

Town of Drumheller COUNCIL MEETING AGENDA

July 16, 2012 at 4:30 PM

Council Chamber, Town Hall

703-2nd Ave. West, Drumheller, Alberta



Page

1.0 CALL TO ORDER

2.0 MAYOR'S OPENING REMARK

3.0 PUBLIC HEARING

4.0 ADOPTION OF AGENDA

5.0 MINUTES

5.1. ADOPTION OF REGULAR COUNCIL MEETING MINUTES

3-9 5.1.1 Regular Council Meeting Minutes of June 18, 2012

5.2. MINUTES OF MEETING PRESENTED FOR INFORMATION

10-14 5.2.1 Municipal Planning Commission Meeting Minutes of June 14, 2012

15-18 5.2.2 Management Committee Meeting Minutes of May 15, 2012

5.3. BUSINESS ARISING FROM THE MINUTES

6.0 DELEGATIONS

7.0 COMMITTEE OF THE WHOLE RECOMMENDATIONS

8.0 REQUEST FOR DECISION REPORTS

8.1. CAO

19-36 8.1.1 Bylaw 10.12 being a debenture bylaw in the amount of \$318,750 for the purpose of implementation of process / engineering upgrade at the East Coulee Waste Water Plant - second and third readings

	8.1. CAO	
37-38	8.1.2 Bylaw 11.12 being a debenture bylaw in the amount of \$435,800 for the purpose of extending the water transmission line from Cambria to East Coulee - second and third readings	
39-41	8.1.3 RFD - Palliser Regional Municipal Services - Regional Collaboration Grant Application	
42-55	8.1.4 RFD - Badlands Community Facility Food Kiosk	
	8.2. Director of Infrastructure Services	
	8.3. Director of Corporate Services	
	8.4. Director of Community Services	
	9.0 PRESENTATION OF QUARTERLY REPORTS BY ADMINISTRATION	
	10.0 PUBLIC HEARING DECISIONS	
	11.0 UNFINISHED BUSINESS	
	12.0 NOTICES OF MOTIONS	
	13.0 COUNCILLOR REPORTS	
	14.0 IN-CAMERA MATTERS	
	14.1 Land Matter - Hygrade Industrial Park	

Town of Drumheller COUNCIL MEETING MINUTES

June 18, 2012 at 4:30 PM
Council Chamber, Town Hall
703-2nd Ave. West, Drumheller, Alberta



PRESENT:

MAYOR:

Terry Yemen

COUNCIL:

Andrew Berdahl

Jay Garbutt

Lisa Hansen-Zacharuk

Sharel Shoff

Doug Stanford

Tom Zariski

CHIEF ADMINISTRATIVE OFFICER/ENGINEER:

Ray Romanetz

DIRECTOR OF INFRASTRUCTURE SERVICES:

Allan Kendrick

ACTING DIRECTOR OF CORPORATE SERVICES:

Bill Wulff

DIRECTOR OF COMMUNITY SERVICES:

Paul Salvatore

RECORDING SECRETARY:

Linda Handy

1.0 CALL TO ORDER

Mayor Terry Yemen called the meeting to order at 4:30 PM.

2.0 MAYOR'S OPENING REMARK

3.0 PUBLIC HEARING

4.0 ADOPTION OF AGENDA

MO2012.91 Garbutt, Shoff moved to adopt the agenda as presented. Carried unanimously.

5.0 MINUTES

5.1. ADOPTION OF REGULAR COUNCIL MEETING MINUTES

5.1.1 Regular Council Meeting Minutes of June 4, 2012

MO2012.92 Shoff, Zariski moved to adopt the regular Council Meeting minutes of June 4, 2012 as presented. Carried unanimously.

5.2. MINUTES OF MEETING PRESENTED FOR INFORMATION

5.2.1 Municipal Planning Commission Minutes of May 31, 2012

5.3. BUSINESS ARISING FROM THE MINUTES

6.0 DELEGATIONS

7.0 COMMITTEE OF THE WHOLE RECOMMENDATIONS

8.0 REQUEST FOR DECISION REPORTS

8.1. CAO

8.1.1 Presentation of 2011 Financial Statements

Alan Litster and Daniel Luymes - BDO provided the following overview of the 2011 Financial Statements:

- Page 1 Auditor's Report describes what was carried out during the audit and the opinion of the auditors which states that the financial position of the Town of Drumheller as at December 31, 2011 is a fair representation of its operations. Note 1 of the financial statements explains that certain comparative information for the year ended December 31, 2010 has been restated. These adjustments include land inventory for resale to reflect a number of parcels listed that did not belong to the Town as they had been sold in previous years; as well sick leave liability was adjusted to reflect utilization in future years.

- Page 2 Consolidated Statement of Financial Position – Accumulated surplus – total of \$135,312,586. Breakdown summary as follows: Cash and short term investments \$8.82M (cash balance changes as provincial grants come in and these dollars are spent). Investments are \$2.71M. Deferred revenue grants and other dollars received by the end of the year but not yet expensed is approximately \$3.27M. Net financial assets are (\$1.28M)(debt); non financial assets are \$136.5M.

- Page 3 Consolidated Statement of Operations (revenues and expenses by type for the 12 months). Revenue – Net municipal taxes raised is \$7,039,361; Excess (deficiency) of revenue over expenses is (\$474,748) plus government grants of \$7.77M and other capital revenues of \$1.96M to get excess of revenue at \$9.27M. Accumulated surplus restated at the beginning of the year is \$126,041,412 plus excess of revenue over expenditures of \$9.27M equals accumulated surplus at the end of the year of \$135.3M. Accumulated surplus is broken down into three components: equity in tangible capital assets; unrestricted surplus (deficit) and restricted surplus.

