costa & Donna Pengelly (Pt. NE 32-37-06-W5M; Title Number 082 267 476). As shown on Schedule "A" forming part of the Resolution.

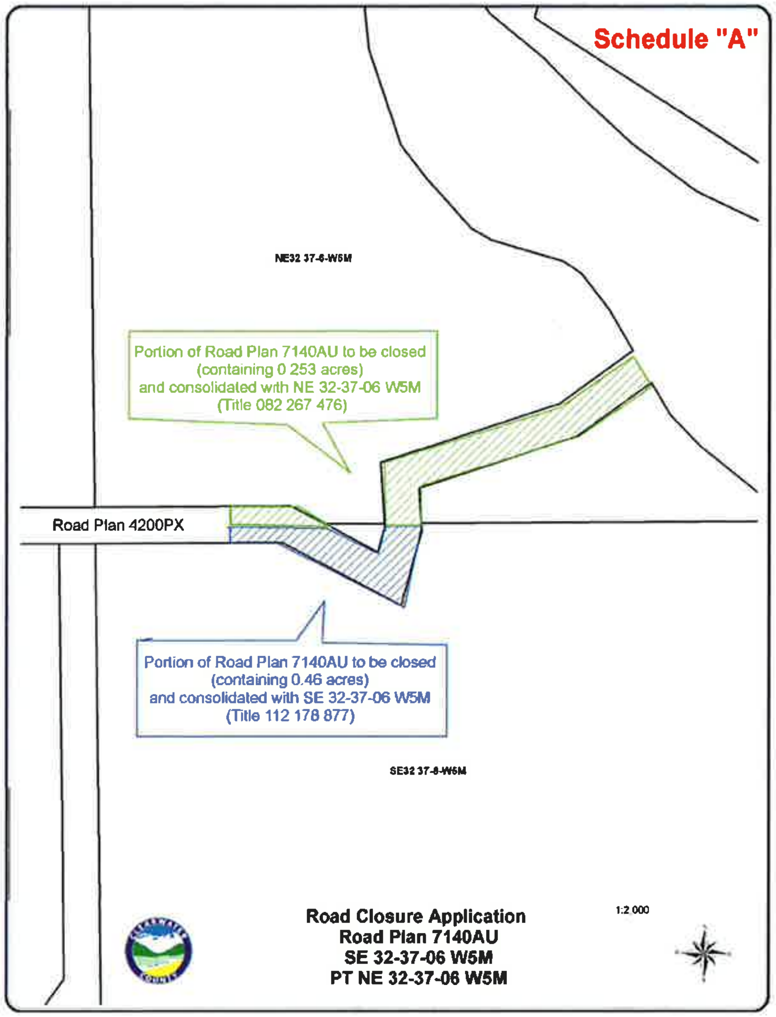
Pat Alexander, Chief Elected Official
Clearwater County

(Seal)

Ron Leaf, Chief Administrative Officer
Clearwater County

Approved this ______day of ____________, 2013.

The Hon. Ric McIver
Minister of Transportation


Schedule "A"
NE32 37-6-W5M
Portion of Road Plan 7140AU to be closed
(containing 0 253 acres)
and consolidated with NE 32-37-06 W5M
(Title 082 267 476)
Road Plan 4200PX
Portion of Road Plan 7140AU to be closed
(containing 0.46 acres)
and consolidated with SE 32-37-06 W5M
(Title 112 178 877)
SE32 37-6-W5M
Road Closure Application
Road Plan 7140AU
SE 32-37-06 W5M
PT NE 32-37-06 W5M
1:2 000

Clearwater County

CLOSURE OF COUNTY ROADWAY

EFFECTIVE DATE: September 13, 2005

SECTION: Public Works

POLICY STATEMENT:

To provide direction on the closure of road right-of-way under the direction, control and management of Clearwater County.

The closure of road right-of-ways shall only be considered when it is clearly evident that there is no existing and future need for the road right-of-way.

DEFINITIONS:

"Road Right-of-Way" refers to all that area within a statutory road allowance or within a road planned roadway.

"Statutory Road Allowance" refers to road allowances or portions thereof as previously established by the Dominion of Canada with the implementation of the Grid System of Survey (i.e. 66 feet wide strips running north to south every mile and running east to west every two miles).

"Road Planned Roadway" refers to property, or portion thereof, (i.e. road widening, road diversion, road, street, avenue, lane, alley, walk way, or other public right-of-way) which was previously purchased and/or excepted out of the title of deeded land by way of the registration of a road plan or subdivision plan at the Land Titles Office.

"Not required for public use" refers to a condition that exists when after notification that either no legitimate objections have come forward or a legitimate objection(s) has come forward and suitable arrangements have been made to satisfy such objection(s).

"Legitimate objection(s)" refers to objection(s) that have been brought forward and prove a pattern of usage or valid need for usage. Objections must also be for a present usage or a usage in the conceivable near future. What constitutes a "legitimate objection" shall be decided upon by the Council of the County whose decision shall be final.

PROCEDURE:

1. <u>Statutory Road Allowance</u>
   It is not the intent of the Council for Clearwater County to sell any statutory road allowances. Notwithstanding this:

   a) Developed Road Allowances
   (i.e. a constructed road allowance used for vehicular or pedestrian traffic)
   Applications for closure will not be accepted.

   b) Undeveloped Road Allowances
   Unless a matter of public safety or a request from a senior level of government, Clearwater County will only consider requests to close or sell public roadways under its jurisdiction, management and control if there exists alternate legal access to all affected parcels of land or extenuating circumstances exist. The sale must be in the short and long term best interests of the County ratepayers.

2. <u>Road Planned Roadway</u>
   The closure and sale of road planned roadway property, or portion thereof, which was previously purchased and/or excepted out of the title of deeded land by way of the registration of a road plan or subdivision plan at the Land Titles Office, may be considered by Council if:

   a) Council determines the roadway is no longer required for use by the travelling public owing to the existence of an alternate route;

   b) The lands requested to be closed and sold will be consolidated to the title of an adjacent landowner(s) (i.e. separate title will not be given); and

   c) In the instance of where more than one landowner is abutting the area being sold, written consent must be obtained from the other landowner(s). The applicant for closure shall obtain and provide the said written consent to be submitted with the closure application.

3. <u>Application Fee and Closure Costs</u>

   a) All applications for closure of roadway shall be made in writing.
      i) an application for road closure will require a fee at time of application as may be amended from time to time, in the Fees Policy; or
      ii) not limiting the generality of the foregoing, in the event an application is being made in conjunction with negotiation for road right-of-way, the application fee may be waived; or
      iii) when Administration brings forward a request for a cancellation and sale of roadway as described in this Policy, then the fees contained in the Fees Policy as previously described shall not apply.

   b) Compensation for the sale of a roadway shall be calculated by one of the following methods:
      i) the rate currently being paid by the County for the purchases of road right-of-ways; or

ii) the rate determined by a market value appraisal, whichever is greater; or
iii) may be negotiated in the form of the exchange of lands for road widening, offset reclamation costs, etc.

c) Where a market value appraisal is deemed required to assess the rate of compensation for the sale of a roadway the cost of the appraisal shall be borne by the applicant.

d) The applicant shall bear the cost to complete the registration of the sale and consolidation of the road closure including the required instrument acceptable to Land Titles Office. When required, the instrument herein referred to will be in the form of either a Descriptive Plan or a Plan of Subdivision. An Alberta Land Surveyor must prepare said instrument.

4. <u>Application Process</u>
Applications for road closures shall be processed in accordance with the Alberta Transportation "one window" approach for closures, as amended from time to time as follows:

a) Closures by Bylaw
For the closure of Statutory Road Allowances and the closure of all other roads not registered by road plan (e.g. streets in a subdivision plan), or portions thereof, the County shall:
i) prior to first reading, notification and advertising, the County shall obtain a correct and acceptable description of the closure area from an Alberta Land Surveyor or the Land Titles Office;
ii) the bylaw and advertising must state the ultimate purpose of the closure;
iii) adjacent landowners shall be notified in writing of the proposed closure and public hearing;
iv) referral of the closure shall be made to applicable government departments, utility companies, and the holders of any easements which may cross the road proposed to be closed;
v) if objections are raised, either in writing or at the public hearing, Council should determine whether the objections are valid and whether they wish to continue in spite of the objections. If continuing, the rationale must be made clear to Alberta Transportation;
vi) the bylaw shall be submitted to the Minster of Transportation for approval;
vii) upon receipt of Ministerial approval, the Council for Clearwater County may consider second and third readings of the bylaw.

b) Cancellation by Resolution
For the closure of a surveyed road plan, or portions thereof, the County shall:
i) ensure agreement or consent from the adjacent landowner(s) accompanies the application for closure. If there is more than one adjacent landowner, direction from the County as to disposition of the road, and consent from all adjacent landowners is required.
ii) no advertising is required by legislation. However, Clearwater County may, at its sole discretion, advertise an application for closure by resolution to provide notification to interested parties; provide opportunity

for written and/or verbal comment during a regular meeting of Council and prior to rendering a decision on a resolution of Council.

iii) referral of the closure shall be made to applicable government departments, utility companies, and the holders of any easements that may cross the road proposed to be closed;

iv) no public hearing is required. If objections are raised in response to the notification of review of the resolution Council should determine whether the objections are valid and whether they wish to continue in spite of the objections. If continuing, the rationale must be made clear to Alberta Transportation;

v) the resolution shall be submitted to the Minster of Transportation for approval.

Road Closure Costs

Survey	$ Per Surveyor
Cost of Land	$ Per Council Policy

Processing Costs

Cost of obtaining Title	$5.00
Advertising Costs	$100.00 cost for 2 weeks in 2 papers (per advertising bylaw)
LTO Transfer of Land	$35.00 plus $1/5000 value
LTO Consolidation Costs	$30.00 plus $10.00 cancellation of title

Administrative processing time:

- preparing maps for agenda items and advertising;
- preparing bylaw;
- verifying bylaw is acceptable with Land Titles Office;
- preparing item for 1st reading;
- preparing and mailing agency referral letters;
- preparing and mailing adjacent landowners referral letters;
- holding public hearing;
- gathering and submitting information to Minister of Transportation;
- preparing item for 2nd & 3rd readings;
- preparing documents to sell, transfer and consolidate land.

Recommendation:

Administratively the costs to process a road closure application are:

Bylaw process is similar to processing a combined Land Use Bylaw Amendment-Subdivision Application. The current basic fee for combined applications is $700.00 with a provision of a $450.00 refund if unsuccessful at first reading and a $400.00 refund if unsuccessful at second reading.
The bylaw process is used for closure of statutory road allowances and roads/streets/lanes within a subdivision plan.

Resolution process is similar to the above excepting a public hearing is not required. Council only reviews the application once and reviews a resolution.
The Resolution process is used for closure of road plans or portions thereof.

Agenda Item

Project: 2013 Internal Safety Audit	
Presentation Date: December 10, 2013	
Department: Health and Safety	**Author:** Steve Maki
Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation	
Strategic Area: #5 – Human Resource Development	**Goal: #1** To maintain a high quality health and safety program that complies with AB Health & Safety legislation through the continued development or improvement of the County's Health & Safety program and development or implementation of recognized best practices.
Legislative Direction: ☐None ☒ Provincial Legislation: Occupational Health & Safety Act / Code ☒ County Bylaw or Policy (cite) Clearwater County Safety Policy	
Recommendation: That Council reviews the results of the 2013 internal safety audit and accepts the information as presented by Administration.	
Attachments List: n/a	

Background:

In order to renew a Certificate of Recognition (COR), a municipality must pass an external audit of their health and safety management system every three years and two internal audits in between (i.e. - internal audit, internal audit, external audit, and repeat process). To pass the audit requires a minimum mark of 80% overall, while scoring at least 50% in each of the 8 system elements. The audit must be completed using the Alberta Municipal Health & Safety Association (AMHSA) Audit Tool.

The certified auditor submits the completed audit to AMHSA for a quality assurance review. If the audit meets the quality assurance standard, and the municipality has passed its audit, AMHSA will then process the audit by forwarding the information to the

Workers Compensation Board (WCB) and Alberta Employment Insurance Agency (AEI). A COR will then be issued by AEI, sent to AMHSA and then sent to the successful municipality.

A copy of the COR and related correspondence will be kept on file for 3 years. The COR must be maintained through the performance of an internal maintenance audit, in each of the following 2 calendar years, and expires 3 years from the date of issue. Clearwater County scored a passing grade of 90% on the 2013 internal audit. An action plan will be developed from this audit with recommended changes and improvements to be implemented during 2014.The major items that are to be addressed in the action plan are formal inspections, Emergency Response Planning and Incident Investigation.

The old adage “you can always do better” is applicable here. Clearwater County scored 90% overall, therefore the improvements suggested are within that missing 10%. I mention this only to put some context to the previous statement “the major items that are to be addressed” refer to the areas that could use the most improvement (all within that 10%).

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AMHSA Audit Tool
Clearwater County Evaluation - October 2013

Summary Score Sheet

Municipality Evaluated: **Date of Audit:**

	Element	Total Points Possible	Points Awarded	Min. Points Required	%	Comments
1.	Organizational Commitment	130	118	65	91%	
2.	Hazard Identification and Assessment	190	175	95	92%	
3.	Hazard Control	150	138	75	92%	
4.	Formal Workplace Inspections	130	109	65	84%	
5.	Orientation and Training	120	116	60	97%	
6.	Emergency Response Planning	85	76	43	89%	
7.	Incident Investigation	115	95	58	83%	
8.	Program Administration	80	74	40	93%	
	TOTAL	1000	901	800	90%	

Final Score: TOTAL/1000 x 100% = 90%

Did the municipality achieve:
At least 80% overall? Yes
A minimum score of at least 50% in each element? Yes

To pass the audit the municipality must achieve a minimum standard of at least 50% in each element AND at least 80% overall.

Did the municipality pass the audit? Yes

Auditor Signature St L.

CAO Signature

Agenda Item

Project: Waiving Late Tax Payment Penalty	
Presentation Date: December 10, 2013	
Department: Assessment and Revenue	**Author: Denniece Crout**
Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation	
Strategic Area:	**Goal:**
Legislative Direction: ☐None ☐ Provincial Legislation (cite) ______________________________ ☒ County Bylaw or Policy (cite) __961/12 _	
Recommendation: **Does Council wish to authorize a waiver of penalty regarding the property listed below?**	
Attachments List: Ratepayer Letter	

Background:

Please find attached a letter from the owner of the property assigned roll number: 3908211001. The ratepayer is requesting the late payment penalty of $178.00 be waived. Below is a list of the attempts staff made to notify ratepayers.

▪ The change in the property taxes due date for 2013 was published in an article in May and October, 2013 in the Mountaineer local

▪ Clearwater County advertised the change in tax due date, in the May edition of its newsletter, which was delivered to 5300 households directly.

▪ Clearwater County also advertised – twice in September - the change in property taxes due date, in three local newspapers.

▪ The property tax due date was published on Clearwater County's website.

▪ Staff attempted to notify of the change of due date for taxes on each envelope containing the combined Assessment and Tax Notices.

A letter will be sent out to the ratepayer, advising the applicant of Council's decision.

November 7, 2013

To: Clearwater Council Regarding Taxes

When I receive my tax notice I file it (unopened-still in the envelope) for November and then take it in to pay before we leave for the winter. Our taxes have been due at the end of December for the past how many years. Yesterday, when I came in to pay, I was informed I had to pay a penalty as my taxes were late. I responded by saying my taxes were not due until the end of December. I was informed that it had been changed and there was a notice in the paper. I don't get the paper. I was also told it was marked on the outside of the envelope. I can assure you it was not, the envelope is enclosed.

I have lived on this property for over 40 years and have never been late paying my taxes; it is bad enough to pay the taxes much less a penalty. As far as I am concerned, I was not given fair notice of this major change in your tax collecting policy and I am requesting that you refund me the money I was penalized.

I would request that I be notified of your decision.

CLEARWATER COUNTY
RECEIVED
NOV 08 2013
ROCKY MOUNTAIN HOUSE

Agenda Item

Item: AAMD&C *Apples to Apples: Rural Municipal Finance in Alberta* Discussion Paper	
Presentation Date: December 10, 2013	
Department: CAO	**Author: Ron Leaf**
Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation	
Strategic Area: Financial Sustainability	**Goal:**
Legislative Direction: ☒None ☐ Provincial Legislation (cite) ________________________________ ☐ County Bylaw or Policy (cite) _____	
Recommendation: That Council considers the attached recommendations and accepts the *Apples to Apples* Discussion Paper as information.	
Attachments List: *Apples to Apples: Rural Municipal Finance in Alberta* Discussion Paper	

Background:

As Council is aware, various proposals or resolutions have been made by the Alberta Urban Municipalities Association (AUMA) - or individual AUMA members - in the past few years suggesting that linear and/or machinery & equipment (M&E) assessments be pooled and that the resulting taxation be then assigned on a per capita basis to municipalities throughout the Province. As the majority of linear and M&E taxation is located within rural municipalities this proposal would have a negative impact on rural municipalities in Alberta in general and would significantly impact Clearwater County as approximately 85% of the County's revenue is generated from the linear and M&E assessments.

In 2013 the AAMD&C hired Tantus Solutions to analysis provincial and municipal data sources to address the perceived revenue inequity between rural and urban municipalities. The result of this analysis is the attached "*Apples to Apples: Rural Municipal Finance in Alberta"* study and an associated technical report. I will address each of the core findings of the report (the summary begins on page 36) during the December 10 Council meeting however, I believe the following points from the report are of particular note:

Point 2 – "Rural municipalities are increasingly reliant on higher risk revenue sources"

Point 4 – "Reallocating linear tax revenue based on municipal population would negatively impact rural municipalities by severely compromising their financial viability"

Point 8 – “Without the Municipal Sustainability Initiative (MSI) program, rural Alberta’s infrastructure deficit would have been 51% higher at $4.44 billion ($4.59 billion in 2013 dollars)

Point 11 - “Federal and provincial grants and transfers are vital to the sustainability of both rural and urban municipalities”

Point 14 – “Assets are a better driver than population for predicting Alberta municipal expenses”

Recommendations:

1. That copies of the Apples to Apples report be forwarded to the Town and Village Councils and that the CEOs, if not the entire Councils, meet to discuss the report and potential implications for local “urbans” if “corporate pooling” occurs
2. That Council raises the findings of the report with provincial MLAs and cabinet ministers as well as MPs when Council meets with them in the coming months.
3. That the Apples to Apples study be placed on the County website and that the report be highlighted in coming newsletters and community engagement sessions.

Apples to Apples

Rural Municipal Finance in Alberta

A Discussion Paper

Prepared by the Alberta Association of Municipal Districts & Counties

aamdc
trade • jubilee
Partners in Advocacy & Busines

Apples to Apples
Rural Municipal Finance in Alberta

Written by Acton Consulting Ltd.

Published by the Alberta Association
of Municipal Districts & Counties

Preface

Don't try to solve city problems by picking rural Alberta's pocket

Rural Alberta is being targeted for the money it collects. As home to the robust industries that drive the province's economy, there has been an increasing push for rural municipalities to share their perceived wealth with urban neighbours.

Why? Well, it's true: rural municipalities do raise significant funds through taxes on those industries. Some suggest rural Alberta is unfairly wealthy when you look at how much revenue a county or municipal district collects per person.

But that's only half the picture. Equally real are the large costs incurred to provide municipal services in rural areas that have low populations and a lot of industry. Per person, the costs are staggering.

But per person or population-based comparisons don't work in Alberta. They can't. One size just does not fit all.

Similarly, looking only at revenues is simplistic and, in many cases, misinformed. Is a business considered profitable based solely on how much money it makes? Of course not. It is about how much money you have left over after paying the bills. For rural Alberta, those bills carry a high price.

The bottom line is the same — we all could use more money to meet the needs of Alberta's people and industries.

No matter where we live, we all rely on rural areas to provide the essentials of daily life: gas for heating, oil for our cars, wood for our homes, and grain and meat for food. These industries are nested in rural Alberta because it has the land and resources to support production and bring those products to market.

