



# Black Diamond and Turner Valley: Amalgamation Feasibility Study



July 12 2017





# EXECUTIVE SUMMARY

The two Towns have discussed amalgamation dating back to 2007 and the idea was first explored as far back as 1986. Amalgamation is the process to restructure the Towns into one new municipality. This focuses on managing assets and services from one perspective, providing the greatest opportunity to achieve shared objectives. While there has not been any official changes to the municipalities, each new conversation has built on their collaborative efforts, resulting in the Friendship Agreement of 2012. The Towns look to build on the Friendship Agreement to create a framework for moving forward to strengthen their collaborative efforts rather than competing for resources and opportunities. As independent communities, Black Diamond and Turner Valley could continue to co-exist with a “business as usual” approach or they could reimagine ways to pool their resources and develop coordinated plans and strategies to deliver services. As a step toward a unified community, the Towns have developed a shared vision and set of principles and objectives to help guide decisions.

## ***Shared Vision:***

We align our strengths to serve a community that is bound together by a strong sense of belonging.

## ***Guiding Principles:***

- Balancing service levels with long term cost.
- Joint decision making that is effective and adaptive and based on honesty and integrity.
- Developing and implementing policies that are fact based, action focused, and achievable within a realistic and feasible timeframe.

## ***Shared Objectives:***

- Diversified and Resilient Economy: shared investment in strengthening the local economy.
- Integrated Policy Framework: aligning policies with shared growth objectives.
- Sustainable Service Delivery: more effective and efficient delivery of municipal services.
- Expanding Community Capacity: shared commitment to ongoing engagement with citizens.
- Responsive Local Governance: long-term and prioritized land and infrastructure planning.

## **COMMUNITY OBJECTIVES**

The two Towns engaged with citizens to better understand their thoughts on the types of services that were being provided and their overall level of satisfaction. The overall feeling was a high level of satisfaction for the services that are being provided. When services were considered individually (e.g. garbage collection, snow removal, among others), evaluating both the importance of the services and the citizens’ level of satisfaction, respondents from both Towns had similar perspectives on what they felt was important and how satisfied they were, from both a positive and negative perspective.

## **ALTERNATIVE OPTIONS**

The purpose of this project was to build from the 2012 Friendship Agreement, exploring these options:

1. **Status Quo:** continuing on the same course, finding ways to collaborate when it is convenient or in reaction to events that make sense to have the two Towns work together.
2. **Comprehensive Collaboration:** making thoughtful decisions to collaborate that are based on trying to achieve a shared vision.
3. **Amalgamation:** merging the two towns into a single municipality to collectively manage assets and resources in order to achieve shared objectives.

## OPTION ANALYSIS

Deciding how to proceed was analysed around a number of different factors beyond financial benefits and costs. This included social and environmental considerations to evaluate the sustainable community development perspectives of each option. Status Quo, Comprehensive Collaboration, and Amalgamation were considered using the following indicators:

1. **Financial and Economic Considerations:** the economics of change were considered based on community, provincial, and service delivery objectives in order to implement a preferred option.
2. **Environmental Impacts:** policies and standards enforced by senior levels of government and municipalities impacts the health of the environment. Any change must consider this important issue as part of a future transition.
3. **Social Impacts:** the municipalities have indicated that responsible governance, engaged citizens, and sustainable service delivery, will be key factors in evaluating how the Towns move forward.
4. **Managing Risks:** we can never eliminate risk, but we can minimize it by managing it effectively. This includes understanding potential impacts and how likely they are. Managing risks requires strategies that include cost, to help determine whether the risks are worth mitigating or if they can be tolerated.

Each of the three options were screened through the individual indicators listed above. However, the decision on how to proceed is based on how all of the different indicators relate to each other. This evaluation outlined the following perspectives on the general opportunities and challenges associated with each of the alternative options:

1. **Status Quo:** maintaining the status quo challenges the ability to achieve the shared objectives. While the two Towns are collaborating as part of the Status Quo, maintaining the current approach will keep the focus on the individual communities rather than the shared vision.
2. **Comprehensive Collaboration:** reinforcing collaboration provides access to a bigger toolbox that helps achieve the shared objectives, provides more options for delivering services, and maintains local autonomy. Building a collaborative mindset helps the Towns work towards shared goals rather than reacting to changes independently.
3. **Amalgamation:** amalgamation provides the greatest opportunity to achieve the shared objectives. However, this represents a significant change from the current reality. Amalgamation can flow naturally from collaboration as the local mindsets change toward a more collective approach.

## PRIORITIES MOVING FORWARD

Understanding that financial and human resources are limited, the key to success in moving forward is working together to evaluate and agree on priorities that benefit both communities. As the Towns grow and change, the priorities will also change. This requires continual engagement with citizens to understand what is important so the Towns can find ways to do things more effectively together.

**THIS SECTION RESERVED TO COMMUNICATE HOW THE TWO COUNCILS WANT TO PROCEED – THE REPORT DOESN'T HAVE ANY DEFINITIVE CONCLUSION AS THERE IS NO ONE RIGHT ANSWER.**

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# 1.0 INTRODUCTION

The two Towns have been talking seriously about the prospects of amalgamation dating back to 2007 and the concept was initially explored as far back as 1986. While there has not been any official restructuring of the municipalities, each new conversation has resulted in the two communities building on their collaborative efforts, resulting in the Friendship Agreement of 2012. Recognizing that past efforts have not produced any tangible progress towards restructuring, the Towns are building on the Friendship Agreement to create a framework for moving forward with the steps necessary to create lasting prosperity.

Achieving sustained prosperity as a future outcome that the two communities can strive toward, requires incremental steps that will move them closer to their collective vision. Through this approach, each are able to build their collaborative efforts around efficient and coordinated planning, providing consistent levels of core municipal services, pursuing economies of scale in managing assets from a community rather than municipal perspective, and promoting the “Diamond Valley” region as a unified community to improve the attractiveness of the area to current and prospective citizens, businesses, and industries.

Black Diamond and Turner Valley are two strong communities that have a lot to offer each other. The notion of amalgamation as an outcome is about building something together that is stronger than the sum of all the individual parts, creating a path toward a stronger future for the citizens of both communities. The Towns have embarked on this process, recognizing that they can accomplish together what neither can alone as they strengthen their collaborative efforts rather than competing for resources and opportunities.

The benefits of amalgamation are often overemphasized as savings that arise from fewer of everything. A prevailing emphasis on efficiency and cost-savings in local government can shift the focus away from the impact of its work for citizens. The true benefits arise from a shared vision that enables the two municipalities to operate as a single community.

The primary objective of the Study is to examine the feasibility of amalgamation, through a critical analysis of the current reality and a series of strategic objectives to help evaluate decisions against a shared vision. The question becomes, how do we determine feasibility? Optimists will tell you that anything is feasible, while pessimists will always look for reasons to delay the decision. Rather than seek a truth that can never fully be verified, we have examined feasibility from the simple perspective of where you want to go.

# 2.0 VISION AND GUIDING PRINCIPLES

Black Diamond and Turner Valley share the same geography, demography, natural resources, and climate. They also share the same challenges, frustrations, and concerns for the future. Many already know that the Towns are great places to live, work, and/or raise a family. If it is to remain this way, then retaining and attracting people, jobs, and investment is increasingly important. Together, the two communities are stronger and can better achieve this vision.

As independent communities, Black Diamond and Turner Valley could continue to co-exist with a “business as usual” approach. However, the opportunity for building a diverse and integrated community is enhanced if the two Towns reimagine ways to pool their resources and develop coordinated plans and service delivery strategies. A united community with a single agenda will contribute toward a high quality of life for current and future generations.

The ability to establish a practical and achievable collaborative approach that meets the collective aspirations and objectives of the two communities is key to proactively rethinking the structure of the community. There is a danger of getting mired in the details when trying to develop a fact-based answer to every conceivable question. Yes, information is important, but the future is often more about vision and the human element than it is about analyzing today’s details.

Innovation occurs through strong leadership, exhibiting the courage to recombine existing elements in new ways. Local Government today, increasingly requires reimagining a collaborative approach, to achieve the following critical success factors in the community:

- Excellent quality of life
- Environmental stewardship
- A preferred place to live and visit for people in all stages of life (e.g. young families, young professionals, and senior citizens)
- Diverse and resilient economy (e.g. home based businesses, electronic and IT industry, and capitalizing on tourism opportunities)
- Fiscal stewardship
- Effective and integrated service delivery
- Transparency and effective community engagement
- Informed decision making
- Strong community with shared leadership and aspirations
- Adaptive and proactive planning and preparedness for growth

As a step toward a unified community, the Towns have articulated a clear vision and set of principles, to help guide the decision making process as each pursue incremental changes toward a collective future.

#### **Shared Vision:**

We align our strengths to serve a community that is bound together by a strong sense of belonging.

#### **Guiding Principles:**

1. Balancing service levels with long term cost.
2. Joint decision making that is effective and adaptive and based on honesty and integrity.
3. Developing and implementing policies that are fact based, action focused, and achievable within a realistic and feasible timeframe.



## 3.0 COMMUNITY OBJECTIVES

Financial challenges caused by decreased funding from higher levels of government, a constrained ability to generate revenue, increasing costs associated with aging infrastructure, and increased expectations from citizens on what constitutes an acceptable level of service are a major driving force behind considering any changes to municipal structures. Consequently, the question of how to do more with less has been a focus for municipalities for years, given the unprecedented responsibility of local governments for so many services and assets.

The other side of the equation asks how to accomplish all of this while maintaining public confidence and citizen satisfaction. This goes beyond meeting the needs of the municipal corporation and recognizes that the reason the municipality exists is to serve the citizens.

Any efforts toward achieving amalgamation, requires practical steps towards implementing incremental change. This is not predictive or a linear series of steps. With a focus on what can be done together, it is critical that this approach evolves as priorities change, specific challenges are addressed, and new ones emerge.

While this focuses on incremental change built around a mutual investment in the community, the iterative nature is built around aligning shared objectives and building the capacity to collaborate as a unified community.

### Shared Objectives:

1. **Diversified and Resilient Economy:** shared investment in strengthening the local economy and creating an environment that supports the growth, expansion, and evolution of business opportunities.
2. **Integrated Policy Framework:** aligning the planning, policy, and regulatory frameworks with shared growth objectives and streamline coordinated decision making processes.
3. **Sustainable Service Delivery:** move toward more effective and efficient delivery of municipal services that integrate and streamline core services, reducing duplicative efforts.
4. **Expanding Community Capacity:** shared commitment for a continued investment in civic infrastructure and ongoing engagement with citizens to continue building the capacity of the public to participate in the community.
5. **Responsive Local Governance:** establish long-term and prioritized infrastructure planning in coordination with harmonized land use planning that strengthens and unifies the community voice in the pursuit of collective sustainable community development objectives.

## 3.1 Service Delivery

The social contract that we have all signed requires us to pay for the services that we receive, which are paid for through municipal taxes on property and utility rates, which charge fees directly on the services we use. Local governments today are providing services at a level beyond anything they have done

historically and the expectations among citizens continues to grow without the same level of expectations around increasing the amount of taxes and fees that they pay.

The primary role of municipalities is to deliver services within a geographically defined area. Municipal services are typically bound to a specific area based on the ability to extend water and wastewater networks, which typically differentiate urban from rural communities. However, as the number of services that local governments deliver continues to grow, specific boundaries are less relevant in determining what is considered local. For example, recreation facilities and programs, economic development, and health care represent services that are not geographically-bound and represent a very different perspective of local.

There are two major groupings of services:

1. **Internal services:** those that support Council, governance, and external programs.
2. **External services:** those that are delivered directly to the public.

The delivery of each of these service groupings requires planning, organizing, staffing, equipping, and funding, all of which needs to be brought together in the form of service profiles and operational plans. Reimagining how the two municipalities are structured, provides the opportunity to rethink service delivery and explore alternative operational plans that help improve efficiency and effectiveness in service delivery. While certain programs are apparent or obvious to consider for service delivery, it is important to consider the lead time necessary to develop an effective service delivery model. Evaluation of different options requires an agreed upon set of standards, all of which takes time and understanding of the different needs and expectations.

There are ever-increasing expectations for governments to make informed choices about the services they provide to their citizens. This is evident for municipalities whether facing times of positive economic growth or periods of fiscal constraint. Service delivery objectives focus on setting priorities and, where possible, reducing the cost of delivery while maintaining or improving services and service levels. It's all about making informed, strategic choices. In general terms, the service delivery objectives can be divided into two main groups:

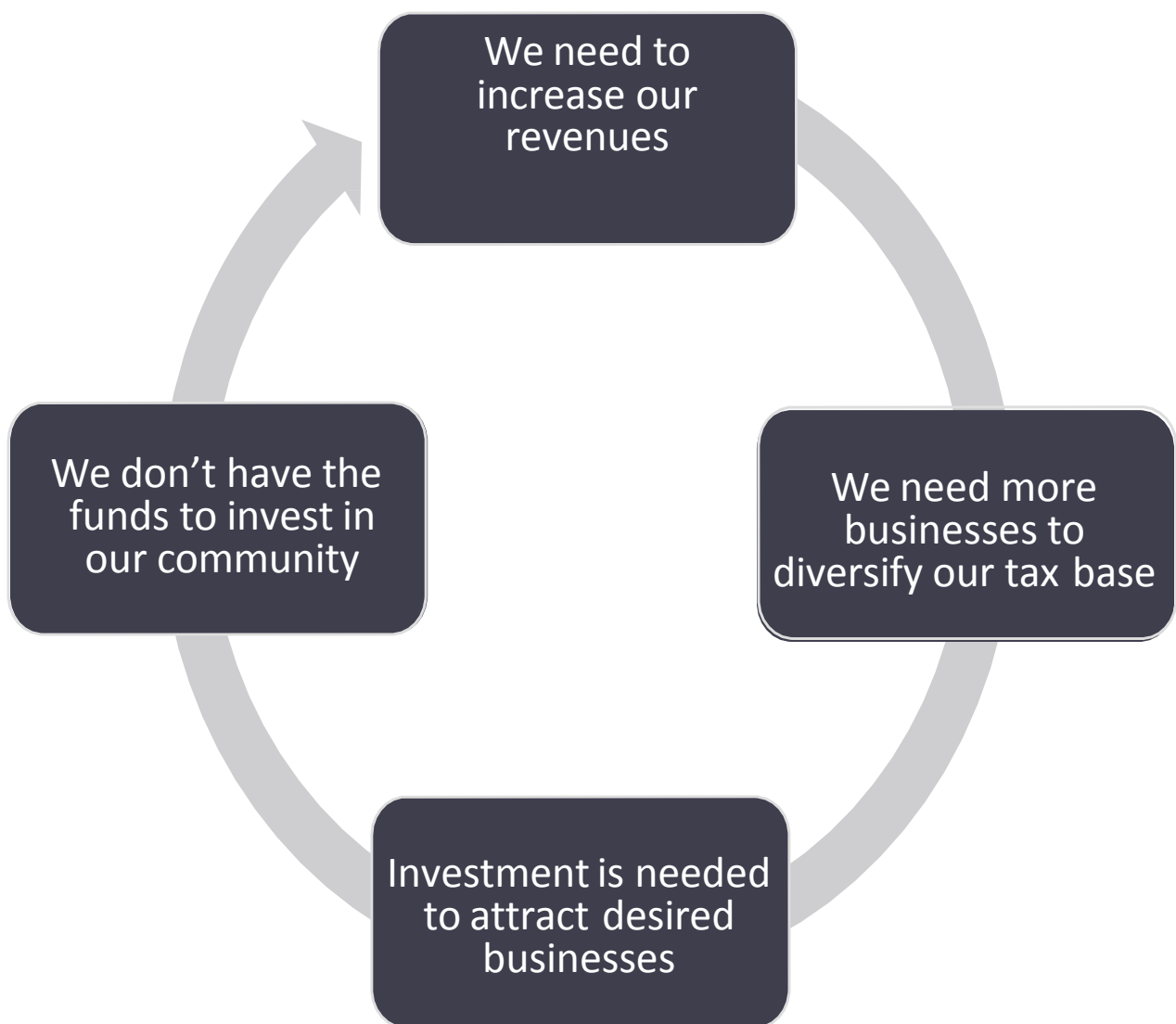
1. **Focused on the Present:** address existing infrastructure needs.
2. **Focused on the Future:** build the necessary infrastructure to support future growth opportunities.

