

3.0 Negotiated Annexation Areas

The negotiated annexation areas affect 29 parcels and several roads (road allowances and road plans). The total area comprises 513.6 hectares (ha) or approximately 8 quarter sections. **Map 3.1** illustrates both the existing and proposed boundaries of the City in relation to the proposed annexation, as well as the 29 affected parcels. As shown, the proposed annexation comprises three areas:

- Southwest annexation area consisting of 256.9 ha or almost 4 quarter sections located north of Highway 628 and bisected by Campsite Road;
- South annexation area consisting of 2 parcels totaling 10.1 ha adjacent to Golden Spike Road; and
- Southeast annexation area consisting of 246.6 ha (almost 4 quarter sections) located east of Century Road and south of the CN Rail line.

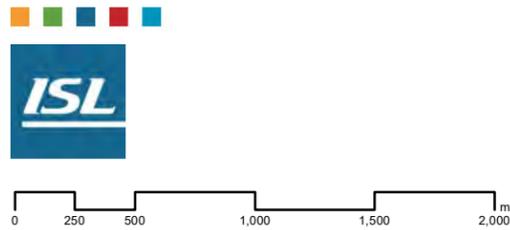
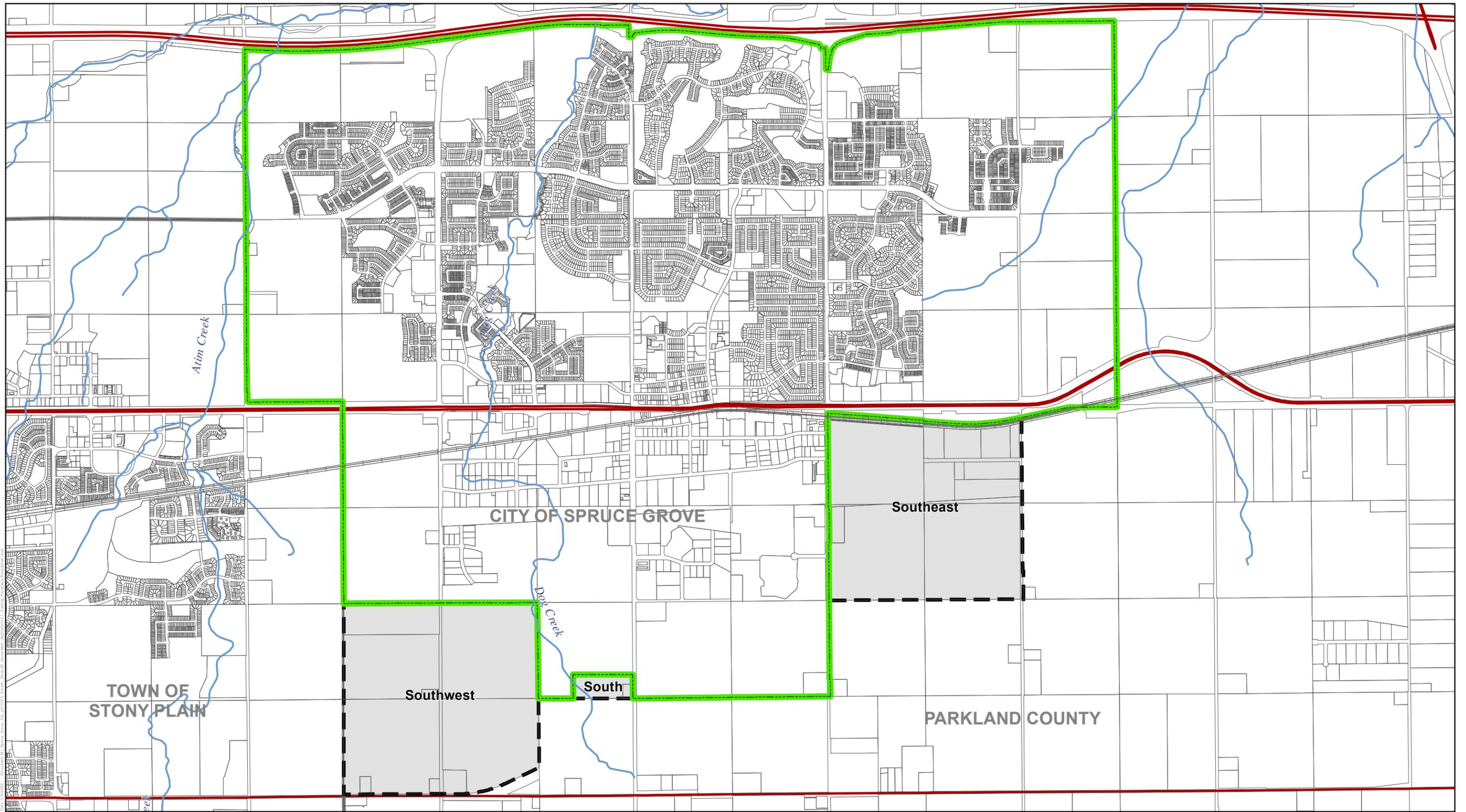
The affected parcels within the three negotiated annexation areas are labelled with parcel numbers on **Map 3.2**. These parcel numbers translate to a list of legal descriptions presented in **Table 3.1** below. **Map 3.3** illustrates the roads associated with the proposed annexation. Section 9.0 and its Map 9.1 specifically distinguishes the boundary roads from the internal roads included within the proposed annexation.