But that infrastructure comes with a cost. Rural municipalities manage the majority (72 per cent or 131,000 km) of Alberta's roads and highways and 59 per cent (8,500) of all bridges. At a cost of $500,000 to $1 million for every kilometre of road and bridges coming in at anywhere from a few hundred thousand to more than a million dollars to replace, the costs are significant.

Much of this infrastructure was built in the 1950s and 1960s and is overdue for replacement. Technology and industry don't stand still either. That aging infrastructure is not meant to carry the type, volume and weight of heavy industrial and agricultural activity that is the reality in Alberta's robust economy.

Further, rural Alberta is a good neighbour to cities and towns. By and large, we pay for what we use through cost-sharing agreements. That way, our taxpayers know exactly where their hard-earned tax dollar is going and what benefit they get. What resident, rural or urban, would accept anything less?

Overall, rural communities simply have more roads and bridges to service than money to pay for it. Urban centres have similar challenges with providing services that rural Albertans can only dream about.

The bottom line is the same — we all could use more money to meet the needs of Alberta's people and industries.

However, picking our back pocket is not the solution.

Bob Barss
President, Alberta Association of Municipal Districts and Counties

— Originally appeared as a featured letter in the Edmonton Journal (September 5, 2013).

Contents

Executive Summary

Discussions on municipal finances cannot focus solely on revenues. To compare apples to apples, expenditures must be considered in assessing the differences between the urban and rural context. For rural municipalities, expenses are often higher due to their unique mix of assets, such as extensive road networks, bridges and water and wastewater systems that needs to be maintained. These assets, and the resources they help access, are a vital part of Alberta's current economic prosperity.

In an effort to equip AAMDC members and educate other municipal stakeholders, the AAMDC, working with Acton Consulting, has commissioned this study on the current state of rural municipal finances and to determine how vital the current taxation system is to the long-term financial viability of rural municipalities.

This paper is a comprehensive analysis of municipal finances in rural Alberta. It presents 15 unique findings on the current state of both rural municipal expenses, revenues and reserves. It also examines the potential impact of reallocating linear property revenue based on population.

In going beyond simple revenue comparison, this paper seeks to provide a more objective and holistic analysis of the current state of rural municipal finances in Alberta. To accomplish this, *Apples to Apples* examines the following questions:

1. Are there trends in resource-based taxation revenue and to what level do rural municipalities depend on these revenue resources?
2. How important is linear taxation revenue to rural communities?
3. Should restricted municipal reserves be considered an indication of wealth or a financing tool?
4. What is the state of the municipal infrastructure deficit? How does that relate to overall municipal finance?
5. What is the validity of per capita funding arguments in the province? What impact would they have on municipalities?
6. What is the level of funding transferred inter-municipally through cost and/or revenue sharing agreements?

The answers to these questions all support the AAMDC's position that only comparing urban and rural municipal revenues and reserves is misleading. The reality is that every municipality in Alberta faces challenges in terms of financial sustainability and continues to rely on federal and provincial grants and transfers. These challenges, however, are not identical, nor can they be solved with a one-size-fits-all solution. For while the perception is that population may be the best predictor of expenses in municipalities, in reality, assets are a far better predictor for need. These assets are critical to the support of the development of the natural resources that drive Alberta's economy.

Introduction

Over the past decade there has been a growing trend for neighbouring municipalities to develop financial sharing agreements that recognize the joint cost of various municipal services and infrastructure. Mutually and regionally beneficial, there are currently many examples throughout Alberta of successful inter-municipal financing agreements between rural and urban municipalities.

Perceived revenue inequality between rural and urban municipalities, however, has caused some to see rural Alberta as unfairly advantaged – with access to lucrative industrial assessment without significant populations to support. To rectify this situation, some have suggested that all tax revenue from linear properties should be shared based on population.

The AAMDC believes this approach to be short-sighted and not in the best interests of Albertans – rural or urban.

Discussions on municipal finances cannot only focus on revenues. To compare apples to apples, expenditures must be considered in assessing the differences in the urban versus rural context. For rural municipalities, expenses are often higher due to their assets, such as extensive road networks, bridges and water and wastewater systems that need to be maintained. Providing municipal services to rural, sparsely populated/highly industrial areas is also costly.

In an effort to equip AAMDC members and educate other municipal stakeholders, the AAMDC, working with Acton Consulting, has commissioned this study on the current state of rural municipal finances and to determine if the current taxation system can support the long-term financial viability of rural municipalities.

Preliminary Expectations

Based on discussion with members and preliminary research, the AAMDC expects that due to their proportionally higher expenses, rural municipalities are in similar or worse financial positions compared to their urban counterparts. Rural municipalities incur these proportionately higher expenses as a result of their lower populations and typically large networks of infrastructure. It is also expected that rural municipality's higher reliance on non-residential revenue sources will leave them more susceptible to economic downturns and changes in the energy industry, increasing their risk.

The AAMDC believes the idea that all tax revenue from linear properties should be shared based on population is short-sighted and not in the best interests of Albertans – rural or urban.

In addition, it is also expected that the redistribution of municipal revenues in the province, specifically the redistribution of linear property revenue based on municipal population, will have negative impacts on rural municipalities and threaten the viability and sustainability of rural municipalities. This is because municipal expenses are driven by assets and assets are not always driven by population.

There is a minimum level of assets that all municipalities must maintain, regardless of the population. In rural municipalities, these assets (and their subsequent expense and servicing) often stem from the vastness of the land and the type and quantity of natural resources that exist. By 'short changing' municipalities with smaller populations we, in effect, 'short change' Alberta by impacting access and servicing to the land and resources that drive our prosperity.

Methodology

While not all results are outlined in this paper, the key areas investigated in this paper include: Municipal Expense Drivers, Revenue Sources, Expense Sources, Reserves and Debt and Rural Municipal Infrastructure Deficit.

To analyze these key areas a number of tools were used, including regression analysis, Municipal Financial Information System (MFIS) data, workbooks for inter-municipal transfer data capture, as well as a deterioration model.

The MFIS data was used to develop a number of ratios that provide insight into the current state of municipal finances in the province. The ratios were calculated over an eight year period, from 2004 to 2011, in order to identify any longer term trends in the ratios. MFIS data was only available up to 2011 at the time of analysis.

The workbooks were developed to capture the level of inter-municipal transfers that occur between rural and urban municipalities in the province. The level of transfers are intended to describe the cost sharing that occurs between municipalities in the province, but also capture some revenue sharing arrangements between rural and urban municipalities.

The deterioration curve used an existing model from the AAMDC's Rural Transportation Funding Options Report (2006). The analysis shows the current state of rural municipal infrastructure in the province and was updated to the year 2011, using the most current information available. The model shows the impact of MSI funding and municipal investment in rural municipal infrastructure in the province. One of the key research topics was to analyze the infrastructure deficit and determine the impact that may have on municipal finances[1].

The Core of the Matter

Finding 1

Municipal Financial Information System (MFIS) reporting in Alberta needs to be improved

During our analysis we encountered a number of challenges based on inconsistencies in financial reporting. This was evident in MFIS reporting, particularly after the introduction of TCA practices. It will be important to continue to provide clarity and training on municipal financial reporting to ensure consistency. This consistency will improve transparency for citizens, will make it easier to plan for municipalities, and will make it easier to plan and develop policy for the Government of Alberta.

Definitions

There are a number of terms used in this paper that have specific definitions within the context of the report. The precise meaning of the terms within the paper is important to understand for context and consistency. These terms are consistent with other AAMDC papers, but may differ from the definitions used by other organizations.

Revenue sharing

The redistribution of revenue between municipalities based on some predetermined model or formula. The particular focus for this study is revenue sharing based on allocation by population. AAMDC does not support revenue (tax) sharing among local governments as a desirable means of addressing regional financing of capital initiatives or the funding of service delivery, especially if the tax sharing is in the form of a grant from one local government to another.

Cost sharing

Benefit-based cost sharing takes many forms but all involve an agreement between municipalities where those who benefit from a service pay for that service. AAMDC considers cost sharing the most effective and accountable means of cooperative financing in use by Alberta's municipalities.

High Risk Revenue

High risk revenue sources include machinery and equipment (M&E) as well as resource-related linear property revenue[2]. These revenues are subject to change based on fluctuations in the economy or specific markets over a relatively short period of time, making them less predictable.

Regression Analysis

A statistical method measuring the strength of the predictive relationship of multiple variables. It can be used to determine the predictive power of one variable on another. Please see the Technical Appendix for more detail on regression analysis.

Operating Expenses

Expenses involved in ongoing operations and maintenance of municipalities. In this report operational expenses are based on MFIS criteria and definitions.

Capital Expenses

Expenses directly related to capital assets including purchasing, constructing and upgrading that extends the useful life of the asset. In this report capital expenses are based on MFIS criteria and definitions.

Tangible Capital Assets (TCA)

A system of municipal financial reporting for municipalities to record and report their capital assets in their financial statements, including information on the condition of those assets. The changes to reporting involved recognizing capital expenditures, capital assets and to amortize (depreciate) them over their expected useful life. They were implemented for the 2009 reporting year. For the purpose of this paper, a number of financial ratios were impacted by changes in TCA, particularly ratios involving capital or operational expenses, as these changed in the transition. TCA also impacted the levels of reserves, as municipalities had to dedicate more of their reserves to capital projects under the new regime.

Own-Source Revenue

Includes all revenue a municipality takes in from its own operations. This includes a combination of property tax revenue, fees and rentals. This does not include transfers from other orders of government. This is based on the MFIS definitions and criteria.

Outlier

The most extreme examples in any set of data. For example, when discussing population urban outliers are generally Calgary and Edmonton and rural outliers include the RM of Wood Buffalo and Strathcona County.

Without predictable and consistent revenues, it is difficult to plan capital projects, to service interest payments, and to provide consistent levels of service to citizens.

Trends & Reliance on Resource-based Taxation Revenue

Expense, not revenue, is the key driver in municipal finance.

As a rule, municipalities usually set budgets by first determining expenses and then sourcing revenue. Expenses, however, are not solely driven by population. There is a minimum level of assets that all municipalities must maintain, regardless of the population. In rural municipalities, these assets (and their subsequent expense and servicing) often stem from the vastness of the land and the type and quantity of natural resources that exist. Accessing and developing these assets is a big part of economic development (and the subsequent high quality of life) in Alberta.

Significant revenue, therefore, is required by all municipalities – regardless of population.

In our analysis, we found that rural municipalities in the province have higher risk in their revenue portfolio compared to their urban counterparts. Rural municipalities have a significantly higher reliance on volatile and risky own-source revenue sources compared to urban municipalities (i.e. reliance on the Machinery and Equipment (M&E) Tax). This revenue is considered high risk because not only just because is transitory, but also because the related revenue is dependent on a number of uncontrollable variables (e.g. amount of product running through pipelines, potential for abatement, overall industry health, world economics, etc).

High risk revenue brings uncertainty to the rural financial situation, as higher risk revenue sources are more prone to decreasing or being eliminated. This potential for volatility makes it difficult for municipal administrators to plan long-term. Without predictable and consistent revenues, it is difficult to plan capital projects, to service interest payments, and to provide consistent levels of service to citizens.

Chart 1. Percent of Municipalities with Machinery and Equipment Tax Revenue / Total Revenue > 10%

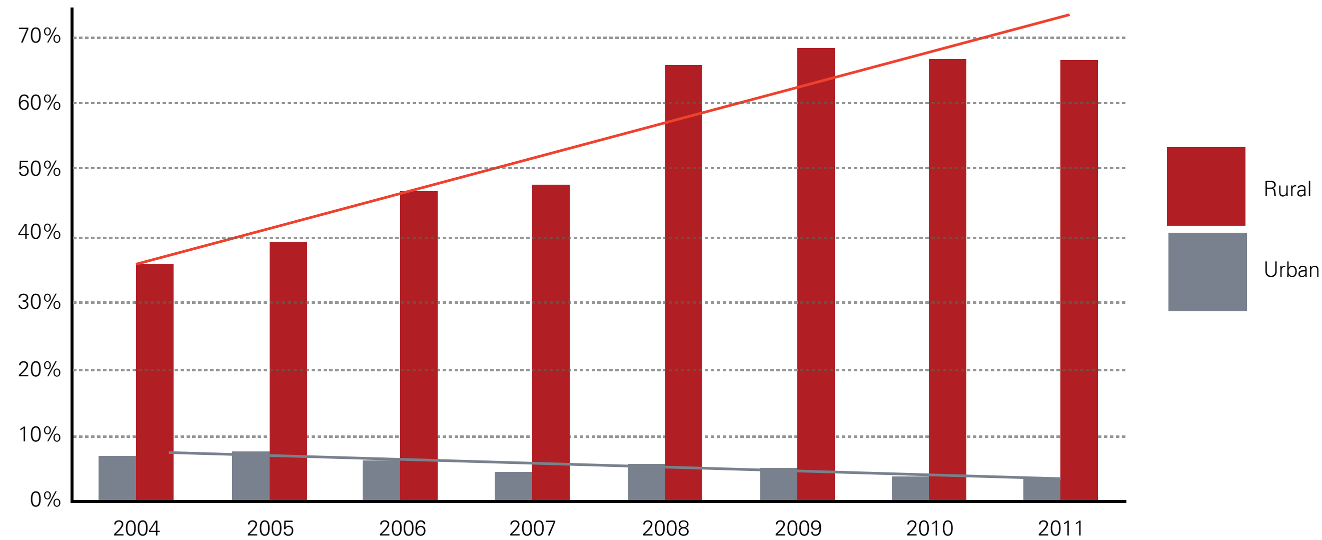
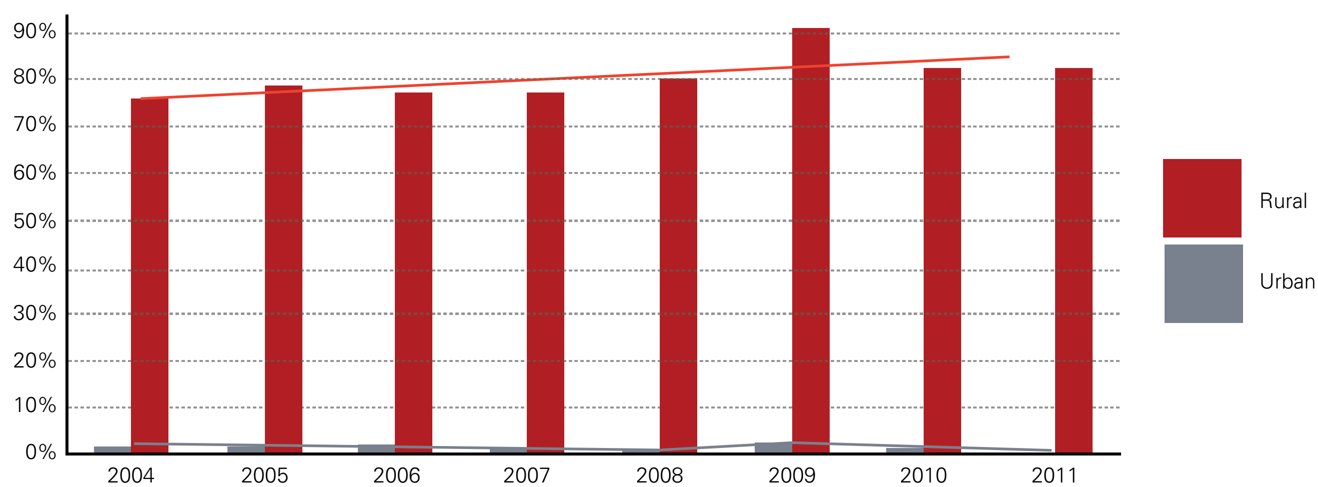


Chart 1 demonstrates that more and more rural municipalities are relying on M&E taxation as a significant portion of their revenue stream. This is in contrast to urban municipalities who have held very constant. This chart intentionally understates the reliance of Albertan municipalities on high risk revenue sources by excluding the resource related linear property tax revenue and only examining M&E.

Chart 2. Percent of Municipalities with Linear Property Tax (plus M& E) / Total Revenue > 30%



This shows the percentage of municipalities who had greater than 30% of their total revenues from linear property and M&E combined. This was done by adding linear property revenues to M&E and dividing by total revenues. This likely overstates the reliance on high risk revenue as part of the linear assessment will go towards more permanent utilities, particularly in the urban municipalities.

From this chart we see in 2004, that 76% of rural municipalities had greater than 30% of their revenue from linear property and M&E tax revenue sources; by 2011 this had increased to 82% of rural municipalities. Over the same time period the percentage of urban municipalities with greater than 30% of their revenue coming from linear and high risk sources stayed relatively flat; ranging from 0% to 3% of municipalities. The rural municipalities' higher reliance on M&E and linear property means that their revenue streams are higher risk and more exposed to economic swings.

The Core of the Matter

Finding 2

Rural municipalities are increasingly reliant on higher risk revenue sources

Charts 1 and 2 understate and overstate the reliance of municipalities on high risk revenue sources, respectively. This is a proxy for the reliance on resource based revenue. We found rural municipalities to be much more reliant on high-risk revenue and, by association, resource tax based revenue, compared to their urban counterparts.

Importance of linear taxation revenue to rural communities

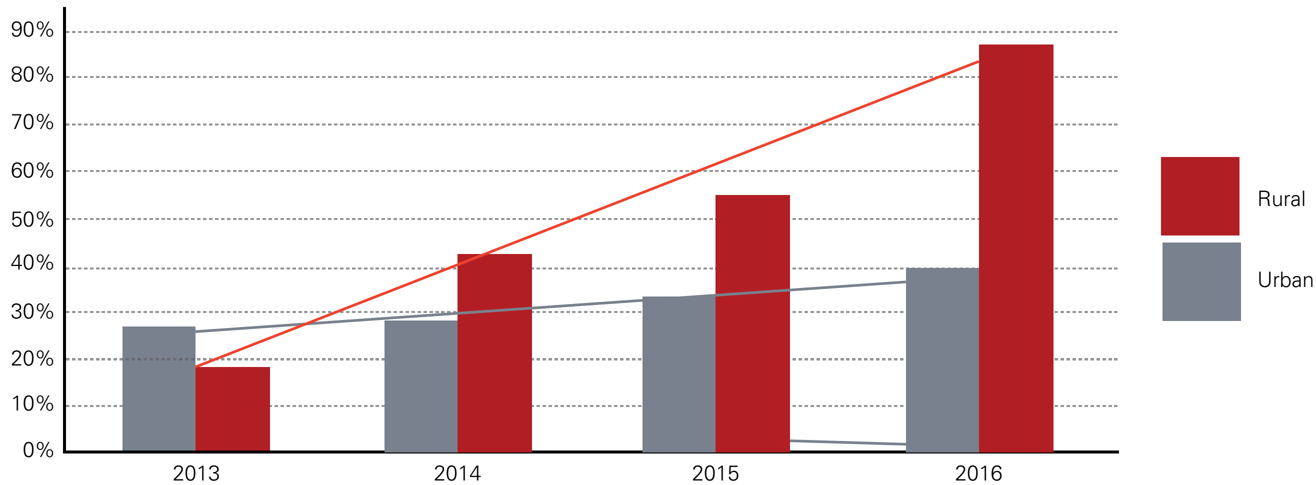
Revenue sharing, particularly if it is based on population, would be damaging to rural municipalities.

Much of this analysis suggests that revenue sharing, particularly if it is based on population, would be damaging to rural municipalities. To demonstrate the impact, we asked ourselves what would happen if all of the linear taxation revenue collected by municipalities was pooled together and redistributed based on population. This is the type of scenario that has been proposed in the province, and although it represents an extreme example, it does have a level of support from some decision makers.

In an attempt to illustrate the impact this scenario would have, we projected a number of ratios up to 2013 using current distribution methods and then projected 2014 to 2016 based on the redistribution of linear tax revenue by population.