Figure 1 illustrates the significance of setting priorities and making decisions based on a sound understanding of what the community is trying to achieve. All municipalities need to renew their infrastructure and assets and growing municipalities need to add to them to meet the needs of their expanding population. Given the differences between addressing current infrastructure needs and investing in expansion to accommodate continual growth opportunities, the community can get lost in the following circular logic, which emphasizes the importance of strategic decision making:

1. We need to take care of our existing infrastructure and program needs to meet the current levels of service (for example, fixing roads and adding more seniors housing).

2. Residential taxes are high under our current conditions. We need to diversify our tax base by adding more businesses to increase our revenue.
3. We need to invest in our infrastructure to attract businesses to our community and create opportunities for growth (for example, more properties and lands for businesses, telecommunication infrastructure, and more diverse housing types).
4. We need to communicate and demonstrate accountability of decisions to the public, ensuring the community has the information necessary to understand how their tax dollars are being utilized.

**Figure 1: Service Delivery Objectives**



**Table 1: Municipal Service Inventory**

INVENTORY OF INTERNAL SERVICES	INVENTORY OF EXTERNAL SERVICES
<b>1. Administrative Services</b> <ul style="list-style-type: none"> <li>a. Community and Stakeholder Communications</li> <li>b. Information Management Systems</li> <li>c. Mapping Services</li> <li>d. Civic Addressing</li> <li>e. Reception</li> </ul>	<b>1. Protective Services</b> <ul style="list-style-type: none"> <li>a. Fire Protection</li> <li>b. Emergency Medical Services</li> <li>c. Police Protection</li> <li>d. Community Bylaw Enforcement</li> <li>e. Emergency Response</li> </ul>
<b>2. Financial Services</b> <ul style="list-style-type: none"> <li>a. Accounting</li> <li>b. Taxation System</li> <li>c. Budget Process</li> <li>d. Financial Reports/Controls/Audit</li> <li>e. Property Assessment</li> </ul>	<b>2. Community Services</b> <ul style="list-style-type: none"> <li>a. Arts, Culture, and Recreation Programs</li> <li>b. Library</li> <li>c. Museum</li> <li>d. Economic Development/Tourism</li> <li>e. Family and Community Support Services</li> </ul>
<b>3. Organizational Services</b> <ul style="list-style-type: none"> <li>a. Human Resources</li> <li>b. Employee Benefits/Payroll</li> <li>c. Strategic Planning</li> <li>d. Orientation and Training</li> <li>e. Performance Monitoring</li> </ul>	<b>3. Municipal Services</b> <ul style="list-style-type: none"> <li>a. Planning and Development</li> <li>b. Inspections and Licensing</li> <li>c. Public Transportation</li> <li>d. Weed and Pest Control</li> <li>e. Parks and Open Space Maintenance</li> </ul>
<b>4. Legislative Services</b> <ul style="list-style-type: none"> <li>a. Policy Development</li> <li>b. Legal Advice</li> <li>c. Council Meeting Support</li> <li>d. Committee Support</li> <li>e. Records Management</li> </ul>	<b>4. Operational Services</b> <ul style="list-style-type: none"> <li>a. Water Treatment and Distribution</li> <li>b. Wastewater Collection and Treatment</li> <li>c. Storm Water Collection and Treatment</li> <li>d. Road and Sidewalk Maintenance</li> <li>e. Public Facility Maintenance</li> <li>f. Garbage and Recycling</li> </ul>

**NOTE:** This lists the main groupings of services typically provided by municipalities.

Each of these services are provided through a number of different mechanisms, including internal staff, regional commissions, contracts with private service providers, agreements with other government or public service agencies, and community volunteers.

This list is incomplete. As service delivery increases and improves, additional services may be added as opportunities arise. As part of any efforts toward amalgamation, the two Towns will need to establish a shared understanding of the level of service they will collectively provide for each of the services that they deliver. This will require a service delivery review, which evaluates specific municipal services to determine the most appropriate way to provide it based on answering the following questions for each service:

### **Service Delivery Review**

1. Do we need to continue delivering this service?
2. What do citizens expect of the service and what outcomes does Council want for the service?
3. How does the current performance compare to expected performance?
4. How is the demand for the service being managed?
5. What are the full costs and benefits of the service?
6. How can the effectiveness of the service be improved?
7. How can the efficiencies of delivering the service be improved?
8. Are there alternative ways to deliver the service?

Service delivery reviews are time and resource-intensive exercises and may involve sensitive local issues. Clear strategic objectives need to be agreed upon before undertaking reviews so that the decisions made can be tied to the collective vision for the community.

## **3.2 Community Capacity**

That communities are complicated is clear. There is a lot going on from roads, to homes, to businesses all interacting with people of all ages and demographics. But complicated is different from complex. A rocket ship is complicated, but it is not complex. Complexity emerges from the collection of interactions within the community. Given the changing nature of these interactions and the evolving impacts from external forces, the results are unpredictable and can demonstrate no direct relationship between inputs and outputs. However, we continue to treat communities as complicated systems and build our expectations around the illusion of predictable results. For example, we annex land, rezone it for industrial purposes, and provide the necessary servicing but are confused when a successful industrial park does not appear.

While local government challenges loom, it remains the most efficient level of government because of its smaller scale and better understanding of what the people need. However, regardless of the potential efficiencies at the local level, these are rendered largely irrelevant if the municipality does not have the capacity and resources necessary to effectively manage the complexity associated with the delivery of services.

Almost every municipality in Alberta has had the notion of inter-municipal collaboration and structural reform on their agenda since the initiation of the Municipal Government Act review. While it is increasingly clear that the business as usual approach to local government will be a challenge to sustain, it does not mean that wholesale cutbacks or radical change are needed. The growing need for funding to address infrastructure deficits and replacement needs is colliding with either a shrinking, or a peaked ability to generate revenue. The ability to tax our way out of these challenges is no longer possible. Recognizing limits on how municipalities can generate revenue, the increasing costs needed for municipal servicing leads to increasing competition for fiscal resources that come with new growth and development.

Restructuring is often considered as a way to better serve citizens and plan for future growth. Residents have often chosen the small-town lifestyle but that choice is typically accompanied by expectations around municipal service standards that are more common in larger, urban settings.

There is no question that municipal finance and planning has evolved from having an inward focus to one that can no longer occur in isolation. The importance of strong relationships and a pre-existing history of collaboration, renders the restructuring to a larger municipal entity relatively simple, allowing for a stronger linkage between decision making and service delivery. However, the courage to think and act differently is necessary if any sustainable change is to occur.

### 3.3 Public Perspectives

The public engagement events and questionnaire were intended to engage in a conversation with the community to introduce the concept of moving forward from the Friendship Agreement, without focusing solely on amalgamation. The level of participation was relatively consistent over the course of the week (123 attendees at four (4) Black Diamond events and 143 at five (5) Turner Valley events), representing approximately 7% of the collective population over 19 events. Additionally, 269 questionnaires were either submitted in person or online between the two communities.

The events and questionnaire demonstrated a desire to engage the community differently than in past efforts and provided the opportunity to discuss services and service delivery from the perspective of citizens from both communities. While this level of information provides a glimpse at community services from the citizen's lens, it should not be considered as a comprehensive level of service analysis, but rather as an introduction into any significant challenges associated with how services are currently being provided.

The following general themes emerged as similarities between the two populations (a full summary of the public engagement responses from the individual community perspectives can be found in **Appendix 1**). Overall, the majority of the responses (85, or 53.8% in Black Diamond and 61, or 56.0% in Turner Valley) indicated they were *Somewhat Satisfied* with the overall level of service provided by the Town, with the second highest response of *Very Satisfied* (56, or 35.4% in Black Diamond and 32, or 29.4% in Turner Valley).

While the overall sentiment was a high level of satisfaction for the services that were being provided, when the individual services are considered from both a perceived level of importance and satisfaction, the Towns shared similar perspectives around areas of dissatisfaction.

**Table 2: Ranking of Restructuring Priorities by Community**

Rank	Restructuring Priorities	Black Diamond Score	Turner Valley Score
1	Cost of services	1.8	1.9
2	Effectiveness and Efficiency of Administration	2.8	2.4
3	Effectiveness and Efficiency of Governance	2.9	2.7
4	Local Autonomy	3.8	3.9
5	Community Identity	4.4	4.8
6	Location of Facilities	4.7	4.9

**NOTE:** This represents a ranking of the different priorities related to restructuring the municipalities.

Both communities shared similar perspectives around the importance of collaboration, essentially mirroring each other and indicating that the majority of services are considered *Very Important* to work on together. When asked to rank, the respondents from both communities had very similar perspectives.

While these are all anecdotal, they do represent opinions that surfaced in multiple conversations with different people. Much of the public's opinion are often based on self-generating beliefs. People adopt these because they are based on conclusions inferred by what is observed and experienced. The ability to achieve any true change is eroded by the feeling that:

- Beliefs are the truth
- The truth is obvious
- The truth is based on real data
- The self-selected data is the real data

While it is often easier to reject the negative perspectives and comments as simply coming from those citizens that can never be satisfied, it is important to recognize that people do hold these perspectives. When viewed from these perspectives, it is easier to accept that the negative comments are rational, relative to the notion that most people are interested in how any change will directly impact their best interests.

## 4.0 ALTERNATIVE OPTIONS

Municipalities are not static. They are constantly evolving through economic or demographic changes or through changing citizen expectations. In some cases, this changes how municipalities work with one another, or leads to more fundamental changes in how the municipalities are structured.

Decision-makers need options that go beyond conventional discussions about restructuring and transcend typical concerns over joint planning and cost-sharing. This reflects that there is no optimal structure for local government. While the Towns can take an objective analysis to support their conclusions, ultimately the Councils must apply their own judgement and relative weight to the various factors associated with restructuring and the trade-offs of pursuing any of the available options.

A typical approach to evaluating multiple options for proceeding with municipal restructuring would involve a comparative analysis of multiple scenarios. These evaluations would explore the implications of maintaining the status quo, outline the impacts of amalgamation, and examine a form of hybrid model.

## 4.1 Status Quo

The Towns have expressed a desire to continue to build on their shared history and move forward from the Friendship Agreement. Therefore, the status quo is not considered a preferred option.

**Table 3: Existing Collaborative Efforts**

Protective Services	Community Services
<ul style="list-style-type: none"> <li>• Memorandum of Understanding for protective services to assist each other as needed</li> <li>• Shared Dog Pound</li> </ul>	<ul style="list-style-type: none"> <li>• Recreation – Friendship Trail</li> <li>• Recreation – Black Diamond Arena</li> <li>• Recreation – Turner Valley Pool</li> <li>• Economic Development – Diamond Valley Days and Parade</li> <li>• Shared Library</li> </ul>
Municipal Services	Operational Services
<ul style="list-style-type: none"> <li>• Planning and Development – Inter-Municipal Development Plan</li> <li>• Administration – Aligned Accounting Software</li> <li>• Administration – Shared GIS Staff</li> </ul>	<ul style="list-style-type: none"> <li>• Water – Sheep River Regional Utilities Corporation</li> <li>• Wastewater – Westend Regional Sewage Services Commission</li> <li>• Solid Waste – Garbage Collection</li> <li>• Solid Waste – Foothills Regional Service Commission</li> <li>• Solid Waste – Recycling Depot Agreement</li> <li>• Transportation – Joint Planning and Transit Pilot Program</li> </ul>

**NOTE:** This represents an overview of the various services being shared by the towns.

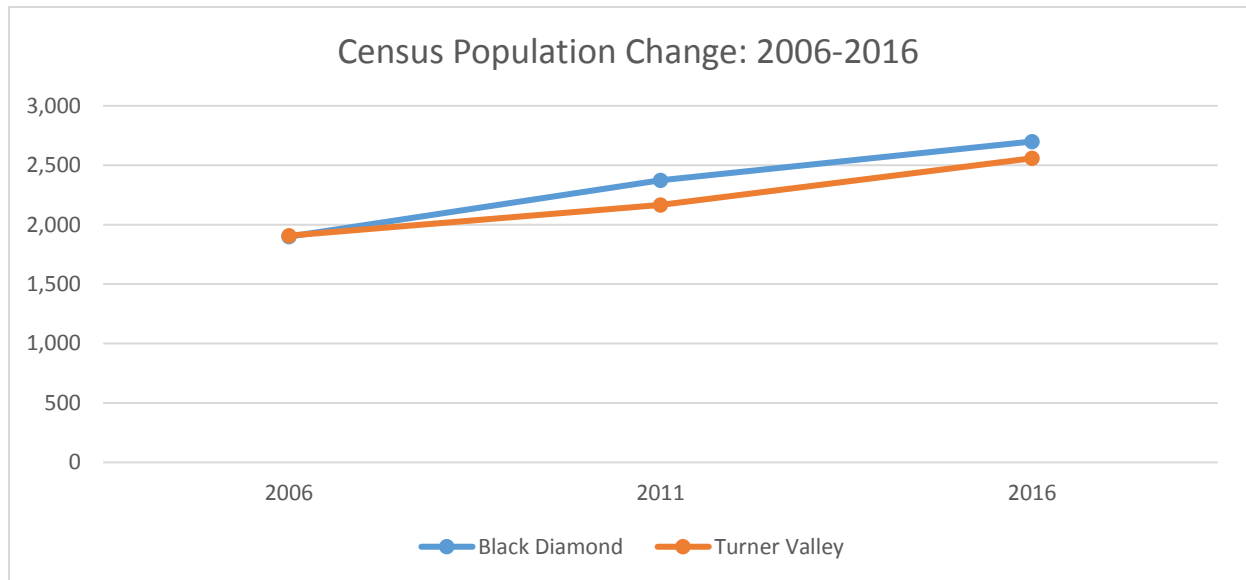
Based on the historical work completed in consideration of amalgamation and the continuing partnerships through the Friendship Agreement, the Status Quo demonstrates how the towns have partnered on many initiatives that deliver essential services more effectively and efficiently.

The following sections explore the current reality in both Towns and provide a snapshot of their current financial condition, through an examination of the Audited Financial Statements. The preliminary review of the current reality is designed to evaluate whether or not there are unmitigated circumstances that would prevent a reasonable transition toward an amalgamation. While it is somewhat easy to assert that the two Towns are comparable based on their geography and relative size similarities, exploring relevant information at a next level illuminates that there are some differences between the two Towns.



### 4.1.1 Population Comparison

The population and profiles for Black Diamond and Turner Valley are comparable in terms of relative growth rate, total population, as well as the age distribution, with Black Diamond slightly older and both communities older than the Provincial median age.