Table 3.1: Legal Land Descriptions of Affected Parcels by Negotiated Annexation Area

Southwest Annexation Area		Southeast Annexation Area (continued)	
Parcel No.	Legal Description	Parcel No.	Legal Description
4	NE-29-52-27-W4M	20	NW-35-52-27-W4M
5	NE-29-52-27-W4M	21	NW-35-52-27-W4M
6	Lot 1, Plan 9323347	22	Lot 52, Block RLY, Plan EYP4 (within SW-35-52-27-4)
7	SE-29-52-27-W4M		
8	Lot 1, Block 1, Plan 0425896	23	Lot A, Plan 8922226
9	SE-29-52-27-W4M	24	SW-35-52-27-W4M
10	NW-28-52-27-W4M	31	Lot R, Plan 5630RS
11	Lot 1, Block 1, Plan 1223781	32	Lot A, Plan 5630RS
12	Lot A, Plan 2389RS	33	Lot B, Plan 5630RS
South Annexation Area		34	NE-35-52-27-W4M
Parcel No.	Legal Description	35	Lot E, Plan 5630RS
13	Lot A, Plan 2481RS	36	Lot C, Plan 5630RS
14	Lot B, Plan 8421539	37	Lot C, Plan 5630RS
Southeast Annexation Area		38	Lot D, Plan 5630RS
Parcel No.	Legal Description	39	NE-35-52-27-W4M
18	Lot 52, Block RLY, Plan 6267R	40	SE-35-52-27-W4M
19	Block RLY, Plan 7521464	60	Lot 1, Block 1, Plan 1822099



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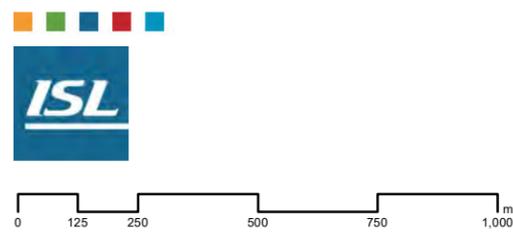


- Existing City Boundary
- Proposed City Boundary
- Other Municipal Boundary
- Affected Parcel
- Parcel
- Watercourse
- Rail Line
- Highway

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Date: 1/10/2020 Document: M1_Spruce Grove_City_0111273_Growth_Band_051_Annexation_Application3.2_Parcel_Annexation_Area.mxd