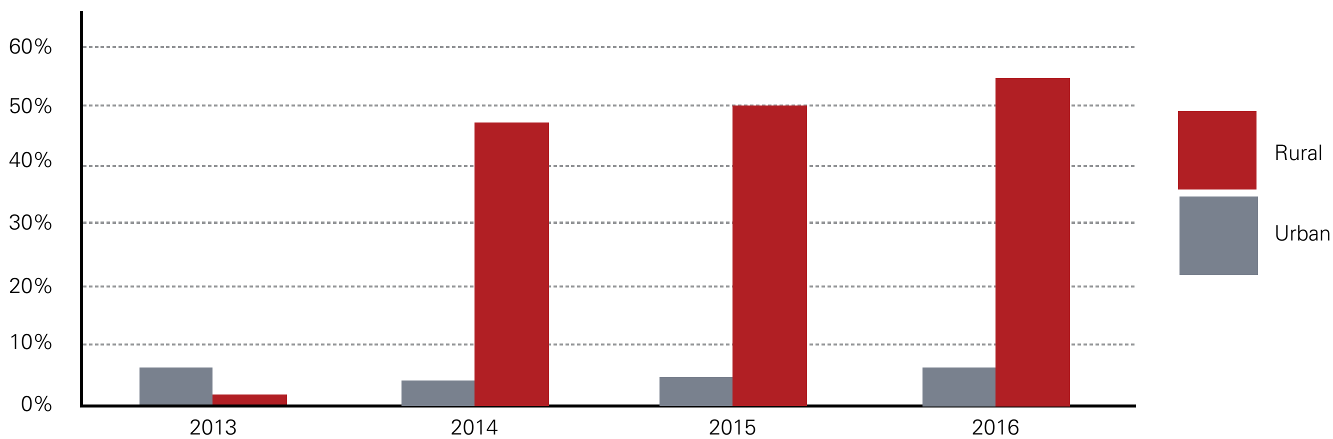
Our analysis shows immediate and extremely negative impacts to rural municipalities.

Chart 3. Urban & rural long-term debt levels in proportion to municipal debt limit, adjusted for linear taxation revenue sharing based on population



Assuming municipal debt continues to grow at its current rate, this shows the minimal impact to urban municipalities, increasing their debt ratio by approximately 10% over the projection. Rural municipalities are much more significantly impacted in this projection as their debt limits decrease as a result of reduced revenues (i.e. their adjusted debt limit). We see an immediate and steep increase as soon as the reallocation model is applied in 2014. By 2016, the average rural municipality has long-term debt over 90% of its debt limit.

Chart 4. Forecasted percentage of municipalities in financial deficit



Starting in 2014, we forecasted a reallocation of linear taxation revenue based on population. The chart shows an immediate effect of reallocation on rural municipalities as soon as it is applied in 2014. Roughly 50% of all rural municipalities would immediately be unable to cover their expenses. This is a drastic difference compared to 2013, before the redistribution, where there are a much smaller percentage of rural municipalities unable to cover their expenses compared to urban ones. This scenario has little impact on urban municipalities though. The number of urban municipalities unable to cover their expenses remains low (approximately 5%) and we do not see an increase after the model is applied.

The Core of the Matter

Finding 3

A redistribution of linear taxation revenues based on population would have a significant negative impact on rural municipalities debt levels; with little or no impact on urban municipalities

This analysis looked at future projections of municipal long-term debt compared to debt limits based on the redistribution linear taxation revenue. Municipal debt limits are calculated based on revenue; therefore a municipality's debt limit is directly linked to any changes in revenue reallocation. In this scenario rural municipalities lose revenue and therefore their debt limit decreases. This has a significant impact on the ratio of long-term debt to debt limit for rural municipalities. Our analysis highlighted that the average rural municipality would be over 90% of its debt limit by 2016 in this scenario, seriously affecting municipal sustainability.

Finding 4

Reallocating linear property revenue based on municipal population would negatively impact rural municipalities by severely compromising their financial viability

Reallocating linear property based on population will have significant negative impact on rural municipalities while adding little to no benefit to small urban municipalities. This provides support for the assertion that distribution based on population is not equitable or even advantageous to all municipalities.

Our analysis looked at the ratio of total expenses to revenues to highlight the impact redistribution would have on the bottom line of rural and urban municipalities. *Redistributing linear taxation revenues based population would heavily favour larger urban centers with high population, have limited impact on smaller urban municipalities, and severely hinder rural municipalities' ability to operate.*

Our future projections highlight the severe negative impact that redistributing linear property tax revenue based on population would have on rural municipalities. Rural municipalities would immediately increase their long-term debt compared to their debt limit. The average rural municipality would nearly reach their debt ceiling by 2016 in this scenario. The analysis also projects a large number of rural municipalities unable to cover their expenses under this scenario. It is also important to note the analysis showed minimal impact to urban municipalities.

These findings offer strong evidence against arguments for redistributing linear property revenue based on population and reinforce the short-sightedness of any population-based distribution model.

Should restricted municipal reserves be considered an indication of wealth or a financing tool?

Current legislation gives municipalities the autonomy to decide how their funds are spent or saved to address infrastructure projects. This enabling legislation is strongly supported by the AAMDC and must be maintained.

There is a misconception that reserve levels on balance sheets are a means of measuring wealth in municipalities. Reserves are a means to pay for assets in the future. Many municipalities dedicate specific funds, called restricted reserves, to specific projects. Alternatively, some municipalities borrow to pay for these projects. Under each of these scenarios, the municipality acquires the asset, but up until completion the reserve 'rich' municipality appears to have greater wealth. Over the past decade, the majority of reserve funds have been dedicated to a project and are now restricted.

Restricted reserves can only be considered an indication of wealth when considered in context with all of the municipality's assets. One must balance financial assets with the condition (and thus, value) of municipal infrastructure. Otherwise, restricted municipal reserves are simply council's choice of financing replacement or upgrading of infrastructure.

Restricted reserves can only be considered an indication of wealth when considered in context with all of the municipality's assets.

The current level of reserves held by municipalities

Municipal reserves can be restricted for a specific project (i.e. **restricted reserves**) or held to use for emergent issues at a later date (i.e. **unrestricted reserves**). The AAMDC does not have a recommended policy on holding reserves, as some municipalities choose to use them, while others do not. This decision is largely up to the political will of the constituents in each municipality.

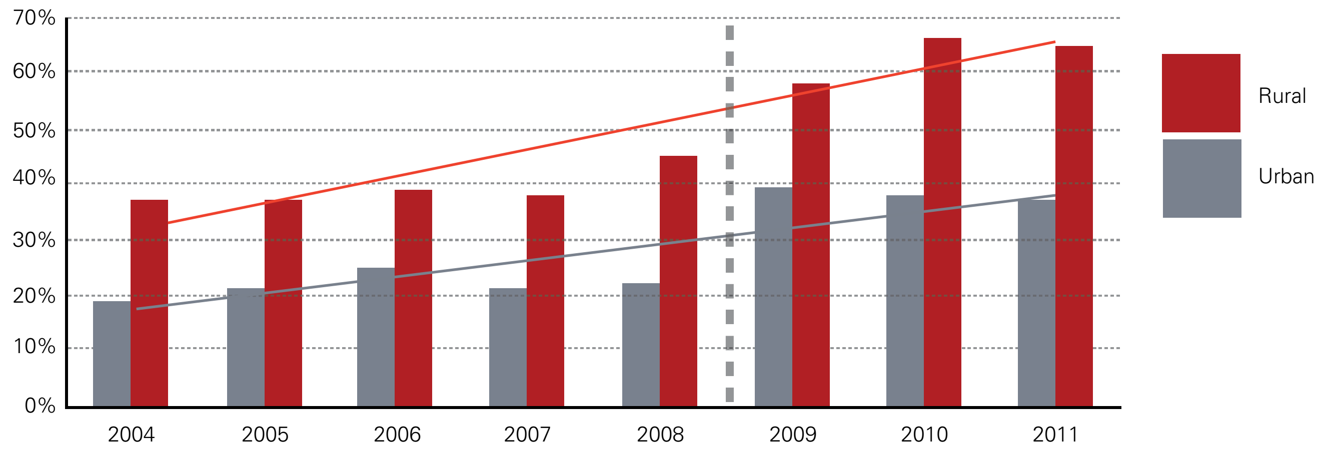
Our analysis shows that, on average, rural municipalities have higher levels of restricted reserves than their urban counterparts. It is important to note that restricted reserves are specifically set aside for planned capital projects. Urban municipalities have typically had higher levels of unrestricted reserves. There are, however, a number of outliers that significantly increase the average reserve levels (both in urban and rural municipalities).

Given that the cost of infrastructure upgrades/ replacements are typically too high to be paid out of a single year's revenue stream, even with grant funding, councils must choose to finance the project and enjoy it now while spreading the cost over future years, or save now and put off the benefit of the new upgraded/ replaced infrastructure off until years down the road.

Annual budgeted contributions to restricted reserves are considered a liability and are carried as such on municipal balance sheets. They are an indication of a council's commitment to a future project and should not be considered part of a surplus.

Current legislation gives municipalities the autonomy to decide how their funds are spent or saved to address infrastructure projects. This enabling legislation is strongly supported by the AAMDC and must be maintained.

Chart 5. Percent of municipalities with Total Reserves > One Year of Total Expenses[3]



This chart summarizes the percentage of rural and urban municipalities that had reserve levels greater than their total expenses per annum. It reveals an increasing trend in the number of municipalities that have reserve levels as high as, or higher than total expenses. In 2004, 37% of rural municipalities had total reserves greater than 100% of their annual total expenses; by 2011 this increased to 64% of municipalities. In comparison, there are fewer urban municipalities that have reserves as high as annual expenses; however the trend is also increasing. In 2004, 19% of urban municipalities had total reserves greater than 100% of their annual total expenses; by 2011 this increased to 37% of urban municipalities.

The Core of the Matter

Finding 5

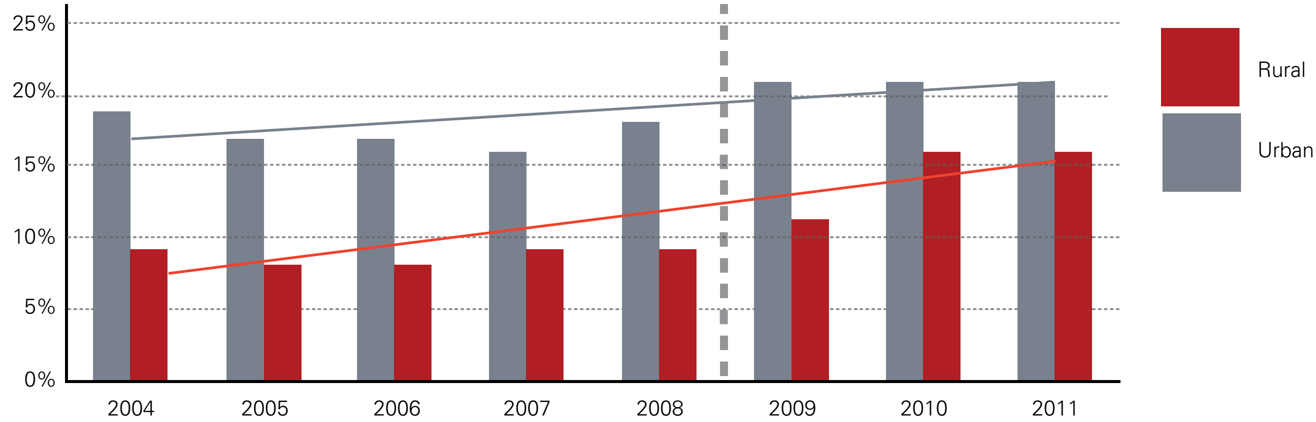
Both rural and urban municipalities are increasing their reserve levels

Our analysis of reserves compared to total expenses shows an increasing trend in the number of rural and urban municipalities that have total reserves greater than total expenses. The ratio is total reserves divided by total expenses and represents a municipality's ability to cover future capital projects and operational expenses in the event of decreasing revenues. As both rural and urban municipalities are increasingly reliant on revenue sources that are susceptible to unforeseen reductions (e.g. grants, transfers, resource-based revenue), it is possible that increasing reserve levels is a strategy to offset potential risk.

The current level of reserves held by municipalities

The other typical means for financing capital projects is through borrowing. Our analysis included a review of the long-term debt levels of municipalities in the province. We compared these levels to municipal debt limits and found that this ratio had stayed relatively low for both urban and rural municipalities, which indicates debt levels are being managed appropriately.

Chart 6. Average municipal long-term debt compared to debt limit



Municipal debt limits are calculated as 1.5 times the current revenue of a municipality. This chart shows that, for both urban and rural municipalities, there is an increase in their ratio of long-term municipal debt to debt limit yet the majority of municipalities remain well below their overall limits. It is interesting to note that in comparison to the use of reserves, borrowing seems to have an opposite pattern with the urban municipalities using more of their debt limit than their rural counterparts. This may be an indicator of differences in financing philosophy and/or an outcome of the risk associated with rural revenue sources.

The Core of the Matter

Finding 6

While urban and rural debt levels are relatively low in proportion to municipal debt limits, they have marginally increased over the past decade

From a debt perspective, rural and urban municipalities are fulfilling their financial responsibilities managing their long-term debt. The long-term debt limit is based on a formula which relies on a municipality's revenue and ability to re-pay long-term debt. Approaching the debt limit will increase risk to the municipality and pressures its ability to service its obligations.

We found that both rural and urban municipalities are, on average, holding relatively low levels of long-term debt compared to their debt limit. However, there is a slight increasing trend for both rural and urban municipalities, and we observed that on average urban municipalities do have more long-term debt compared to their debt limit than their rural counterparts.

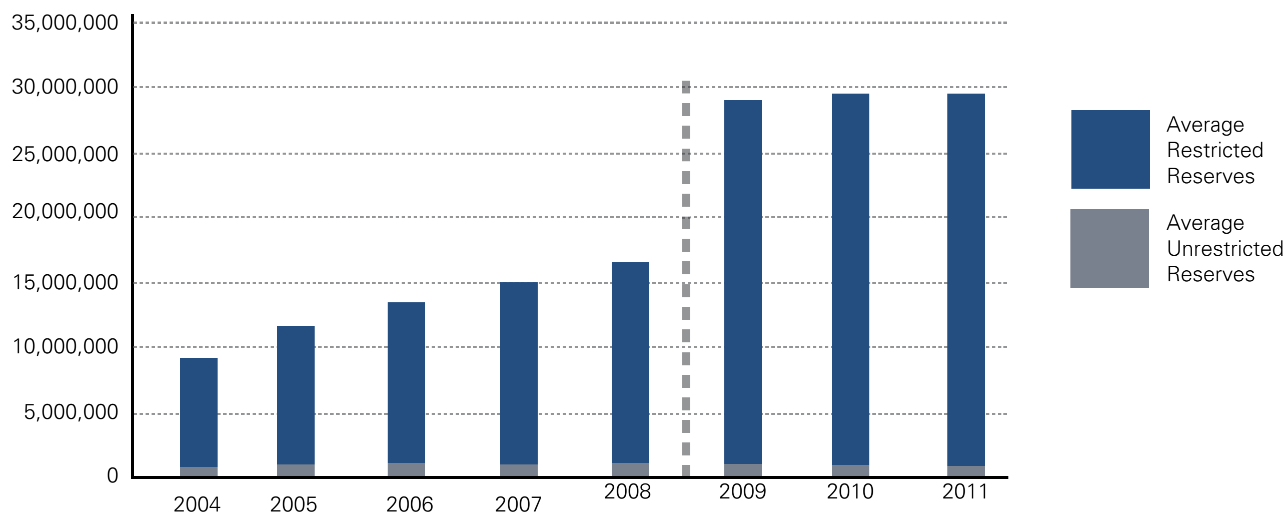
A closer look at reserves and borrowing

As a part of this analysis, we indicated that typically the discussion around municipal finances in this province is centered on revenues. This is evident when we look at the arguments for redistributing linear property tax revenue. *The AAMDC argues that it is critical to look at expenses, as well as revenue when discussing municipal finances.* In fact, expenses are more important than revenue. A municipality's first priority is covering their expenses in a cost efficient manner.

There are a number of "outlier" municipalities (both urban and rural) that are holding large amounts of reserves; which some would consider a measure of wealth. However, we have illustrated that the more typical rural municipalities have levels of reserves in line with the average urban municipality. There may be a few outlier rural municipalities that are driving this perception, but the reality is that a discussion of municipal wealth must include a more in-depth discussion than the currently available data will allow. Ultimately, the level of reserves must always be considered in relation to the value of a municipality's assets.

Chart 7. Rural Reserves (Outliers Excluded)

Chart 8. Urban Reserves (Outliers Excluded)



The analysis shows that on average rural municipalities have slightly higher levels of reserves overall but still proportionally similar levels of both restricted and unrestricted reserves compared to urban municipalities. Specifically rural municipalities have approximately $25 million in restricted reserves post-Tangible Capital Assets (TCA) reporting which is very similar to the average urban. The average rural does have slightly higher levels of unrestricted reserves, though not significantly. Prior to the introduction of TCA reporting[4] the average rural had lower overall levels of total reserves, but higher levels of unrestricted reserves.

There is also an increasing trend in the level of restricted reserves for rural municipalities under both reporting eras (2004 to 2008 and 2009 to 2011, respectively). However our analysis also shows that unrestricted reserves were also increasing for rurals prior to TCA.

The Core of the Matter

Finding 7

Rural municipal restricted reserve levels are increasing, but unrestricted reserve levels have remained flat

We looked at the current reserve levels for urban and rural municipalities (restricted and unrestricted). Reserves become restricted when they become allocated to fund a specific future capital expense, therefore increases in restricted reserves accounts for more in-depth municipal planning and forecasting of future expense needs, as well as a reflection of new reporting requirements under TCA. Restricted reserves can be considered responsible financial practices for future capital expenses. Our analysis shows rural and urban municipalities have similar levels of average restricted reserves, but rural municipalities have slightly higher levels of unrestricted reserves, on average.

In our analysis we discovered a number of urban and rural municipalities were having drastic impacts on the average reserve levels, making them seem excessively large. For the urban municipalities, the outliers were Calgary and Edmonton and the rural municipalities were Wood Buffalo and Strathcona County, among others. These outliers were removed from our analysis to show a more typical urban or rural municipality in the province.

The Rural Municipal Infrastructure Deficit

What is the impact of this borrowing or use of reserve accounts? These financing tools are used for capital projects; some to build new needed infrastructure and others, to refurbish or replace existing assets. A key question of this report is to determine the current level of infrastructure deficit in rural municipalities and how it impacts rural municipal finances.[5]

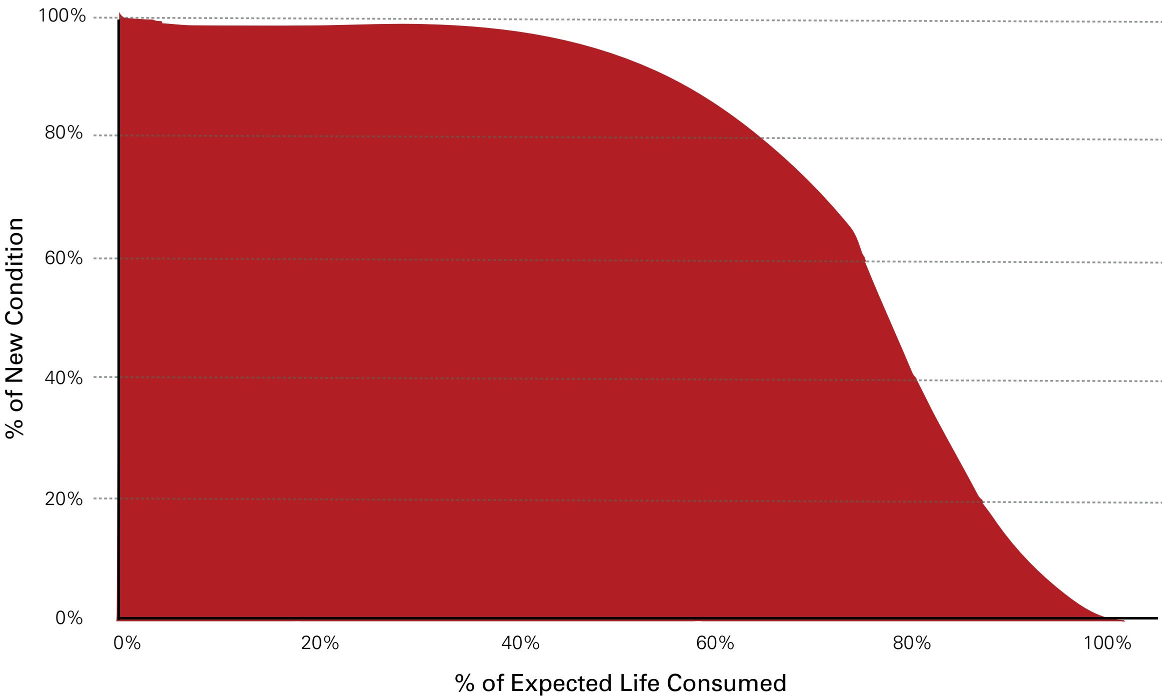
Rural infrastructure portfolios throughout Alberta are made up of capital assets such as roads, bridges, buildings, water and wastewater systems, whose benefits extends beyond a time span of one year (i.e. expected asset life). Over time, capital assets deteriorate (with the exception of land). Therefore, the value of the infrastructure portfolio naturally goes down. This can be prevented through investment in the maintenance or replacement of assets; this investment maintains and/or increases the condition (i.e. the percentage of new condition) of these assets depending on the level of investment. The infrastructure deficit is the difference between the current condition of rural municipal infrastructure and the optimal level of assets[6].