**Table 4: 2016 Census of Population Characteristics**

Population Characteristic	Black Diamond	Turner Valley	Alberta
Total Population	2,700	2,559	4.067 M
Age Group			
0-19	21.5%	24.0%	24.6%
20-34	14.8%	16.1%	21.8%
35-49	18.3%	21.1%	21.1%
50-64	23.0%	21.7%	18.9%
65-79	16.5%	14.9%	10.6%
80+	5.9%	2.3%	3.0%
Median Age	43	42	36.5
Children per Family	0.9	0.9	1.1
Persons per Household	2.4	2.5	2.6

**NOTE:** Shows total population and age distribution of both towns.

While individuals who have chosen one place over the other may have identified specific characteristics they preferred, the relative stability of the populations indicate there are not any considerable differences that would attract growth to one Town over the other.

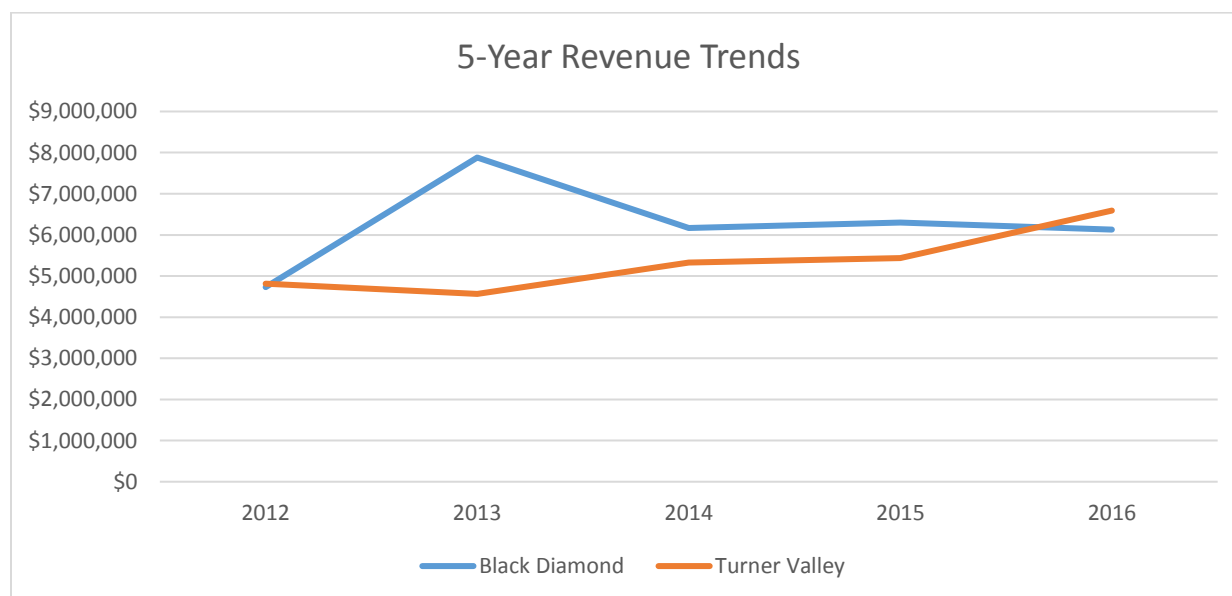
### 4.1.2 Revenue and Expenditures Comparison

The following tables and charts provide a snapshot of the revenues and expenditures for both towns using information obtained through the Audited Financial Statements between 2012 and 2016.

**Table 5: 2016 Revenue Comparison**

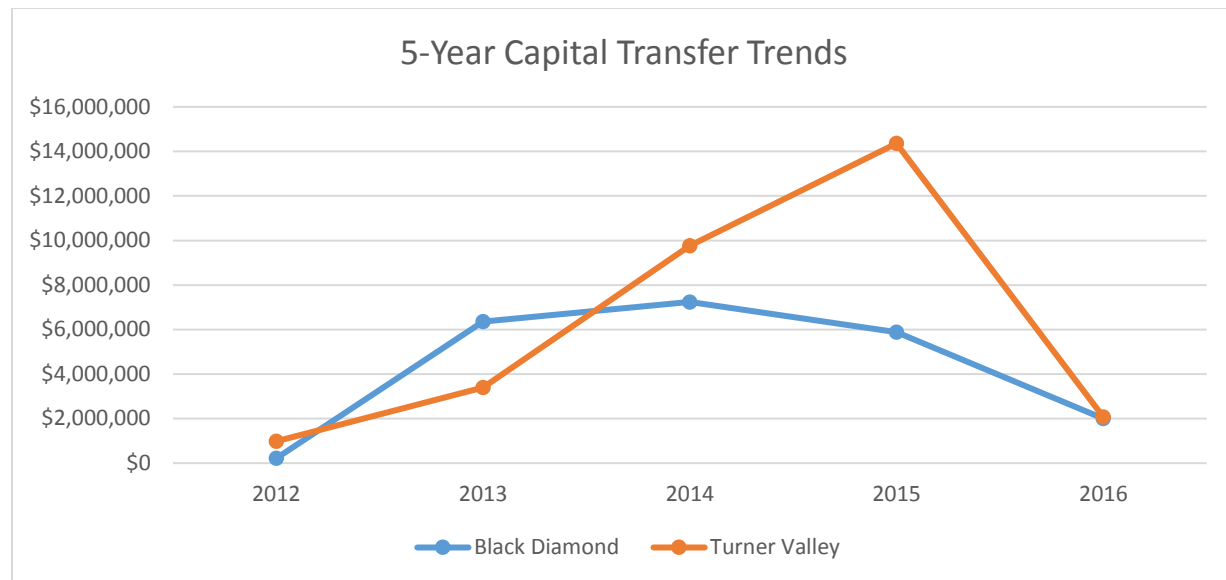
Revenue Activities	Black Diamond	Turner Valley
Net Municipal Property Taxes	\$2,739,806	\$2,976,641
Sales and User Charges	\$1,670,717	\$1,882,768
Government Transfers for Operating	\$584,926	\$883,758
Investment Income	\$132,131	\$82,478
Penalties and Costs on Taxes	\$47,117	\$122,428
Fines/Rentals/Licenses/Permits	\$466,677	\$77,565
Franchise/Concession Contracts	\$196,933	\$206,662
Development levies	\$73,714	\$82,594
Gains on Disposal of TCA	-	\$157,058
Other Revenue	\$216,163	\$119,314
<b>Sub-Total Revenue</b>	<b>\$6,128,184</b>	<b>\$6,591,266</b>
Government Transfers for Capital	\$2,000,512	\$2,073,925
Contributed Tangible Capital Assets	\$25,852	-
<b>Total Revenue</b>	<b>\$8,153,551</b>	<b>\$8,665,191</b>

**NOTE:** This is a comparison of the total reported revenue by major category. Government transfers for operating and capital are accounted for as revenue, but are the redistribution of Provincial and Federal tax revenues designed to help fund municipal operations and capital investments on municipal infrastructure and facilities.



The revenue spike in Black Diamond for 2013 is attributed to the transfer of provincial funding for the flood recovery efforts. While this was accounted as revenue for Black Diamond, this was for the joint benefit of both Towns. Aside from the revenue spike in 2013, and the subsequent increases in the

transfer of funds for operating purposes in 2014 and 2015, the revenues have been relatively stable and similar over the last five (5) years.



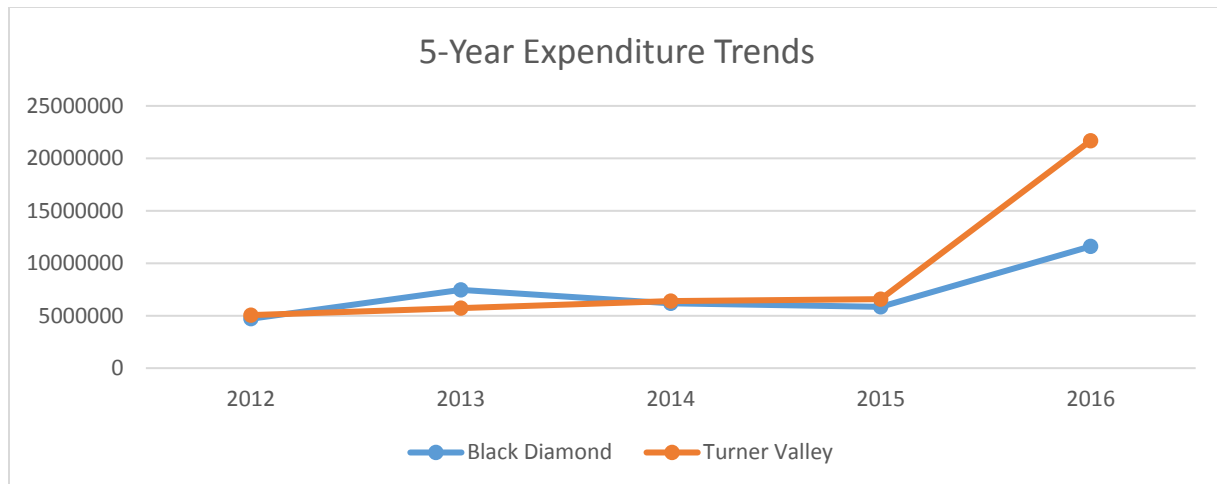
In 2013, Black Diamond directed capital funds toward roads and water/wastewater capital projects with the 2014 and 2015 increases directed toward emergency services projects. Turner Valley directed increases in revenue and capital expenditures to flood recovery projects in 2014-2016. Turner Valley has been consistently applying provincial grant transfers toward capital improvement projects, most notably towards part of its ten (10) year infrastructure priority list.

**Table 6: 2016 Expenditure Comparison**

Expenditures	Black Diamond	Turner Valley
Legislative	\$145,833	\$312,241
Administration	\$928,295	\$967,730
Protective Services (Bylaw, Disaster, Fire Services)	\$821,435	\$553,001
Transportation	\$960,005	\$1,654,745
Water Supply and Distribution (See * Below)	\$6,124,179	\$15,564,252
Wastewater Treatment and Disposal	\$685,217	\$650,825
Waste Management	\$165,361	\$376,218
Family and Community Support Services	\$93,398	\$60,204
Cemeteries and Crematoriums	\$54,642	\$54,642
Planning and Development	\$479,924	\$349,468
Parks and Recreation	\$949,721	\$706,315
Culture - libraries, museums, halls	\$162,014	\$298,541
Economic and Agricultural Development	-	\$138,513
Other Environmental Use/Protection	\$36,891	-
<b>Total Expenditures</b>	<b>\$11,606,915</b>	<b>\$21,686,695</b>

**NOTE:** This is a comparison of the total reported expenditures by major category.

\* The difference is related to the different amount of water infrastructure that was transferred over to the Sheep River Regional Utilities Corporation (SRRUC) by each town.



Similar to the revenue spike in 2013 that came from Government Transfers for Operating Costs, Black Diamond had a jump in expenses for Disaster and Emergency Services in 2013. In 2016, the Sheep River Regional Utilities Corporation (SRRUC) was incorporated, which is the regional water system that is owned by the Towns of Black Diamond and Turner Valley through Class A shares (45% each), the M.D. of Foothills through Class A shares (10%), and the Village of Longview, who is a Class B designate. Incorporation and joint ownership required the transfer of equity in tangible capital assets in the water systems of both Towns. Black Diamond transferred its water infrastructure and metering building to SRRUC and Turner Valley transferred its infrastructure and water treatment plant. This represents a joint investment in a regional water system that will provide mutual benefit to all of the partners.

**Table 7: Comparison of Tax Revenue and Rates**

<b>Tax Revenues and Requisitions</b>	<b>Black Diamond</b>	<b>Turner Valley</b>
Real Property Taxes	\$3,665,414	\$3,817,726
Linear Property Taxes	\$35,887	\$74,745
Grants in Lieu of Taxes	\$5,890	\$25,421
<b>Total Tax Revenue</b>	<b>\$3,707,191</b>	<b>\$3,917,892</b>
Schools	\$925,446	\$899,937
West Winds Communities	\$42,660	\$41,314
<b>Total Requisitions</b>	<b>\$968,106</b>	<b>\$941,251</b>
<b>Net Tax Revenue</b>	<b>\$2,739,085</b>	<b>\$2,976,641</b>
<b>Tax Rates</b>		
Residential Tax Rate	7.61200	7.99999
Non-Residential Tax Rate	8.40240	8.57999
School Residential Rate	2.47030	2.37384
School Non-Residential Rate	3.66800	3.66800
West Winds Communities	0.12000	0.12065
<b>Total Equalized Assessment</b>		
Total Assessment	\$362,459,222	\$379,733,157
Residential Assessment	89.7%	91.9%
Non-Residential (Commercial and Industrial)	9.5%	5.9%
Other Non-Residential	0.8%	2.2%

**NOTE:** Provides a comparison of property taxes and assessment values.

Table 7 takes a closer look at the property tax portion of the revenue and compares the residential, non-residential, school, and West Winds Communities (for Senior Housing) tax rates for each town. This also provides an overview of the Total Equalized Assessment within each community, outlining the split between residential and non-residential uses.

### 4.1.3 Debt and Accumulated Surplus Comparison

The following tables provide a snapshot of the changes to the Debt Limit and Accumulated Surplus over the last five (5) years.

**Table 8: Debt Comparison 2012-2016**

Year	Black Diamond			Turner Valley		
	Debt Limit	Debt	% of Limit	Debt Limit	Debt	% of Limit
2012	7,095,242	1,375,400	19.4%	7,222,557	1,906,179	26.4%
2013	11,820,127	1,187,764	10.0%	6,848,171	1,786,363	26.1%
2014	9,249,993	1,052,777	11.4%	7,985,960	1,661,625	20.8%
2015	9,447,393	1,365,552	14.5%	8,149,935	2,173,746	26.7%
2016	9,192,279	1,197,485	13.0%	9,886,899	2,118,396	21.4%

**NOTE:** The Debt Limit is calculated at 1.5 times the total revenue.

The limits have fluctuated over the years, with neither municipality excessively utilising debt as part of its overall financial condition.

**Table 9 Accumulated Surplus Comparison 2012-2016**

Year	Black Diamond			Turner Valley		
	Unrestricted	Operating	Capital	Unrestricted	Operating	Capital
2012	849,870	1,214,323	4,241,668	-	839,170	4,638,368
2013	875,174	1,397,267	5,708,337	374,088	460,301	3,926,742
2014	950,576	1,843,812	5,808,452	700,610	801,028	2,993,032
2015	1,050,176	2,150,045	6,016,246	685,875	1,181,000	2,049,910
2016	3,152,537	2,346,441	4,510,317	3,041,592	1,346,437	4,597,359

**NOTE:** Accumulated Surplus is divided into different categories: unrestricted reserve funds, those restricted to operations, and those restricted to capital spending.

### 4.1.4 Comparison of Tangible Capital Assets

Tangible Capital Assets (TCA) are the physical assets of the community and recorded as the costs attributed to the acquisition, construction, development, or improvement of the asset. The costs, less the residual value, of the asset is amortized on a straight-line basis over the estimated useful life of each asset category.

**Table 10: Tangible Capital Asset Comparison 2016**

<b>Asset Category</b>	<b>Black Diamond</b>	<b>Turner Valley</b>
Land and Land Improvements	1,285,399	395,367
Buildings	4,067,215	5,227,721
Engineered Structures	19,192,911	19,879,129
Machinery and Equipment	1,949,208	2,024,417
Vehicles	1,318,543	1,140,131
Construction in Progress	6,228,063	9,040,464
<b>Total</b>	<b>32,432,418</b>	<b>37,707,229</b>

**NOTE:** Snapshot of the total value of assets in each town by major category.

While there are differences between the two municipalities, the purpose of this study is to evaluate the general feasibility of pursuing a broader level of collaboration or amalgamation and a more detailed exploration of the differences in assets will be undertaken as part any transition phase, should the Towns pursue an amalgamation, to establish a shared perspective on service delivery.

