

**REPORT ON NEGOTIATIONS
PREPARED BY THE TOWN OF DRAYTON VALLEY**

1. On November 15, 2010, the Town of Drayton Valley (the "Town") and Brazeau County (the "County") entered into a Settlement Agreement with respect to, among other matters, the proposed expansion of the Town's boundary as set out in this application (the "Settlement Agreement"). A copy of the Settlement Agreement is attached as Exhibit "A".
2. On March 14, 2011, the Town sent a letter and information sheet to all property owners within in the proposed expansion area. Copies of the letter and information sheet are attached as Exhibit "B".
3. The Town has posted information concerning the Settlement Agreement and the proposed expansion of the Town's boundary on its website, including a copy of the Settlement Agreement and a map showing the proposed expansion area and the information sheet that was mailed to property owners. The County has posted similar information on its website
4. On March 8 and 15, 2011, the Town placed advertisements in the Drayton Valley Western Review advising of an Open House to be held on March 23, 2011. A copy of the advertisement is attached as Exhibit "C".
5. The Town's report concerning the public responses received is attached as Exhibit "D".

The Town of Drayton Valley certifies that this report accurately reflects the results of the negotiations, this 28th day of April, 2011.

TOWN OF DRAYTON VALLEY

PER: 

Brazeau County approves this report, this 28th day of April, 2011

BRAZEAU COUNTY

PER: 

EXHIBIT "A"

THIS AGREEMENT (the "Agreement") made this 15th day of November, 2010

BETWEEN:

**The Town of Drayton Valley
(the "Town")**

OF THE FIRST PART

- and -

**Brazeau County
(the "County")**

OF THE SECOND PART

SETTLEMENT AGREEMENT

WHEREAS on October 31, 2007, the Town gave notice to the County of the Town's intention to annex from the County approximately 69 quarter sections of land presently located within the boundaries of the County;

AND WHEREAS the Town and the County have, in accordance with section 117 of the *Municipal Government Act* (the "MGA"), held negotiations in an attempt to resolve the proposed annexation as well as other issues of concern to one or both of the parties;

AND WHEREAS the merit hearing for the annexation is set for November 15-26, 2010 in the Town of Drayton Valley;

AND WHEREAS the Town and County have now reached a settlement in respect of the proposed annexation and other matters and desire to document the settlement by way of a formal agreement;

NOW THEREFORE in accordance with the terms and conditions hereinafter set forth, the Town and the County agree as follows:

1. The Town and the County agree that those lands identified in Schedule "A" of this Agreement as the 2010 Annexation Area ("the 2010 Annexation Area") shall be separated from the County and annexed to the Town as part of the Town's 2007 Notice of Intention to Annex.
2. The Town and the County agree that the annexation of the 2010 Annexation Area as set out in Schedule "A" shall be effective on January 1, 2011 or such other date as may ultimately be determined by Order of the Lieutenant Governor in Council.

3. The County agrees that it shall fully support the annexation of the 2010 Annexation Area as set out in Schedule "A" and that it shall not seek nor support any efforts to seek to have any portion of the Annexation Area excluded from annexation the Town.
4. The Town and the County agree that the annexation of the 2010 Annexation Area as set out in Schedule "A" shall be subject to the following conditions:

Assessment and Taxation

4.1 For the purpose of taxation in 2011¹ and in each subsequent year up to and including 2061, the annexed land and the assessable improvements to it:

- (a) must be assessed by the Town of Drayton Valley on the same basis as if they had remained in Brazeau County, and
- (b) must be taxed by the Town of Drayton Valley in respect of each assessment class that applies to the annexed land and the assessable improvements to it using the lower of the tax rates established by Brazeau County and the Town of Drayton Valley.

4.2(1) Where in any taxation year a portion of the annexed land:

- (a) with the exception of the first parcel out for a homestead parcel, becomes a new parcel of land created,
 - (i) as a result of subdivision,
 - (ii) as a result of separation of title by registered plan of subdivision, or
 - (iii) by instrument or any other method that occurs at the request of, or on behalf, of the landowner,or
- (b) ceases to be used as farmland or for any of the uses contained within the County's Land Use Bylaw within the Agriculture District (AG),

the protection in condition 4.1 ceases to apply at the end of that taxation year in respect of that portion of the annexed land and the assessable improvements to it.