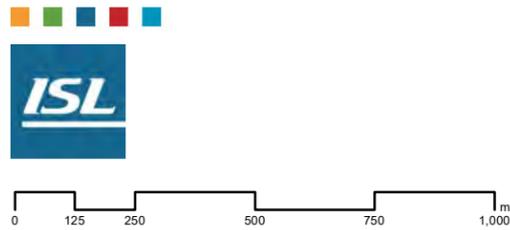
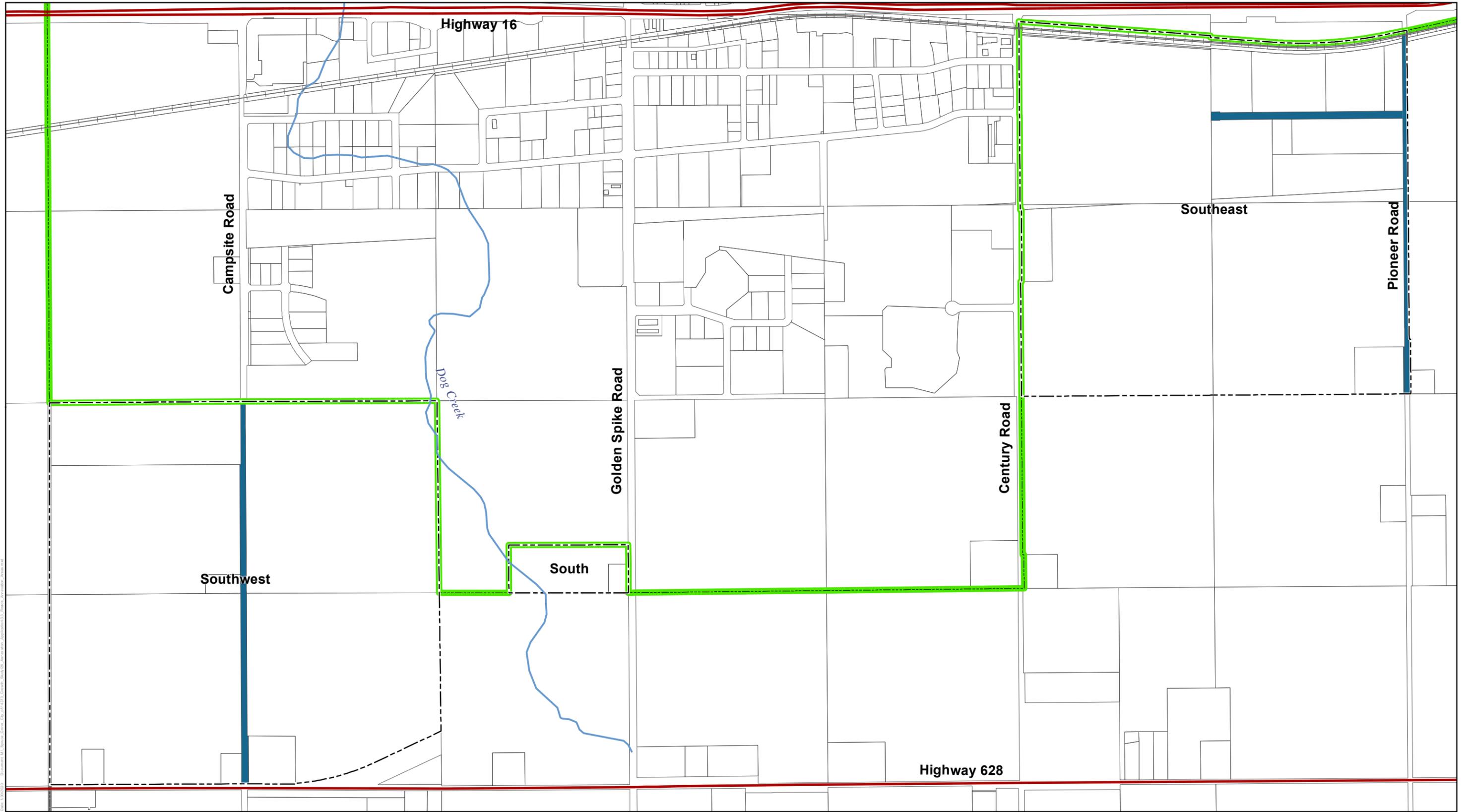