## 4.2 Comprehensive Inter-Municipal Collaboration

The notion of inter-municipal collaboration has been around for decades and has typically worked best around a tangible service that can be easily quantified in terms of a shared responsibility based on whose citizens benefit most from the service.

Often the hybrid between the “status quo” and the “amalgamation” scenario is a promotion of an enhanced collaboration model that simply states that the two partners should simply do more together than they already are.

The difference between a comprehensive and enhanced collaboration model, focuses on the deliberate collaboration on internal and/or external services that contribute toward a shared vision and objectives. The enhanced collaboration model (or simply partnering on more things) is typically based on a collaboration focused on convenience and not necessarily targeted toward any future state. The key aspects of a comprehensive approach to collaboration is based on:

- A focus on connectivity and strengthening the relationship between the two municipalities;
- Building a legacy that binds the communities beyond the emotional aspects of the individual municipalities;
- Managing all aspects of local governance as a shared accountability, which implies a collective sense of ownership over the broader community challenges and opportunities; and
- Building upon the existing Friendship Agreement between the two municipalities and other collaborative initiatives that are already in place (i.e. SRRUC, Westend Regional Sewage Services Commission, among the other collaborations outlined in Section 4.1 and Table 4).

## 4.3 Amalgamation

Amalgamation unites the two Towns into a single municipality focused on shared objectives. When amalgamation is considered from the perspective of comprehensive collaboration, it becomes a logical next step in the evolution of a well-established partnership between two municipalities that share a collective vision. If the inter-municipal relationship is strong, then amalgamation is largely procedural and serves to eliminate any confusion around jurisdiction, simplifying the notion of service delivery and political representation into a single municipality.

This is not to diminish the notion of amalgamation, which not only radically changes the concept of political representation and participation for citizens of both communities, but also introduces a new concept of local governance that is foreign to everyone involved. From a rational perspective, this may not seem significant, however when emotions are brought into the equation, it is easy to understand why there are so few examples of voluntary amalgamations in Alberta.

Both the administrative and political challenge of merging and the merits of creating a responsive, adaptable, and efficient municipal government should be key factors related to municipal restructuring, given its likely impact on political representation, community identity, and service delivery levels. It can seem like the decision makes sense on many levels, however there are considerable differences that must be accounted for in shifting from two municipalities that collaborate to a single municipality with an unprecedented responsibility, characterized by the following:

- In a collaborative situation, the decision making process is defined by individual community priorities and individual Council decision making processes;
- Within a unified community perspective (whether amalgamated or not), the decision making process is built around collective priorities for the broader community, regardless of jurisdiction; and
- A unified community must incorporate a shared decision making process that evaluates priorities comprehensively based on service objectives for the collective citizens.

Ultimately, what will determine the success of this initiative is the understanding that this is a choice that both Towns are voluntarily making, built around taking the next steps from the Friendship Agreement and creating joint decisions around the shared objectives.

### *4.3.1 Comparative Community Analysis*

Through all of the conversations about amalgamation, one of the changes that was consistently identified as a concern was the requirement for municipalities with a population in excess of 5,000 to pay for policing services. This would represent a new cost to the unified municipality that neither Black Diamond nor Turner Valley currently have as part of their budgeting process and there is no uniform formula to determine what that specific cost would be.

The Alberta Justice and Solicitor General annually review the cost of municipal policing to analyze the adequacy and effectiveness of municipal policing and the financial pressures on municipalities to provide this service. There are a variety of factors that are used to evaluate policing needs, which looks not only at the total number of crimes per 1,000 population, but also the types and severity of crimes. This analysis helps inform the total number of officers needed per 1,000 population.

The total cost can be a variable based on any requirements for any specialized training or special circumstances associated with different locations. For example, higher costs per officer may be associated with more isolated locations as incentives, or in larger urban areas that have higher costs of living.

Table 11 provides a high level comparative analysis of municipalities with a population over 5,000, which would be comparable to the amalgamated total of Black Diamond and Turner Valley (approximately 5,259 based on the 2016 Census).

**Table 11: Comparative Community Analysis of Municipal Policing Costs**

<b>Town</b>	<b>Population</b>	<b>Cost/Capita</b>	<b>Cost Estimate</b>	<b>% of Operating Budget</b>
Bonnyville	6,837	\$226	\$1,545,162	8.40%
Devon	6,510	\$161	\$1,048,110	7.39%
Ponoka	6,773	\$193	\$1,307,189	9.31%
Redcliff	5,588	\$186	\$1,039,368	10.09%
Slave Lake	6,782	\$206	\$1,397,092	5.89%
St. Paul	5,844	\$230	\$1,344,120	11.53%
Stettler	5,748	\$171	\$982,908	5.90%
Vegreville	5,758	\$157	\$904,006	4.80%
Wainwright	6,289	\$155	\$974,795	6.83%

**NOTE:** This information is taken from the 2013 Cost Review of Alberta Municipal Police Report (CRAMP), which represents the most recent information due to the lag in reporting key statistical indicators.

This table represents the true policing costs if the two Towns were to amalgamate. While this is not intended as a true comparison based on the variations that exist in each municipality, it does provide a snapshot of the increased scale associated with communities over 5,000 from throughout the province.

## 4.4 Opportunities and Challenges with each Option

### 4.4.1 Status Quo

Maintaining the status quo introduces limitations on achieving the strategic objectives and increases strategic risks. Often the impact of these increased risks show up at some point in the future, which



reinforces the importance of taking a long-term perspective on decisions versus focusing on short-term challenges.

While it is important to recognize that there is an element of collaboration associated with the Status Quo, maintaining the current approach will keep the focus on the individual communities rather than the collective mindset outlined in section 2.0 and 3.0.

#### ***4.4.2 Comprehensive Inter-Municipal Collaboration***

Building on your collaborative efforts gives you access to a bigger toolbox necessary to achieve your strategic objectives and more options for service delivery, while maintaining local autonomy. Seeking collaborative approaches versus reacting to individual events collaboratively, requires a collective mindset and is highly dependent on local leadership, which changes over time.

Without a consistent approach to collaboration, these changes in leadership that emerge over time can hinder your efforts toward achieving shared goals and objectives.

#### ***4.4.3 Amalgamation***

As an outcome, Amalgamation provides the greatest opportunity to achieve your strategic objectives, however this represents a significant change and requires a commitment to developing a comprehensive change management process and following through on its recommendations.

For a change of this magnitude to result in a successful outcome, a shared accountability and commitment is required. This must extend beyond the political leadership to include individuals within each organization recognizing that everyone has a role to play in deliberately implementing change.

Amalgamation can flow naturally from collaboration as the foundation is strengthened, mindsets shift toward a more collective approach, and the strategic objectives become embedded throughout the communities.

## 5.0 BUSINESS CASE ANALYSIS

The decision to proceed with amalgamation must be analysed on a number of dimensions beyond simple financial benefits and costs. It will also factor a number of social and environmental considerations, as articulated in the vision statement and guiding principles.

A number of key considerations in a multiple accounts evaluation are outlined in this section of the analysis. Each of the options described in the business case have been weighed against the evaluation factors and assessed accordingly.

### 5.1 Financial and Economic Considerations

A number of financial and economic considerations must be understood within the context of the community objectives, provincial objectives, and service delivery in order to successfully implement a preferred option. A summary of some of the key evaluation criteria is included below:

#### **1. Initial Cost of Change**

The initial cost of implementing changes and the means to defray this cost (e.g. government grants, long term borrowing, or industry contributions) will have a bearing on the selection of a preferred option and implementation and must be understood within the evaluation process prior to proceeding with the identification of a preferred option.

#### **2. Long-term Cost to the Community**

In addition to the initial capital cost, any change will have a long-term cost that is different from the status-quo. Long term cost cannot be addressed in isolation. It's based on the services and the levels of services provided to the community. For example if the chosen option is amalgamation, the new municipality's population triggers the need to pay for RCMP services that will be an extra cost compared to the alternatives. However, the new amalgamated municipality can decide to maintain the current services and levels of services at the current state, which can result in efficiencies in decreasing the long term cost through the removal of any duplications. Alternatively, the new municipality can increase the level of service, for example increasing the frequency of snow removal, which can increase the long term cost.

#### **3. Economic Opportunities**

The two municipalities have identified economic diversification as part of their service objectives. They understand that the scale and availability of economic opportunities will be enhanced in scenarios where long-term and sustainable collaborative initiatives are in place. Options that provide this opportunity should score favourably when compared with an independent approach (status-quo scenario).

#### **4. Perception in the Broader Region**

How neighbouring communities, residents, businesses, and other regional entities perceive the two communities, their level of cooperation and collaborative approaches, plays a role in diversifying the economy. For example, options that show a unified approach to the development of communities can not only attract more development and potential residents, but also serve to retain the current businesses and population.

#### **5. Provincial Objectives**

The options that are aligned with the provincial objectives can provide more opportunities for senior government grant funding and assistance and lower the cost of implementation on the community.

## **5.2 Environmental Impacts**

Communities and stakeholders on all levels are concerned with the environmental impacts associated with their activities. Policies and standards drafted and enforced by senior levels of government and municipalities have significant impact on the health of the environment that the citizens live in and rely on. Any decision to proceed with change must consider this important issue as part of a future transition. There is also the opportunity for the communities to not only comply with these regulations, but also lead through the implementation of “green” initiatives and environmentally conscious economic actions.

#### **1. Natural Capital Assets**

Natural capital assets and the ecosystem services they provide, are a fundamental part of any town’s infrastructure. The natural services provided by these systems provide tangible value to the community and have been quantified in the same fashion as engineered infrastructure.

#### **2. Growth Management**

The conversion of land for urban uses has an irreversible impact and contributes to rapid changes to the ecosystem, fragmenting habitats, reducing biodiversity, modifying natural cycles, and impacting energy demands. While there is continual push for growth as part of most community’s long-term sustainability strategy, without truly incorporating environmental impacts into a better understanding of the impacts of growth, the focus on municipal sustainability could create harmful impacts on the sustainability of the broader community.

## **5.3 Social Impacts**

The municipalities have indicated that responsible governance, building community capacity, and sustainable service delivery, among other political and community considerations will be key factors in the selection of a preferred long term option for their shared governance. Each of these considerations is explored within the social impacts portion of the multiple accounts evaluation:

### **1. Sustainable Service Delivery**

The ability to deliver services to the current generation without compromising the ability to provide services to future generations has a significant impact on increasing the quality of life and building resiliency in the community. Service delivery should be assessed from two perspectives; availability of service in the community and accessibility of that service to citizens.

### **2. Autonomy and Service Independence**

The two municipalities, through their past initiatives, have indicated a preference for a collaborative solution to service delivery which, while enabling them to work together as two neighbouring municipalities, will also continue to offer them a degree of autonomy (for example, autonomy over locally-specific servicing strategies). The three options presented in the business case, each have a varying level of autonomy in decision making and service independence that need to be clearly understood before moving forward.

### **3. Citizen and Political Representation**

This factor considers the communities representation and voice being heard through elected officials. Each option presents a different context for decision making at the elected level and should, therefore, consider the potential impacts on citizen participation.

## **5.4 Managing Risks**

Risks are events or incidents that will have a negative impact on service delivery. While we can never eliminate risk, we can minimize it by effective management. This includes understanding risks, the impact and likelihood of them, deciding what needs to be done to mitigate them and the mitigation cost, and considering whether they are worth mitigating or if they can be tolerated. In short, we can't predict the future but we can plan for it.

Mitigating risks can be expensive. As an organization, you may decide that some risks are not worth doing anything about. Tolerating risks is perfectly acceptable, as long as it is an informed decision. There are two different kinds of Risks:

### **1. Asset Risk**

Asset risk is an event where an asset is failing to perform as you need it to. Examples of asset risks are a broken water pipe or potholed road surface.

### **2. Strategic Risks**

Strategic risks are events or occurrences that impact your ability to achieve objectives. Examples of strategic risks include:

- Possibility of reduced revenue;
- Dramatic increase in service demands;
- Changing demographics (including retiring workforce); and
- Loss of critical data or information.

## 5.5 Multiple Account Evaluation

This section evaluates each option using the indicators outlined in section 5.1-5.3, relative to a risk analysis as outlined in 5.4. The evaluation is made among the proposed options, comparing Comprehensive Collaboration and Amalgamation relative to the Status Quo, while assessing any potential strategic risk associated with maintaining the Status Quo. A visual representation is provided for each indicator, demonstrating the degrees of positive or negative change associated with each option. While each option is screened through the individual indicators, the decision on how to proceed must consider how all of the indicators relate to each other, which cannot be effectively summarized in a simple scorecard. This approach breaks down the options so they can be more simply understood, while digging deeper into the evaluation.

### 5.5.1 Financial and Economic Considerations

#### 1. Initial Cost of Change:

MINUS -		Status Quo	PLUS +		
Amalgamation	Comprehensive Collaboration				

**Status Quo:** Expect no significant change to occur if the Towns maintain the current structure.

**Comprehensive Collaboration:** Depending on the amount, timing, and types of initiatives pursued, the initial costs of change and administration will relatively increase compared to the Status Quo. However, costs can be maintained through a clear prioritization of key, though incremental, changes.

**Amalgamation:** Initial costs of amalgamation will be high relative to either option based on two key factors:

- All current staff are immediately part of the new municipality. There is a belief that amalgamation will simply result in cutting staff by 50% because two organizations are merged into one, but this is not always the case. Municipal staff is associated with the services provided to the community, so staff savings cannot be simply determined until the overall level of service has been defined. There may be potential cost savings associated with eliminating duplications but this cannot be realized until the new municipality has evaluated servicing and staff requirements.
- The population will exceed 5,000, requiring the new municipality to cover the costs of policing. The formula varies according to the municipality based on need and service levels. As a general example, based on the comparative communities analysis in Table 9, the per capita costs of policing ranges between \$155 and \$230. The amalgamated population of 5,259, would generate approximately \$815,145 - \$1,209,570 in additional costs. Some of these costs would be covered through the Municipal Police Assistance Grant, which provides per capita funding to help offset the additional costs of Police service.

## 2. Long-term Cost

MINUS -			Status Quo	PLUS +		
				Comprehensive Collaboration	Amalgamation	

**Status Quo:** While the notion of Status Quo conceptually implies no major changes, continuing an independent approach will increase the competition for diminishing funds and erode the ability of each community to independently generate new revenue.

**Comprehensive Collaboration:** When services are delivered collaboratively, there is an opportunity for capturing efficiencies and finding effective methods to lower the long term costs to communities. Collaboration can also lower the cost of operation and administration per capita as there is a lower chance for duplications.

**Amalgamation:** From a service delivery perspective, the same concept applies as with Comprehensive Collaboration. Beyond the notion of greater efficiencies in service delivery, post-amalgamation provides access to the Transition Stream of funding within the Alberta Community Partnership Program, which provides access (based on the most recent budget and application) to a base amount of \$100,000 and \$400/capita to help pay for all of the work required as part of the transition.

Historic analysis of amalgamations in general, has revealed that administrative costs have increased over time, which indicates that cost savings are not absolute with Amalgamation. Provided there are continual and consistent level of service reviews as part of the evolution of the new municipality, these can be used as a tool to manage costs.

## 3. Economic Opportunities

MINUS -			Status Quo	PLUS +		
				Comprehensive Collaboration	Amalgamation	

**Status Quo:** Continuing on this path will inevitably increase the competitive environment between the Towns as the need for non-residential revenue increases. While non-governmental organizations (i.e. the Chamber of Commerce) can think on a more regional basis, a municipal economic development function will consistently seek opportunities around a narrower spectrum of winning and losing based on municipal finances.