- (2) Land within the 2010 Annexation Area which is used for an approved or lawful non-conforming industrial use as of November 15, 2010 is protected by condition 4.1 unless and until the protection is lost pursuant to condition 4.2(1)(a).
- (3) If the protection in condition 4.1 ceases to apply to a portion of the annexed land in a taxation year, that portion of the annexed land and the assessable improvements to it must be assessed and taxed for the

¹ Assuming the annexation, if approved, will be effective January 1, 2011.

purposes of property taxes in the following year in the same manner as other property of the same assessment class in the Town of Drayton Valley is assessed and taxed.

Compensation Amounts

- 4.3 The Town must pay the County for any verifiable expenses for the 2010 Annexation Area for which the County will continue to be liable after the effective date of the annexation and which cannot be transferred to the Town, including but not limited to debentures and long term service contracts. The Town must make this payment within the longer of 90 days after the effective date of the annexation or 90 days of the County providing verification of the expenses that cannot be transferred to the Town.

Franchise Fees, Evergreen Gas Coop and Drayton Valley REA

- 4.4 The customers within the annexed land served by the Evergreen Gas Coop as of the effective date of the annexation shall continue to be served by the Evergreen Gas Coop for a period of 50 years from the effective date of the annexation.
- 4.5 The customers within the annexed land served by the Drayton Valley Rural Electrification Association as of the effective date of the annexation shall continue to be served by the Drayton Valley Rural Electrification Association for a period of 50 years from the effective date of the annexation, if legally possible.
- 4.6 If either the Evergreen Gas Coop or the Drayton Valley Rural Electrification Association cease to exist, then service shall be transferred to the Town's service provider.
- 4.7 If the Evergreen Gas Coop or the Drayton Valley Rural Electrification Association choose to stop providing services to the customers within the annexed land before the expiry of 50 years from the effective date of the annexation, landowners will be required to pay franchise fees to the service provider.
- 4.8 If condition 4.5 is not legally possible, then the Town shall take reasonable steps to work with the owners of the annexed land to address the financial impact of their loss of share equity in the Drayton Valley Rural Electrification Association, if the owners of the annexed land have share equity in it.

Future Annexation Requests by the Town

- 4.9 Except as provided in the terms of this Settlement Agreement dated November 15, 2010, the Town of Drayton Valley agrees that it will not seek to annex further land from Brazeau County until:
- (a) the population of the Town of Drayton Valley reaches 19,362, or

- (b) January 1, 2061; or
- (c) an owner whose land is within the County and adjacent to the Town's boundaries makes a request to the Town that the land be annexed to the Town ;

whichever occurs first.

- 4.10 When the Town's population reaches 80% of 19,362, the Town may approach the County for the purposes of determining whether the County will consent to an amendment of condition 4.9.
- 5. The Town and the County agree that those lands identified in Schedule "A" of this Agreement as the 2011 Annexation Area ("the 2011 Annexation Area") shall be the subject of a second Annexation Application by the Town to be made by the Town following the signing of this Agreement by both parties.
- 6. The Town shall prepare its Notice of Intention to Annex for the 2011 Annexation Area as set out in Schedule "A" no later than January 31, 2011 and present it to the County by February 15, 2011. The Town and the County shall conduct joint meetings with the affected landowners no later than March 31, 2011. The Town shall submit its Annexation Application to the County and the Municipal Government Board no later than April 30, 2011.
- 7. The Town and the County agree that the annexation of the 2011 Annexation Area as set out in Schedule "A" shall be effective on January 1, 2012 or such other date as may ultimately be determined by Order of the Lieutenant Governor in Council.
- 8. The County agrees that it shall fully support the annexation of the 2011 Annexation Area as set out in Schedule "A" and that it shall not seek nor support any efforts to seek to have any portion of the 2011 Annexation Area excluded from annexation the Town. The Town agrees that it will not seek to add any land to the 2011 Annexation Area in its 2011 annexation application to the Municipal Government Board.
- 9. The Town agrees that the conditions set out in paragraph 4 herein shall apply to the annexation of the 2011 Annexation Area set out in Schedule "A" and that any annexation of the 2011 Annexation Area set out in Schedule "A" shall be subject to those conditions.
- 10. The Town agrees that any compensation payable to the County for the 2011 Annexation Area shall be paid in accordance with condition 4.3.
- 11. In accordance with paragraph 10, the Town agrees that it shall pay the County the sum of \$2,550,553.00 for the County's debentures for the Coulee Road.
- 12. The Town and the County agree that no later than November 26, 2010 they will sign the Memorandum of Understanding attached as Schedule "B" to this Agreement. The County and the Town agree that time is of the essence in

completing the agreement referred to the Memorandum of Understanding and will work diligently to have it executed by March 31, 2011.