-  Existing City Boundary
-  Proposed Annexation Area
-  Other Municipal Boundary
-  Affected Parcel
-  Parcel
-  Watercourse
-  Rail Line
-  Highway

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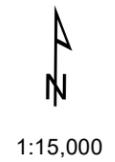
SPRUCE GROVE 2019
ANNEXATION APPLICATION
MAP 3.2: PARCELS WITHIN
ANNEXATION AREAS



-  Existing City Boundary
-  Proposed Annexation Area
-  Other Municipal Boundary

-  Parcel
-  Watercourse
-  Rail Line

-  Highway
-  Included Road Allowance/Road Plan




SPRUCE GROVE 2019
ANNEXATION APPLICATION
MAP 3.3: ROADS WITHIN
ANNEXATION AREAS

3.1 Municipal Government Board Annexation Principles

Section 76(1) of the *Municipal Government Act* (MGA) states that “the Minister may establish and publish principles, standards and criteria that are to be taken into account in considering the ... annexation of land from municipal authorities”.

In the absence of such being established by the Minister, when addressing a proposed annexation between the City of St. Albert and Sturgeon County in 2006, the Municipal Government Board (MGB) developed a series of its own annexation principles. The principles were based on “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”.

The following is a list of the 15 annexation principles established by the MGB. Following each principle, a response is provided indicating how the City of Spruce Grove’s proposed annexation meets the intent of the principles.

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.

The City and County have reached an agreement for the annexation of approximately 8 quarter sections, which is representative of intermunicipal cooperation.

The City and County do not have an intermunicipal development plan and are not required to enter into one by the MGA due to both being members of the Edmonton Metropolitan Region Board.

The agreed-upon annexation application does not conflict with any 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.

The annexation application does not encumber the abilities of the City or the County to achieve or implement:

- ***rational growth directions;***
- ***cost effective utilization of resources;***
- ***fiscal accountability; or***
- ***attainment of the purposes of a municipality described in the Act.***

The proposed annexation reflects rational growth directions for the City while not impeding or interfering with rational growth directions for the County or the Town of Stony Plain. That is, the negotiated annexation areas do not encroach into planned or potential planned development areas to the east in the Acheson Industrial Area Structure Plan (ASP) or to the north in the Atim Creek ASP.

As demonstrated in Sections 11 and 12 of the Spruce Grove Annexation Financial Impact Assessment Addendum (FIA Addendum) in Appendix F, the financial impact of the proposed annexation on the City of Spruce Grove is reasonable and sustainable. The annexation does not encumber the City from achieving financial accountability.



As demonstrated in Section 13 of the FIA Addendum (see Appendix F), the net financial impact of the proposed annexation is relatively small for Parkland County (a net loss of approximately \$26,000 in 2018 (0.04% of total revenue), not including stranded costs or liabilities, if any).

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.

The proposed annexation and the conditions in the Annexation Agreement do not infringe on the local autonomy given to the City and the County.

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).

A review of the City's land base from 2014 (see Table 13 in Appendix A) indicates that 2,012.0 ha was either absorbed by urban development, undevelopable, or otherwise unavailable due to the presence of natural and manmade constraints and unique public uses. The review also determined that 1,148.6 ha of the City's land base in 2014 was available to accommodate future growth. As a result, the City had a 23-year supply of unabsorbed residential based on previously planned densities, a 12-year to 26-year supply of unabsorbed commercial (varying due to unmotivated landowners holding over half of the supply), and a 20-year supply of unabsorbed industrial (see Table 14 in Appendix A). These results translate into an average of 18-23 years of supply as of 2014.

The proposed annexation of 8 quarter sections includes an estimated additional 458.2 ha of gross developable lands to accommodate future residential, commercial, industrial, and public services growth. Using the Growth Study's Medium-High growth projection scenario and increased densities within the negotiated annexation areas, this annexation will increase the City's land supply to a 31-year horizon for all core land uses.

Overall, this annexation application is based on a demonstrated need for land and represents a rational approach to future growth in a manner that optimizes the City's future growth options without compromising the future development of the County.

5. An annexation must achieve a logical extension of growth patterns, transportation and infrastructure servicing for the affected municipalities.