The deterioration curve model was first applied to analyze the state of rural infrastructure in a 2006 AAMDC report, Rural Transportation Funding Options Report. This analysis was a key item of evidence in the design of the Municipal Sustainability Initiative in 2007. It is a mathematical formula that forecasts the condition of the overall portfolio based on the weighted average point in the assets life; in a graph format it looks like a curve.

Our analysis looked at the rural infrastructure deficit under scenarios where there was no MSI funding provided, the planned MSI funding amounts were provided, and the current reality.

The infrastructure deficit is the difference between the current condition of rural municipal infrastructure and the optimal level of assets

Chart 9. Asset Deterioration Curve



This chart shows that assets do not deteriorate on a straight line basis; in their first years of service, little deterioration of their value occurs. But if the asset is left to deteriorate, the pace of deterioration continues at an increasing rate. At approximately 70% of the expected life, we see a "cliff" where deterioration accelerates very quickly. At this point it becomes extremely expensive year over year to maintain the asset. Instead it is a much better strategy to maintain the asset at the top of the curve, approximately 94% of new condition and 50% of useful life, where it takes a much smaller investment to maintain the asset year over year.

This curve shows the potential impact to municipalities if infrastructure is left to deteriorate. Municipalities run a risk of having their infrastructure reach the steep part of the curve, where repairing it becomes extremely expensive. This would put incredible pressure on municipalities to reallocate revenues from other areas to address their infrastructure issues.

Individual details on the condition and age of these assets are difficult to gather, but there are techniques to study them as a whole portfolio. For this study we looked at the previous work that had made estimates of the state of Alberta's rural municipal infrastructure in 2006[7] and 2008[8]. We then updated the model using current information up to 2011 to see the changes that have occurred since the last variation.

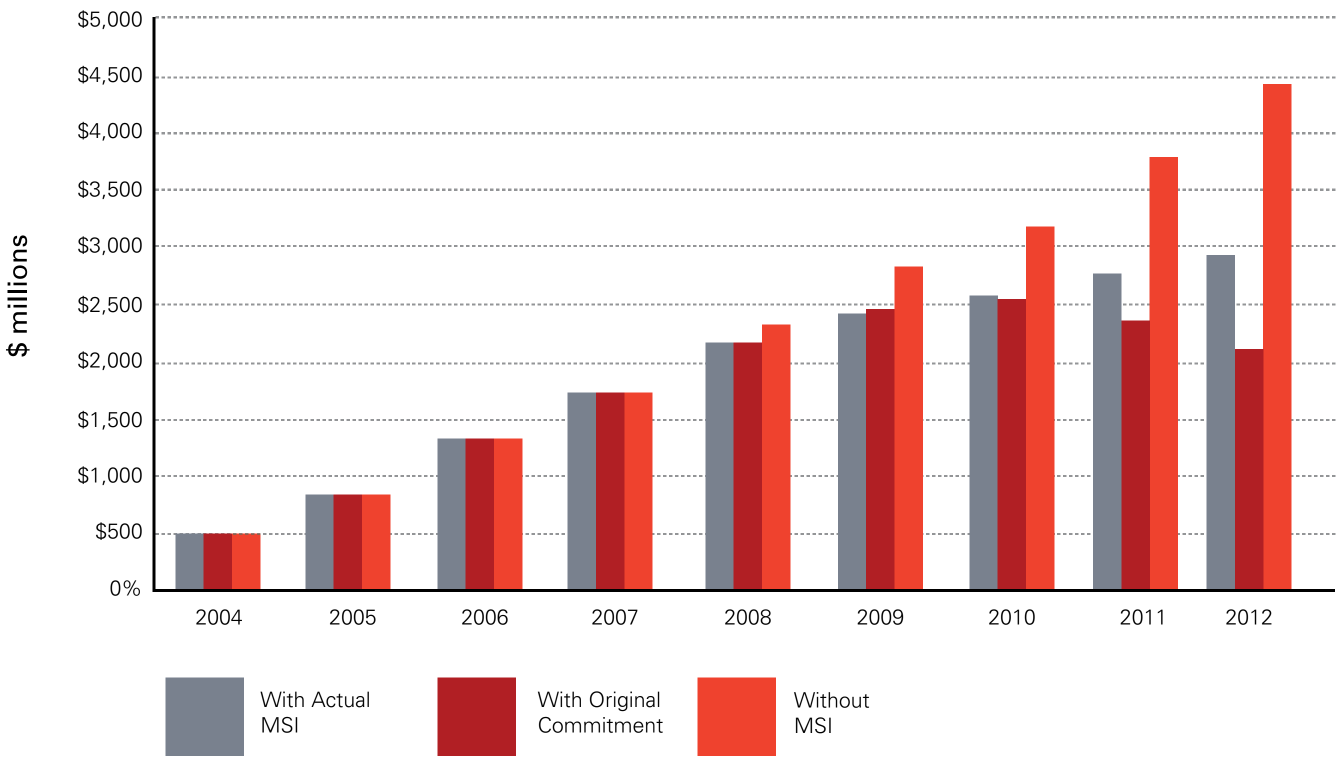
Using updated information, we looked at the levels of investment that have been made by rural municipalities into the rural infrastructure portfolio, and mapped them against the expected year over year deterioration of the portfolio based on the curve above. We wanted to see if the investment was outpacing the deterioration of the portfolio or vice versa. We also analyzed the addition of Municipal Sustainability Initiative (MSI) funding on the portfolio. The MSI funding was a major initiative by the provincial government to reduce the infrastructure deficit in the province.

This study also recognizes that municipalities also contribute to infrastructure from their own reserves and other federal and provincial grants and transfers[9]. These grants and transfer programs continue to be vital to the sustainability of rural municipal infrastructure creation and maintenance.

Chart 10. Comparison of Actual vs. Original MSI Rural Contributions

Year	Actual MSI Amounts	Original MSI Amounts
2007	$143,069,526	$142,929,826
2008	$169,393,843	$160,830,963
2009	$136,277,743	$195,818,640
2010	$300,856,693	$470,925,530
2011	$219,261,581	$339,332,521

Chart 11. Rural Municipal Infrastructure Deficit (Millions)



Here we see the annual infrastructure deficit for each of the three scenarios (Actual, Original and Without MSI) and the funding required to get the infrastructure portfolio to the optimal level. The differences between the three scenarios demonstrate the differences in annual municipal capital investment as a result of the Municipal Sustainability Initiative. The chart also emphasizes the benefit of MSI as an investment – preventing an additional $1.5 billion in infrastructure deficit for rural municipalities.

The Core of the Matter

Finding 8

Without the MSI program, rural Alberta's infrastructure deficit would have been 51% higher at $4.44 billion ($4.59 billion in 2013 dollars)

By 2011, the infrastructure deficit would have been $4.44 billion ($4.59 billion in 2013 dollars) if the MSI program had not been implemented. This finding demonstrates that MSI has, and will continue to work in preventing an increasing infrastructure deficit in the province.

It is also important to consider how MSI funding is being used: whether to maintain existing assets, or to build new assets. Municipalities, that are using MSI funds to build new assets, such as community centers, rather than maintaining or replacing existing assets, must be mindful of the long-term consequences. This is because building new assets will add to the size of the asset portfolio, requiring more revenue to maintain.

Finding 9

The MSI program, as it was originally designed, would have cut the rural infrastructure deficit and would have reversed the deterioration trend

The original MSI funding commitment was $1.31 billion to rural municipalities over five years. This increased MSI funding would have reversed the deterioration curve and reduced the rural infrastructure deficit to $2.11 billion ($2.19 billion in 2013 dollars). This highlights that the MSI program, as it was initially envisioned, would have been an even better investment for the provincial government and would have reduced the infrastructure deficit on rural municipalities.

Finding 10

While MSI payments are slowing the increase in rural Alberta's infrastructure deficit, the program has not eliminated the $3 billion rural infrastructure deficit

Since 2007, MSI funding has helped slow the increase of the rural infrastructure deficit. By 2011, MSI had saved rural Alberta approximately $1.49 billion ($1.54 billion in 2013 dollars). While MSI has contributed to limit the deterioration of assets, it has not been enough to completely halt, let alone improve, the overall condition of rural infrastructure.

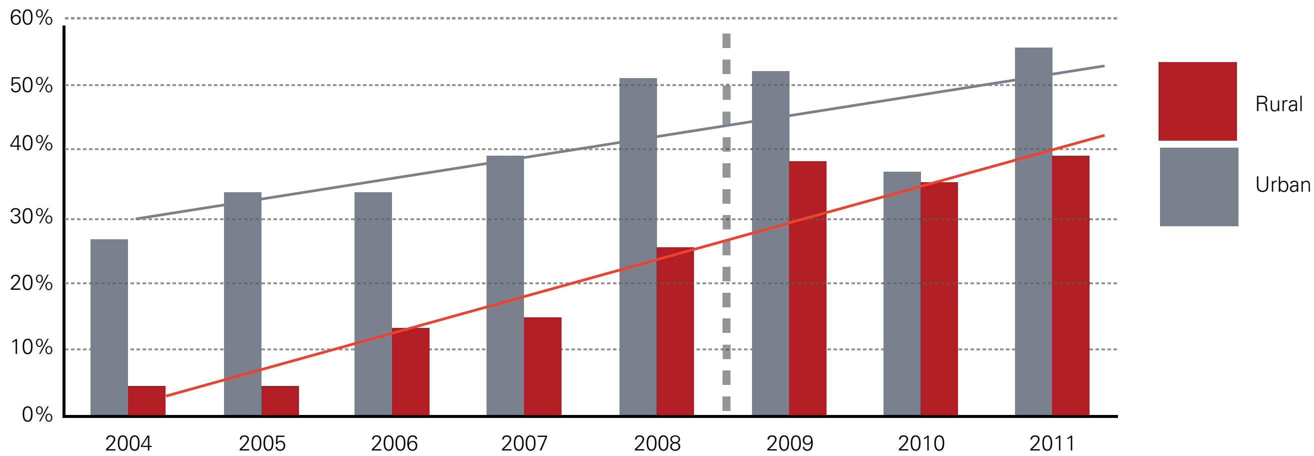
The actual MSI funding contribution to rural municipalities from 2007 to 2011 totalled $969 million and has helped limit the total infrastructure deficit to $2.94 billion ($3.05 billion in 2013 dollars).

Our analysis of the rural municipal infrastructure deficit highlights that MSI funding has been successful in limiting the deterioration of rural infrastructure in the province. However, the current levels of funding have not been enough to completely limit deterioration or improve the overall portfolio condition. This clearly shows that MSI is a critical investment in Alberta's municipalities – preventing billions in infrastructure deficits. The significant cost saving effects of MSI also demonstrate the need for the province's continued partnership in investing in municipal infrastructure.

The extent to which municipalities rely on government transfers for capital projects

For both urban and rural municipalities, government transfers and grants to fund capital expenditures are essential. As responsibilities and expectations for municipal government increase, these grants and transfers will only become more vital. Without consistent and predictable funding, municipalities are hampered in their ability to create long-term plans.

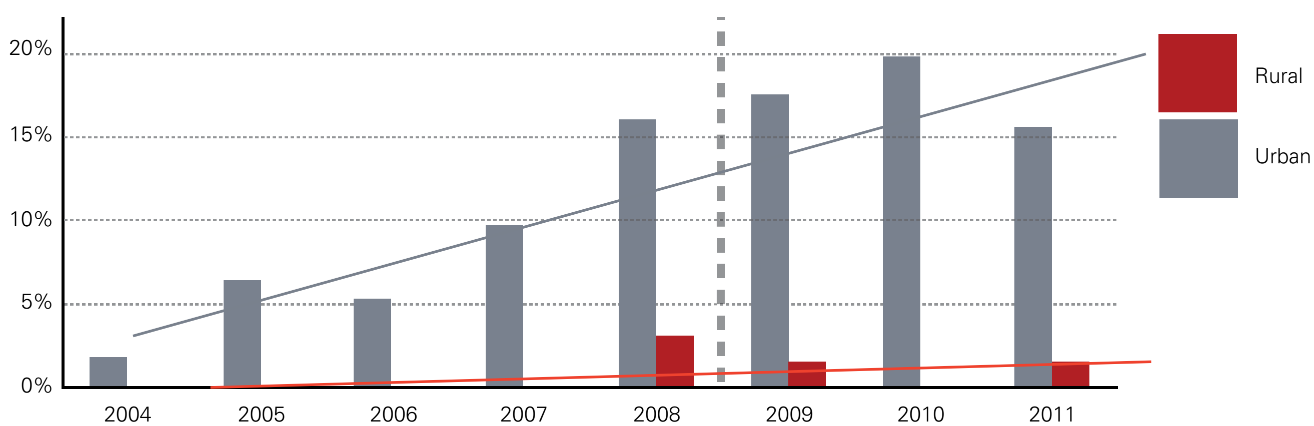
Chart 12. Percent of Municipalities with >50% Government Transfers/Capital Expenditures



This summarizes the percentage of rural and urban municipalities that have more than 50% of their capital expenses funded by government transfers. Since government transfers are considered to be at risk, having government transfers greater than 50% of capital expenditures is problematic. Municipalities using a higher percentage of government transfers to fund capital expenses are at risk if government transfers are ever reduced.

*An increased numbers of rural and urban municipalities have transfers greater than 50% of capital expenses over the eight year period, highlighting an increased reliance on transfers as a revenue source. While more urban municipalities met this threshold, the increasing trend in rural municipalities is potentially problematic factoring in their high reliance on high risk revenue sources (see **Trends & Reliance on Resource-based Taxation Revenue**).*

Chart 13. Percent of Municipalities with >50% Government Transfers/Total Revenues



This chart was constructed from the ratio of government transfers divided by total revenue. It shows the percentage of rural and urban municipalities that have greater than 50% of their total revenues from provincial grants/transfers. This ratio represents a municipality's reliance on government transfers and the 50% threshold highlights an arbitrary but significant percentage. On the chart, the higher percentages and increasing trends experienced by urban municipalities equates to a significant reliance on transfers from other orders of government. In 2004, 2% of urban municipalities had government transfers encompass greater than 50% of their total revenue; by 2011 this increased to 15% of urban municipalities. Conversely, over the same time period the percentage of rural municipalities with government transfers making up greater than 50% of their total revenue stayed relatively constant; ranging from 0% to 3% of municipalities.

The Core of the Matter

Finding 11

Federal and provincial government grants and transfers are vital to the sustainability of both rural and urban municipalities

The analysis suggests urban municipalities rely on government transfers as a bigger proportion of their revenue and capital expenditures than their rural counterparts. However, there is an increasing trend for both rural and urban municipalities. A reliance on government transfers adds risk to their revenue projections, as they are outside of the municipality's control. As responsibilities and expectations for municipal government increase, these grants and transfers will only become more vital.

Recent years have seen a dramatic rise in the average annual expenditure of municipal governments. Many credit this to Alberta's overall increasing population, a shift in responsibility to municipalities from higher orders of government, their efforts to slow or reduce the infrastructure deficit, their residents' demands for high standards of infrastructure and services, or a combination of these and other factors.

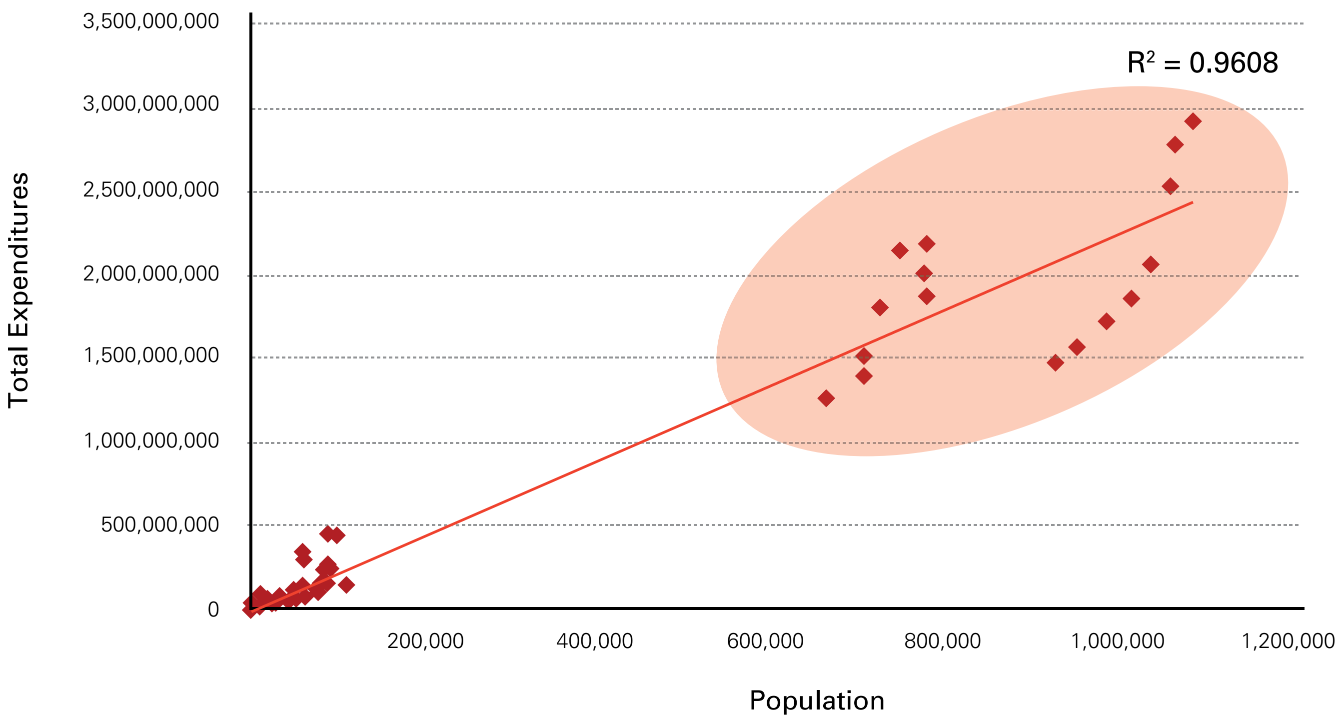
Impact of Per Capita Funding

As the reliance on transfers from other orders of government grows, it is important to test the assumption that population is the most fair and equitable means to allocate grant funds. Recent years have seen a dramatic rise in the average annual expenditure of municipal governments. Many credit this to Alberta's overall increasing population, a shift in responsibility to municipalities from higher orders of government, their efforts to slow or reduce the infrastructure deficit, their residents' demands for high standards of infrastructure and services, or a combination of these and other factors. The fall-back argument is generally that population increases puts increased pressure on municipal jurisdictions as Alberta continues to grow. Alternatively, there is also an argument that rural municipal expenses will be declining based on the steadily declining population in most rural municipalities. If this is true, then population will provide to be the main driver of municipal expenses and distribution of government support based on population will be a feasible argument.