13. As a condition of this Agreement, the Town shall advise the Municipal Government Board no later than November 30, 2010 that its section 690 appeals to the Municipal Government Board in relation to County Bylaws 725-10, 726-10, 727-10 and 728-10 should be put into abeyance until the Town and the County pass a Growth Management Plan referred to the Memorandum of Understanding. After the passage of the Growth Management Plan, the County will prepare and process amendments to those County Bylaws so that they conform to the Growth Management Plan. Within 15 days of the County passing the amendments to those County Bylaws, the Town shall notify the Municipal Government Board in writing that it is withdrawing its appeals to those County Bylaws.
14. For the period of five years from the date of the order in council approving the 2010 Annexation Area, the Town shall maintain programs for the control of noxious weeds with the 2010 Annexation Area set out in Schedule "A" to the same standards presently used by the County.
15. For the period of five years from the date of the order in council approving the 2011 Annexation Area, the Town shall maintain programs for the control of noxious weeds with the 2011 Annexation Area set out in Schedule "A" to the same standards presently used by the County.
16. The Town and the County shall take steps to complete a Growth Development Plan as a statutory plan to be presented to both Councils for their approval no later than June 30, 2011. The boundary of the Growth Development Plan area shall extend from the Town's boundary after the addition of the 2010 Annexation Area and 2011 Annexation Area.
17. The Town and the County agree that the provisions of this Agreement shall be part of the presentations made to the Municipal Government Board at the November, 2010 hearing.
18. The Town and the County agree that the normal rules relating to annexation as set forth in section 135(1) of the MGA shall apply to the annexation of the Annexation Area by the Town.
19. The Town and the County agree that they shall fully support and recommend to the Municipal Government Board the matters set forth in this Agreement and the Town and the County shall use reasonable efforts to convince the Municipal Government Board that the matters set forth in this Agreement should be included in the recommendations of the Municipal Government Board to the Minister of Municipal Affairs pursuant to section 120 or 123 of the MGA.
20. The Town and the County agree that they shall take all reasonable steps to encourage the Lieutenant Governor in Council to issue an Annexation Order pursuant to section 125 of the MGA which incorporates the intent of the provisions of this Agreement.

21. The Town and the County agree that they will prepare a mutually agreeable joint statement to the press and public regarding this Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first written above.

Town of Drayton Valley

Per: 

Mayor Moe Hamdon

Brazeau County

Per: 

Reeve Wes Tweedle

for Per: 