- Page 4 Consolidated Statement of Changes in Net Financial Assets (Debt) – excess of revenue over expenses of \$9.27M and additions and reductions of tangible capital assets for a net total of (\$3.68M) which is added to the balance at the beginning of the year of \$2.39M which gives the balance at the end of the year (\$1.28M).

- Page 5 Consolidated Statement of Cash Flows – Operating Transactions - Excess of revenues over expenses is \$9.27M with adjustments for items that do not affect cash (non cash transactions) for a total of \$11.43M less capital / investing and financing transactions for a net change in change and cash equivalents of (\$6.03M). Total change in cash of (\$3.27M) plus \$8.82M on hand at the beginning of the year for the end of year total of \$5.55M. The (\$3.27M) refers to deferred revenue or grants earmarked for specific projects such as the MSI, Kneehill Regional Water, NDCC, etc.
- Schedule of Tangible Capital Assets (cost at the beginning plus new additions less assets disposed of for a total of \$203M less accumulated amortization \$66M and debenture debt \$12M for a net book value of \$124M.
- Schedule of Breakdown of Property and Other Taxes (\$9.7M taxes levied less the portions of requisitions \$2.67M) for the net amount for municipal purposes of \$7.04M.
- Schedule of Government Grant Transfers – Operating \$849,350 plus Capital \$7.77M for a total of \$8.6M.

A. Litster concluded his report by commending Administration on the careful management of tax dollars. B. Wulff presented the monthly financial report for December 31, 2011 which has been modified so that the numbers are in line with the financial statements submitted to Council on a quarterly basis.

In response to questions from Council, it was explained that budgeting for amortization (estimating the use of capital assets over a period of time which is a non cash amount) has created an operating budget deficit position for the Town in the amount of \$2,193,792. With regards to debt, it was confirmed that the Town's debt limit is \$23M and the current Town's debt is \$12M. A. Litster explained that incurring debt beyond the allowed limitations (1.5X revenue of the Town) would require approval by the Minister of Municipal Affairs.

MO2012.93 Shoff, Berdahl moved to approve the 2011 financial statements as presented. Carried unanimously.

8.1.2 Bylaw 10.12 Debenture Bylaw

R. Romanetz presented Bylaw 10.12 being to borrow dollars in the amount of \$318,750 for the purpose of an implementation process / engineering upgrade at the East Coulee Waste Water Plant. He stated that under the Municipal Government Act there is a requirement for the bylaw to be advertised for two consecutive weeks to allow for public comments. He explained that once the bylaw is adopted, Council may wish to proceed with funding the project with other revenue sources rather than borrowed dollars. There is no mandatory requirement to proceed with the borrowing. The purpose of the bylaw is to ensure that borrowing is approved before the project starts.

MO2012.94 Shoff, Zariski moved first reading of Bylaw 10.12.

Discussion on the Motion:

Councillor J. Garbutt stated that although the Town is well within their debt allotment it has significantly changed upward within the last few years. He further stated that there is a restricted surplus for sewer and he would prefer to pay cash for the upgrade rather than borrowed dollars. R. Romanetz explained that it is not unusual for municipalities to

borrow dollars when the borrowing is over the period for the life of the upgrade which in this case is for 25 years. The debenture is for 20 years. He further explained that the equipment has been ordered and the project will go to tender within the next 30 days. It is anticipated that the upgrade will be completed by the end of 2012.

Vote on Motion:

In favor – Stanford, Hansen-Zacharuk, Shoff, Zariski, Berdahl, Yemen

Against – Garbutt

Carried.

8.1.3 Bylaw 11.12 Debenture Bylaw

R. Romanetz presented Bylaw 11.12 being a bylaw to borrow dollars in the amount of \$435,800 for the purpose of extending the water transmission line from Cambria to East Coulee. He further explained that \$435,800 is 10% of the project costs. He further advised that Council will have the same opportunity to discuss whether to proceed with the project using borrowed dollars.

MO2012.95 Berdahl, Hansen-Zacharuk moved first reading of Bylaw 11.12.

Discussion on Motion:

In response to a question from Council, R. Romanetz advised that there were approximately 10-12 expressions of interests from property owners for water connections along the corridor. Councillor J. Garbutt stated that in original discussions with the residents, it was explained that the Town would not borrow to fund this project. R. Romanetz explained that there may be other projects on the horizon that may need access to the reserves. He further explained that the length of time to service this project is long term and interest rates are low and borrowing would appear to be a reasonable option.

Vote on Motion:

In favor – Stanford, Hansen-Zacharuk, Shoff, Zariski, Berdahl, Yemen

Against – Garbutt

Carried.

8.1.4 RFD - Appointments to the Drumheller Public Library Board

R. Romanetz advised that under their bylaw, the Drumheller Public Library (DPL) Board membership can be to a maximum of 10 members. With the additional appointments of Ms. Leila Bjerland and Mr. Rodney Black the Board will reach its full complement. The members of the Library Board have reviewed Leila and Rodney's applications and recommend approval. In addition, the DPL Board is recommending the appointment of Mrs. Margaret Nielsen as the alternate designate to represent the DPL Board on the Marigold Regional Library System Board.

MO2012.96 Berdahl, Garbutt moved that Council approve the appointment of Leila Bjerland and Rodney Black to the Drumheller Public Library Board for a three year term plus the appointment of Margaret Nielsen as the alternate designate to represent the DPL Board on the Marigold Regional Library System Board. Carried unanimously.