To test whether population can accurately predict municipal expenses we used **regression analysis**, a statistical technique that attempts to explain the strength of the relationship between a number of variables. Regression analysis uses a form of averaging that represents the relationship of these variables. From this, we can determine how good a predictor one variable is for another (i.e. population for expenses).

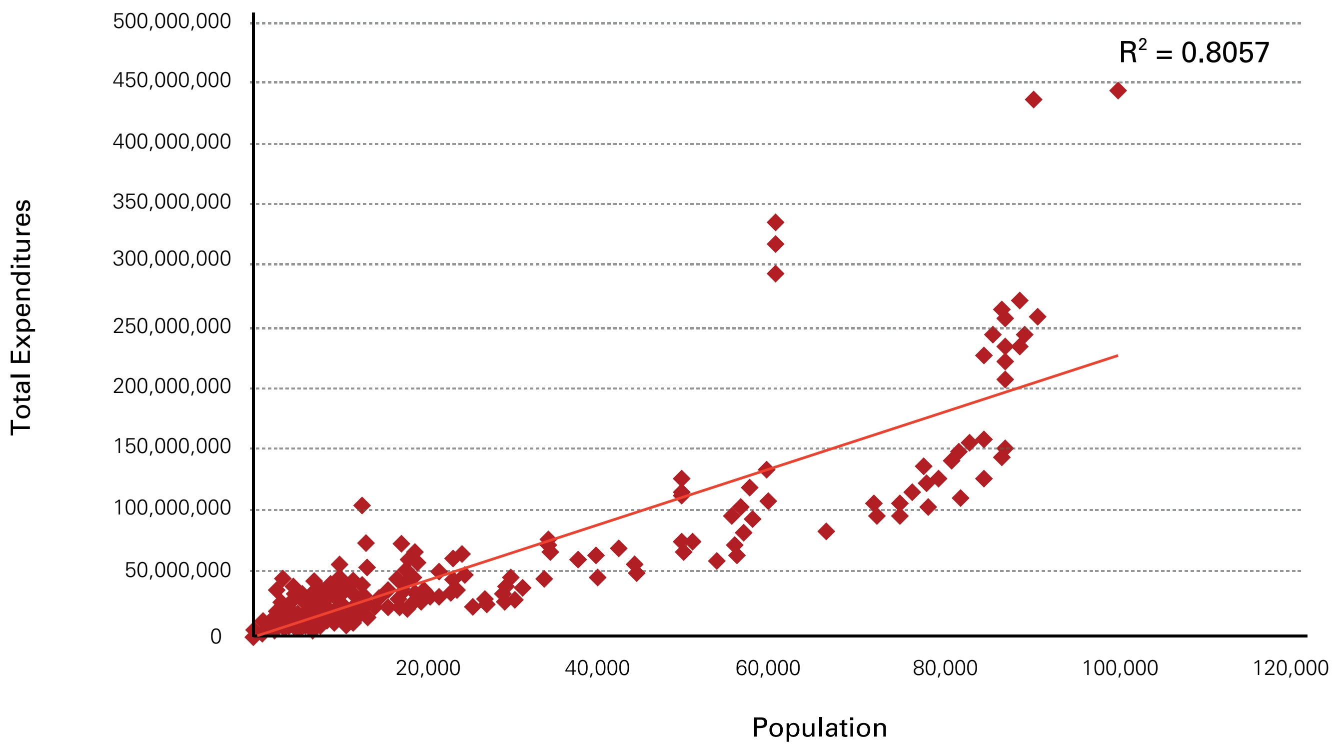
To identify whether there are better predictors of municipal expenses, we also conducted a regression analysis on the relationship between municipal assets (length of roads, water and wastewater systems, total area, and number of households) and municipal expenses.

Chart 14. Relationship between Alberta Municipal Population and Total Expenditures – All Municipalities 2004 – 2011



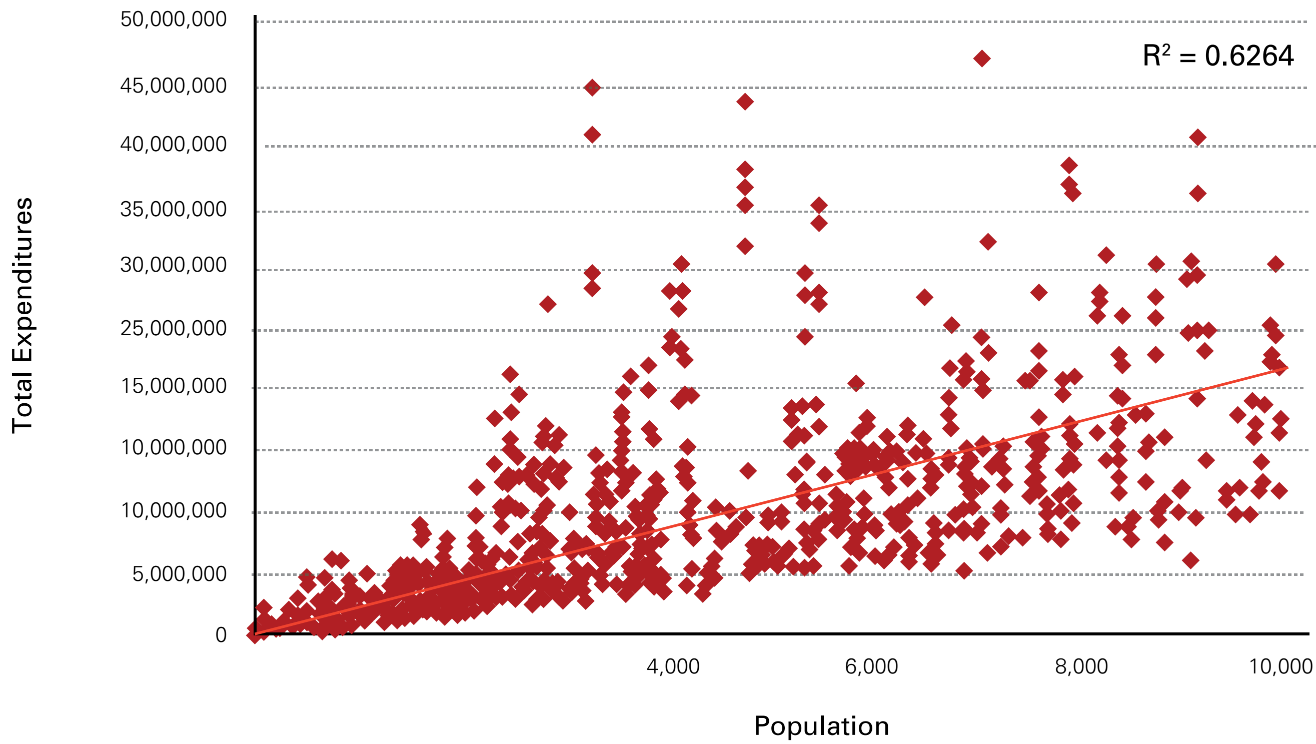
This chart shows the relationship between population and expenses for all Alberta municipalities over an eight year time period. Does population predict expenses? Initially, the method seems to answer this question, suggesting that 96% of the change in expenses can be predicted by change in population. However, one can see in the circled portion of the chart that the high population data points, Edmonton and Calgary, have a significant impact on the analysis.

Chart 15. Relationship between Alberta Municipal Population and Total Expenditures – Excluding Edmonton & Calgary



Remove Edmonton and Calgary from the equation and a very different picture emerges. First, the influence of population drops from 96% to about 80%. This means that population is becoming less relevant as a predictor of expenses.

Chart 16. Relationship between Alberta Municipal Population and Total Expenditures – Municipalities under 10,000 (2004 – 2011)



A different picture emerges again when we present only the data from municipalities with populations under 10,000 (about 87% of Alberta municipalities have pop. <10,000). The points are far more scattered from the trend line, and the explanatory power of the model drops to about 63%. This suggests that for 87% of Albertan municipalities, population is not an accurate driver of expenses.

The Core of the Matter

Finding 12

Analysis of municipal data is misrepresented with the inclusion of Edmonton and Calgary

There are fundamental differences in population, infrastructure, scope and influence of Edmonton and Calgary compared to other municipalities in the province. *They should not be considered in the same analysis as other municipalities.* This conclusion was highlighted in our regression analysis as Edmonton and Calgary are obvious outliers in the sample (see Chart 14). They also impacted the results of the analysis as the linkage between population and municipal expenses decreases significantly when they are removed from the analysis (see Chart 15 and 16).

A Better Predictor for Municipal Expenses

Total municipal population is not a good predictor of municipal expenses, particularly for smaller municipalities. Would an asset-based model work better for predicting expenses?

To test this we applied a similar methodology to municipal assets, regressing a bundle of assets (length of roads, water and wastewater systems, total area, and number of households) against municipal expenses. We ran the same analysis as our population analysis: for all municipalities, municipalities under 100,000 populations and municipalities under 10,000 populations.

Chart 17. Population versus Asset as a Predictor of Municipal Expenses

Size	Population	Assets	# of Municipalities
All	96.0%	95.0%	342
Under 100,000	80.5%	79.0%	339
Under 10,000	62.6%	83.0%	298

The amount of assets a municipality has can predict 95% of its expenses. As an example, each additional kilometre of road and the amount of land that a municipality has will lead to higher expenses.

Four of the asset groups had a positive correlation with municipal expense as in, the greater the length of roads, water and wastewater systems, and total area of the municipality the greater cost the municipality faces. The fifth asset group (housing density) showed a negative correlation to municipal expense. In other words, the more condensed a municipality is, the lower the costs to service the municipality.[10]

The Core of the Matter

Finding 13

Total municipal population is not a strong driver for predicting municipal expenses

For the strong majority of municipalities in the province, their expenses are more closely related to their asset base than their population. Plans to redistribute grant funding or taxation revenue based on population therefore are likely to hurt smaller urban and rural municipalities, while helping only a small number of larger urban centers. The reality is that even in instances of declining population in rural areas, fixed costs related to infrastructure do not decline with population and need to be considered in funding models.

Finding 14

Assets are a better driver than population for predicting Alberta municipal expenses

Both analyses, for under 100,000 population and under 10,000 population, provide strong evidence that asset based models are better predictors of municipal expenses, predicting 79% and 83%, respectively. The asset based regression model does not decrease nearly as much as the population analysis when looking at smaller population groups.

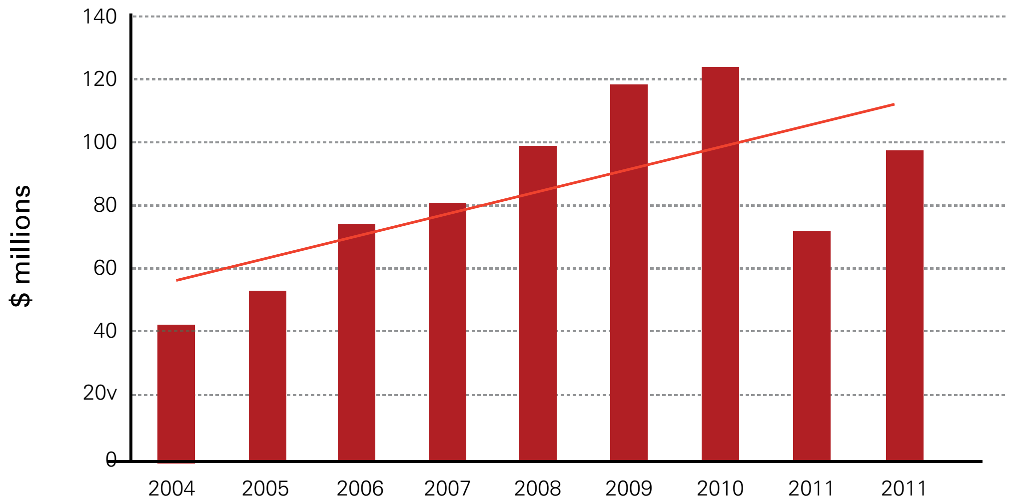
This analysis also lends support to rural municipalities retaining linear tax property revenue, because the industries that supply it require a substantial infrastructure base and road network. Typically the argument is that some of the revenue should be redistributed to urban municipalities, where the workers for the industry typically live. However, our analysis shows that the asset based to support the industry is a better predictor of expenses than the population used to staff those industries.

This analysis answers the question whether population is the best driver for municipal expenses, and whether population based grant funding is appropriate. What we found is that municipal expenses are driven more by their assets compared to their population, especially in smaller municipalities. *This calls into question the use of population-based allocation models for grant programs if the goal is to fund needs (i.e. expenses) in the fairest manner.*

Current Cost & Revenue Sharing Agreements

Increasingly inter-municipal transfers represent cost sharing initiatives between rural and urban municipalities.[11] Typically, and inappropriately, these inter-municipal transfers are often ignored in discussions of municipal finances in the province.

Chart 18. Rural to Urban Inter-municipal Transfers



Since 2004, anywhere from $45 million to $130 million has been transferred from rural to urban municipalities. In general, an increase in transfers is seen year over year. However, there is evidence to suggest that this significant drop is due to the lack of complete data in 2011 and 2012 as well as the potential delays in the completion of capital projects in urban centers, which received contributions from rural municipalities.

The Core of the Matter

Finding 15

Rural municipalities make substantial contributions to their urban neighbours

Significant monetary amounts are transferred between municipalities every year. Chart 18 shows the total amount of inter-municipal transfers, from rural to urban municipalities, through cost-sharing and other arrangements. These numbers do not reflect basic fee for service arrangements. Data for the chart was collected from rural municipalities. The data collected from the workbooks was verified against the MFIS reported values for the amount of transfers in each municipality.

Inter-municipal transfers have increased steadily since 2004, aside from the years 2011 and 2012 which may have incomplete data. These growing inter-municipal transfers represent increasing rural participation in urban services and infrastructure, leading to shared benefits and better service to rural and urban citizens alike and should be included in any future inter-municipal finance discussion. This trend also gives strength to the argument that municipalities are seeing value in cost sharing arrangements, because transfers (which include some cost sharing arrangements) are increasing steadily.

The AAMDC supports the use of cost sharing as innovative solutions to meeting citizen needs and providing transparency for expenditures.

Summary
& Conclusions

Core Findings

1. Municipal Financial Information System (MFIS) reporting in Alberta needs to be improved
2. Rural municipalities are increasingly reliant on higher risk revenue sources
3. A redistribution of linear taxation revenues based on population would have a significant negative impact on rural municipalities debt levels; with little or no impact urban municipalities
4. Reallocating linear tax revenue based on municipal population would negatively impact rural municipalities by severely compromising their financial viability
5. Both rural and urban municipalities are increasing their reserve levels
6. While urban and rural debt levels are relatively low in proportion to municipal debt limits, they have marginally increased over the past decade
7. Rural municipal restricted reserve levels are increasing, but unrestricted reserve levels have remained flat
8. Without the MSI program, rural Alberta's infrastructure deficit would have been 51% higher at $4.44 billion ($4.59 billion in 2013 dollars)
9. The MSI program, as it was originally designed, would have cut the rural infrastructure deficit and would have reversed the deterioration trend
10. While MSI payments are slowing the increase in rural Alberta's infrastructure deficit, the program has not eliminated the $3 billion rural infrastructure deficit
11. Federal and provincial government grants and transfers are vital to the sustainability of both rural and urban municipalities
12. Analysis of municipal data is misrepresented with the inclusion of Edmonton and Calgary
13. Total municipal population is not a strong driver for predicting municipal expenses
14. Assets are a better driver than population for predicting Alberta municipal expenses
15. Rural municipalities make substantial contributions to their urban neighbours

Conclusions

At the beginning of this paper, we outlined a number of topics and questions that we wanted to address. After our analysis of the current state of municipal finances and our projections into the future, we wanted to address each topic and offer a conclusion.

1. Are there trends in resource-based taxation revenue and to what level rural municipalities depend on these revenue resources?

Although we could not separate out specific aspects of resource-based revenue, we were able to analyze revenues that can be considered high risk. This high risk category contains revenue based on resource activity. We found that rural municipalities have a high reliance on this high risk revenue and that this component is becoming a foundational piece of rural municipal financial capacity. Fluctuations in the resource industries will likely impact rural municipalities.

Reallocating linear property based on population will have significant negative impact on rural municipalities while adding little to no benefit to small urban municipalities.

2. How important is the linear taxation revenue to rural communities?

Reallocating linear property based on population will have significant negative impact on rural municipalities while adding little to no benefit to small urban municipalities.

Municipal debt limits are calculated based on revenue; therefore a municipality's debt limit is directly linked to any changes in revenue reallocation. By reducing their access to linear taxation, rural municipalities lose fundamental revenue.

Our future projections highlight the severe negative impact that redistributing linear property revenue based on population would have on rural municipalities. Rural municipalities would immediately increase their long-term debt compared to their debt limit. *Over half of Alberta's rural municipalities will nearly reach their debt ceiling by 2016 in this scenario.* The analysis also showed a large number of rural municipalities having trouble covering their expenses under this scenario. It is also important to note the analysis showed minimal impact to urban municipalities.

These findings offer strong evidence against arguments for redistributing linear property revenue based on population and reinforces the short-sightedness of any population based distribution model.

3. Should restricted municipal reserves be considered an indication of wealth or a financing tool?

Restricted reserves can only be considered an indication of wealth when considered in context with all of the municipality's assets. One must balance financial assets with the condition (and thus, value) of municipal infrastructure. Otherwise, restricted municipal reserves are simply council's choice for financing infrastructure replacement or upgrading. Given that the cost of infrastructure upgrades/replacements are typically too high to be paid out of a single year's revenue stream, even with grant funding, councils must choose to finance the project and enjoy it now while spreading the cost over future years, or save now and put off the benefit of the new upgraded/replaced infrastructure off until years down the road.

Annual budgeted contributions to restricted reserves are considered a liability and are carried as such on municipal balance sheets. They are an indication of a council's commitment to a future project and should not be considered part of a surplus.

Current legislation gives municipalities the autonomy to decide how their funds are spent or saved to address infrastructure projects. *This enabling legislation is strongly supported by the AAMDC and must be maintained.*

MSI funding needs to be increased in order to reduce the overall rural municipal infrastructure deficit.

4. What is the state of the municipal infrastructure deficit? How does that relate to overall municipal finance?

We showed that the infrastructure deficit has remained fairly level. This is in part due to the injection of MSI funding from the provincial government. We also showed that an increased amount of MSI funding could have started to reverse the infrastructure deficit relieving the financial liability associated with these assets. This relief would allow municipalities to address other priority areas.

MSI funding needs to be increased in order to reduce the overall rural municipal infrastructure deficit.

While current levels of MSI funding have been to sufficient to limit the increase in the rural infrastructure deficit, they have not been high enough to improve asset portfolio conditions to the optimal level. In order to reach the optimal condition level (94%) overall to MSI funding contributions by the province will have to be increased.

5. What is the validity of per capita funding arguments in the province? What impact would they have on rural municipalities?

We showed that population is a weak predictor of municipal expenses compared to assets for the vast majority of municipalities in the province – *per capita arguments are not equitable to rural or most urban municipalities.*

If the aim of grant funding and revenue sharing are to ensure equitable funding of need, than per capita arguments are misguided. In fact, our analysis shows that redistribution of revenue based on population would be a disaster for rural municipalities with almost no gain for most urban municipalities in the province

Our regression analysis also identified that because assets are a better predictor of municipal expenses; there is a minimum level of assets for municipalities that exists no matter how small a population is. This is because assets must be serviced regardless of the population size, and they require revenue. This provides further evidence against reallocating revenue based on population, because even municipalities with lower populations will still have a minimum level of assets to fund.