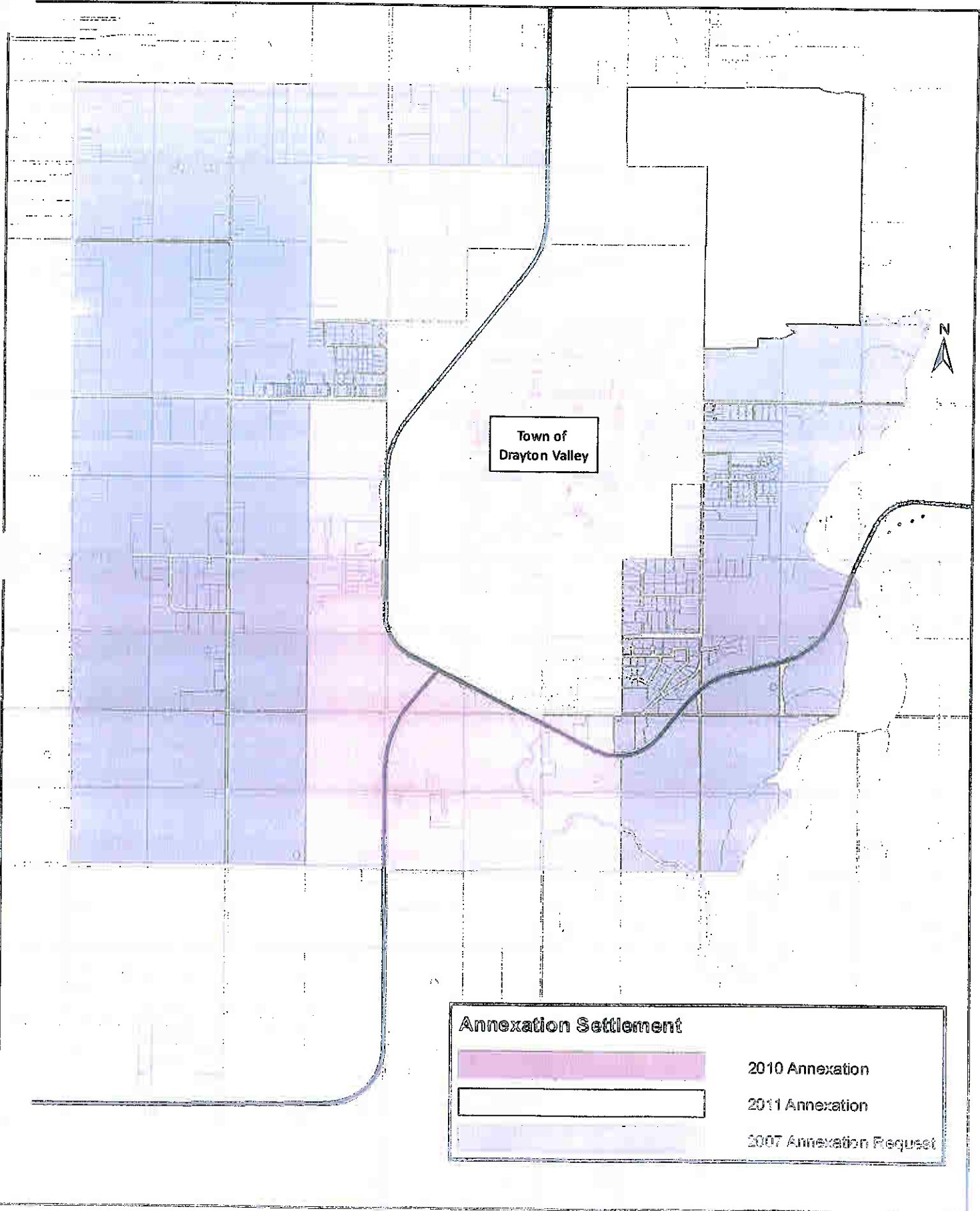
Manny Deol, CAO

Per: 

Ron McCullough, CAO

Annexation Settlement

Schedule "A"



SCHEDULE "B"
To the Settlement Agreement dated November 15, 2010

THIS MEMORANDUM OF UNDERSTANDING made this ___ day of November, 2010.

BETWEEN:

BRAZEAU COUNTY
In the Province of Alberta
Hereinafter referred to as the "County"

OF THE FIRST PART

-and-

THE TOWN OF DRAYTON VALLEY
in the Province of Alberta
hereinafter referred to as the "Town"

OF THE SECOND PART

WHEREAS the County and the Town have identified issues which have arisen between the County and the Town, including but not limited to the joint provision of municipal services;

WHEREAS the County and the Town agree that inter-municipal cooperation will benefit the residents of both municipalities and the region as a whole;

WHEREAS the County and the Town recognize their obligations to provide good government to their residents and that duplicate services do not benefit either municipality;

WHEREAS the County and the Town agree that shared services provide a mutually beneficial, viable and sustainable solution for service delivery for both municipalities and their residents;

WHEREAS the County and the Town agree that joint economic development will benefit both municipalities and their residents;

WHEREAS the County and the Town believe that working together will improve the quality of life in a number of areas for the residents of both municipalities;

WHEREAS the County and the Town have agreed upon certain principles which they wish to form the basis of a contract; and

WHEREAS the County and the Town agree that they will endeavor to proceed on the following basis:

- 1. The County and the Town recognize the Protocol of Principles passed by the parties on February 24, 2010 which sets out the principles the parties wish to follow when negotiating the terms of the agreement which are set out below.**

Attached as Schedule "A" to this Memorandum of Agreement is the Protocol of Principles dated February 24, 2010.