8.2. Director of Infrastructure Services

8.2.1 RFD - 2012 Cast Iron Water Line Replacement Award of Tender

A. Kendrick advised that tenders for the 2012 Watermain Replacement Program closed on May 29, 2012 with two tenders received from M. Pidherny's Trucking Ltd. and Knibb Developments Ltd. The low bidder was M. Pidherny's Trucking Ltd. with a tender amount of \$885,187.50 including GST. The engineering estimate for this project was \$681,000.00. As reported to Council on June 4th, the project cost is significantly higher than anticipated (\$340,000 over the Town's budget of \$600,000). Due to budget constraints, the Town and MPE reviewed the options to reduce the project costs. Upon further review with our consultants, it was determined that Section 9 Clause 8 in the Instructions to Bidders allows the owner to negotiate terms with the bidder submitting the lowest valid bid. For reasons provided for in MPE's letter of June 8th, 2012, Administration is recommending that the Town award the contract to M. Pidherny's Trucking, and further, for Council to authorize Administration to negotiate with the low bidder M. Pidherny's Trucking to implement Option 2 which removes Schedule C from the scope of the project and reduce the total project costs to \$775,300.00 (\$675,000 plus eng. \$100,300).

In order to finance the budget shortfall of \$175,300, Administration is recommending delaying the construction of the force main extension from Central Drumheller to South Railway Ave. The project has not been designed and the necessary easements have not been acquired. It is unlikely this project would be able to proceed in 2012. The project would be brought forward for reconsideration by Council in 2013.

MO2012.97 Zariski, Shoff moved that the contract be awarded to the low bidder M. Pidherny's Trucking subject to Administration being able to negotiate with M. Pidherny's Trucking to implement Option 2 which removes Schedule C from the scope of the project and reduces the total project costs to \$775,300.00 (\$675,000 plus Eng. \$100,300).

Councillor L. Hansen-Zacharuk requested that appropriate signage directing the traffic flow be posted during the disruptions.

Vote on Motion: Carried unanimously.

8.3. Director of Corporate Services

8.4. Director of Community Services

9.0 PRESENTATION OF QUARTERLY REPORTS BY ADMINISTRATION

10.0 PUBLIC HEARING DECISIONS

11.0 UNFINISHED BUSINESS

12.0 NOTICES OF MOTIONS

13.0 COUNCILLOR REPORTS

13.1 Councillor S. Shoff – Badlands Community Garden Society (Heritage Garden Society) Update

Councillor S. Shoff advised that the Badlands Community Garden Society received grant dollars for the materials and some work for the Heritage garden. She further advised that Chris Marion as well as other volunteers do the work without compensation. Chris already has volunteers to look after the community garden (vegetables) near Newcastle however volunteers for the Heritage garden are lacking. She encouraged all interested individuals to contact Chris to get the work finished sooner. It is anticipated that the garden will be completed by mid September.

Councillor S. Shoff advised that the Communities in Bloom judges will come to Drumheller to provide comments on our whole valley on July 31st. She encouraged all residents and the Town to do their part by cleaning up their yards, their gardens, and beautifying their area as much as can be done. She explained that this is a non competitive year but in order to keep status the Town must be judged at least every three years.

13.2 Councillor S. Shoff - Community Futures

Councillor S. Shoff provided the following highlights on Community Futures' activities:

According to the Starland Development Plan, 51 wind turbines will be developed in the Handhills area in the near future.

Western Diversification, supporters of Community Futures Offices in Canada, will approve contracts for funding by March 2013.

Hope College has an agreement with the old St. Anthony's school for space in the school. Hope College has changed to include planned health care program such as Allopathic and Naturopathic. Hope College is looking at either getting a Provincial Charter or an Order in Council from the government to begin. Funding is needed. Hope College is hoping to work with Campus Alberta to offer a wide range of health care courses.

The Community Futures AGM is June 27th at 7:00 PM.

14.0 IN-CAMERA MATTERS

MO2012.98 Shoff, Zariski moved to go in camera at 6: 20 PM. Carried unanimously.

14.1 Land Matter - Plan 8310798 Block 13 Pt. Lot 1

14.2 Land Matter - Hygrade Industrial Park

14.3 Legal Matter

MO2012.99 Stanford, Shoff to revert to regular Council meeting at 6:55 PM. Carried unanimously.

There being no further business, the Mayor declared the meeting adjourned at 6:55 PM.

Council Meeting Minutes
June 18, 2012

Mayor

Chief Administrative Officer



**Municipal Planning Commission
MINUTES
Meeting of Thursday June 14, 2012**

Present: Paul Salvatore, Director of Community Services
Doug Stanford, Councillor/Member
Brad Wiebe, Palliser Regional Municipal Services
David Suen, Intern for Palliser Regional Municipal Services
Cindy Woods, Development Officer
Linda Taylor, Recording Secretary
Robert Greene, Chairperson
Sharon Clark, Member
Jeanette Neilson, Member

Absent: Andrew Berdahl, Councillor/Member
Shawn Francis, Member – with regrets

1.0 CALL TO ORDER – 12:10 p.m.

2.0 MINUTES FROM PREVIOUS MEETINGS

2.1 May 31, 2012

Motion: J. Neilson moved to accept the minutes of May 31, 2012 as presented.

Second: D. Stanford – Carried

3.0 DEVELOPMENT PERMITS

3.1 T00050-12D – Hope Health Ventures – Naturopathic Health Clinic – “P”

C. Woods presented Development Permit T00050-12D submitted by Hope Health Ventures to occupy as a Naturopathic Health Clinic located at 420 12 Street East, Drumheller on Plan 1259JK; Block 2. Zoning is “P” Community Service District. A Naturopathic Health Clinic is a discretionary use in this district.