**Comprehensive Collaboration:** Comprehensive Collaboration will provide more access to revenue for shared service delivery initiatives by having a broader base of customers and access to senior government grants for shared initiatives. For example, the Sheep River Regional Utility Corporation (SRRUC) provides water services to both communities. By accessing provincial grants, SRRUC was able to

upgrade the water treatment plant in Turner Valley and service both communities with clean potable water. This, in turn, enables the communities to provide water services to their residents and businesses at a lower cost compared to doing it on their own. Ultimately, by having more affordable, predictable, and reliable servicing, the two Towns are more attractive for business investments, which can diversify their tax base and create opportunities for all members of the community to live and work in Turner Valley and Black Diamond.

**Amalgamation:** Amalgamation can have a positive impact on this indicator as it opens up access to more developable land and human and financial resources to implement economic diversification initiatives. The implication of amalgamation demonstrates a commitment to a unified community. Beyond the collective resources that are able to be deployed for shared economic development purposes, it can inspire the perception of a greater local economy because all information is translated at a municipal level.

#### 4. Perception in the Broader Region

MINUS -			Status Quo	PLUS +		
			Comprehensive Collaboration	Amalgamation		

**Status Quo:** Continuing as two (2) independent towns minimalizes the opportunity for the participation in the Calgary Growth Management Board because the populations prevent membership.

**Comprehensive Collaboration:** When the two communities collaborate on multiple initiatives they are sending a message to their neighbours and others that there is a clear line of communication between the two communities and that they can count on a stable environment for investment and living. If there is coordination between the policies and clarity around investment and development requirements, the risk of competition between the two municipalities are reduced and the chance of attracting businesses to the communities increases. This in turn will increase their influence in the region and strengthen their position in negotiation with their neighbours should it be required.

**Amalgamation:** Amalgamation takes this one step further, as there will be one community with a larger population and one Council and one Administration that has stronger representation in the region.

## 5. Provincial Objectives

MINUS -			Status Quo	PLUS +		
					Amalgamation Comprehensive Collaboration	

**Status Quo:** Changes to provincial legislation through the updates to the Municipal Government Act (MGA) and changes to Provincial grant programs are mandating broader collaboration among municipal neighbours. While maintaining the Status Quo implies that, at a minimum, the same level of collaboration will continue, it does represent some deviation from the general intent of the changes initiated as part of the MGA review.

**Comprehensive Collaboration:** Given the new mandates for inter-municipal planning in the development of the collaboration frameworks and development plans, moving toward more comprehensive collaboration between the Towns represents the direction proposed within the MGA and positions the communities for success in accessing provincial funding.

**Amalgamation:** While proposed changes to the MGA mandates collaboration through multiple planning tools and grant programs, it has not prescribed any mandates for municipal restructuring (either through amalgamation or dissolution). However, new funding streams have been established to help guide municipalities through transitions (whether amalgamating or dissolving), providing further incentives to rethink how communities currently collaborate.

### 5.5.2 Environmental Impacts

#### 1. Natural Capital Assets

MINUS -			Status Quo	PLUS +		
				Comprehensive Collaboration		Amalgamation

**Status Quo:** Individual communities, no matter how important they consider their role in environmental stewardship, can have limited impacts if the focus is solely within their boundary. While each municipality has the ability to improve on their own consideration of managing natural assets, continued independent approaches will fail to realize the impact on natural areas outside of their individual boundaries.

**Comprehensive Collaboration:** Broader collaboration has the ability to improve how the communities collectively address their natural assets, as part of their broader asset management strategies.



**Amalgamation:** More coordinated policies can result in more influence in protecting the environment and implementing positive change. Combined municipalities cover larger area and therefore can have more influence in protecting the environment. Having one set of policies and standards for environmental protection will have the most influence in positively protecting the environment.

## 2. Growth Management

Status Quo			Status Quo	Status Quo		
					Comprehensive Collaboration	Amalgamation

**Status Quo:** Given that the Towns have already initiated a Joint Growth Strategy, the implementation of this presents a unified approach to Growth Management, regardless of whether or not the structure of the communities changes.

**Comprehensive Collaboration:** The implementation of the Joint Growth Strategy represents a step towards Comprehensive Collaboration and should lead to a more collaborative approach to designing planning and development policies that define a unified approach to growth.

**Amalgamation:** Restructuring to a single municipality not only unifies the policies and plans, but also establishes a unified decision making process over a larger area. This will minimize the potential negative impacts associated with changing Council perspectives in one of the Towns that alter the focus from a shared responsibility for managing growth to a unified pursuit of growth for financial reasons.

### 5.5.3 Social Impacts

#### 1. Sustainable Service Delivery

MINUS -			Status Quo	PLUS +		
					Comprehensive Collaboration	Amalgamation

**Status Quo:** As with previous indicators, the notion of Status Quo as implying that things will not change fails to acknowledge that regardless of the structure of the Towns, local conditions are always changing. Maintaining an independent approach to service delivery will become more challenging as costs escalate and the competition for external funding increases.

**Comprehensive Collaboration:** Collaborating on service delivery will set the same levels of service to residents in both communities, reducing competition. Accessing shared services would limit using the services in one community and not paying for it and will ensure the benefits are distributed equitably. It will also increase access to human resources for operations and has the opportunity to increase the quality of service provided to residents.

**Amalgamation:** In the Amalgamation option, there will be no competition, as there is one community with unified levels of service. However, different levels of historical investments in communities needs to be brought to the same level over time to ensure fair treatment. This option has the least amount of restriction on human resources for operations and service delivery, which in turn can provide for the most increase in the quality of service delivery.

## 2. Autonomy and Service Independence

MINUS -			Status Quo	PLUS +		
Amalgamation		Comprehensive Collaboration				

**Status Quo:** For better and worse, maintaining the status quo ensures continued autonomy for both municipalities and provides their individual opportunities to evaluate and implement their own independent service delivery structures.

**Comprehensive Collaboration:** Providing shared services under a collaborative approach will reduce autonomy in decision making around those services specifically. Decisions such as setting levels of service, risk management, and financial management of those shared services needs to be made together. The levels of autonomy in decision making vary based on the type of collaborative approach. If there is a commission or a municipal corporation in place, the two municipalities will not directly make decisions for these entities in their individual councils. But if there is a collaborative initiative that is not a separate entity, there will be full autonomy for councils as they will make decisions directly as part of their regular duties.

**Amalgamation:** Under Amalgamation, the municipalities essentially lose all of their autonomy, as they currently know it, as it will mean one council for the combined community. Regardless of how councillors are elected (i.e. representation from the Black Diamond and Turner Valley “neighbourhoods”) they are required to represent the community as a whole and the notion of individual autonomy will no longer exist.

## 3. Citizen and Political Representation

MINUS -			Status Quo	PLUS +		
Amalgamation			Comprehensive Collaboration			

**Status Quo:** There is no change from the citizen’s perspective relative to their participation in the political process and representation on Council.

**Comprehensive Collaboration:** Political representation will not change in the Comprehensive Collaboration option either, as there will still be one council for each community. While the citizens

perspectives may change slightly, based on their own potential biases associated with collaborating with the other municipality, ultimately there is no change to the political process.

**Amalgamation:** Amalgamation will have a considerable impact on political representation, which could adversely impact civic participation if the citizens from the respective municipalities feel under-represented. Ultimately, the format for representation will be established through the new municipality's transition but, regardless of what's proposed, the citizens of both communities will perceive a loss of representation until the new municipality has matured and the historic ties to the individual communities have weakened.

#### 5.5.4 Managing Risks

##### 1. Managing Asset Risks

MINUS -			Status Quo	PLUS +	
				Comprehensive Collaboration	Amalgamation

**Status Quo:** While there is no significant change anticipated by moving forward as independent communities, it must be understood that managing asset risks is becoming increasingly challenging as the many assets approach the end of their lifecycle and that managing this independently will raise many of the similar funding challenges previously discussed.

**Comprehensive Collaboration:** The ability to manage asset risks and mitigate the negative impacts of risks on service delivery increases with collaboration. Collaborative approaches provide more adaptability and resources to address asset risks. For example, having a coordinated community emergency plan can assist both municipalities to respond to undesired events in a more timely-manner by giving them the opportunity to access more financial, human and administrative resources.

**Amalgamation:** Given that the ability to manage risk increases with collaboration, the notion of truly unifying the community as a single authority provides the most cohesive approach to incorporating risk management into the decision-making process.

##### 2. Managing Strategic Risk

MINUS -			Status Quo	PLUS +	
				Comprehensive Collaboration	Amalgamation

**Status Quo:** Similarly, there is no change by maintaining the status quo, however the challenge will be around strategically planning for the future of independent communities in an environment that is increasingly demanding collaboration.

**Comprehensive Collaboration:** Similar to managing Asset Risks, the ability to manage Strategic Risks increases with collaboration. Working together will position both municipalities in a more favourable place to address any factors that can have a negative impact on their future decision making. By collaborating, the two municipalities can mitigate factors such as economic downturns, aging infrastructure, and funding limitations in such a way that minimizes the negative impact on their communities.

**Amalgamation:** While amalgamation represents the ultimate form of collaboration, it does require integrating people from two different organizations, no matter how similar, under a unified approach. Different people within the same organization will have different perspectives, opinions, and language that they used to understand risk. This can complicate decision making. Having a systematic approach to identifying and ranking risks, is an important step to develop a common language around risks and help towards making better decisions.

## 6.0 IMPLEMENTATION

While the three options, Status Quo, Comprehensive Collaboration, or Amalgamation, presented in the Business Case Analysis are independent of each other, it is important to understand the connections between them. The two towns are already working on multiple joint initiatives that has set the tone for their current and future collaborations. While it is relatively easy to recognize that current challenges require an unprecedented amount of resources, it is equally understood that significant tax increases that would be necessary within each municipality if they were to tackle this alone, are equally unsustainable. This moves the notion of amalgamation from an ongoing conversation to more practical actions designed to contribute toward achieving a shared outcome. “The best way to predict the future is to create it.”

### 6.1 Evaluate a Path Forward

Amalgamation can be a desired outcome shared by the two municipalities, but the focus needs to be on the process necessary to achieve this. When more attention is given toward achieving better outcomes associated with a collective vision than with jumping toward the final outcome, the process of incremental change itself, can contribute to building capacity and trust within the community. To achieve the desired outcome in a feasible and realistic timeframe, it is recommended to consider the three options as a process that are connected with each other rather than three independent and stand-alone options. This provides an action focused process that meets the community objectives while identifying action plans that are practical and implementable.

A critical aspect of this approach is a commitment to the joint evaluation of community objectives by both councils, linked to a mindset focused on achieving mutual benefits and understanding the motivation for change:

1. Shared investment in service delivery
2. Shared accountability for decision making toward a collective vision for the community

### 3. Decreased competition for growth and development

Both communities seek to jointly evaluate actions for mutual benefit, recognizing that establishing the actions is largely subjective and continually evolving as items are completed and priorities change. In order to assist in developing and evaluating actions, the following guiding questions help reflect what is important relative to the overall community objectives.

1. Diversified and Resilient Economy – does the proposed action:
  - a) Provide opportunities to strengthen and diversify the economic base?
  - b) Contribute to building a population base necessary to better serve and attract business?
  - c) Reduce competition between the two Towns and jointly work to attract new businesses?
  - d) Provide greater opportunity to jointly market the area as a preferred destination for business?
2. Integrated Policy Framework - does the proposed action:
  - a) Allow for better land use planning to protect environmentally sensitive areas?
  - b) Contribute to a more efficient use of developable land and resources?
  - c) Enable better long-term fiscal planning?
  - d) Contribute toward increasing the amount of non-residential assessment?
3. Sustainable Service Delivery - does the proposed action:
  - a) Have the potential to provide greater emphasis on customer service, developing service standards, and monitoring performance?
  - b) Have the potential to increase access to quality and affordable services that would not be possible without the sharing and better utilization of resources and coordination of efforts?
  - c) Lead to reduced lifecycle cost of service delivery?
  - d) Generate new opportunities for revenue generation?
4. Expanding Community Capacity - does the proposed action:
  - a) Strengthen human capital to serve the community and support the efforts of volunteer services?
  - b) Help preserve the character and identity of the individual communities?
  - c) Strengthen communication and collaboration among residents, service organizations and groups, and community volunteers?
  - d) Provide opportunities to leverage alternative resources that are unavailable independently?
5. Responsive Local Governance - does the proposed action:
  - a) Allow the communities to work together in the interest of mutual benefit?
  - b) Provide a stronger voice to represent shared community interests rather than competing perspectives?
  - c) Enhance the community's regional voice?
  - d) Produce a greater impact than an independent investment by the shared communities?

Table 12 outlines some of these objectives, goals and potential actions that could help achieve the desired outcome. It is important to understand that although these action items are separated, they are all inter-related and are identified individually to provide areas of focus and implementable initiatives.

**Table 12: Implementation Items to move Toward a Collective Vision**

<b>Objectives</b>	<b>Goals</b>	<b>Potential Actions</b>
<b>1. Diversified and Resilient Economy</b>	<ol style="list-style-type: none"> <li>1. Diversify tax base</li> <li>2. Increase local employment opportunities</li> </ol>	<ul style="list-style-type: none"> <li>• Improve local broadband service</li> <li>• Improve access to developable commercial lands</li> <li>• Business retention and expansion program</li> <li>• Small business and entrepreneurship program</li> </ul>
<b>2. Integrated Policy Framework</b>	<p>Review and coordinate policies and procedures among the following:</p> <ol style="list-style-type: none"> <li>1. Planning and Development</li> <li>2. Operations and Administration</li> <li>3. Finance</li> <li>4. Decision Making</li> </ol>	<ul style="list-style-type: none"> <li>• Establish a joint land use policy</li> <li>• Establish a joint land use bylaw</li> <li>• Undertake a service review and joint needs assessment</li> <li>• Coordinate reserve and debt policies, mill rates, off-site Levies, and utility rates</li> <li>• Establish a joint evaluation process (similar to FAM) to identify and evaluate actions at shared council meetings</li> <li>• Develop a Joint Evaluation component of the Request for Decision process to include both Councils on decisions of regional importance</li> </ul>
<b>3. Sustainable Service Delivery</b>	<ol style="list-style-type: none"> <li>1. Cost-effective services</li> <li>2. Lower environmental impact</li> <li>3. Accessible community services</li> </ol>	<ul style="list-style-type: none"> <li>• Undertake a joint asset condition evaluation</li> <li>• Establish a unified approach to lifecycle infrastructure investment</li> <li>• Establish a joint operations and maintenance procedures standard</li> <li>• Establish unified engineering and development standards</li> <li>• Establish a joint policy on water demand management</li> <li>• Incorporate natural capital assets into a collective asset management strategy</li> <li>• Establish a unified parks and recreation facilities plan and development standards</li> <li>• Incorporate a joint Age-Friendly Community component as part of unifying community planning policies</li> </ul>

Objectives	Goals	Potential Actions
<b>4. Expanding Community Capacity</b>	<ol style="list-style-type: none"> <li>1. Improve citizen education and awareness on civic matters</li> <li>2. Develop an engaged and participatory community</li> </ol>	<ul style="list-style-type: none"> <li>• Establish joint communication process that ensures messaging is consistent between the two communities on matters of regional importance and connects decisions and actions to the collective vision</li> <li>• Incorporate an education and awareness component into all public participation processes and events, focusing on why they are being engaged, why the communities are pursuing the particular action, and how their input will be utilized in the decision-making process</li> <li>• Establish a shared inventory of community service providers between the two Towns, outlining who they are, where they are located, and the services they provide</li> </ul>
<b>5. Responsive Local Governance</b>	<ol style="list-style-type: none"> <li>1. Transparent, accountable, and accessible government</li> <li>2. Stronger voice representing citizens in the region and in negotiating projects with higher levels of government</li> </ol>	<ul style="list-style-type: none"> <li>• Conduct an administrative and staffing review, tied to the service review and joint needs assessment – this is of critical importance as part of an amalgamation scenario, but as the municipalities collaborate further and coordinate policies, procedures, and service delivery, this will become part of improving the efficiency and effectiveness of service delivery</li> <li>• Prior to amalgamation occurring, reinforce the roles and objectives of the inter-municipal committee as a collective voice that represents the shared vision for the two communities</li> </ul>

## 6.2 Path to Amalgamation

While the critical component of this Study was to establish an evaluative framework to help assess the feasibility of proceeding with Amalgamation, the overarching challenge that has loomed throughout has been the relationship to the October, 2017 municipal election.