The negotiated annexation areas:

- **represent a logical and efficient extension of the City's boundaries and current growth patterns;**
- **equate to an increase in the City's land supply to 31 years, which is required to meet the City's growth needs; and**
- **are located in the delineated future servicing areas of the City's four previously adopted core infrastructure (water, sanitary, stormwater, and transportation) master plans.**

6. Each annexation must illustrate a cost effective, efficient and coordinated approach to the administration of services.

As shown in Sections 1 and 7 (Capital Plan), Section 8 (Operating Plan), and Section 9 (Revenues and Recoveries) of the FIA Addendum (see Appendix F), the City's plan to administer services is cost effective, efficient and coordinated. Rather than using a base budget and then applying simple growth factors to inflate costs over time, the City has assembled comprehensive capital and operating plans to support urban growth both in boundary and in the negotiated annexation areas for the entire review period and takes into

account the unique circumstances and needs of the City. These plans also consider lifecycle and capacity requirements. In addition, the City and County continue to collaborate on joint initiatives that enable more efficient delivery of services (e.g., Tri-Leisure Centre). As highlighted in Principle 1 above, the plans are reasonable and sustainable.

7. Annexations that demonstrate sensitivity and respect for key environmental and natural features will be regarded as meeting provincial land use policies.

The proposed annexation respects key environmental and natural features by assuming potential requirement for future dedication of environmental reserve to protect wetlands. The Growth Study acknowledges the approximate configuration of the Wagner Natural Area's recharge zone, of which a portion might be present within the southeast corner of the southeast annexation area. The Growth Study indicates that the City will need to implement special considerations for stormwater servicing to promote groundwater infiltration within the recharge zone. Prior to approving an area structure plan in the southeast annexation area, the City will require an investigation to confirm if the recharge zone is in fact present, and if so will include policy that will implement special considerations in advance of subdivision and development.

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.

The negotiated annexation areas are in the delineated future servicing areas of the City's four previously adopted core infrastructure (water, sanitary, stormwater, and transportation) master plans. They are also generally aligned with and supported by the City's municipal development plan and economic development plan. The City and the County do not have an IDP that would apply to this principle.

9. Annexation proposals must fully consider the financial impact on the initiating and responding municipality.

This report fully considers the financial impact on the City (the initiating municipality), and the County (the responding municipality). As demonstrated in Sections 11 and 12 of the FIA Addendum (see Appendix F), the financial impact of the proposed annexation on the City is reasonable and sustainable. As demonstrated in Section 13 of the FIA Addendum (see Appendix F), the financial impact of the proposed annexation is relatively small for the County. In addition, the City's proposed annexation ensures annexation landowners will not be impacted by requesting that they pay the lower of the County or City tax rates.

10. Inter-agency consultation, coordination and cooperation is demonstrated when annexations proposals fully consider the impacts on other institutions providing services to the area.

The City invited a number of key stakeholders (including Alberta Health Services, service commissions, school boards, and utility providers among others) to two information sessions in June 2017. The City also met with Alberta Transportation in February 2018.

Following execution of the Annexation Agreement, the City invited those key stakeholders determined to be most affected to open house events held in June 2019. The City also notified the authorities it believed would be affected and others it believed might be affected by the proposed annexation by way of providing them its Notice of Intent to Annex in 2019. The City did not receive any responses from any of the local authorities and other affected parties as a result of the Notice.

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.



The Annexation Agreement has developed reasonable solutions to impacts with certainty and specific time horizons. Such solutions include providing for the protection of County tax rates and the gradual transition from County to City tax rates over time, retaining County zoning within the City's Annexation Area to preserve land use rights on an interim basis, and maintaining County service levels within the Annexation Area for an agreed upon transition period.

12. Annexation proposals must be based on effective public consultation both prior to and during any annexation hearing or proceedings.