C. Woods read a letter from Hope Health Ventures dated June 6, 2012. This applicant is intending to utilize 4000 square feet of the existing facility for the purpose of a Naturopathic Health Clinic and other complementary and alternative health care and consultation. The Clinic will have its own entrance and an on-site parking area. The adjacent parking space can accommodate up to 27 vehicles, parking is sufficient for this development as it will require 5 for staff members and about 4 patients at any given time. Site improvements will include; a new entrance area, with new doors and wheelchair access ramp and repositioning of some interior walls.

The Municipal Planning Commission discussed the application.

Motion: D. Stanford moved that Development Permit T00050-12D submitted by Hope Health Ventures to occupy as a Naturopathic Health Clinic located at 420 12 Street East, Drumheller on Plan 1259JK; Block 2, be approved as presented, subject to the following conditions:

1. Development shall conform to Land Use Bylaw 10-08.
2. All necessary permits (building, electrical, plumbing, etc) to be in place prior to construction/installations.



3. All contractors and/or sub-trades to possess a valid Town of Drumheller Business License.
4. Must conform to the Town of Drumheller Community Standards Bylaw (16-10).
5. Development to conform and meet the requirements of the Regional Fire and Health Authority.
6. If the holder of the permit wishes to make any change in the conduct of the business that departs from the description in the application or from any other condition or restrictions imposed, the holder of the permit must obtain prior permission of the Development Officer/Municipal Planning Commission. An additional development application may be necessary.
7. Landscaping in accordance with Policy C04-02 and Land Use Bylaw 10-08 and to the satisfaction of the Development Officer/Municipal Planning Commission.
8. Authorization from the registered landowner required prior to any construction/installations.
9. Prior to commencement of occupancy and business activities, confirmation must be provided to the Development Officer from the Local Fire Authority that building is occupiable for such purposes.
10. Parking plan as per parking regulations in Land Use Bylaw 10-08.
11. Construction shall be in conformance with the Alberta Building and Fire Codes.
12. Any and all local improvements at owner's expense including, however not limited to driveways, curb cuts, service connections, etc.
13. Developer to ensure any future tenants has permission from the Development Authority/Municipal Planning Commission prior to occupying space within the building and/or property.
14. Development application is required for signage placement and to be made under separate application prior to placement.
15. Development to conform to any/all Municipal, Provincial and Federal regulations and/or legislation that may apply.
16. Garbage and waste materials must be stored in weather proof and animal proof containers and screened from adjacent sites and public thoroughfares. Separate containment must be provided for the disposal and recycling of cardboard materials.

Second: S. Clark – Carried

3.2 T00051-12D – Gregg Blanchett Construction – New Construction of SFD – “R-1A”

C. Woods presented Development Permit T00051-12D submitted by Gregg Blanchett Construction for New Construction of a single family dwelling located at 609 1 Street SW, Drumheller on Plan 4159CP; Block 2; Lot 1. Zoning is “R-1A” Residential District. A single family dwelling is a discretionary use in this district.

C. Woods stated this is a single storey family dwelling to be located in Bankview, this development requires a relaxation to 4 feet 9 inches on the side yards and meets all other set back requirements of the Land Use Bylaw.

The Municipal Planning Commission discussed the application.

Motion: J. Nielsen moved that Development Permit T00051-12D submitted by Gregg Blanchett Construction for New Construction of a single family dwelling located at 609 1 Street SW, Drumheller on Plan 4159CP; Block 2; Lot 1, be approved as presented, subject to the following conditions:

1. Development shall conform to Land Use Bylaw 10-08.
2. If the holder of the permit wishes to make any changes in the proposed development from application as approved, the holder of the permit must first obtain permission of the Development Officer/Municipal Planning Commission. An additional development permit may be necessary.
3. Relaxation granted for left and right side yard setback as per plans submitted.
4. Proper placement of foundation walls -- as per application -- to be determined by a Registered Alberta Land Surveyor.



5. Any required Safety Codes permits (i.e. building, electrical, etc.) to be obtained prior to commencement of construction/installation.
6. Make provisions for proper installation of water meter as per Town of Drumheller Water/Sewer Bylaw.
7. All contractor's to be in possession of a valid Town of Drumheller business license.
8. Landscaping Plan to be in accordance with Policy C04-02 and Land Use Bylaw 10-08 and to the satisfaction of the Development Officer/Municipal Planning Commission.
9. All local improvements including, however not limited to driveways, frontage charges, water/sewer services, are at the expense of the owner.
10. Development to conform to any and all Federal, Provincial and/or Municipal regulations and/or guidelines that may apply.

Second: D. Stanford – Carried

3.3 T00054-12D – Interlok Solutions – New Construction of SFD – “R-1”

C. Woods presented Development Permit T00054-12D submitted by Interlock Solutions for new construction of a single family dwelling located at 130 9 Street NW, Drumheller on Plan 2721JK; Block 1; Lot 15. Zoning is “R-1” Residential District. A Single family dwelling is a permitted use in this district however C. Woods stated there are special circumstances.

This application is for demolition of existing single family dwelling and for construction of a new single family dwelling with a set back of 35 feet. The lots here are large lots about 240 feet long with an approximate average front yard set back of about 44 feet. The R-1 district requires a set back of 20 feet but in this area new development should conform to the district.

C. Woods read Land Use Bylaw 10-08 Part VII which states;

44. Design, Character and Appearance of Buildings

The design sighting, external finish, architectural appearance and landscaping generally of all buildings, including any accessory buildings or structures and signs and any reconstruction shall be to the satisfaction of the Development Authority in order that there shall be general conformity in such matters with adjacent buildings. The finish of buildings should complement other structures and natural site features.”