The evaluation of the key indicators, strategic objectives, and the actions required as part of a future transition, in concert with the ongoing engagement with the elected officials, citizens of both communities, and a review of the Provincial requirements for Amalgamation Applications, have led to the conclusion that it is unreasonable to expect any restructuring to occur prior to the election.

Part of the rationale behind engaging in the conversation about amalgamation again, was in an attempt to make the change for this election. While this is not a feasible option, without a significant delay in the timing of the election, it should not preclude the communities from initiating the process to work towards implementation of the defined actions as an ongoing evaluation of the desire to amalgamate.

The following items outline the requirements for proceeding with an application to amalgamate, as outlined within the current legislation, which, in accordance with consultation with Municipal Affairs, is not expected to change as part of the adoption of the new Municipal Government Act. Appendix 2 provides more detailed legislation for amalgamation applications and, considering moving forward with an amalgamation requires annexation between the two towns, Appendix 3 outlines the principles of annexation that are used by the Municipal Government Board:

### *6.2.1 Application requirements*

This section provides an overview of those items that are required as part of the application. The application to restructure is not overly complicated, however it is the transition to the newly structured municipality that presents the complexity associated with a change of this scale.

Beyond the items listed here, there is another element that outlines other items that “may” be required to be addressed as part of any application, i.e. assessment and taxation, before a final decision has been rendered.

#### **1. Municipal name and status**

As part of the application, the Towns must agree on the name of the new municipality and confirm the status of the municipality, as outlined in the MGA (e.g. to retain a Town status the population must exceed 1,000 and the majority of buildings are on parcels smaller than 1,850 square metres). In this case, you would need to confirm that the proposed name (e.g. Diamond Valley, should that be what you decide to pursue) does not match any other municipal name in Alberta or infringe on any registered trademark in Canada.



## **2. Boundary and annexation**

As part of the legislation, the matter of contiguous boundaries between the Towns must be addressed prior to amalgamation being approved. As part of the official application a legal land description that includes all of the proposed annexed lands must be included.

While annexation of the lands between the two municipalities has always been understood to be a part of any future application, there are further complications with the timing of the additional lands being considered for annexation as part of the negotiations with the Municipal District as part of the Joint Growth Study. As the Towns determine to proceed with amalgamation, the annexations should be considered as a single application to ensure that the process to create the new municipal boundary is time-sensitive.

## **3. Council representation**

The application must consider both the total number of Councillors and desired status of the Chief Elected Official, as well as the geographic description of how Council representatives will be distributed. For example, the newly incorporated Town could determine that three (3) Councillors could be elected from the geographic ward of Black Diamond, the other three (3) from the geographic ward of Turner Valley, with the Mayor elected at-large.

## **4. Location of the municipal office**

Given that the two existing municipalities will be merging into a single organization, part of the application requires the new municipality to determine where it will be located. Beyond the emotional attachments and potential public challenges with choosing a location, there are additional challenges that cannot be effectively determined until the public building assets have been evaluated in comparison with the staffing needs that are based on the joint servicing and needs assessment.

Without over-complicating the process, the Towns could simply determine that either of the current locations will serve as the initial office until a thorough needs assessment has determined what the long-term needs are for office space.

## **5. Proposed Incorporation Date**

The proposed incorporation date must either be provided as part of the application, which will coincide with the effective date of the annexation, or this will be outlined by the Minister upon consideration of the application.

### ***6.2.2 Transition elements***

While there is no way to detail a one-size fits all approach to transition, the following key elements will need to be addressed once the new municipality has been incorporated.

### **1. Interim leadership and election**

Upon determining to proceed with the submission of the application, the Towns will need to consider the timing between the effective date the new municipality will be incorporated relative to the next municipal election, or planned by-election. Once this has been established, the interim Council will need to be defined within the application, as well as the interim Chief Administrative Officer (CAO) that will be tasked with leading the transition until the elected Council of the newly incorporated municipality has the chance to choose the CAO.

Depending on the timing of the application relative to the proposed effective date and any scheduled municipal elections, the Council of the proposed new municipality can be elected prior to the effective date, but they will not be officially sworn in prior to the effective date of amalgamation.

### **2. Financial transition**

Each of the Towns must conduct a financial audit, in accordance with their usual practice, prior to amalgamation. Depending on the timing of the effective date of incorporating the new municipality, a financial audit will be required between the effective date and December 31 of that year.

As part of the financial transition, the Towns will need to consider any current unique financial situations. For example, if there are any current tax treatments that were associated with historical annexations, these considerations will need to be factored into any differential tax treatments on parcels within the new municipality. Similarly, if there are any Local Improvement Areas that have their own tax treatments, these will need to be identified as well.

Upon finalization of the Towns desire to proceed with an official application for amalgamation, as part of the new incorporation, alternative tax treatments may be defined to deal with pre-existing debt servicing that are defined to specific geographic areas and for specific timeframes. If approved by the Province, these revenues can only be used to service the debt.

Considering the amalgamation requires a concurrent annexation, regardless of the broader negotiations associated with the Joint Growth Strategy, this could lead to financial compensation requirements as part of the agreement with the Municipal District. If the annexation negotiations result in the need for compensation, this will need to be incorporated into the financial transition for the new municipality.

### **3. Labour transition**

Upon incorporation, all employees from the current municipalities become staff of the new municipality. Depending on the timing of the servicing and joint needs assessment reviews and corresponding staffing review, a request to address the integration of employees, can be included as part of the application.

Beyond addressing transitional staffing as part of the application, the staff review could take place as an initial step of the new municipality to evaluate the staffing needs relative to the service standards that have been established.

#### **4. Administrative transition**

All existing bylaws of the Towns will continue to remain in existence until the new municipality either repeals or replaces the current bylaws. As part of an incremental approach to amalgamation that outlines key collaborative steps along the way, the Towns could engage in establishing joint bylaws, policies, and procedures that would facilitate the transition.

As part of all bylaws transitioning to the new municipality, all emergency management bylaws and plans will transition as well. The Towns can work to consolidate roles, responsibilities, and plans prior to the application or include this as a proposed provision to be included in the Order in Council addressing the amalgamation.

### ***6.2.3 Consultation elements***

#### **1. Local authorities**

There are two distinct requirements to consult with the broader public as part of the amalgamation. Considering the annexation requirement as well, it will be important that all aspects of the amalgamation and annexation proposals are included under a single consultation effort to ensure you do not have to duplicate the process. The first requirement involves engaging potentially locally impacted authorities, i.e. M.D. of Foothills, Alberta Health, Alberta Transportation, School Board/District, SRRUC, Westend Regional Sewer Services Commission, Sheep River Library, among others considered impacted by the amalgamation and/or the annexation.

#### **2. Landowners in annexation area**

As part of considering those potentially affected by the amalgamation and annexation, beyond local authorities, the land owners within the defined annexation area must be consulted throughout the process providing them the opportunity to raise any concerns they have with becoming part of the new municipality and providing the Towns with the opportunity to negotiate a mutually beneficial response without relying on the Municipal Government Board to render a decision.

#### **3. Citizens**

In addition to those considered potentially affected by the proposed changes, the process needs to continue engaging with the citizens of the Towns. While the Province makes it clear that a plebiscite is not required, the application must include the process that was used to engage the citizens as part of the amalgamation process as well as a summary of the views that were expressed throughout the process.

### ***6.2.4 Key considerations***

The previous sections outline the requirements for the application itself (which is detailed further based on the legislation in Appendix 2). Given the transitional nature of amalgamation and the incremental

process to successfully restructuring as an individual municipality, the following major projects will be required to assess and evaluate how the newly restructured municipality will function:

- 1. Core service analysis and asset management framework:** As the two municipalities transition into a single organization, you will have to jointly evaluate the services that you intend to provide, the level of service you intend to provide, and how this relates to your overall asset inventory. This will inform the new municipality on how to proceed with future capital planning and establish an overall inventory of the assets that each municipality is bringing into the amalgamation.
- 2. Core staff review:** Upon establishing an understanding of the service delivery model and asset inventory, the new municipality will require an overall staff review to identify what the community needs in order to provide the desired level of service.
- 3. Administrative and policy review:** The restructuring requires an in-depth review of the various policies, plans, strategies, bylaws, and administrative procedures that each municipality currently uses. This will include how current elements can be adapted to the new municipality and areas that require completely new approaches. While this is outlined as part of the transition process of amalgamation, incrementally moving toward joint policies and bylaws can represent individual projects that reinforce collaboration between the two municipalities.

## 7.0 FUTURE STEPS

Understanding that the financial and human resources are limited, the key to success is joint evaluation and agreeing on priorities for both communities, while working within the context of the Guiding Principles and Community Objectives. Once the communities have reviewed the Amalgamation Feasibility Study and selected a preferred option, they will need to jointly prioritize the potential actions outlined in Section 6.0.

Appendix 4 provides a sample approach that can be used as part of that process. As part of the ongoing implementation, the focus on incremental change requires a perspective that seeks to achieve short-term wins that prioritize the “easily attainable” first. This demonstrates a commitment to mutual benefits and builds trust within the community.

# APPENDIX 1

## Summary Responses to Public Engagement

## SUMMARY OF THE COMMUNITY ENGAGEMENT EVENTS IN BLACK DIAMOND AND SURVEY RESPONSES FROM BLACK DIAMOND RESIDENTS

### 1. Participation:

Question #1 asked where the respondents lived. Between hard copies of the survey that were left at the community events as well as those dropped off at the Town Hall, a total of **49** surveys were submitted and a total of **110** online surveys were submitted by those that called Black Diamond home (note, that one (1) response was from a business owner in Black Diamond).

In addition to the survey submissions, there were four (4) events held in Black Diamond, attracting **123** attendees.

### 2. Tenure in the community:

Question #2 asked those that indicated they lived in the community to outline how long they have lived there. The following represents a total summary of responses. The majority of all participants indicated that they have lived in the Town for over 10 years (**42.7%**), with a more even distribution among those who responded online.

**Table 1: Total Responses**

<1 year	1-5 years	5-10 years	10+ years	NA	Total
8	42	39	67	1	157
5.1%	26.8%	24.8%	42.7%	0.6%	100.0%

### 3. Perspectives on Service Levels:

As part of any transition moving forward, regardless of how the communities proceed, part of the intent of the community engagement events was to gauge the perspectives of the residents around the services that they are receiving. While this represents a high level overview, it is intended to compare the perceived importance with the perceived level of satisfaction to use as a baseline for the two communities moving forward.

The table below represents a comparative evaluation of the results of Question #3, ranking the importance of the various services, and Question #4, ranking the overall level of satisfaction with each service. For example, while Water and Sewer services were nearly unanimously deemed *Somewhat important* or *Very Important*, it also had the fifth highest level of dissatisfaction, with 14.0% indicating they were *Not Very Satisfied* or *Not at all Satisfied*.

**Table 2: Comparative Evaluation – Importance and Satisfaction**

<b>Services</b>	<b>Level of Importance</b>	<b>Services</b>	<b>Level of Dissatisfaction</b>
Water/Sewer	<b>98.8%</b>	Bylaw Enforcement	<b>25.9%</b>
Protective services	<b>98.8%</b>	Planning	<b>25.0%</b>
Garbage/Recycling	<b>96.3%</b>	Street/Sidewalk maintenance	<b>16.8%</b>
Street/Sidewalk maintenance	<b>94.3%</b>	Public Transportation	<b>14.8%</b>
Planning	<b>85.5%</b>	Water/Sewer	<b>14.0%</b>
Parks/Paths/Open Space	<b>81.3%</b>	Parks/Paths/Open Space	<b>13.9%</b>
Bylaw Enforcement	<b>80.0%</b>	Recreation Facilities	<b>13.8%</b>
Snow removal	<b>87.6%</b>	Snow removal	<b>11.5%</b>
Library	<b>67.9%</b>	Arts/Culture	<b>11.5%</b>
Recreation Facilities	<b>75.6%</b>	Garbage/Recycling	<b>10.1%</b>
FCSS	<b>72.5%</b>	Library	<b>7.6%</b>
Arts/Culture	<b>62.9%</b>	Protective services	<b>6.9%</b>
Public Transportation	<b>45.0%</b>	FCSS	<b>4.5%</b>

**NOTE:** Each service is first ranked in order of the overall level of importance (combining those that answered *Somewhat Important* or *Very Important*) and each service is also ranked based on the level of dissatisfaction (combining those that answered *Not Very Satisfied* or *Not at all Satisfied*).

**Table 3: Total Responses – Level of Importance for each Service**

<b>Services</b>	<b>Very Important</b>	<b>Somewhat Important</b>	<b>Not Very Important</b>	<b>Not at All Important</b>	<b>Unsure</b>
Garbage/Recycling	73.1%	23.1%	3.8%	0.0%	0.0%
Water/Sewer	92.5%	6.3%	0.0%	0.6%	0.6%
Protective services	85.6%	13.1%	1.3%	0.0%	0.0%
Street/Sidewalk maintenance	50.9%	43.4%	3.8%	1.9%	0.0%
Snow removal	37.3%	50.3%	8.7%	3.1%	0.6%
Parks/Paths/Open Space	45.6%	35.6%	13.1%	5.6%	0.0%
Recreation Facilities	33.1%	42.5%	16.3%	7.5%	0.6%
FCSS	31.3%	41.3%	18.1%	6.3%	3.1%
Arts/Culture	24.5%	38.4%	22.0%	13.8%	1.3%
Library	33.3%	34.6%	17.6%	13.2%	1.3%
Planning	49.7%	35.8%	10.7%	3.1%	0.6%
Bylaw	39.4%	40.6%	14.4%	5.0%	0.6%
Public Transportation	13.1%	31.9%	33.1%	20.6%	1.3%

**Table 4: Total Responses – Level of Satisfaction for each Service**

<b>Services</b>	<b>Very Satisfied</b>	<b>Somewhat Satisfied</b>	<b>Not Very Satisfied</b>	<b>Not at All Satisfied</b>	<b>Unsure</b>
Garbage/Recycling	58.2%	30.4%	8.9%	1.3%	1.3%
Water/Sewer	55.4%	29.9%	10.2%	3.8%	0.6%
Protective services	67.3%	23.3%	6.3%	0.6%	2.5%
Street/Sidewalk maintenance	30.3%	49.7%	13.5%	3.2%	3.2%
Snow removal	47.1%	38.9%	7.6%	3.8%	2.5%
Parks/Paths/Open Space	39.2%	42.4%	9.5%	4.4%	4.4%
Recreation Facilities	27.7%	38.4%	8.2%	5.7%	20.1%
FCSS	27.1%	28.4%	2.6%	1.9%	40.0%
Arts/Culture	28.0%	36.9%	8.3%	3.2%	23.6%
Library	56.7%	20.4%	3.2%	4.5%	15.3%
Planning	12.2%	46.8%	17.3%	7.7%	16.0%
Bylaw	30.4%	34.8%	14.6%	11.4%	8.9%
Public Transportation	16.1%	31.0%	7.7%	7.1%	38.1%

**4. Overall Satisfaction:**

Question #5 asked people to provide their general level of satisfaction overall, indicating their perspective on how well the Town is doing in delivery services. Despite perspectives or comments that were somewhat negative around individual services, the overall level of satisfaction appears relatively high. Only 8.2% (13 total responses) indicated a level of dissatisfaction with the overall level of service.