2. The County and the Town agree to explore and develop opportunities for regional initiatives that enhance inter-municipal cooperation and fiscal sustainability for the County and the Town. Exploration and development of such opportunities will include, but not be limited to:
 - a. Service Delivery Modeling that respects the need to ensure effective services and programs that meet the needs of the ratepayers of the County and the Town and respects the need to ensure that the services and programs are delivered efficiently.
 - b. Governance Modeling, including ownership and operation modeling that respects the need for joint County and the Town involvement in the services or programs.
3. The services and programs to be explored for the development of opportunities for regional initiatives may include, but not be limited to:
 - a. Economic Development;
 - b. Recreation;
 - c. Water and Wastewater Facilities and any necessary regional pipes or lines related;
 - d. Land Use Planning; and
 - e. Such further and other services and/or programs that the parties agree to explore.
4. The County and the Town agree that if they are establishing cost sharing for goods or services which are provided from one municipality to the other municipality or from one municipality to the residents of the other municipality, they will use a principle-based analysis utilizing experts where necessary to establish fair and equitable sharing.
5. The County and the Town will enter an agreement setting out the specific terms relating to the above points.
6. The County and the Town agree that the agreement will reflect that the municipalities will work cooperatively on common capital projects, the obtaining of grants and increased services to their mutual benefit. The agreement will include provisions to address the following items:
 - a. Financing of capital projects;
 - b. The term of the agreement;
 - c. Termination of the agreement;
 - d. Administration of the agreement, including provisions for amendment of the agreement;
 - e. Dispute resolution; and
 - f. Such further and other terms as the parties negotiate.

7. The County and the Town agree that time is of the essence in completing the agreement and will work diligently to have it executed by March 31, 2011; however this shall not preclude the parties from service sharing at an earlier date.
8. The County and the Town agree that this Memorandum of Understanding sets out the principles upon which an agreement will be based, but that this Memorandum of Understanding is not intended to create legal relations between the parties.
9. This Memorandum of Understanding and any amendments to this Memorandum of Understanding shall require Council resolutions of both municipalities.

IN WITNESS WHEREOF the parties have hereunto set their hands and seals in the presence of their proper officers and the individual parties have hereunto set their hands and seals as of the day and year first above written.

BRAZEAU COUNTY

Date: Nov 15, 2010

Per: Wes Lundell

Date: Nov 15, 2010

Per: [Signature]

TOWN OF DRAYTON VALLEY

Date: Nov 15, 2010

Per: Joe

Date: Nov 15, 2010

Per: MSaran

Schedule "A" to the
Memorandum of Understanding
Between Brazeau County and the Town of Drayton Valley

RECEIVED
MAR 03 2010

Protocol of Principles

For the purpose of conducting joint meetings between Brazeau County and the Town of Drayton Valley and in the interest of enhancing inter-municipal relations, the following protocol of principles shall be the foundation for future discussions and communication between the two parties:

1. Actively *listen* to each other and seek first to *understand*.
2. Establish and maintain a relationship based on *trust, honesty and transparency* so that issues arising will be dealt with in a timely manner by focusing on the issue, not the individuals or past history.
3. Treat each other with *mutual respect* when sharing information, presenting thoughts and ideas and/or collaborating on joint matters.
4. Each party has a primary and independent responsibility to decide and act in the best interest of the ratepayers of their municipality.
5. Effectively deal with issues and coordinate activities of mutual interest to establish and maintain *good relations* with other levels of government.
6. Create enhanced *public awareness* of the benefits of inter-municipal cooperation while respecting the different needs of the individual communities.
7. Engage in *collaborative processes and dialogue* to encourage *understanding, cooperation and communication* in areas of mutual service delivery.
8. Seek *win-win solutions* in matters that are of mutual interest and benefit to each of the parties.
9. Ensure *commitment and follow up* to joint decisions that are made.


Mayor Moe Hamdon


Manny Deol, CAO

February 24, 2010


Reeve Wes Tweedle


Ken Porter, CAO

February 24, 2010

EXHIBIT "B"



As you may be aware, the Town of Drayton Valley has initiated an annexation process which will bring approximately eight quarter sections of land within the Town's boundary. This annexation is the result of an agreement with Brazeau County which both municipalities believe is in the best interests of the residents of the entire community.

In order to allow for a smooth transition we are making a number of commitments to landowners in the affected area, which is shown in grey on the attached map. Most importantly:

Lands will be taxed at the lower of the Town's and County's property tax rates for fifty years or until those lands are either subdivided (except for the first parcel out) or cease to be used as farmland or for any of the uses contained within the County's Land Use Bylaw within the Agriculture District (AG).

Service levels will be maintained or improved.

The only change you are likely to see in the short term is that property taxes will now be payable to the Town of Drayton Valley rather than to Brazeau County, and that the Town will now be responsible for delivering services to the area.