C. Woods stated that Palliser Regional Municipal Services should review the area and look at amending the zoning requirements to conform to the RE-1 district or River Edge Estates. The setback requirements of RE-1 may be more suitable for this area.

The Municipal Planning Commission discussed the application. A circulation to the neighborhood was requested as a condition.

Motion: S. Clark moved Development Permit T00054-12D submitted by Interlock Solutions for new construction of a single family dwelling located at 130 9 Street NW, Drumheller on Plan 2721JK; Block 1; Lot 15 be approved with the following conditions:

1. Development shall conform to Land Use Bylaw 10-08.
2. If the holder of the permit wishes to make any changes in the proposed development from application as approved, the holder of the permit must first obtain permission of the Development Officer/Municipal Planning Commission. An additional development permit may be necessary.



3. Proper placement of foundation walls -- as per application -- to be determined by a Registered Alberta Land Surveyor.
4. Any required Safety Codes permits (i.e. building, electrical, etc.) to be obtained prior to commencement of construction/installation.
5. Make provisions for proper installation of water meter as per Town of Drumheller Water/Sewer Bylaw.
6. All contractor's to be in possession of a valid Town of Drumheller business license.
7. Landscaping Plan to be in accordance with Policy C04-02 and Land Use Bylaw 10-08 and to the satisfaction of the Development Officer/Municipal Planning Commission.
8. All local improvements including, however not limited to driveways, frontage charges, water/sewer services, are at the expense of the owner.
9. Development to conform to any and all Federal, Provincial and/or Municipal regulations and/or guidelines that may apply.

Second: D. Stanford – Carried

4.0 PALLISER REGIONAL MUNICIPAL SERVICES

4.1 Subdivision Report – File No. 80/118 Gregg Blanchett, Gregg Blanchett Construction 1115 2 Avenue West, Newcastle Lot 5, Block 53, Plan 7410018 SE ¼ -10-29-20-W4M

D. Suen presented the following subdivision application 80/118. Land is owned by Gregg Blanchett Construction Ltd. The purpose of this subdivision is to create two lots of about 343.250 m² (3,694.72 sq. ft.) by splitting an existing lot of 16.88 m (54.7 ft) by 41.2 m (135 ft) in half. The applicant has removed the existing buildings and has started development of a bi-level semi-detached dwelling that will straddle the proposed property line. The applicant would like to have two separate land titles so that they can be sold individually. The dwelling will front onto the street and each will have a single car attached garage at opposite ends of the common property line.

No objections were received through circulation. D. Suen advised that Palliser Regional Municipal Services recommends that the application be approved subject to conditions.

The Municipal Planning Commission discussed the subdivision report.

Motion: The Municipal Planning Commission concurs with the recommendations of Palliser Regional Municipal Services and that the application submitted by Gregg Blanchett Construction Ltd at 1115 2 Avenue West, Newcastle on Plan; 7410018 Block; 53 Lot; 5, be approved subject to conditions.

Carried

4.2 Rosedale Area Structure Plan

B. Wiebe presented an Area Structure Plan prepared to examine the development potential of an area located in the Rosedale District of the Town of Drumheller locally known as portion of Aerial, also referred to as The Star Mine Camp. The purpose of this Area Structure Plan is to examine the property, history and existing development on surrounding lands to provide a framework for the intent of achieving the best, orderly, economical and beneficial long term use of this property.

B. Wiebe reviewed the Area Structure Plan with the Municipal Planning Commission.



DRUMHELLER

COMMUNITY SERVICES

Agenda Item # 5.2.1



In summary B. Wiebe read this proposed use is compatible with the surrounding uses in this vicinity and will assist in making the east side of Mabbott Road more attractive locally and for tourists.

With the proper suggested building controls which will in turn dictate desirable site development will minimize if not eliminate the hazards posed by potential flooding; similar to other modern house construction in Aerial.

Until such time a municipal sewer systems is installed the existing houses will have to be satisfied with dealing with this issue in the same manner as the other residents of Aerial; that is a pump out septic tank with waste hauled to the Drumheller Sewage Treatment Plant. The development and servicing of all new vacant lots will be subject to the provisions of this study.

Due to the high cost of placing adequate fill in the centre of this parcel to overcome the flood plain, it is best left in its natural state with continued agricultural pursuits and possible temporary tourist commercial establishments.

Access has been shown and restricted to Pinter Road.

In view of our findings and this review; we believe this is the best economical and long term use of this property.

Motion: The Municipal Planning Commission concurs with the recommendations of Palliser Regional Municipal Services for the Rosedale Area Structure Plan.

Carried

5.0 OTHER DISCUSSION ITEMS

6.0 Adjournment –Meeting adjourned by B. Greene at 1:10 pm.

Chairperson

Development Officer

Town of Drumheller

MANAGEMENT

Committee Meeting Minutes

May 15, 2012 8:30 AM Council Chambers, Town Hall
703 - 2nd Ave West



PRESENT:

CHAIRMAN:

Ray Romanetz

MAYOR:

Terry Yemen

STAFF:

Allan Kendrick
Jack Kuzminski
Paul Salvatore
Bill Wulff

R.C.M.P.

Staff Sgt. Art Hopkins

FIRE CHIEF:

Bill Bachynski

RECORDING SECRETARY:

Linda Handy

1.0 CALL TO ORDER

2.0 BUSINESS ARISING FROM PREVIOUS MINUTES

3.0 POLICY DEVELOPMENT

4.0 MANAGEMENT TEAM TRAINING

5.0 REPORTS

6.1 CHIEF ADMINISTRATIVE OFFICER/TOWN ENGINEER

R. Romanetz reported on the following activities and work priorities:

6.1.1 BCF Grand Opening

July 4th Official Opening – Council Committee / Administration Team / Plaque to be ordered / check list to be developed and signed off.