6. What is the level of funding transferred inter-municipally through cost- and/or revenue-sharing agreements?

Sharing of municipal resources does occur. Many municipalities, urban and rural, have prospered from cost-sharing arrangements. Based on the increase in transfers, we can suggest that most municipalities are working with their neighbours to find equitable solutions to regional issues. *The AAMDC believes that the value of these arrangements is significant to urban populations and should act as a model for future arrangements.*

The AAMDC supports the use of cost sharing as innovative solutions to meeting citizen needs and providing transparency for expenditures.

Population is a weak predictor of municipal expenses compared to assets for the vast majority of municipalities in the province – per capita arguments are not equitable to rural or most urban municipalities.

Endnotes.

[1] — See our companion document, **Apples to Apples: Technical Appendix** for a more detailed overview of these tools and processes, including the process, calculations and assumptions behind the research.

[2] — Some linear property also includes utilities that cannot be separated under the current reporting structure.

[3] — For scaling purposes, we have used one year of expenses as the comparator for reserves.

[4] — There is a clear shift in the reporting of restricted and unrestricted reserves levels after the introduction of Tangible Capital Assets (TCA) reporting in 2009.

[5] — We were unable to locate comparable data for urban jurisdictions.

[6] — The optimal level of assets has been determined to be approximately 94% of new condition -- the lowest annual investment required maintenance. For more information, please see the AAMDC's *Rural Transportation Funding Options Report*.

[7] — AAMDC, Rural Transportation Funding Options Report, 2006.

[8] — AAMDC, internal analysis, unpublished, 2008.

[9] — Grants & Programs referenced in this analysis include:

- Rural Transportation Grant / Basic Municipal Transportation Grant (Name change, 2011)
- New Deal for Cities and Communities / Federal Gas Tax Fund (Name change, 2010)
- Alberta Municipal Infrastructure Program (AMIP)
- Strategic Transportation Infrastructure Program (STIP)
- Alberta Municipal Water/Wastewater Partnership (AMWWP) / Water for Life - Water Strategy Initiative (W4L)
- Municipal Sustainability Initiative (MSI)

[10] — It is important to note that this analysis still includes Edmonton and Calgary, which as identified earlier, are outliers that can impact the analysis.

[11] — AAMDC, *Cost Sharing Works: An Examination of Cooperative Inter-municipal Financing*, 2010

Apples to Apples

Rural Municipal Finance in Alberta

Technical Appendix

Prepared by the Alberta Association of Municipal Districts & Counties

Apples to Apples
Rural Municipal Finance in Alberta — Technical Appendix

Written by Acton Consulting Ltd.

Published by the Alberta Association
of Municipal Districts & Counties

Contents

Purpose

This technical appendix's purpose is to clarify and lay out all numerical analyses completed in this paper. Each ratio and graph will be summarized and explained step by step starting from our data sources to the final graphs. This appendix will follow the numerical analysis done in the paper. The statistical analysis behind each chart will be explained in the following pages.

Trends & Reliance on Resource-Based Taxation Revenue

All data used in this ratio analysis comes from the Municipal Financial Information System stewarded by Alberta Municipal Affairs. All of the municipal data pulled was categorized rural or urban so that IF(function) could be used in Excel to differentiate the rural and urban municipalities.

Chart 1: Percent of Municipalities with Machinery and Equipment (M&E) Tax Revenue / Total Revenue >10%

High risk revenue (Machinery & Equipment) (schedule K-total, acct# 03950) was divided by Total Revenue (schedule K-total, acct# 4000 + 4120) to calculate this ratio. These calculated ratios were then categorized using the IF(function) into urban and rural. The COUNTIF(function) was applied to each category to count the number of municipalities greater than our predetermined threshold of 10% (0.1). This resulting number was divided by the total number of municipalities in that category. The COUNT(function) was used to find this denominator. This resulted in the percentage of urban and rural municipalities that were greater than the threshold. This procedure was repeated for 2004 to 2011. These annual percentages for rural and urban municipalities were then graphed out in a bar graph for visual representation of the results.

Chart 2: Percent of Municipalities with Linear Property (plus M& E) / Total Revenue >30%

High risk revenue (schedule K-total, acct# 03950) plus linear property (schedule K-total, acct# 03960) was divided by total revenue (schedule K-total, acct# 4000 + 4120) to calculate this ratio. These calculated ratios were then categorized using the IF(function) into urban and rural. The COUNTIF(function) was applied to each category to count the number of municipalities greater than our predetermined threshold of 30% (0.3). This resulting number was divided by the total number of municipalities in that category. The COUNT(function) was used to find this denominator. This resulted in the percentage of urban and rural municipalities that were greater than the threshold. This procedure was repeated for 2004 to 2011. These annual percentages for rural and urban municipalities were then graphed out in a bar graph for visual representation of the results.

Importance of Linear Taxation Revenue to Rural Communities

Chart 3: Urban & rural long-term debt levels in proportion to municipal debt limit, adjusted for linear assessment revenue sharing based on population

This chart is designed from forecasted data built off of the back end of the 2004-11 data sets. These forecasts used a three year average growth rate of the past three years for total debt and debt limit for rural and urban municipalities from 2009-11. These two growth rates were applied to total debt and debt limit numbers respectively in 2011 and forecasted out to 2016. Debt limit is directly affected by revenues; x1.5 revenue is part of the overall debt limit calculation, therefore adjustments in revenue change the debt limit of a municipality. To replicate a revenue sharing policy, in 2014 linear property (schedule k-total, acct# 3960) was removed from total revenue (schedule D-total, acct# 1980) and then reallocated it back into total revenue based on a municipality's percentage of Alberta's total population (Divided municipal population by the sum of all Alberta municipalities population to calculate these percentages. Data came from Schedule POPL.) This change in revenue for each municipality corresponded to a 1.5 times change in debt limit. The new debt limit equals: the original debt limit – 1.5*(original revenue – adjusted revenue). Total debt (schedule AA-Debt Info, acct# 5710) was divided by "the newly calculated" debt limit. These calculated ratios were then categorized using the IF(function) into urban and rural. Each "rural" and "urban" category of ratios was then averaged to find the mean ratio number. This procedure was repeated for 2004 to 2011. These annual averages for rural and urban municipalities were then graphed out in a line graph for visual representation of the forecasted results.

Chart 4: Forecasted percentage of municipalities in financial deficit

This chart is designed from forecasted data built off of the back end of the 2004-11 data sets. These forecasts used a three year average of total revenue and total expense growth for rural and urban municipalities from 2009-11. These two growth rates were applied to total revenue and expense numbers respectively, starting in 2011 and forecasted out to 2016. To replicate a revenue sharing policy, in 2014 we removed linear property (schedule k-total, acct# 3960) from total revenue (schedule D-total, acct# 1980) and then reallocated it back into total revenue based on a municipality's percentage of Alberta's total population (Divided municipal population by the sum of all Alberta municipalities population to calculate these percentages. Data came from Schedule POPL.) Total expenses (Schedule D-total, acct# 2140 – Acct # 2110 & 2125 & 2127) was then divided by this calculated "Linear Property Adjusted Total Revenue." These calculated ratios were then categorized using the IF(function) into urban and rural. The COUNTIF(function) was then applied to each category to count the number of municipalities greater than our predetermined threshold of 100% (1.0). This number was then divided by the total number of municipalities in that category. The COUNT(function) was used to find this denominator. This resulted in the percentage of urban and rural municipalities that were greater than the threshold. This procedure was repeated for 2004 to 2011. These annual percentages for rural and urban municipalities were then graphed out in a bar graph for visual representation of the results.

Should restricted municipal reserves be considered an indication of wealth or a financing tool?

The current level of reserves held by municipalities

Chart 5: Percent of municipalities with Total Reserves > One Year of Total Expenses

Total reserves (schedule A-Reserves, Acct # 410 / schedule B-Restricted acct # 525 + schedule B-Unrestricted acct # 525) was divided by total expenses (schedule D-Total, acct# 2140 – Acct # 2110 & 2120 / Acct # 2110 & 2125 & 2127) to calculate this ratio. These calculated ratios were then categorized using the IF(function) into urban and rural. The COUNTIF(function) was applied to each category to count the number of municipalities greater than our predetermined threshold of 100% (1.0). This resulting number was divided by the total number of municipalities in that category. The COUNT(function) was used to find this denominator. This resulted in the percentage of urban and rural municipalities that were greater than the threshold. This procedure was repeated for 2004 to 2011. These annual percentages for rural and urban municipalities were then graphed out in a bar graph for visual representation of the results.

The current levels of long-term debt carried by municipalities

Chart 6: Average municipal long-term debt compared to debt limit

Total debt (schedule AA-Debt Info, acct# 5710) was divided by debt limit (schedule AA-Debt Info, acct# 5700) to calculate this ratio. These calculated ratios were then categorized using the IF(function) into urban and rural. Using the AVERAGE(function), each "rural" and "urban" category of ratios was averaged to find the mean ratio number. This procedure was repeated for 2004 to 2011. These annual amounts for rural and urban municipalities were then graphed out in a bar graph for visual representation of the results.

A closer look at reserves and borrowing

Charts 7/8: Urban Reserve (Outliers Excluded) / Rural Reserve (Outliers Excluded)

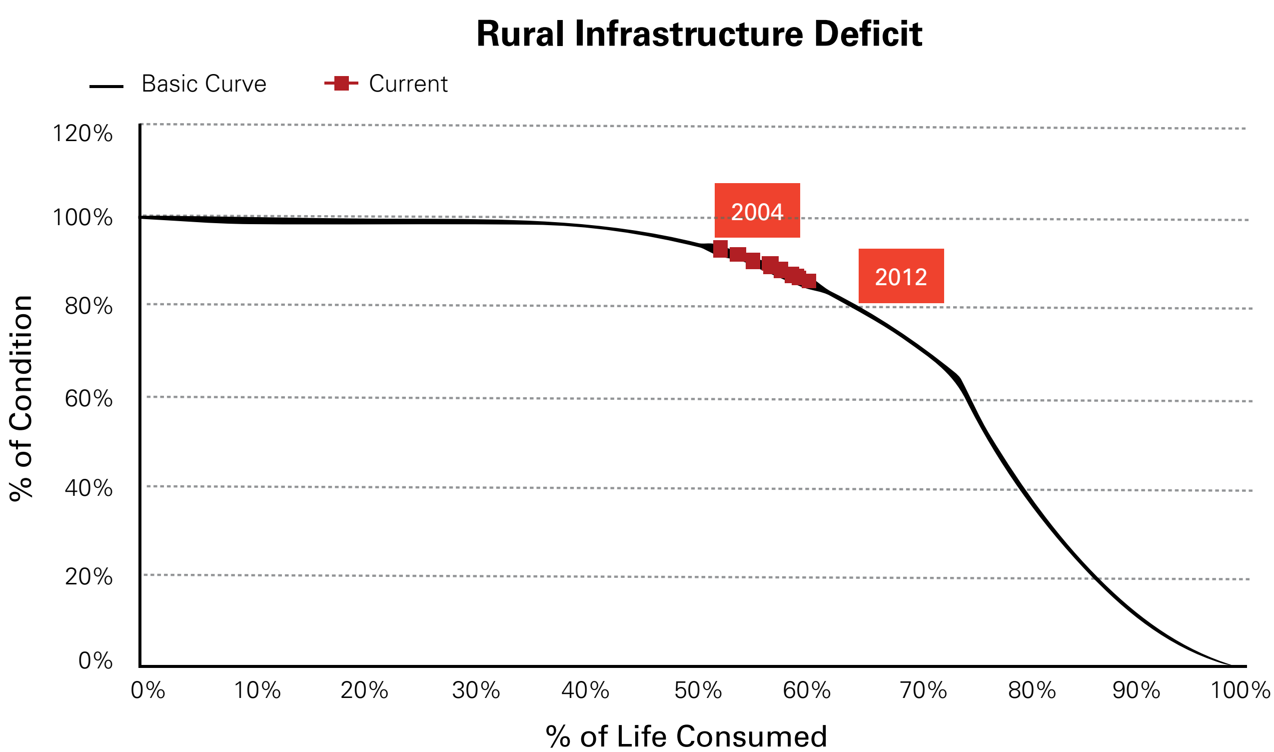
Total reserves (schedule A-Reserves, Acct # 410 / schedule B-Restricted acct # 525 + schedule B-Unrestricted acct # 525) were collected and categorized into rural and urban groups using the IF(function). At this point, each of the four categories was mined for outliers. This was done using the conditional formatting (function); identifying any data that was greater/less than three times the mean standard deviation of the category. Any identified outliers were deleted and removed from the calculated average. Using the AVERAGE(function), these four categories (U-Unrestricted, R-Unrestricted, U-Restricted, and R-Restricted) were averaged to find the mean reserve level in each of these categories. This procedure was repeated for 2004 to 2011. These annual restricted and unrestricted reserve amounts for rural and urban municipalities were then graphed out in a bar graph for visual representation of the results.

The Rural Municipal Infrastructure Deficit

Chart 9: Asset Deterioration Curve

The Deterioration Curve methodology was developed through several projects with the Parks and Protected Areas Division of Alberta Community Development. Over the course of five years, the technique was perfected and Parks asset data was analyzed. The analysis formed the basis of a $287 million, 10-year capital request that was approved by Standing Policy Committee and funded by Alberta Treasury Board starting in the 2005-2006 provincial budgets.

The power of the Deterioration Curve model is that it is intuitively sound, visually pleasing and provides a framework for detailed analysis of the outcome of funding approaches. It is based on the fundamental principle that infrastructure does not deteriorate in a linear fashion. If infrastructure is not properly protected, there will be little initial change in its condition, but over time, deferred preservation leads to dramatically increased loss of condition and value. Life-cycle costing by, the then Alberta Infrastructure and Alberta Transportation, repeatedly bear out one key principle: preserving infrastructure at a higher condition level and lower percentage of lifespan is the most cost effective way of preserving that infrastructure over time.



The preceding graph provides an example of the power of the deterioration curve. Here the condition of the culvert assets was modeled. The horizontal axis represents the average age of the infrastructure as a percentage of its lifespan (e.g., infrastructure at the end of its life would be rated 100%).

An average life span for each class was determined based on the data collected from AIT. An average age for the infrastructure classes was used to calculate the life span as a percentage. This was based on standards collected from Infrastructure, Transportation and the State of Oregon. The percentage of infrastructure life was plugged into a deterioration curve formula. In all cases, the most conservative estimates were included.

The vertical axis represents the average condition of the infrastructure as a percentage of its value. For example, a new asset, worth 100% of its value, would be rated at the 100%, or "excellent," condition level. Alternatively, a completely failed asset would be rated at the 0% condition level.

The curve begins to slope downward at 50% of the infrastructure life span (94% condition). The most economical option is if the curve can be prevented from dropping by lengthening the infrastructure life at this point. The required level of annual investment is determined by the required investment to stay at the same point on the curve. The reinvestment calculation is based on the one time investment required to move the portfolio to 50% of life expectancy.

Starting in 2004, we carried forward two calculated variables from the past *Rural Transportation Funding Options Interim Report*. These were the 100% value of the 2004 asset portfolio and the reciprocal % of expected life consumed in 2004. These two numbers were the foundation of our calculations for 2004 to 2012. From this point, our methodology was simple. We calculated the related % of condition based off of the % expected life consumed number. This % condition was then applied to the overall portfolio value to find the associated beginning portfolio value for that year. End of year % of expected life consumed and % condition were forecasted and used to calculate the annual portfolio deterioration, which was subsequently subtracted from the beginning portfolio value. The annual Tangible Capital Asset (TCA) investments were added in to find the ending portfolio condition value. The formula is very simple and goes as such:

Beginning Portfolio Value – Deterioration + Investment (TCA) = Ending Condition Value

This mathematical analysis was carried through to the year 2012.

TCA calculations: From 2009 to 2011 TCA numbers were recorded and given in account # 03120. All of the rural municipal TCA totals were subsequently summed to find the total rural municipal TCA investment amount, which was then plugged into the above mentioned formula. Unfortunately 2004 to 2008 do not have these numbers available for analysis. This TCA recording was one of the changes instilled in the 2008/09 accounting change. To overcome this we used a % ratio of TCA expenses to total expenses from 2009-11 and applied it to the 2004-08 total expenses numbers to back out the predicted TCA expenses:

(09-11 TCA) / (09-11 Tot. Exp.) = TCA % * 04-08 Tot. Exp. = 04-08 TCA

The corresponding 2004 to 2012 portfolio condition percentages (% of expected life consumed, % of condition were then plotted on the deterioration curve to formulate the preceding chart.

In addition to plotting the current state portfolio percentages on the deterioration curve, two scenarios were created to signify the contribution that MSI has had on eliminating the infrastructure deficit. These two scenarios are 1-Original MSI Amounts and 2–No MSI.

The changes made for these two scenarios related only to the annual investment (TCA) starting in 2007 (because MSI started in 2007). For scenario 1-Original MSI Amounts, the original budgeted amounts were pulled from the GoA's MSI website along with the actual MSI amounts used. The actual MSI amounts were subtracted from the annual TCA amounts and the budgeted MSI amounts were added in. The same calculations mentioned above were then carried out to formulate the annual portfolio condition percentages. For scenario 2 – No MSI, the actual MSI amounts were subtracted from the annual TCA amounts and then the numbers were run through to find the annual portfolio condition percentages.

In the end, three scenarios were created, each with their own full set of portfolio condition percentages which were then plotted on the deterioration curve.

Chart 10: Comparison of Actual vs. Original MSI Rural Contributions
Chart 11: Rural Municipal Infrastructure Deficit (Millions)

These three sets of Portfolio Condition Percentages were used to calculate the monetary amounts of the infrastructure deficit. The optimal portfolio condition is at 94%. The actual % of condition was subtracted from this optimal 94% to find the net percent. This net percent was then multiplied by the $36.298 trillion dollar 100% portfolio value to find the required cost to get the current portfolio value to the optimal point:

Optimal % of Condition – Actual % of Condition = Net % of Condition * Portfolio Value = Deficit

An important assumption used in this formula was that the 100% portfolio value equal to roughly $36.298 trillion never changed. This assumption was based of the intuition that as new assets joined the portfolio, old ones left.

In this method annual deficit numbers were calculated for each of the scenarios and then graphed.

The Extent to Which Municipalities Rely on Government Transfers for Capital Projects

Chart 12: Percent of Municipalities with >50% Government Transfers/Capital Expenditures

Government Transfers (schedule F-Cap Revenue, acct# 03120) was divided by Total Expenditures (schedule F-Cap Assets, acct# 02140) to calculate this ratio. These calculated ratios were then categorized using the IF(function) into urban and rural. The COUNTIF(function) was applied to each category to count the number of municipalities greater than our predetermined threshold of 50% (0.5). This resulting number was divided by the total number of municipalities in that category. The COUNT(function) was used to find this denominator. This resulted in the percentage of urban and rural municipalities that were greater than the threshold. This procedure was repeated for 2004 to 2011. These annual percentages for rural and urban municipalities were then graphed out in a bar graph for visual representation of the results.

Chart 13: Percent of Municipalities with >50% Government Transfers/Total Revenues

Government transfers (schedule D-total, acct# 1890, 1900, 1910, 1920, 1930) was divided by total revenue (schedule D-total, acct# 1980) to calculate this ratio. These calculated ratios were then categorized using the IF(function) into urban and rural. The COUNTIF(function) was applied to each category to count the number of municipalities greater than our predetermined threshold of 50% (0.5). This resulting number was divided by the total number of municipalities in that category. The COUNT(function) was used to find this denominator. This resulted in the percentage of urban and rural municipalities that were greater than the threshold. This procedure was repeated for 2004 to 2011. These annual percentages for rural and urban municipalities were then graphed out in a bar graph for visual representation of the results.