Members of the administrative team of both the Town and the County will be hosting a joint open house on this annexation application March 23 from 3-7 p.m. at the Drayton Valley Civic Centre.

If you would like more information contact Graham Long, Communications Officer for the Town of Drayton Valley, at 780-514-2561.

Annexation: Sustainability, Growth and a Prosperous Future

The Town of Drayton Valley is looking to tomorrow. We are developing a plan that will lay out a prosperous future for our municipality. Our aim is to build a robust, viable community that will provide generous employment opportunities, quality education, and a high standard of services for current and future generations. The annexation of a portion of land from Brazeau County is an important part of that process.

Frequently asked questions regarding the Town of Drayton Valley's annexation request.

Does the Town have a development plan in place for the land covered in the annexation request?

The Town is proposing that the land in this area be earmarked for future residential growth. However, the decision of whether to develop or to continue with the current land use lies solely with the owner of the property.

I am currently a land owner in Brazeau County and my land is within the area noted in the annexation request. If the annexation request is approved:

a) What will happen to my property taxes?

As part of the Settlement Agreement with the County, the Town has committed that the lands in this area will be taxed at the lower of the tax rates established by Brazeau County and the Town of Drayton Valley for 50 years unless the land is subdivided (except for the first parcel out for a homestead parcel) or ceases to be used as farmland or for any of the uses contained within the County's Land Use Bylaw within the Agriculture District (AG). This is the same agreement which was successfully implemented after the 2001 annexation, but with a longer time frame.

b) How will my community services be affected?

At the very least services in the annexed land will be maintained at current levels. It's our expectation that the general level of services will improve over time.

c) How will the Town's Land Use/Zoning Bylaws affect the uses of my land?

The Town of Drayton Valley will not change existing land uses in the annexation area unless that change is initiated by the landowner.

I am currently a resident of Brazeau County and my land is not inside the annexation area. What impact will this land transfer have on my County taxes?

Our annexation request is not a tax grab. It's anticipated that this annexation will have no measureable impact on taxes within the County.

I am currently a resident of the Town of Drayton Valley. What will happen to my taxes and services if the annexation request is approved?

Services for existing residents will continue at current levels. The impact on property tax rates within Town is expected to be minimal.

What really is annexation? How far along is the process and when might it be completed?

Annexation is the legal incorporation and transfer of land administered by one municipality to another municipality. Ownership of the land doesn't change - only the municipal jurisdiction of the land changes.

This application for annexation is part of an agreement between the Town of Drayton Valley and Brazeau County. As a result, the Town is now working with the County to advance the proposed annexation to the Municipal Government Board. The board will then make a recommendation to the Minister of Municipal Affairs for cabinet approval.

The Town of Drayton Valley remains committed to providing information to interested residents and affected parties. Questions can be directed to info@draytonvalley.ca or by contacting the Town Office at 780-514-2200.

OPEN HOUSE



Welcome Home



The Town of Drayton Valley and Brazeau County have agreed to the annexation of approximately eight quarter sections of land by the Town. An application has now been filed with the Municipal Government Board.

The Town and the County will be hosting a joint open house regarding this annexation application

Wednesday, March 23 from 3 - 7 p.m. at the Drayton Valley Civic Centre.

The area concerned is cross-hatched on the attached map.

For more information please contact

Graham Long, Communications Officer, Town of Drayton Valley at 780-514-2561.