6.1.2 Request from Chris Marion sale of plants at former Petro Canada Site
Due to liability issues and traffic concerns, Management denied the request at the former Petro Canada Site location. K. Russell to meet with Chris and recommend alternative sites.

6.1.3 Risk Management Training

B. Bachynski will arrange spring training sessions which will include a motivational speaker.

6.1.4 Financial Priorities

Audit will not be completed by the May 23, 2012 Council meeting. The Town will have to request an extension.

6.1.5 Town Hall Relocation

Due to cutbacks at the federal government level, there has been no firm commitment from the Institution on the work at the Civic Centre. If there is an affirmative response, the Town needs to prepare a MOU and outline the work that needs to be carried out by each party. The delivery of the service would require Town supervision. The Town will bring in trades for the disconnects. The Architect will be on site as required. Timeframe for work completion is 6-8 weeks. B. Wulff cautioned that there is a wall that needs to remain in place because it will disconnect the BCF computer / phone system. He further explained that the Town is looking at putting in temporary fibre at the current Town Hall with connection to the PW Shop via the fibre across from Water Treatment Plant. The current wireless system has not provided the proper service.

6.1.6 No Smoking Signs

A. Kendrick is in the process of ordering no smoking signs for all Town owned buildings and vehicles (including the patio at the BCF).

6.17 Internship Program (CAO Assistant)

L. Handy/ B. Wulff have completed the application with review by the CAO and Director of Corporate Services. The application will be finalized and submitted to Municipal Affairs shortly.

6.2 MAYOR

Mayor T. Yemen said that Town cleanliness needs to remain a priority. He stated that the areas that the Town are responsible for are in good shape including the entrances. He has noticed that several flags need replacing. Administration to research under what authority the Town can approach the owners of businesses / other buildings and request replacement of their tattered flags.

6.3 R.C.M.P. STAFF SERGEANT

A. Hopkins advised that two officers are being transferred with replacements coming to Drumheller shortly thereafter. Cell phone use continues to be a problem and a distracted drivers' blitz will be carried out shortly. St. Anthony's school area is being monitored with no

incidents to report. Alberta Highways depend on emergency services for flagging and he recommended that the Town follow up with them to identify this responsibility. A. Kendrick to arrange a meeting with Gord Wilton – Alberta Transportation / Fire Chief to address this issue.

6.4 DIRECTOR OF INFRASTRUCTURE SERVICES

A. Kendrick reported on his activities and work priorities as follows:

- Meeting with Ledcor re mud on medians;
- Aquaplex RFP re water slide, experiment with new product for slips;
- Cast iron program will be starting shortly;
- BCF landscaping;
- Council request extra attention into parks;
- Entrance – meeting to be arranged with landscape architect;
- BCF deficiency list;
- Water Treatment Plant residual study and design work underway;
- Regional water (Rocky View request);
- Special events requirements are demanding and overtime hours for staff are building up – work hours need to be tracked as these activities should be separate from regular duties;
- Cartigraph software;
- Water Meter Program;
- IT position required – meeting with Palliser to explore partnership opportunities;
- East Coulee Waste Water Plant – equipment and building tender;
- East Coulee transmission water line; and
- Washroom complaints will be handled by seasonal staff.

6.5 DIRECTOR OF CORPORATE SERVICES

J. Kuzminski reported on his activities and work priorities as follows:

- Labour management;
- Safety meetings;
- BCF software;
- Getting familiar with office protocol;
- Spread sheets;
- Completing grant applications;
- Review of the benefit plans;
- Signed up for HR downloads;
- Year end review; and
- Utility rates review.

6.6 FIRE CHIEF

B. Bachynski reported on his activities and work priorities as follows:

- New fire truck arrived and training in progress; Moved one truck to East Coulee hall and their truck will go out to tender (anything over 20 years is not considered a first responder truck);
- On June 3rd from 11:30 AM – 1:30 PM Open House at the Drumheller Fire Hall for the public to meet local emergency services - ambulance, fire, RCMP. The RCMP

contributed dollars for a BBQ;

- Encana has a list of motivational speakers (\$2500 cost). Corporate sponsorship may be available; and
- Meeting to be held on May 23rd re Provincial wide radio communications – Administration invited.

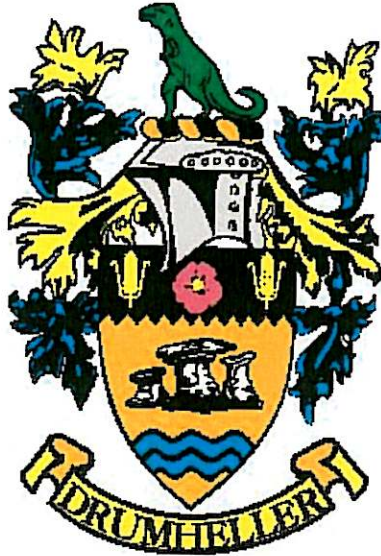
6.7 DIRECTOR OF COMMUNITY SERVICES

P. Salvatore reported on his activities and work priorities as follows:

- Meeting with Palliser re: Planner Internship sharing;
- Centennial grants;
- Ball diamond retrofits – Sponsorship grant approved \$80,000 - extension granted to do upgrades in Newcastle rather than Rosedale. Meeting to be held May 16th to discuss design, lighting, etc.
- New Agreements with Parent Link;
- Cenotaph Dedication Ceremony to be held on June 3;
- June 1st weekend - Dino Fest events rescheduled to the parks area;
- Humane Society agreement; Responsible Pet Ownership draft bylaw;
- Taxi Commission draft bylaw;
- Preparations for July 1st;
- Vendor carts approved at three locations - Suspension Bridge, Spray Park and Hoodoo Site.
- New staff member Ashlee Fath – Community Services Coordinator and Stephanie Henrickson – Summer Fun Coordinator.
- Fall program development / Activity Guide and Expo;
- BCF training on Active Net System / Public calendar to go live by June 1st. One contact person will be responsible for scheduling / booking and confirmation given within 48 hours; and
- Community Gardens request for grant – Administration to review previous policy.