Impact of Per Capita Funding

Chart 14: Municipal Population vs. Total Expenditure – All Municipalities
Chart 15: Municipal Population vs. Total Expenditure – Excluding Edmonton & Calgary
Chart 16: Municipal Population vs. Total Expenditure – Municipalities under 10,000

There is one main factor that must be explained here as it is the base of our analysis, it is called the coefficient of determination which is denoted as R^2. In simplest terms, the R^2 value is a measure of the explanatory power of one factor in describing the movements/fluctuations seen in the other factor:

a. 1.00 = 100% perfect 'goodness of fit' ->100% of variable Y's variance is explained by its relationship to variable X. Variable X causes Variable Y's changes.

b. 0.00 = 0% no 'goodness of fit' -> there is no discernible relationship between variable X & Y. Variable is not the cause of Variable Y's changes.

c. 0.50 = 50% correlated -> Variable X explains 50% of the movement in variable Y. Variable X is partially responsible for Variably Y changes.

This is most easily understood through an example. If the R^2 value is 1.00, the independent variable explains the dependent variable outcomes with 100% accuracy. The higher the R^2 value, the more explanatory power the independent variable has in predicting the dependent variable. A real life example would be a data set of human beings with weight as the dependent variable (y-axis on the scatter plot) and height as the independent variable (x-axis on the scatter plot). It is logical that a strong correlation exists and thus presumably the R^2 value will be very high. The taller a human being the greater likely hood they will be heavier as well; the relationship is strong and changes in weight can be explained by changes in height. In comparison, if the dependent variable was weight and the independent variable was your IQ, the correlation between these variable is presumably quite low and thus the R^2 is low; the relationship is weak and changes in weight cannot be explained by changes in IQ.

SUMMARY OUTPUT: < 100k

Regression Statistics	
Multiple R	0.890153302
R Square	0.7923729
Adjusted R Square	0.791587948
Standard Error	13650489.95
Observations	2337

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	5	1.65833E+18	3.31666E+17	1779.9349	0
Residual	2332	4.34535E+17	1.86336E+14		
Total	2337	2.09286E+18			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Housing Density	-1209288.34	134613.876	-8.98338548	5.2841E-19	-1473263.689	-945312.988	-1473263.69	-945312.988
Length of all Open Roads Maintained (Kilometres)	4448.958032	333.4041428	13.34403945	3.3831E-39	3795.158602	5102.757462	3795.158602	5102.757462
Total Area of Municipality (Hectares)	4.653778493	0.424891722	10.95285752	2.9346E-27	3.820573593	5.486983394	3.820573593	5.486983394
Water Mains Length (Kilometres) - Total	-815.839563	4803.762849	-0.169833439	0.86515586	-10235.93071	8604.251579	-10235.9307	8604.251579
Wastewater Mains Length (Kilometres) - Total	378191.2246	7383.326141	51.22233766	0	363712.657	392669.7923	363712.657	392669.7923

<u>Explanation</u>

This means that the relationship predicts about 95.5% in the fluctuation in Total Expenditures can be explained by the change in 5 variables:

Housing Density - the more housing units per hectare the less expensive the municipality is to operate.

Length of all Open Roads - the more roads the municipality has the more expensive it is to operate.

Total Area of Municipality - the greater the area under the municipality's responsibility ; the greater the impact on expenses.

Water Mains Length & Wastewater Mains Length - the larger the municipality's water and sewer system is the more expensive it is.

Four of the variable have a good degree of significance (low p-value) with Water Mains not considered significant.

SUMMARY OUTPUT: < 10k

Regression Statistics	
Multiple R	0.9111053
R Square	0.83011287
Adjusted R Square	0.82929318
Standard Error	3475966.04
Observations	2054

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	5	1.20968E+17	2.41936E+16	2002.38975	0
Residual	2049	2.47567E+16	1.20823E+13		
Total	2054	1.45724E+17			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Housing Density	17067.8595	38419.34985	0.444251648	0.65690757	-58277.18722	92412.9062	-58277.1872	92412.90617
Length of all Open Roads Maintained (Kilometres)	4815.0218	103.2276106	46.64470846	0	4612.579827	5017.46378	4612.579827	5017.463781
Total Area of Municipality (Hectares)	2.63803997	0.1689112	15.61791023	4.8686E-52	2.30678443	2.9692955	2.30678443	2.9692955
Water Mains Length (Kilometres) - Total	1564.7236	1297.270971	1.206165583	0.2278929	-979.383533	4108.83073	-979.383533	4108.830728
Wastewater Mains Length (Kilometres) - Total	179627.53	3978.206785	45.15288913	0	171825.7796	187429.28	171825.7796	187429.2803

<u>Explanation</u>

This means that the relationship predicts about 95.5% in the fluctuation in Total Expenditures can be explained by the change in 5 variables:

Housing Density - the more housing units per hectare the less expensive the municipality is to operate.

Length of all Open Roads - the more roads the municipality has the more expensive it is to operate.

Total Area of Municipality - the greater the area under the municipality's responsibility ; the greater the impact on expenses.

Water Mains Length & Wastewater Mains Length - the larger the municipality's water and sewer system is the more expensive it is.

Chart 17: Population versus Asset as a Predictor of Municipal Expenses

The data used in the regression analysis comes from the Municipal Financial Information System stewarded by Alberta Municipal Affairs. Data was pulled for population, total expenditures and the value of assets (roads, total hectares, water main length, wastewater main length, and housing density) in each municipality. Two regressions were performed on this data. The first one was a single variable regression with population on total expenditures. This was performed on: All, <100k (this equates to eliminating Edmonton and Calgary), and <10k population municipalities. This same procedure was performed forming regressions using the different asset groups on total expenditures.

Data Types:

- Population – Schedule POPL, column Population
- Total Expenditures - Schedule D-total, acct # 2140
- Housing Density - Schedule ST-general statistics, acct # 05595
- Length of Open Roads Maintained (km) – Schedule ST-general statistics, acct # 05520
- Total Area of Municipality (Hectares) – Schedule ST-general statistics, acct # 05510
- Water Mains Length (km) – Schedule ST-general statistics, acct # 05560
- Wastewater Mains Length (km) - Schedule ST-general statistics, acct # 05570

In total, six regressions were completed, outputting full sets of regression statistics and analysis of variance (ANOVA) figures. The findings and explanations were subsequently built off of these statistics.

For clarity and visual representation, scatterplots were built for each single variable “population vs. total expenditures” regression. These two data columns were graphed against each other to form the charts further below.

SUMMARY OUTPUT: All Municipalities

Regression Statistics	
Multiple R	0.97721632
R Square	0.95495174
Adjusted R Square	0.95444931
Standard Error	35571734.9
Observations	2354

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	5	6.30081E+19	1.26016E+19	9959.01457	0
Residual	2349	2.9723E+18	1.26535E+15		
Total	2354	6.59804E+19			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Housing Density	-2699312.8	328168.0652	-8.22539749	3.1823E-16	-3342841.939	-2055783.62	-3342841.94	-2055783.62
Length of all Open Roads Maintained (Kilometres)	3454.0308	861.706826	4.00835957	6.3047E-05	1764.245818	5143.815788	1764.245818	5143.815788
Total Area of Municipality (Hectares)	3.77875949	1.071001588	3.528248265	0.00042635	1.678552849	5.878966138	1.678552849	5.878966138
Water Mains Length (Kilometres) - Total	27993.4667	11526.55695	2.428606117	0.01523158	5390.184177	50596.74929	5390.184177	50596.74929
Wastewater Mains Length (Kilometres) - Total	495388.855	13050.40827	37.95964424	2.663E-246	469797.3393	520980.3711	469797.3393	520980.3711

Explanation

This means that the relationship predicts about 95.5% in the fluctuation in Total Expenditures can be explained by the change in 5 variables:

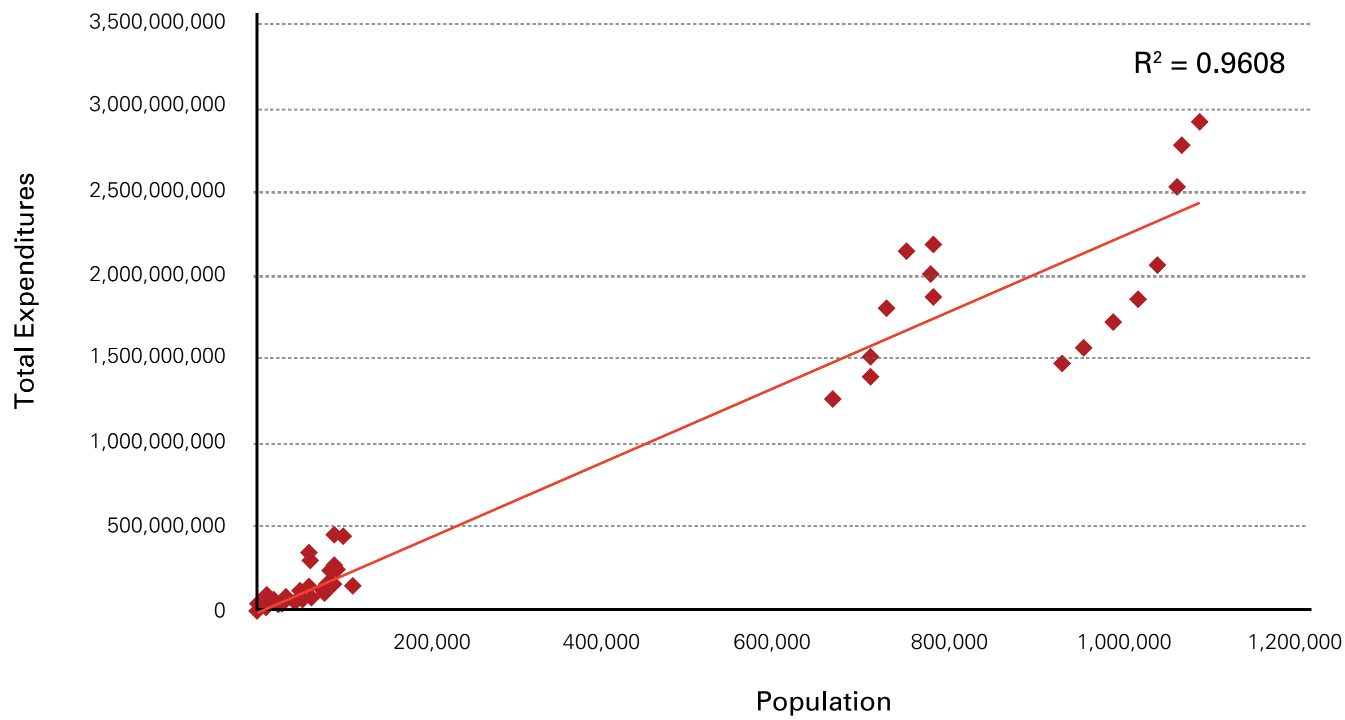
Housing Density - the more housing units per hectare the less expensive the municipality is to operate.

Length of all Open Roads - the more roads the municipality has the more expensive it is to operate.

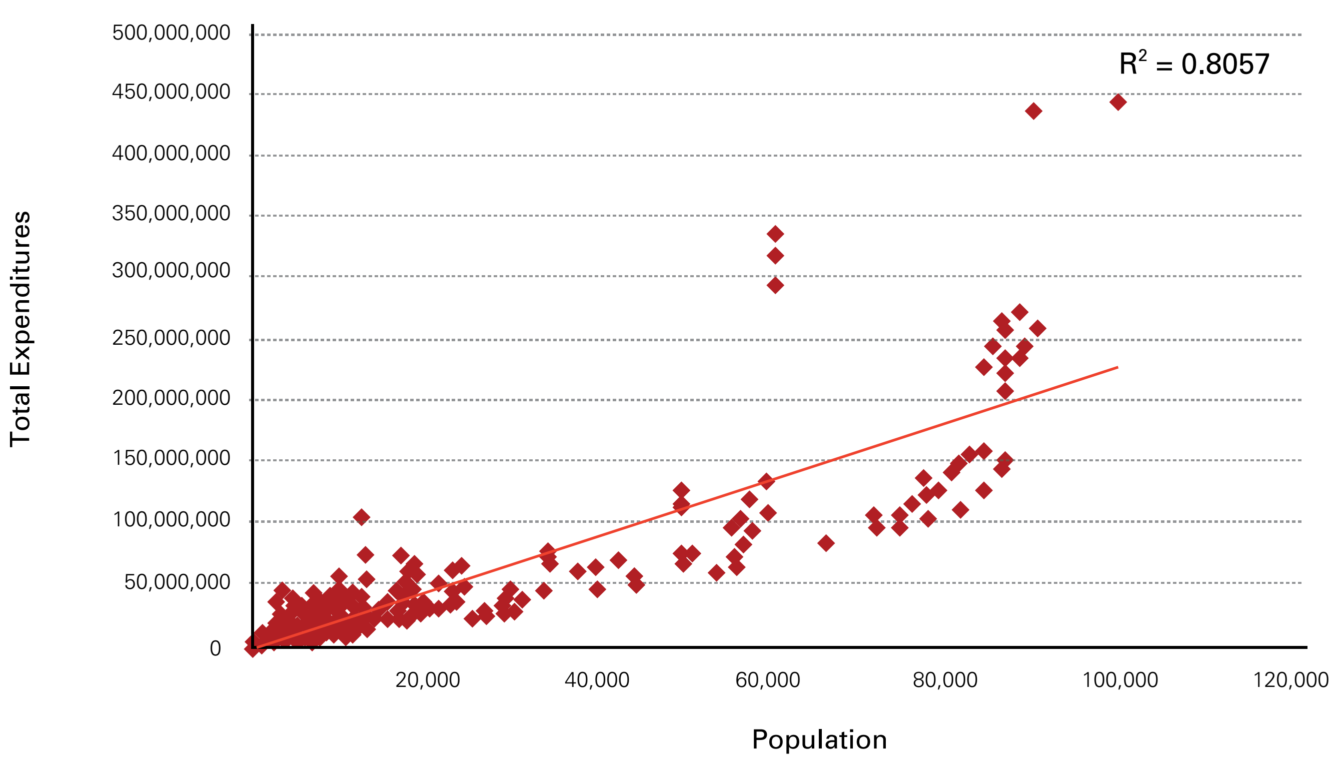
Total Area of Municipality - the greater the area under the municipality's responsibility ; the greater the impact on expenses.

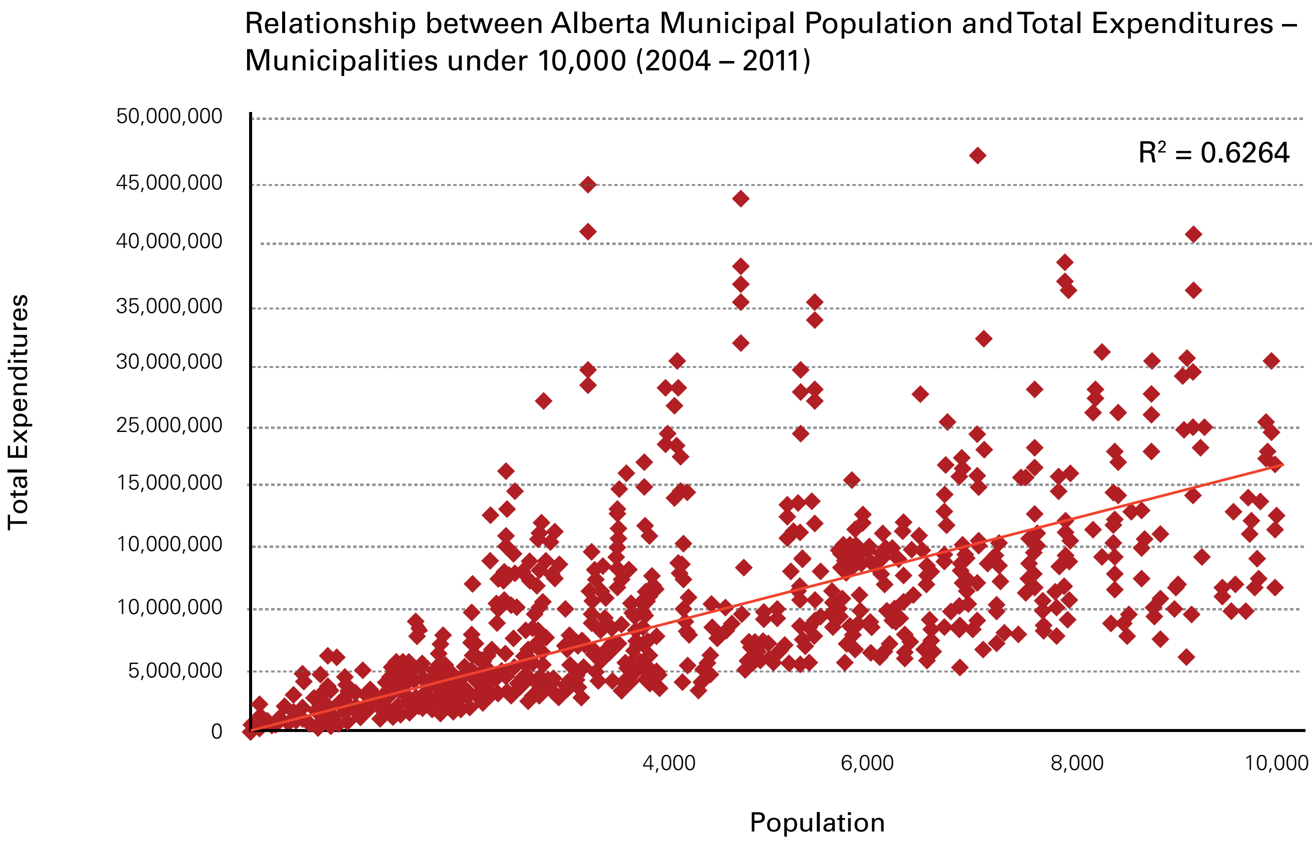
Water Mains Length & Wastewater Mains Length - the larger the municipality's water and sewer system is the more expensive it is.

Relationship between Alberta Municipal Population and Total Expenditures – All Municipalities 2004 – 2011



Relationship between Alberta Municipal Population and Total Expenditures – Excluding Edmonton & Calgary





Current Cost & Revenue Sharing Agreement

Chart 18: Rural to Urban Inter-municipal Transfers

Inter-municipal transfer information was collected from Urban Transfer Agreement Workbooks that were sent out to every rural municipality in Alberta. Each rural municipality was responsible to identify all inter-municipal agreements with urban partners from 2004-12. The details per each agreement were as follows:

- The name of the agreement
- The name of the urban partner
- Description of the agreement
- Type of agreement
- Basis for payment
- Monetary sum transferred in/out

Forty-one workbooks of a possible 69 were collected. This data from each municipality was collected and summed, equating to a net transfer-out from rural municipalities per year from 2004 -12. These annual totals were then averaged and multiplied by 69 (because there are 69 rural municipalities) to estimate the total inter-municipal transfer per annum from 2004 to 2012. These annual transfers for rural municipalities were then laid out in a bar graph for visual representation of the results.

Appendix

Regression Analysis Overview

Regression analysis is a statistical process for estimating the relationship among variables, focusing on the relationship between one dependent variable (municipal expenditure) and a number of independent variables (population, housing density, length of all open roads maintained, total area of municipality, water mains length, and wastewater mains length.) Regression analysis is used to understand which among the independent variables are related to the dependent variable, which is used to infer if causal relationships exist between the dependent variable and certain independent variables. Causality is the relation between an event – 'the cause' – and a second event –'the effect'- where the second event is understood as a consequence of the first. In basic terms, regression analysis discovers the power of certain independent variable in explaining the changes of the dependent variable.