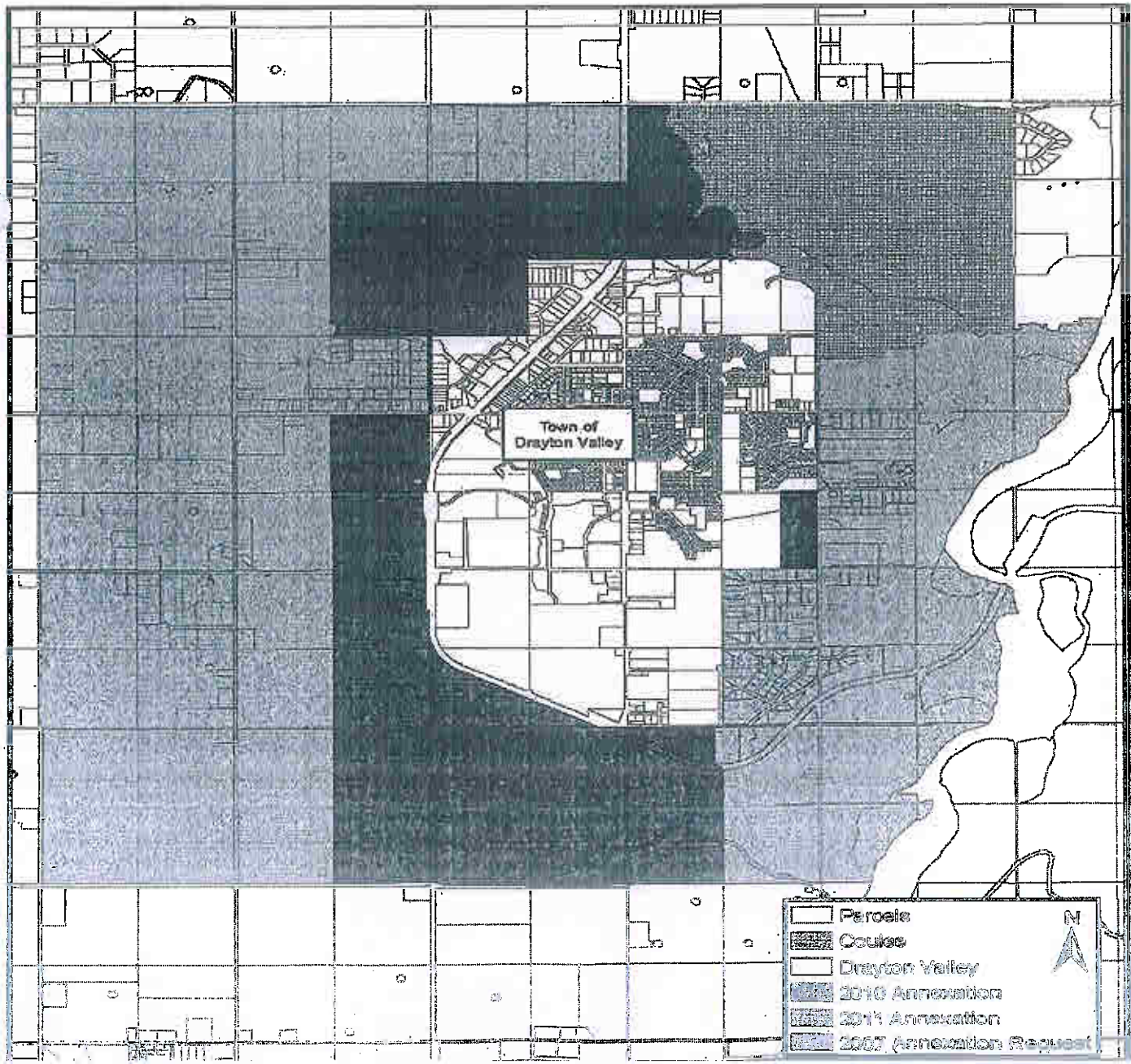


EXHIBIT "D"



Graham Long
Communications Officer
780-514-2200 Tel.
780-542-5753 Fax
5120 - 52 St., Box 6837
DRAYTON VALLEY, AB
CANADA T7A 1A1

TOWN OF DRAYTON VALLEY

Internet: www.draytonvalley.ca
Email: info@draytonvalley.ca

Phase II landowner response

Prior to the March 23 open house I heard from two landowners by telephone.

David Belcher asked if a subdivision currently going ahead would be given 50 year tax protection. He was told that it would. He also asked if the Town would continue to offer snow removal for seniors as the County does. He was told that we have committed that all services will be maintained.

Kevin Kjorlien asked if annexation into the town would have an impact on school bus service. After checking with the school board I informed him that it would not.

Three members of the public attended the open house.

Bob Domke, who owns land in Phase I, said he thought it was a shame to develop good farmland. He was told that development would only take place if the landowner chose to do so.

Dave Starling, who owns land in Phase I, raised the same concerns regarding the Rural Electrification Association which he brought up at the public hearing in December. I suggested that he contact the MGB to ensure the matter was dealt with in their recommendation on Phase I.

Randy Beckett was the only Phase II resident to attend the open house. He was concerned about his ability to continue to burn brush and to hunt on his property once it was annexed. I advised him that he would have the opportunity to bring those and any other concerns to the MGB before any annexation took place. We will be setting up a meeting between him and Mayor Hamdon shortly to see if we can come up with a simple solution which works for everyone.