**Table 5: General Level of Satisfaction**

<b>Very Satisfied</b>	<b>Somewhat Satisfied</b>	<b>Not Very Satisfied</b>	<b>Not at All Satisfied</b>	<b>Unsure</b>	<b>Total</b>
56	85	13	0	4	158
35.4%	53.8%	8.2%	0.0%	2.5%	100.0%

**5. Collaborating on Service Delivery:**

Question #6 asked the respondents to consider the different services from the perspective of the importance of collaborating on these services. The following table provides an overall ranking based on the combination of those that responded either *Very Important* or *Somewhat Important*.



**Table 6: Overall Level of Importance for Collaborative Services**

<b>Services</b>	<b>Level of Importance</b>
Water/Sewer	89.0%
Garbage/Recycling	87.7%
Protective Services	85.3%
Recreation Facilities	80.6%
Bylaw Enforcement	78.2%
Planning	76.3%
Parks/Paths/Open Space	75.6%
Library	75.3%
Street/Sidewalk maintenance	73.2%
Snow removal	72.4%
FCSS	66.9%
Arts/Culture	64.7%
Public Transportation	56.1%

**Table 7: Total Responses – Level of Importance for each Service**

<b>Services</b>	<b>Very Important</b>	<b>Somewhat Important</b>	<b>Not Very Important</b>	<b>Not at All Important</b>	<b>Unsure</b>
Garbage/Recycling	70.3%	17.4%	3.2%	5.2%	3.9%
Water/Sewer	78.7%	10.3%	3.2%	3.2%	4.5%
Protective services	70.5%	14.7%	6.4%	5.8%	2.6%
Street/Sidewalk maintenance	43.9%	29.3%	12.7%	9.6%	4.5%
Snow removal	44.2%	28.2%	14.1%	10.3%	3.2%
Parks/Paths/Open Space	44.9%	30.8%	12.8%	9.0%	2.6%
Recreation Facilities	45.8%	34.8%	5.8%	8.4%	5.2%
FCSS	40.8%	26.1%	12.7%	8.9%	11.5%
Arts/Culture	32.7%	32.1%	17.3%	10.9%	7.1%
Library	49.4%	25.9%	9.5%	10.1%	5.1%
Planning	50.0%	26.3%	8.3%	9.6%	5.8%
Bylaw	50.6%	27.6%	8.3%	9.0%	4.5%
Public Transportation	32.3%	23.9%	16.1%	13.5%	14.2%

**6. Priorities:**

Question #7 asked for perspectives relative to the two Towns moving toward a more unified approach to governance. Respondents were asked to rank each of the priorities based on what they felt was most important as part of any transition (with 1 being the most important and 6 being the least important). The following table represents a summary of the average score for each of the priorities.

**Table 8: Total Responses – Importance of Unified Approach**

Priorities	Average Response
Location of Facilities	4.7
Local Autonomy	3.8
Costs of Services	1.8
Effectiveness & Efficiency of Administration	2.8
Local Identity	4.4
Effectiveness & Efficiency of Local Government	2.9

Considering the general feedback from the community engagement events and the comments provided as part of the survey responses, it is clear that the *Costs of Services* with a total average score of **1.8**, represents the key priority outlined by those that participated in the events.

### 7. Importance of Other Services Comments:

Question #8 asked respondents to consider other collaborative opportunities beyond the typical municipal services. The following table provides an overall ranking based on the combination of those that responded either *Very Important* or *Somewhat Important*.

**Table 9: Total Responses - Level of Importance Ranking**

Other Opportunities	Level of Importance
Joint Purchase of Equipment	89.1%
Joint Community Planning	88.6%
Administrative Services	88.5%
Economic Development Planning	88.4%
Local Governance Representation	87.8%
Stronger Regional Voice	87.3%
Seniors Care/Housing	86.5%
Marketing the Region	80.4%

**Table 10: Total Responses – Importance of Collaborative Services**

Other Opportunities	Very Important	Somewhat Important	Not Very Important	Not at All Important	Unsure
Marketing the Region	50.0%	30.4%	11.4%	7.0%	1.3%
Economic Development Planning	61.9%	26.5%	7.7%	3.2%	0.6%
Joint Community Planning	57.0%	31.6%	5.7%	5.1%	0.6%
Stronger Regional Voice	58.9%	28.5%	7.0%	3.8%	1.9%
Joint Purchase of Equipment	48.7%	40.4%	6.4%	3.8%	0.6%
Seniors Care/Housing	54.5%	32.1%	9.0%	3.2%	1.3%
Administrative Services	67.3%	21.2%	3.8%	7.1%	0.6%
Local Governance Representation	60.9%	26.9%	3.8%	7.1%	1.3%

## SUMMARY OF THE COMMUNITY ENGAGEMENT EVENTS IN TURNER VALLEY AND SURVEY RESPONSES FROM TURNER VALLEY RESIDENTS

### 1. Participation:

Question #1 asked where the respondents lived. Between hard copies of the survey that were left at the community events as well as those dropped off at the Town Hall, a total of **54** surveys were submitted and a total of **56** online surveys were submitted by those that called Turner Valley home (note, that three (3) responses were from business owners in Turner Valley).

In addition to the survey submissions, there were five (5) events held in Turner Valley, attracting **143** attendees.

### 2. Tenure in the community:

Question #2 asked those that indicated they lived in the community to outline how long they have lived there. The following represents a total summary of responses and breaks it down further based on the tenure by those that completed the survey by hand and those that submitted it online. The majority of all participants indicated that they have lived in the Town for over 10 years (**46.4%**).

**Table 11: Total Responses:**

<1 year	1-5 years	5-10 years	10+ years	NA	Total
6	29	21	51	3	110
5.5%	26.4%	19.1%	46.4%	2.7%	100.0%

### 3. Importance of Services Comments:

As part of any transition moving forward, regardless of how the communities proceed, part of the intent of the community engagement events was to gauge the perspectives of the residents around the services that they are receiving. While this represents a high level overview, it is intended to compare the perceived importance with the perceived level of satisfaction to use as a baseline for the two communities moving forward.

The table below represents a comparative evaluation of the results of Question #3, ranking the importance of the various services, and Question #4, ranking the overall level of satisfaction with each service. For example, while Street/Sidewalk maintenance had nearly 92% of respondents indicate this was either *Somewhat important* or *Very important*, it also had the fifth highest level of dissatisfaction, with 25.5% indicating they were *Not Very Satisfied* or *Not at all Satisfied*.

**Table 12: Comparative Evaluation – Importance and Satisfaction**

Services	Level of Importance	Services	Level of Dissatisfaction
Water/Sewer	100.0%	Recreation Facilities	36.4%
Protective services	97.3%	Planning	33.3%
Garbage/Recycling	97.3%	Snow removal	26.9%
Street/Sidewalk maintenance	91.9%	Bylaw Enforcement	25.7%
Snow removal	89.2%	Street/Sidewalk maintenance	25.5%
Planning	84.8%	Parks/Paths/Open Space	23.9%
Parks/Paths/Open Space	83.6%	Public Transportation	21.3%
Recreation Facilities	81.1%	Arts/Culture	18.5%
Library	79.1%	FCSS	11.0%
Bylaw Enforcement	75.7%	Garbage/Recycling	10.1%
FCSS	65.5%	Protective services	8.3%
Arts/Culture	61.3%	Water/Sewer	6.4%
Public Transportation	44.1%	Library	3.7%

**NOTE:** Each service is first ranked in order of the overall level of importance (combining those that answered *Somewhat Important* or *Very Important*) and each service is also ranked based on the level of dissatisfaction (combining those that answered *Not Very Satisfied* or *Not at all Satisfied*).

**Table 13: Total Responses – Level of Importance for each Service**

Services	Very Important	Somewhat Important	Not Very Important	Not at All Important	Unsure
Garbage/Recycling	70.9%	26.4%	1.8%	0.9%	0.0%
Water/Sewer	92.8%	7.2%	0.0%	0.0%	0.0%
Protective services	89.2%	8.1%	2.7%	0.0%	0.0%
Street/Sidewalk maintenance	48.6%	43.2%	6.3%	0.9%	0.9%
Snow removal	45.0%	44.1%	9.9%	0.9%	0.0%
Parks/Paths/Open Space	39.1%	44.5%	11.8%	4.5%	0.0%
Recreation Facilities	33.3%	47.7%	12.6%	4.5%	1.8%
FCSS	27.3%	38.2%	19.1%	10.9%	4.5%
Arts/Culture	19.8%	41.4%	26.1%	11.7%	0.9%
Library	42.7%	36.4%	17.3%	2.7%	0.9%
Planning	42.9%	42.0%	10.7%	2.7%	1.8%
Bylaw	36.0%	39.6%	11.7%	11.7%	0.9%
Public Transportation	7.2%	36.9%	27.9%	26.1%	1.8%

**Table 14: Total Responses – Level of Satisfaction for each Service**

<b>Services</b>	<b>Very Satisfied</b>	<b>Somewhat Satisfied</b>	<b>Not Very Satisfied</b>	<b>Not at All Satisfied</b>	<b>Unsure</b>
Garbage/Recycling	59.6%	30.3%	8.3%	1.8%	0.0%
Water/Sewer	55.5%	38.2%	4.5%	1.8%	0.0%
Protective services	67.0%	22.9%	8.3%	0.0%	1.8%
Street/Sidewalk maintenance	32.7%	40.9%	18.2%	7.3%	0.9%
Snow removal	41.7%	30.6%	14.8%	12.0%	0.9%
Parks/Paths/Open Space	32.1%	42.2%	19.3%	4.6%	1.8%
Recreation Facilities	24.5%	32.7%	25.5%	10.9%	6.4%
FCSS	21.1%	40.4%	8.3%	2.8%	27.5%
Arts/Culture	24.1%	42.6%	13.0%	5.6%	14.8%
Library	74.1%	14.8%	2.8%	0.9%	7.4%
Planning	11.1%	40.7%	18.5%	14.8%	14.8%
Bylaw	27.5%	33.9%	12.8%	12.8%	12.8%
Public Transportation	13.0%	31.5%	12.0%	9.3%	34.3%

**4. Overall Satisfaction:**

Question #5 asked people to provide their general level of satisfaction overall, indicating their perspective on how well the Town is doing in delivery services. Despite perspectives or comments that were somewhat negative around individual services, the overall level of satisfaction appears relatively high. Only 14.7% (16 total responses) indicated a level of dissatisfaction with the overall level of service.

**Table 15: General Level of Satisfaction**

<b>Very Satisfied</b>	<b>Somewhat Satisfied</b>	<b>Not Very Satisfied</b>	<b>Not at All Satisfied</b>	<b>Unsure</b>	<b>Total</b>
<b>32</b>	<b>61</b>	<b>13</b>	<b>3</b>	<b>0</b>	<b>109</b>
<b>29.4%</b>	<b>56.0%</b>	<b>11.9%</b>	<b>2.8%</b>	<b>0.0%</b>	<b>100.0%</b>

**5. Collaborating on Service Delivery:**

Question #6 asked the respondents to consider the different services from the perspective of the importance of collaborating on these services. The following table provides an overall ranking based on the combination of those that responded either *Very Important* or *Somewhat Important*.

**Table 16: Overall Level of Importance for Collaborative Services**

<b>Collaborate</b>	<b>Level of Importance</b>
Water/Sewer	99.1%
Garbage/Recycling	96.3%
Protective services	95.4%
Parks/Paths/Open Space	91.7%
Snow removal	89.0%
Library	87.3%
Recreation Facilities	86.4%
Planning	86.1%
Street/Sidewalk maintenance	84.5%
Bylaw Enforcement	82.4%
FCSS	73.4%
Arts/Culture	72.5%
Public Transportation	66.1%

**Table 17: Total Responses – Level of Importance for each Service**

<b>Services</b>	<b>Very Important</b>	<b>Somewhat Important</b>	<b>Not Very Important</b>	<b>Not at All Important</b>	<b>Unsure</b>
Garbage/Recycling	81.7%	14.7%	2.8%	0.0%	0.9%
Water/Sewer	85.3%	13.8%	0.0%	0.0%	0.9%
Protective services	82.6%	12.8%	1.8%	1.8%	0.9%
Street/Sidewalk maintenance	54.5%	30.0%	11.8%	1.8%	1.8%
Snow removal	57.8%	31.2%	7.3%	2.8%	0.9%
Parks/Paths/Open Space	53.2%	38.5%	5.5%	0.9%	1.8%
Recreation Facilities	60.0%	26.4%	9.1%	2.7%	1.8%
FCSS	41.3%	32.1%	13.8%	6.4%	6.4%
Arts/Culture	42.2%	30.3%	16.5%	6.4%	4.6%
Library	67.3%	20.0%	7.3%	2.7%	2.7%
Planning	62.0%	24.1%	6.5%	2.8%	4.6%
Bylaw	58.3%	24.1%	9.3%	7.4%	0.9%
Public Transportation	34.9%	31.2%	13.8%	12.8%	7.3%

**6. Priorities:**

Question #7 asked for perspectives relative to the two Towns moving toward a more unified approach to governance. Respondents were asked to rank each of the priorities based on what they felt was most important as part of any transition (with 1 being the most important and 6 being the least important). The following tables represent a summary of the average score for each of the priorities.

**Table 18: Total Responses – Importance of Unified Approach**

Priorities	Average Response
Location of Facilities	4.9
Local Autonomy	3.9
Costs of Services	1.9
Effectiveness & Efficiency of Administration	2.4
Local Identity	4.8
Effectiveness & Efficiency of Local Government	2.7

Considering the general feedback from the community engagement events and the comments provided as part of the survey responses, it is clear that the *Costs of Services* with a total average score of **1.9**, represents the key priority outlined by those that participated in the events.

## 7. Importance of Other Services Comments:

Question #8 asked respondents to consider other collaborative opportunities beyond the typical municipal services. The following tables provide an overall ranking based on the combination of those that responded either *Very Important* or *Somewhat Important*, as well as providing the full spectrum of responses for each of the services as a total and broken down by hard copy submissions and online responses.