While the seemingly whimsical statistics computed from a regression analysis are complicated, the deductions that can be drawn from them are surprisingly simple. In our regression analysis, we use three core factors which we subsequently deduce our findings. They are:

i. **Coefficient of Determination:** denoted as R^2, the coefficient of determination specifies how well the data points fit a line or curve; how accurate a line of best fit is. In simplest terms, the R^2 value is a measure of the accuracy (where 100% is perfect correlation) of the model in replicating the observed outcomes, in the form of the proportion of the total variation of outcomes explained by the model. If the R^2 value is 1.00, the independent variables explain the dependent variable outcomes with perfect accuracy. The higher the R^2 value, the more explanatory power the independent variable has in predicting the dependent variable. A real life example would be a data set of human beings with weight as the dependent variable and height as the independent variable. It is logical that a strong correlation exists and thus presumably the R^2 value will be very high. In comparison, if the dependent variable was weight and the independent variable was your IQ, the correlation between these variable is presumably quite low and thus the R^2 is low.

ii. **P-value:** is the probability of obtaining a test statistic at least as extreme as the one that was actually observed, assuming that the null hypothesis is true. The null hypothesis is often rejected when the p-value is less than a predetermined significance level, normally 0.05 or 0.01. If the p-value is less than the significance level, and null hypothesis is rejected, indicating that the observed result is highly unlikely due to random chance; meaning that causality between the independent and dependent variables exists. In a nutshell, the lower the p-value, the stronger the proof that a causal relationship exists between dependent and independent variable.

iii. **Coefficient:** the coefficient is a basic factor in mathematical formulas that pairs with a variable. It decides the influence the variable will have on the outcome through its sign (- or +). The simplest coefficient equation is y=Ax where y represents the dependent variable, A represents the coefficient, and x represents the independent variable. In terms of our regression analysis, the value is not as important as the sign. For an example, look at 'housing density's' coefficient on our regression; it is a negative. This means that as the independent variable 'housing density' increases, the dependent variable 'total expenditures' decreases. This is what we call a negative correlation. If you look at "length of all open roads maintained' it is a positive coefficient, thus if the independent variable increases, the dependent variable, 'total expenses', will increase as well; this is positive correlation.

Multivariate Regression Table

So if population is not the answer, what is? Our assertion is that an asset-based model would be much more predictive in estimating expenses. To calculate this we took a step back and looked at the whole data set – eight years of data from all municipalities – and used a multivariate regression model based off of different asset groups. After regressing asset values from the annual statistical return (completed by municipalities) onto total expenses, an interesting pattern emerges. Municipal expenses are highly correlated with asset based statistics, resulting in a R^2 of 0.9549. In fact, asset's R^2 of 0.9549 is very close to population's 0.9601 and has much better correlation than population once Edmonton and Calgary are taken out of the equation. The asset model combines the attributes of housing density, kilometers of all open roads maintained, total hectares of municipality, kilometers of water mains length and kilometers of wastewater mains length, and seemingly has a much stronger causal relationship with municipal expenses than population has.

When we look deeper at the results further support emerges. Scatter plots of the points are less useful when more than one explanatory factor is used, thus we have provided Table 1.1 with the regression output for further details.

Regression Statistics	
R Square	0.9549
Observations	2354

	Coefficients	**t Stat**	**P-value**
Intercept	0	#N/A	#N/A
Housing Density	-2,699,312.78	-8.22539749	3.18232E-16
Length of all Open Roads Maintained (Kilometers)	3454.03	4.00835957	6.30474E-05
Total Area of Municipality (Hectares)	3.78	3.528248265	0.00042635
Water Mains Length (Kilometers) - Total	27,993.46	2.428606117	0.015231581
Wastewater Mains Length (Kilometers) - Total	495,388.86	37.95964424	2.6626E-246

When reading the results there are three important areas to focus on, as previously highlighted. These are the R^2, the coefficients and the P-value. The R^2 value has been described and explained above. The coefficients predict how much each of the variables contributes to the total expenses per unit; that is, how much expense is associated with a kilometer of road. In most cases, the value of the coefficient is not as important as the sign (+ or -) in interpreting the analysis.

Four of the five asset groups have positive coefficients and thus have follow an intuitive pattern than having more assets means increased costs to build and maintain. The last factor, 'housing density', has a negative coefficient and thus a negative correlation with total expenses. This is evidence that the more condensed a municipality is, the lower the costs on a per house basis to service. This is the logical argument against urban sprawl; the more spread out a population base is the more expensive it is to service them. This argument has been sited against urban sprawl in other cases.

Reporting Changes

Starting in 2009, major accounting changes from the Public Sector Accounting Board (PSAB) took place, especially regarding Tangible Capital Assets (TCA). Beginning January 1, 2009 all governments used the same financial reporting model which utilizes accrual accounting. PSAB reporting provides highly comprehensive financial statements that focus equally between the annual surplus/deficit and the overall financial health of the municipality.

There are five major changes under the new PSAB accounting standards:

1. TCA/Amortization: Capital payments are now recorded as TCA's and amortized over its useful life instead of directly being expensed in the period.
2. Accrual Accounting: Accounting has moved from a modified cash basis where expenditures are recorded when cash is disbursed to an accrual system when expenses are recorded as incurred (accrued salaries, accounts payable, environmental liabilities.)
3. Debt Payments: Under the old cash basis system, debt service charges included interest and principal payments and the total was then expensed. Under the new accrual system debt service charges (expenses) only include interest and the principal payments reduce the liability.
4. Reporting Entity: Under the old system the financial statements only reported on the activities of the municipality. Each of the three funds (general operating fund, reserves, and general capital fund) is presented separately on the financial statements. Under the new PSAB system, the financial statements includes all organizations that are controlled by the municipality. Having control means having the power to govern, the authority to determine financial and operating policies and responsible for expected benefits or risk of loss, hold the majority of voting shares, and/or unilateral power to dissolve the organization. The controlled organizations/government partnerships are consolidated into one set of summary financial statements.
5. Transfers: Under the old system, inter-fund and inter-organization balances and transactions were recorded. Now, these transactions are not recorded and transfers to reserves are not classified as expenses and transfers from reserves are not classified as revenues.

Pre 2009, any surplus in the operating fund at the end of the year was transferred to reserve accounts to be used in future periods to offset future revenue requirements.

Agenda Item

<table>
<tr><td colspan="2">Item: Meeting with MLA Joe Anglin</td></tr>
<tr><td colspan="2">Presentation Date: December 10, 2013</td></tr>
<tr><td>Department: CAO</td><td>Author: Ron Leaf</td></tr>
<tr><td colspan="2">Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation</td></tr>
<tr><td>1. Strategic Area: Governance and Intergovernmental Relations – To support and enhance Council’s decision making role relating to policy development, long and short term planning, and service and program evaluation. Also, to support Council’s relationship and communication with its residents, neighboring municipal councils, federal and provincial officials and key stakeholders.</td><td>Goal: Council will strive to enhance relationships with our local MLA and MPs to promote Clearwater County goals and objectives.
Strategy 2: Council will meet at least twice annually with the Member of Legislative Assembly (Rimbey-Rocky Mountain House – Sundre) representing Clearwater County to discuss issues concerning provincial legislation, programs or initiatives.</td></tr>
<tr><td colspan="2">Legislative Direction: ☒None
☐ Provincial Legislation (cite) ______________________________
☐ County Bylaw or Policy (cite) ____</td></tr>
<tr><td colspan="2">Recommendation: That Council accepts and/or amends the recommended priority issues for discussion with MLA Anglin</td></tr>
<tr><td colspan="2"></td></tr>
</table>

Background:

MLA Anglin’s office has advised that Mr. Anglin would like an opportunity to meet with Council during the January 13 council meeting for a 20 to 30 minute conversation regarding priority issues for the County.

Staff recommends that Council identifies the following priority issues for discussion and/or recommends any changes or amendments:

1) Rocky Mountain House Hospital
2) Bridge Funding
3) Core Findings from the *Apples to Apples: Rural Municipal Finance in Alberta*

Agenda Item

Project: Municipal Law 2014 Educational Sessions	
Presentation Date: December 10, 2013	
Department: Municipal	**Author: Ron Leaf**
Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation	
Strategic Area:	**Goal:**
Legislative Direction: ☒None ☐ Provincial Legislation (cite) ____________________________ ☐ County Bylaw or Policy (cite) ____	
Recommendation: That Council authorizes all councillors to attend the 2014 Brownlee LLP Emerging Trends session in either Calgary or Edmonton and/or the Reynolds Mirth session in either Edmonton or Airdrie.	
Attachments List: Brownlee LLP session agenda and description	

Background:

Brownlee LLP is again holding their Emerging Trends legal sessions on Thursday, February 13 and 20 in Calgary and Edmonton, respectively (agenda attached).

The deadline for registration is January 17 for the Brownlee sessions.

Reynolds Mirth Richards & Farmer (RMRF) LLP will also host municipal law sessions on Friday, February 21 in Edmonton and on Friday, March 14 in Airdrie. Further details on the RMRF sessions will be forwarded to Council as soon as they become available.

Assuming Council support for its members attending these events, I ask that individual Councillors advise Tracy Lynn of which session they wish to attend.

Emerging Trends In Municipal Law 2014

THE LATEST ISSUES IMPACTING MUNICIPALITIES

Leading Through the Crisis
Emergency management during the state of local emergency and after

Council Governance 2.0
Beyond the orientation basics

Runaway Boards
(Breakout Session – Topic 1)
How to ensure that municipally controlled corporations remain under municipal control and influence

Things That Go Bang in the Night
(Breakout Session – Topic 2)
Mitigating emergencies through land use planning

Bear Pit Session
Your Questions Answered

Calgary

Thursday, February 13, 2014
Coast Plaza Hotel & Conference Centre
1316 – 33rd Street, NE
Phone: 403.248.8888

8:00AM – 3:30PM (Reception to follow)

Registration and Continental Breakfast at 8:00AM

Edmonton

Thursday, February 20, 2014
Northlands EXPO Centre
7300-116 Avenue

8:00AM – 3:30PM (Reception to follow)

Registration and Continental Breakfast at 8:00AM

SEE REVERSE SIDE FOR REGISTRATION DETAILS

Practitioners in the following practice areas will be present throughout the day to answer your questions:

Administrative Law, Construction & Procurement, Employment & Labour, Environmental, Expropriations, Municipal Corporations, Municipal Enforcement, Municipal Utilities & Utility Regulation, Planning & Development, Privacy & Access to Information, Property Taxation and Assessment, Real Estate

EMERGING TRENDS 2014 REGISTRATION NOW OPEN

PDF | Print | E-mail

Registration Now Open for 2014 Emerging Trends in Municipal Law Seminar

MORNING PLENARY SESSIONS

Leading through the Crisis: Emergency Management during the State of Local Emergency and After

Roles and responsibilities of the Emergency Management Team, Municipal Administration and Council

Managing liability while managing the crisis

Managing post-emergency challenges and practical considerations including records retention, communications and media strategies

Council Governance 2.0: Beyond the Orientation Basics

Key bylaws and policies every Council should consider

Best practices, tips and tricks for effective governance

AFTERNOON BREAKOUT SESSIONS

Runaway Boards: How to Ensure that Municipally Controlled Corporations Remain Under Municipal Control and Influence

Strategies and best practices to align interests of municipally controlled entities with Council directions

Good corporate governance generally

Advice for entities controlled by a single municipality and those entities controlled by several municipalities

Things that go Bang in the Night: Mitigating Emergencies through Land Use Planning

Municipal strategies at the local and regional levels and in other forums

Tools for recovering costs of emergency mitigation measures in the land use planning and development context

For dates, locations and further information please click here

For registration instructions please click here

Please contact Vicki Marak at vmarak@brownleelaw.com should you have any questions or concerns.

Agenda Item

Project: Agenda & Priorities 2014 Meeting Dates	
Presentation Date: December 10, 2013	
Department: CAO	**Author: Ron Leaf**
Budget Implication: ☒ N/A ☐ Funded by Dept. ☐ Reallocation	
Strategic Area: Governance	**Goal: All**
Legislative Direction: ☐None ☐ Provincial Legislation (cite) ______________________________ ☐ County Bylaw or Policy (cite) ______________________________	

Recommendation:
That Council reviews, amends if required, and adopts the proposed dates for the 2014 Agenda & Priorities meetings.

Background:

I wish to confirm with Council meeting dates for the 2014 Agenda & Priorities (A&P) meetings. I recommend that the following dates be set for the A&P meetings:

- January 20
- April 14
- June 16
- September 15

As in the past, the meetings will be scheduled to begin at 9:00 a.m. and conclude by 4:30, unless otherwise agreed to by Council. Agendas will be circulated the week prior to the meeting.

L3

Clearwater County
Councilor and Board Member Remuneration Statement

For the Year of …2013……

Name of Councilor / Board Member ……EARL GRAHAM……

Payment Periods

January	February	May	June
March	April	July	August
September	October	November	December

Supervision Rate – $550.00 Monthly
Reeve Supervision Rate - $850.00 Monthly

Date	Type of Meeting Attended	First 4 Hours $149.00	Next 4 Hours $119.00	Next 4 Hours $119.00	Regular Council Meeting $271.00	Lunch $16.00	Mileage @ $0.54 / km
Nov 4/13	SPOG	✓					90
Nov 4/13	LIBRARY		✓				22
Nov 5/13	COUNCIL				✓		92
Nov 7/13	SPOG (AGM)	~~✓~~	✓				90
Nov 11/13	REMEMBRANCE	✓					22
Nov 12/13	AAMD+C.	✓	✓				500
Nov 13/13	✓	✓	✓				0
Nov 14/13	✓	✓	✓				0
Nov 15/13	✓	✓	✓				0
Nov 18/13	SPOG (CONF CALL)	✓					0
* Nov 18/13	WESTVIEW LODGE						92 *
Nov 21/13	MPC	✓	✓				92
Nov 22/13	CASCHA	✓	✓				190.
Nov 26/13	COUNCIL				✓		92
* Nov 27/13	WESTVIEW						92 *

{more Space on Back of Page}

Remuneration Calculation

2 Westview @ 69 $138.00

10 Meetings @ $149.00=	1490.00	1628 Kms @ $0.54=	879.12
12 Meetings @ $119.00=	1428.00	1 Lunch @ $16.00=	16.00
2 Meetings @ $271.00=	542.00	FALL CONV. (RECEIPTS ON FILE)	530.73
Supervision=	550.00		
TOTAL=	4148.00	**TOTAL=**	1425.85

Signature {Councilor / Board Member} ……[signature]……

GRAHAM

NOV/13

L3

Date	Type of Meeting Attended	First 4 Hours $149.00	Next 4 Hours $119.00	Next 4 Hours $119.00	Regular Council Meeting $271.00	Lunch $16.00	Mileage @ $0.54/ km
Nov 28/13	RDRMUG.	✓	—	—		✓	160
Nov 27/13	AG SOCIETY		✓				22
Nov 26/13	AG SOCIETY			✓			22

L3

Clearwater County
Councilor and Board Member Remuneration Statement

For the Year of ...2013......

Name of Councilor / Board Member Kyle Greenwood...

Payment Periods

January	**February**	**May**	**June**
March	**April**	**July**	**August**
September	**October**	**November**	**December**

Supervision Rate – $550.00 Monthly
Reeve Supervision Rate - $850.00 Monthly

Date	Type of Meeting Attended	First 4 Hours $149.00	Next 4 Hours $119.00	Next 4 Hours $119.00	Regular Council Meeting $271.00	Lunch $16.00	Mileage @ $0.54 / km
Oct. 23	Council				X		31
Oct. 24	Council Orientation- Olds	X	X				31
Oct. 28	Council Orientation- Rocky	X	X				31
Oct. 29	Council Orientation- Rocky	X	X				31

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Remuneration Calculation

3 Meetings @ $149.00= 447.00
3 Meetings @ $119.00= 357.00
1 Meetings @ $271.00= 271.00
Supervision= 159.68 (PRORATED 9/31)
TOTAL= 1234.68

124 Kms @ $0.54= 66.96
— Lunch @ $16.00= —
TOTAL= 66.96

Signature {Councilor / Board Member} Kyle Greenwood..

L3

Clearwater County

Councilor and Board Member Remuneration Statement

For the Year of ...2013......

Name of Councilor / Board Member Kyle Greenwood ....

Payment Periods

January	**February**	**May**	**June**
March	**April**	**July**	**August**
September	**October**	**November**	**December**

Supervision Rate – $550.00 Monthly
Reeve Supervision Rate - $850.00 Monthly

Date	Type of Meeting Attended	First 4 Hours $149.00	Next 4 Hours $119.00	Next 4 Hours $119.00	Regular Council Meeting $271.00	Lunch $16.00	Mileage @ $0.54 / km
Nov. 5	Council				X		31
Nov. 6	ATB Farm Family Award- Edm.	X	X				430
Nov. 7	Regional ASB- Three Hills	X	X				31
Nov. 12	AAMDC Convention- Edm.	X					211
Nov. 13	AAMDC Convention- Edm.	X	X				
Nov. 14	AAMDC Convention- Edm.	X	X				
Nov. 15	AAMDC Convention- Edm.	X	X				211
Nov. 26	Council				X		31
Nov. 28	Bighorn Backcountry Wksp.- Rocky	X	X				31
Nov. 29	Clearwater County ASB- Rocky	X					31

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Remuneration Calculation

8	Meetings @ $149.00=	1192.00	1007	Kms @ $0.54=	543.78
6	Meetings @ $119.00=	714.00	—	Lunch @ $16.00=	—
2	Meetings @ $271.00=	542.00	FALL CONV. (RECEIPTS ON FILE)		536.73
	Supervision=	550.00			
	TOTAL=	2998.00		**TOTAL=**	1080.51

Signature {Councilor / Board Member} Kyle Greenwood ....

L3

Clearwater County
Councilor and Board Member Remuneration Statement

For the Year of …2013……

Name of Councilor / Board Member ……Curt Maki……

Payment Periods

January	**February**	**May**	**June**
March	**April**	**July**	**August**
September	**October**	**November**	**December**

Supervision Rate – $550.00 Monthly
Reeve Supervision Rate - $850.00 Monthly

Date	Type of Meeting Attended	First 4 Hours $149.00	Next 4 Hours $119.00	Next 4 Hours $119.00	Regular Council Meeting $271.00	Lunch $16.00	Mileage @ $0.54 / km
Nov 5	Council				✓		
	milage						70
Nov 12	Travel AAMDC	✓					
	milage						416
13	AAMDC	✓	✓				
14	AAMDC	✓	✓				
15	AAMDC	✓	✓				
Nov 19	Travel AUMA	✓					
	milage						392
20	AUMA	✓	✓				
21	AUMA	✓	✓				
22	AUMA	✓	✓				
Nov 26	Council				✓		70
Nov 27	SDAB	✓					70
27	CRFRS		✓				

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Remuneration Calculation

9	Meetings @ $149.00=	1341.00	
7	Meetings @ $119.00=	833.00	
2	Meetings @ $271.00=	542.00	
	Supervision=	550.00	
	TOTAL=	3266.00	
1018	Kms @ $0.54=	549.72	
—	Lunch @ $16.00=	—	
	FALL CONV. (RECEIPT ON FILE)	554.73	
	AUMA (RECEIPT ON FILE)	901.53	
	TOTAL=	2035.68	

Signature {Councilor / Board Member} ……………………………………

L5

January 2014

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
		1 HAPPY NEW YEAR! STAT HOLIDAY	2	3	4	5
6	7 Prep session re Regional Planning – Council Chambers	8	9	10	11	12
13 COUNCIL MEETING	14 Regional Planning Workshop – Council Chambers	15	16	17	18	19
20	21	22	23	24	25	26
27	28 COUNCIL MEETING	29	30	31		

L5

February 2014

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
					1	2
3	4	5	6	7	8	9
10	11 COUNCIL MEETING	12	13 Brownlee LLP Emerging Trends Calgary Session	14	15	16
17 FAMILY DAY STAT HOLIDAY	18	19	20 Brownlee LLP Emerging Trends Edmonton Session	21 Reynolds Mirth Municipal Law Edmonton Session	22	23
24	25 COUNCIL MEETING	26	27	28		

L5

March 2014

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
					1	2
3	4	5	6	7	8	9
10	11 COUNCIL MEETING	12	13	14 Reynolds Mirth Municipal Law Airdrie Session	15	16
17 AAMDC Spring Convention - Edmonton	18 AAMCD Spring Convention- Edmonton	19 AAMDC Spring Convention - Edmonton	20	21	22	23
24	25 COUNCIL MEETING	26	27	28	29	30
31						