The proposed annexation is based on extensive public consultation occurring over a greater than two-year period, from the four open houses facilitated in May 2017 regarding the Growth Study and its recommended expansion areas, through the four open houses facilitated in June 2019 regarding the Annexation Agreement and its negotiated annexation areas and the offer of one-on-one meetings to affected owners, to the preparation of this Annexation Application Report in late 2019. The City is committed to receiving and responding to any additional feedback between submission of this report to the MGB and any scheduled MGB hearings or other proceedings that may be forthcoming.

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.

There are no significant special properties in the negotiated annexation areas that generate substantive or unique costs that warrant revenue sharing.

Further, lost assessment and associated taxes with the negotiated annexation areas have been included in determining the net financial impact on the County as demonstrated in Section 13 of the FIA Addendum (see Appendix F).

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.

The proposed annexation is being initiated by the City as a result of land requirements, not tax benefit. As demonstrated in Section 13 of the FIA Addendum (see Appendix F), the assessment in the negotiated annexation areas is relatively small and will generate an estimated \$66,000 in taxes in 2018 from the County.

As shown in Sections 1 and 7 (Capital Plan), Section 8 (Operating Plan), and Section 9 (Revenues and Recoveries) of the FIA Addendum (see Appendix F), the City's plan to administer services considers the full scope of costs and revenues. Rather than using a base budget and then applying simple growth factors to inflate costs over time, the City has assembled comprehensive capital and operating plans to support urban growth both in boundary and in the negotiated annexation areas for the entire review period and takes into account the unique circumstances and needs of the City. These plans also consider lifecycle and capacity requirements. In addition, the City and County continue to collaborate on joint initiatives that enable more efficient delivery of services (e.g., Tri-Leisure Centre).

As demonstrated in Sections 11 and 12 of the FIA Addendum (see Appendix F), the financial impact of the proposed annexation on the City is reasonable and sustainable, with forecast tax rates staying equal to or less than the 3% "sustainability threshold" for the entire review period. As outlined in Section 13 of the FIA Addendum (see Appendix F), the financial impact

on the County is relatively small—a loss of approximately \$26,000 in 2018 (not including stranded costs or liabilities, if any).

15. Conditions of annexation must be certain, unambiguous, enforceable and be time specific.

The conditions of annexation contained in the Annexation Agreement meet all the requirements of this principle.

3.2 Annexation Rationale

The following factors comprise the rationale for this Annexation Application. The factors are drawn from relevant summaries and conclusions presented in Section 10.0 of the Growth Study and Section 16.0 of the Growth Study Addendum, adapted as necessary to relate to the negotiated annexation areas and amended where necessary to reflect updated data.

1. In the 50 years prior to 2016, the City of Spruce Grove's population increased at an average annual rate of 8.4%, from 580 in 1966 to 33,640 in 2016.
2. At its 2016 population of 33,640, the City had nearly tripled its population over the previous 33 years since recording a population of 11,307 in its 1983 municipal census.
3. More than 50% of the City's growth between 2001 and 2016 occurred in the last six years of that period (2010 to 2016) and more than 75% occurred in the last nine years of that period (2007 to 2016).
4. Between 2006 and 2011, Spruce Grove was the fourth-fastest growing city and seventh-fastest growing municipality in Alberta, and the third-fastest growing municipality within the Edmonton Metropolitan Region. Over the five following years, Spruce Grove improved its rank to third-fastest growing city and sixth-fastest growing municipality in Alberta. At a growth of 30.2% between 2011 and 2016, it was behind only Beaumont (31.0%) in the Edmonton Metropolitan Region.
5. Previously smaller in population than Stony Plain, Spruce Grove's population surpassed Stony Plain's population in the early 1970s and now has twice the population of Stony Plain, while the 2016 federal census has confirmed that Spruce Grove's population has surpassed Parkland County's population.
6. Spruce Grove's historical population growth pattern over the past 50 years is reflective of, among other things, the City's: proximity to employment opportunities within the Acheson Industrial Area; proximity to a large population and employment base within the Edmonton Metropolitan Region that attracts global economic opportunities and advantages; high quality of life that makes Spruce Grove attractive to families; and low infrastructure costs that makes it attractive to developers.
7. Among other things, Spruce Grove's accelerated growth pattern over the past 10 years is reflective of the: increased development and employment opportunities within the Acheson Industrial Area; joint intermunicipal investments in social capital infrastructure; and efficient commuting corridors to Edmonton and other employment areas.
8. In 2013, the Capital Region Board, now the Edmonton Metropolitan Region Board (EMRB), published two population growth scenarios for the City of Spruce Grove, which were subsequently adjusted in 2014. In the EMRB Low Adjusted Scenario, the City was estimated to grow at an average annual growth rate of 1.9% to 54,500 in 2044 – a change of 70%. In the EMRB High Adjusted Scenario, the City was estimated to grow at an average annual growth rate of 2.9% to 73,400 in 2044 – a change of 129%.