7.0 ADJOURNMENT 10:10 AM

Monthly meeting date and time to be determined.



Town of Drumheller
Capital Financing Strategy

Adopted by Council
July 18, 2011

EXECUTIVE SUMMARY

Council adopted the Capital Financing Policy, Council Policy #1-04, in April, 2004. This policy includes the Capital Financing Strategy. The policy provides the Organization with direction for the development of the annual Capital Budget, and the strategy provides the plan to support the financial requirements of the budget.

The strategy provides direction on what portion of annual taxes are reinvested in assets and used to build sufficient restricted surpluses. The strategy is updated annually and includes amounts based on the current 10 year reinvestment level.

The restricted surplus requirements have been targeted at \$18,647,932. Restricted surplus targets are set at 10% of tangible capital assets – original cost. There are two sources of funding for attaining restricted surplus requirements which are tax supported and user supported. All water and wastewater funding derives from utility rates that are established on a full cost recovery model and no tax dollars are used to fund their operations.

The total capital program is \$89.4 million over the 10 years (2011 to 2020). Funding for these projects includes \$25.2 million in grants, \$49.4 million in restricted surplus and fundraising and \$14.8 million in long term borrowing. Projects remain contingent on grant approval and fund raising efforts. The plan coordinates both costs and funding to maximize grant funding.

The 2011 Capital Financing Strategy is presented for adoption by Council.

Table Contents

I.	INTRODUCTION – CAPITAL FINANCING STRATEGY – 2011	1
A.	Objective.....	1
B.	Background Information	1
C.	Assumptions	1
D.	Definitions	2
II.	Asset Expenditures.....	3
A.	Restricted Surpluses – Contingency	3
B.	Capital Assets	3
C.	Restricted Surpluses	3
D.	Reinvestment Required.....	4
E.	The Restricted Surpluses	4
F.	The Debt Load	5
G.	Recommendations	5
	1. Contingency Surplus	5
	2. Restricted Surplus	5
	3. Long Term Borrowing	5
	4. Summary	6
III.	Charts and Graphs	7
	Annual Investment/Reinvestment into Assets	7
	Asset Investment/Reinvestment and Financing	8
	Restricted Surplus Chart.....	9
	Restricted Surplus Projection Graph - Total.....	10
	Restricted Surplus (Source) Graph.....	11
	Debt Projection Graph	12
	Grants Chart.....	13

I. INTRODUCTION – CAPITAL FINANCING STRATEGY – 2011

A. Objective

This strategy forms the working document to the Capital Financing Policy, C#1-04 and is supported by the Multi Year Capital Reinvestment Plan. This long-term capital financing strategy is required to maintain the town's infrastructure.

This strategy will also identify target levels for restricted surpluses, to allow for emergency replacement of some of the large capital items due to a catastrophic loss and to allow the Town to maintain the Town's assets at an acceptable service level.

The restricted surpluses - contingency provides coverage of operating expenses for a certain time period should the town ever lose its operating revenue for some unforeseen reason.

The investment income will be used to build the Town's restricted surpluses and to eventually fund a portion of the Town's capital requirements. The Town received the \$1.8 million of the \$2.4 million committed by the Kneehill Regional Services Water Commission in 2006. This money along with the Starland Water Authority's capital contribution will be incorporated into the overall water restricted surpluses and used for reinvestment.

This strategy is updated on a regular basis to ensure the plan reflects current financial, political, environmental and community priorities.

B. Background Information

The book value of the Town's tangible fixed assets at December 31, 2010 was \$123,249,659 (an increase of \$12,311,433 over 2009). This balance reflects the book value of tangible capital assets as detailed in the Town's general ledger.

C. Assumptions

The following assumptions are used in the preparation of this strategy.

1. Annual assets investment/reinvestment expenditures in each element of the Town's Infrastructure are determined by the Multi Year Capital Reinvestment Plan.
2. Water and Wastewater utilities are self-funded from the monthly revenue they generate. Restricted surpluses for water and wastewater utilities are independent of the general restricted surpluses for transportation, equipment and facilities. Capital contributions paid by the Kneehill Regional Water Services Commission and the Starland Water Authority are held in a deferral and amortized to restricted surpluses with the interest earned used for capital.
3. Conservative rates of return are used in all calculations so that interest income is not overstated. A nominal rate of 1.25% has been used to reflect decline in interest rates.
4. Annual earned income on investments not required for the current year capital reinvestment will be accrued to restricted surplus.
5. Funds transferred from operations will be used to fund annual required reinvestment levels with any surplus being transferred to restricted surpluses at Council direction.

Agenda Item # 8.1.1

6. Inflation is factored into the Multi-Year Capital Plan and is based on 2% per year.
7. Operating surpluses are not recognized in the strategy.
8. The transfer for capital assets will increase annually to include an additional \$100,000 per year to increase funding for the reinvestment expenditures of the Multi-year Capital Plan. The annual amount collected for reinvestment will be capped at the amortization requirement for any given year.
9. Long-term borrowing is utilized for major capital assets and is up to maximum levels identified in the borrowing policy.
10. The amount available for capital spending in each year is identified in the multi-year capital plan. Annual variations may result due to saving for large scale projects, which exceed the annual average developed in the Multi Year Capital Reinvestment Plan.