**Table 19: Total Responses - Level of Importance Ranking**

Other Opportunities	Level of Importance
Economic Development Planning	95.4%
Administrative Services	94.5%
Local Governance Representation	94.5%
Joint Planning	93.6%
Joint Purchase of Equipment	93.6%
Marketing the Region	90.8%
Seniors Care/Housing	89.0%
Stronger Regional Voice	88.9%

**Table 20: Total Responses – Importance of Collaborative Services**

<b>Other Opportunities</b>	<b>Very Important</b>	<b>Somewhat Important</b>	<b>Not Very Important</b>	<b>Not at All Important</b>	<b>Unsure</b>
Marketing the Region	50.5%	40.4%	6.4%	2.8%	0.0%
Economic Development Planning	67.0%	28.4%	2.8%	1.8%	0.0%
Joint Planning	56.9%	36.7%	3.7%	2.8%	0.0%
Stronger Regional Voice	62.0%	26.9%	10.2%	0.9%	0.0%
Joint Purchase of Equipment	51.4%	42.2%	4.6%	1.8%	0.0%
Seniors Care/Housing	50.5%	38.5%	6.4%	3.7%	0.9%
Administrative Services	67.9%	26.6%	3.7%	0.9%	0.9%
Local Governance Representation	68.8%	25.7%	1.8%	2.8%	0.9%



# APPENDIX 2

## The Amalgamation Process

## The Amalgamation Process

Amalgamation may be initiated by the Towns in accordance with the following process prescribed by the *Municipal Government Act*:

1. Notice: The Towns must give written notice to the Minister and any other affected local authority (e.g. a municipal authority, regional health authority, regional services commission or school board). The notice must include the names of the municipalities to be amalgamated, the reasons for the proposed amalgamation as well as proposals for consultations with the affected local authorities and the public.
2. Negotiation: The Towns must enter into direct negotiations and conduct such negotiations in good faith. In addition, the Towns must keep the Minister informed of the progress of the negotiations.
3. Report: Upon conclusion of the negotiations, the Towns must prepare a report addressing:
  - a. the matters agreed on and those on which there is no agreement between the municipal authorities,
  - b. a description of the public consultation process involved in the negotiations, and
  - c. a summary of the views expressed during the public consultation processes.

The report must be signed by the Towns.

4. Application: The Towns must forward the report to the Minister and all other affected local authorities. If the Towns wish to proceed with the proposed amalgamation, the report constitutes an application for amalgamation.
5. Amalgamation Principles: Before an amalgamation is approved, the Minister must consider the principles, standards and criteria on amalgamation established under section 76 of the *Municipal Government Act*:

*The amalgamation process is appropriate where two or more municipalities are joined to form a new municipal government unit with a new council and administrative structure that is significantly changed from the pre-existing structures of the affected municipalities.*

*(a) Amalgamation will be considered if there are demonstrable advantages to the residents of the affected municipalities and if the ongoing financial, political and operational viability of the amalgamated municipality is likely.*

Ministerial Order No. L077/01

6. Public Hearings: The amalgamation process set out in the MGA does not expressly require a public hearing on an application for amalgamation. However, The Lieutenant Governor in Council (i.e. Cabinet) may refer any matter to the Municipal Government Board ("MGB") for recommendations, including amalgamations (as outlined in MGA Section 488 (1)(e)). In addition, the MGB has jurisdiction to inquire into and make recommendations on any matter referred to it by Cabinet or the Minister. As such, a proposed amalgamation may be referred to the MGB and could result in a public hearing process.

7. Order-in-Council: Cabinet, on the recommendation of the Minister, may by order amalgamate municipal authorities to form a new municipality. The order may:
- a. Dissolve one or more of the councils of the municipal authorities that are amalgamated,
  - b. Provide for an interim council,
  - c. Require a municipality to pay compensation to another municipal authority set out in the order or by means determined in the order, including arbitration under the *Arbitration Act*,
  - d. Describe the boundaries of the municipality formed by the order,
  - e. Give the newly formed municipality the status of municipal district, village, town, city or specialized municipality, and
  - f. Give the municipality an official name.

# APPENDIX 3

## The Annexation Process and Principles

## The Annexation Process

Given that the Towns do not share a common municipal boundary, the Towns will be required to concurrently give notice of their intent to annex an area of land within the boundaries of the Municipal District of Foothills No. 31 to create a contiguous border to support the proposed amalgamation. While it is anticipated that the annexation of the lands necessary to form a contiguous border could be achieved through MGA Section 126, which provides for a Ministerial recommendation without an independent annexation report. Under this case, an Amalgamation application would contain information about the proposed annexation, including:

1. Statements of agreement from the property owners.
2. Tax rates of the annexed properties for a set length of time.
3. Compensation (if any) to the M.D. for loss of tax revenue.
4. Statement or resolution of agreement to the annexation from the M.D.

If not included as part of the Amalgamation application specifically, Annexation may be initiated independently by the Towns in accordance with the following process prescribed by the *Municipal Government Act*:

1. **Notice:** The Towns must provide written notice of the proposed annexation to the Municipal District of Foothills No. 31 (the “MD”), the MGB and any other local authority that may be affected. The written notice must include a description of the land to be annexed, the reasons for the proposed annexation, proposals for public consultation and proposals for meeting with the owners of the land to be annexed.
2. **Negotiation and Mediation:** The Towns must enter into direct negotiations with the MD and conduct such negotiations in good faith. If the parties are unable to reach an agreement through their negotiations, the parties must attempt to use mediation to resolve those matters.
3. **Report:** upon conclusion of the negotiations, or mediation if required, the Towns must prepare a report addressing the results of the negotiations, listing the matters both agreed and disagreed on by the parties, describing the public consultation process, and summarizing the views expressed during public consultation. If there were matters on which the participants were unable to agree, the report must describe the use of mediation or reasons why mediation was not used. The report must be signed by all participating municipalities. A municipality which does not sign the report may provide written reasons for not signing the report.
4. **Application:** the Towns must forward the report to the MGB, the MD and all other affected local authorities. If the Towns indicate in the report that they wish to proceed with the proposed annexation, the report constitutes an application for annexation.
  - (a) **MGB Satisfied:** If the MGB is satisfied that affected local authorities and the public generally agree on the terms of the proposed annexation, the MGB must initiate the following process:
    - i. **Notice:** The MGB must notify the Minister, all affected local authorities, and anyone else that the MGB considers should be notified of the apparent agreement to annexation.
    - ii. **No Objections:** Unless an objection to the annexation is filed with the MGB by a specified date, the MGB will make its recommendations to the Minister without holding a public hearing. The MGB will consider the 15 Annexation Principles it developed in MGB Order No. MGB 123/06 in formulating its recommendations.

- iii. Objections: If an objection is filed, the MGB may investigate, analyze and make findings of fact in respect of the proposed annexation, including the probable effect on local authorities and residents of the affected area. The MGB must also conduct one or more public hearings respecting the proposed annexation and allow affected people to appear.
- iv. Report and Recommendations: After holding one or more public hearings and after considering the reports and representations made to it the MGB must prepare a report with recommendations to the Minister. In particular, the report must contain recommendations as to whether the land should be annexed, a description of the land, whether there should be revenue sharing and any other applicable terms, conditions or things the MGB considers necessary to implement the annexation. If the MGB does not recommend that the land be annexed, the MGB must provide a copy of the report to all affected municipalities.

(b) **MGB Not Satisfied** – Alternatively, if the MGB is not satisfied that the affected municipalities or the public are in general agreement with the annexation proposal, the MGB must initiate the following procedure:

- i. Notice: [same as above]
- ii. Public Hearings: The MGB must conduct one or more public hearings respecting the proposed annexation and allow any affected person to appear. As where an objection is filed, the MGB may investigate, analyze and make findings of fact in respect of the proposed annexation, including the probable effect on local authorities and residents of the affected area.
- iii. Notice of Hearings: The MGB must give notice of the public hearings and has the jurisdiction to determine by and to whom costs of the hearing are to be paid.
- iv. Report and Recommendations: [same as above]

5. Order-in-Council: Cabinet, on reviewing the report of the MGB, may order the land to be annexed from one municipal authority to another. The order may:
- (a) require one municipal authority to pay compensation to another,
  - (b) dissolve a municipal authority as a result of the annexation, and
  - (c) address several ancillary matters such as changing the status of a municipality or the number of members of a municipal council and provide for an interim council,

If the Cabinet does not order the annexation, the Minister must notify the Towns of the refusal. After annexation is refused by the Cabinet, the Towns may not make another annexation proposal concerning the same land for one year.

Although the annexation and amalgamation processes established by the *MGA* are intended to address public concerns while fostering intermunicipal cooperation, the MGB does have the authority to deviate from the annexation or amalgamation agreement proposed by the municipalities and to make alternative recommendations to the Minister. The MGB does not merely approve or “rubber stamp” annexation and amalgamation proposals and agreements. Like municipalities, the MGB has a statutory obligation to ensure that its actions are consistent with the provincial Land Use Policies which, in part, encourage intermunicipal cooperation. In order to ensure that the principles of the *MGA* are satisfied, the MGB will look behind agreements to determine if (in its view) the needs and interests of both the municipalities and public have been addressed and balanced.

As a result, the Towns must ensure that any amalgamation and annexation application addresses the following issues in detail:

- (a) Cooperation: Demonstrate intermunicipal cooperation by detailing the steps taken by the cooperating municipalities to ensure that the annexation and amalgamation application was mutually developed. The interests of urban and rural municipalities should be seen to have been weighed equally.
- (b) Consideration: Demonstrate the consideration given to the interests of all affected parties, including the affected municipalities and the public, with particular attention to the interests of the public and affected landowners.
- (c) Create Solutions: Demonstrate that the concerns of affected parties have not only been noted, but have also been addressed by appropriate solutions.
- (d) Objective Criteria and Rationale: Explain the objective criteria relied upon by the municipalities which forms the foundation of the application. Consider and establish how the Towns' application supports the criteria for amalgamation established by the Minister in Ministerial Order No. L077/01 (described above) as well as the MGB's 15 Annexation Principles.

## **Annexation Principles**

In the absence of criteria authorized by section 76 of the Act and in order to deal with the various issues raised by the affected parties, the landowners and the interest groups, the MGB has developed a series of annexation principles. The MGB has developed these principles from the examination of the annexation provisions in the Act, the Provincial Land Use Policies and previous annexation orders and recommendations. These principles are based on significant annexation decisions prior to 1995 and a total of nearly 170 annexations processed since the introduction of the 1995 Municipal Government Act. In summary, these principles include the following:

1. Annexations that provide for intermunicipal cooperation will be given considerable weight. Cooperative intermunicipal policies in an intermunicipal development plan will be given careful consideration, weight and support so long as they do not conflict with Provincial policies or interests.
2. Accommodation of growth by all municipalities (urban or rural) must be accomplished without encumbering the initiating municipality and the responding municipality's ability to achieve rational growth directions, cost effective utilization of resources, fiscal accountability and the attainment of the purposes of a municipality described in the Act.
3. An annexation or annexation conditions should not infringe on the local autonomy given to municipalities in the Act unless provisions of the Act have been breached or the public interest and individual rights have been unnecessarily impacted.
4. An annexation must be supported by growth projections, availability of lands within current boundaries, consideration of reasonable development densities, accommodation of a variety of land uses and reasonable growth options within each municipality (initiating and responding municipality).

5. An annexation must achieve a logical extension of growth patterns, transportation and infrastructure servicing for the affected municipalities.
6. Each annexation must illustrate a cost effective, efficient and coordinated approach to the administration of services.
7. Annexations that demonstrate sensitivity and respect for key environmental and natural features will be regarded as meeting provincial land use policies.
8. Coordination and cost effective use of resources will be demonstrated when annexations are aligned with and supported by intermunicipal development plans, municipal development plans, economic development plans, transportation and utility servicing plans and other related infrastructure plans.
9. Annexation proposals must fully consider the financial impact on the initiating and responding municipality.
10. Inter-agency consultation, coordination and cooperation is demonstrated when annexations proposals fully consider the impacts on other institutions providing services to the area.
11. Annexation proposals that develop reasonable solutions to impacts on property owners and citizens with certainty and specific time horizons will be given careful consideration and weight.
12. Annexation proposals must be based on effective public consultation both prior to and during any annexation hearing or proceedings.
13. Revenue sharing may be warranted when the annexation proposal involves existing or future special properties that generate substantive and unique costs to the impacted municipality(s) as part of the annexation or as an alternative to annexation.
14. Annexation proposals must not simply be a tax initiative. Each annexation proposal must have consideration of the full scope of costs and revenues related to the affected municipalities. The financial status of the initiating or the responding municipality(s) cannot be affected to such an extent that one or the other is unable to reasonably achieve the purposes of a municipality as outlined in section 3 of the Act. The financial impact should be reasonable and be able to be mitigated through reasonable conditions of annexation.
15. Conditions of annexation must be certain, unambiguous, enforceable and be time specific.



# APPENDIX 4

## Action Prioritization Tool

## Sample Approach to Prioritization

Upon working through each of the community objectives and defining a series of actions, it is important for both communities to prioritize their efforts considering the limited resources for implementation and the importance of maintaining momentum through incremental implementation.

As a means to establish a prioritized list of actions, the following guidelines can be used to define priorities for a collective investment:

### 1. Easily Attainable

- Is this already identified as a shared goal?
- Can this be addressed in a timely manner?
- Is there funding already available?

### 2. External pressure

- Regional changes
- Senior Government changes

### 3. Existing community needs

- Is community asking for this (is this an existing issue)?
- Is this issue understood enough to make a decision on direction?

### 4. Future investment

- Preparedness for future needs – does this support our vision for the future?
- Do we need more information to make a decision?

Upon going through each of the comparative analysis criteria, the following evaluation matrix represents a weighting scale to help establish an objective set of criteria to support the timing of implementing the defined actions. A simple scale of Yes (+1), No (-1), and Maybe (0) can be used to address each of the evaluative criteria. Based on the weighted importance of each criteria (which is subject to change as conditions evolve), an overall score can be assigned to each of the identified actions.

**Figure 5: Sample Evaluation Matrix**

Criteria	Easily Attainable	External Pressure	Existing Community Needs	Future Investment	Score
Weight	4	2	3	1	
Action 1	Yes (1)	No (-1)	Yes (1)	Maybe (0)	5
Action 2	No (-1)	Yes (1)	No (-1)	Yes (1)	-4

As a specific example, the following outlines an approach to using the criteria and matrix to evaluate the individual action of “Establishing a Joint Land Use Policy”:

**1. Easily Attainable**

- Is this already identified as a shared goal? – (Yes) both towns have engaged in establishing a Joint Growth Study.
- Can this be addressed in a timely manner? – (Yes) stemming from the Growth Study, the Towns could move to reevaluate their Municipal Development Plans to jointly adopt a single, overall Land Use Policy.
- Is there funding already available? – (Yes) the two municipalities could proceed with a grant to support any external work required through the Alberta Community Partnership, though significant support may not be necessary if the majority of the work could be done in-house.
- **Overall Response – YES – Matrix Score – 4 points**

**2. External pressure**

- Regional changes – (Yes) there is a shift toward regionalization through the introduction of a Growth Management Board in the Calgary region.
- Senior Government changes – (Yes) the proposed changes to the Municipal Government Act have introduced a greater emphasis on Inter-Municipal Collaboration and access to funding will be increasingly based on regional approaches.
- **Overall Response – YES – Matrix Score – 2 points**

**3. Existing community needs**

- Is community asking for this (is this an existing issue)? – (Maybe) while the engagement sessions did not express a specific push for Joint Land Use Policy, it was acknowledged (as well as in the process to create the Joint Growth Study), that it is important for the two communities to “grow together”.
- Is this issue understood enough to make a decision on direction? (Yes) given the direction from the Joint Growth Study and a collective desire to move toward the strategic objectives identified in this Study, it appears clear that the communities should move to a more unified approach to land use planning.
- **Overall Response – YES – Matrix Score – 3 points**

**4. Future investment**

- Preparedness for future needs – does this support our vision for the future? – (Yes) the desire to grow and establish “Diamond Valley” as a unified region (regardless of municipal structure), presents the need to have a joint approach to land use planning.
- Do we need more information to make a decision? - (No) upon confirmation of future direction stemming from this initiative, the municipalities will be well positioned to establish short-term priorities and this fits well with other ongoing efforts the Towns have been collaborating on.
- **Overall Response – YES – Matrix Score – 1 points**

- **Overall Score: 10 points – High Priority**