9. Independent of the EMRB's population growth scenarios, the Growth Study presents four sets of alternative scenarios – Low, Medium, Medium-High and High Cases – which are based on Alberta Treasury Board and Finance (ATBF) Census Division (CD) Population Projections for Alberta. In these scenarios, Spruce Grove is anticipated to accommodate 4.35% of the projected population growth of CD No. 11, which includes the Capital Region. This assumption is less than the 4.42% share of growth Spruce Grove recorded between 2001 and 2015.
10. The Growth Study's Medium-High Case has been utilized for calculating future land requirements for the City. In this scenario, Spruce Grove experiences an average annual growth rate of 2.9% to 73,733 in 2044 – a change of 130%. This growth rate of 2.9% per annum is appropriate as it is in alignment with the 2.9% per annum growth rate of the EMRB's High Adjusted Scenario.
11. To the 50-year horizon in the Growth Study, the Medium-High Case projects the City will experience an average annual growth rate of 2.4% to 108,744 in 2067 – a change of 239%. This average annual growth rate of 2.4% is conservative and appropriate as it is considerably below the 8.4% per annum growth rate Spruce Grove experienced in the previous 50 years, and less than half of the 5.6% per annum growth rate experienced in the last 10 years.
12. In the 10-year period between 2005 and 2014 inclusive, the total amount of lands consumed through the plan registration process in the City of Spruce Grove amounted to 633.5 ha.
13. With an average annual absorption of 63.3 ha of land over those 10 years, and with 1,148.6 ha of lands available to accommodate future growth, it could take 18 years from 2014 to absorb these lands through plan registration (e.g., subdivision plans, road plans, etc.) if this annual absorption rate were to remain constant and if there was flexibility in land use over the City's available land supply.
14. As of the end of 2015, the City of Spruce Grove had 719 ha of gross residential land supply, 130 ha of gross commercial land supply and 234 ha of gross industrial land supply available to accommodate future growth. Under the recommended Medium-High Case Scenario, it is estimated that these land supplies will be fully absorbed 18 to 26 years later (between 2033 and 2041).
15. It is prudent that an annexation be initiated in the short-term to maintain between a 30-year and 50-year supply of residential, commercial and industrial lands in the City before the supply is depleted to levels where there is a minimal number of developers remaining, or where a significant amount of the remaining available lands are held by unmotivated landowners. Over time, these parties will gain a disproportionately high level of control over the market, which is not a desirable position for a high growth municipality such as Spruce Grove. In the short-term, the affordability of the City's residential, commercial and industrial markets for the end user could be compromised and there could be a negative effect on the community's ability to optimize its growth potential.
16. It is also prudent that the City of Spruce Grove proceed with an annexation to obtain enough land supply to accommodate short-term growth over at least the next 30 years to enable proper planning of land uses and infrastructure investments in an orderly, comprehensive and sustainable manner.
17. Recommended expansion areas in the amount of 22.5 quarter sections were identified to accommodate 50 years of the City of Spruce Grove's future growth to 2067. Parkland County and the City of Spruce Grove, in the spirit of intermunicipal cooperation, have negotiated and agreed to a reduced annexation in the amount of 8 quarter sections to accommodate 31 years of growth. The 8 quarter sections include an allowance for market attractiveness and competition among developers and to recognize that some landowners within the

recommended expansion areas may not participate in urban development by the end of 2048, which is 31 years from the 2017 base year of the Growth Study.

18. After deducting 55 ha of adjacent undevelopable lands (e.g., environmental reserve, pipelines, rail, road allowances and well setbacks), the three negotiated annexation areas will provide approximately 458 ha of gross developable lands to accommodate growth to the end of 2048.
19. The three negotiated annexation areas include similarly sized southwest (257 ha) and southeast (247 ha) areas that can both accommodate mixes of residential, commercial, industrial and public services growth, while the small south area (10 ha) can accommodate industrial growth. Together, the three negotiated annexation areas represent logical extensions of the City's existing urban footprint on the south side of the CN main line where urban development has already been successfully planned and introduced.
The southwest annexation area also facilitates increased alignment of future growth between Spruce Grove and Stony Plain to the west.
20. The three negotiated annexation areas can facilitate contiguous southward and eastward expansion of the City's growing industrial park and the potential for short-term commercial development, which will both help contribute to maintaining the City's current assessment split of 82.5% residential to 17.5% non-residential.
21. The three negotiated annexation areas avoid crossing Highway 16 north of the City and the potential consequences associated with a city crossing a highway with fixed crossings and access points.
22. The three negotiated annexation areas leverage planned future provincial investments in the upgrading of Highway 628 to the south, better spreading commuter traffic across three commuter corridors to/from Edmonton to the east, while also not crossing Highway 628 and therefore avoiding the potential consequences associated with a city crossing a provincial highway.
23. Urban expansion into the three negotiated annexation areas to the southwest, south and southeast can be more easily integrated into the City's existing and planned transportation network and allows for logical extensions of the City's existing water distribution, wastewater collection and stormwater drainage systems.
24. Lands to the northwest of the City of Spruce Grove, between the Town of Stony Plain and Highway 16, are not proposed for annexation as these lands:
 - a. have been identified by Parkland County to accommodate its own growth;
 - b. have poor access opportunities due to Atim Creek to the east, Highway 16 to the north and Highway 779 to the west;
 - c. are not serviceable by gravity to the City's existing wastewater collection system or the Alberta Capital Region Wastewater Commission's Parkland Trunk; and
 - d. are encumbered by a proliferation of watercourses, wetlands and associated natural areas, and include Crown land held for conservation purposes.
25. Lands to the north and northeast of the City of Spruce Grove, across Highway 16, are not proposed for annexation at this time as these lands:
 - a. have been largely identified by Parkland County to accommodate its own growth;
 - b. would require crossing Highway 16 and addressing the potential consequences associated with a city crossing a highway;
 - c. possess limited integration into the City's existing and planned transportation network as there are only two fixed crossings of Highway 16 at existing interchanges;



- d. would require the establishment of a new water pressure zone for integration into the City's existing water distribution system;
- e. are largely not serviceable by gravity and would require the construction of forcemains and lift stations;
- f. are not previously identified within the Edmonton Metropolitan Region Growth Plan to accommodate future growth at urban densities; and
- g. are contrary to City policy that states Highway 16 shall remain Spruce Grove's northern limit.

26. Lands to the east of the City of Spruce Grove, between Highways 16 and 16A, are not proposed for annexation as these lands:

- a. have finite potential to accommodate urban expansion due to the presence of a provincially protected natural area and existing and planned land uses within the Acheson Industrial Area Structure Plan;
- b. could result in eventual urban development adjacent to the Wagner Natural Area to the west, southwest and south; and
- c. have very limited access connection opportunities to efficiently convey traffic to Highways 16, 60 and 16A due numerous barriers such as the Wagner Natural Area, Osborne Acres, existing development patterns in Acheson, the Canadian National (CN) main line, and Highway 16A's curves and grade separated overpass of the CN main line.

27. Overall, a 30-year short-term annexation is reasonable and appropriate as Spruce Grove is one of the fastest growing communities in Alberta. Access to numerous efficient transportation corridors and proximity to employment within the City itself, the Acheson Industrial Area, and Edmonton and nearby areas within the Edmonton Metropolitan Region will continue to spur growth for the City.