D. Definitions

For the purposes of this document certain terms need to be identified and defined.

Capital Asset – An asset that provides a long-term benefit to the town and its historical cost is a material amount. Examples: Buildings, heavy equipment, and water and sewer infrastructure.

Capital Asset Value – As defined in the Multi-year Capital Plan. Value is based on the estimated cost to replace that asset with a similar although not identical asset.

Capital Addition or Upgrade Expenditure – The acquisition of a capital asset that is new, or expands the capacity of an existing capital asset or is a new technology of a significant scale and cost.

Capital Reinvestment Expenditure – The acquisition of a capital asset that replaces an existing asset that is already identified in the multi-year capital plan. The capital asset acquired may have greater capacity or involve new technology but the increases would be marginal.

Restricted Funds – An amount of money set aside to replace capital items when they are needed in the future. The restricted funds are usually invested to provide investment income to support capital expenditures.

Restricted Surpluses - Contingency – An amount of money set aside to cover operating costs in the future in case the Town's source of revenue is unexpectedly interrupted.

Operating Expense – An expense that is required to carry on the daily or routine operations of the town. Examples: Wages, janitorial, stationary supplies, telephone.

Tangible Capital Asset – are non-financial assets having physical substance that:

- (i) are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- (ii) have useful economic lives extending beyond an accounting period;
- (iii) are to be used on a continuing basis; and

(iv) are not for sale in the ordinary course of operations.

II. Asset Expenditures

A. Restricted Surpluses – Contingency

The Town's operating expenses are covered by the revenue that it receives. Ideally the revenues equal expenses or are slightly greater than the expenses at year-end. Annual surpluses can either be retained in non-restricted surpluses or dedicated to restricted surpluses depending on cash flow availability.

The Contingency, as defined above, is used to cover operating expenses in the event of an interruption in the revenue or cash flow or for emergency operating costs caused by a natural disaster, emergencies, or by extremely high inflation. The issue surrounding this restricted surplus is: How many months' coverage should be kept in the contingency fund to keep the town operating if an unexpected problem arises.

Private business usually keeps no less than three months operating costs as cash on hand. This would provide us with enough of a fund and time to take action should an interruption occur.

The Town's 2010 (audited) Operating Expenses, net of amortization and transfers was \$12,187,693 net of transfers, which would average \$1,015,641 per month. We recommend that the contingency funds be increased by an annual 2% inflationary rate capped at 3 months of operating expenses.

One reason for considering a Restricted Surpluses - Contingency as a percentage of operating expenses is to maintain operating liquidity. Liquidity is an important issue for all types of operations, including government.

The Town presently contributes \$75,707 per year directly to the restricted surpluses - contingency. This figure was originally established as one half of the value one mill would raise in a year. The current value of the Town's Restricted Surplus - Contingency as at December 31, 2010 is \$2,105,191, but will reduce dramatically in 2011 to fund the restricted surplus requirement of the Badlands Community Facility.

B. Capital Assets

For the period of 2011 – 2020 the Town has targeted to invest/reinvest into assets at an average of \$8,942,950 per year in expenditures. This figure is drawn from the Town's 2011 Multi-Year Capital Plan, which identifies assets for replacement or acquisition. If the Town does not maintain the capital assets they will deteriorate very quickly and it will be very expensive to bring them back to an acceptable level.

C. Restricted Surpluses

With the changes in financial reporting requirements, the term reserve has been replaced with restricted surpluses. The Town currently has restricted surpluses established for each of the five major areas of infrastructure: transportation, facilities, equipment, water and wastewater. The amount of cash held in these funds or the target level should represent at least the annual reinvestment required to keep a particular asset at its present level of service. In addition, the

minimum value or target should include the cost of a major catastrophe occurring or replacement of equipment caused by a premature failure or loss. Establishing the level of restricted surpluses for capital reinvestment has no hard and fast rules. Some jurisdictions are able to fund their entire annual capital programs from the interest earned from restricted surpluses, while others do not hold anything in reserve and borrow money to pay for their programs.

Historical practice of most municipalities is to keep borrowing to a minimum and only allow borrowing on major projects having life expectancy of 40 years or more. However, a number of larger communities with significant water systems or suppliers of regional water have adopted the less restrictive debt practices advocated by the Alberta Utilities Commission (AUC). Those practices are more in line with other utility systems such as electrical and natural gas.

D. Reinvestment Required

From the capital plans and forecasts developed, it is projected that an average of \$8,942,950 per year (average of current 10 year plan) would be invested in the Town's infrastructure to maintain and improve its present level of service. The average annual reinvestment into current assets is \$3,828,873. The difference reflects the annual average that is invested into new infrastructure which will require identifying other sources of funding.

The Annual Investment/Reinvestment and Financing Chart identifies sources of funding for meeting the funding requirements on an annual basis. Part of the money is provided through provincial grants. The sewer and water utilities are self-funded through the monthly utility revenues. Any funding for these two areas that is not provided by grants will be covered by the utility revenue.

E. The Restricted Surpluses

Overall, the money used for debt service and capital re-investment should be looked at as one block of money dedicated to asset investment/reinvestment. The blend of money directed to restricted surpluses, debt retirement and annual construction dollars is ultimately determined by the existing debt load, restricted surplus status and state of repair of the infrastructure. While this may seem obvious, it is only with the establishment of a plan and financial strategy that the desired blend can be achieved. The only way to reach the desired blend is to implement a long term strategy and determine what should be set aside in restricted surpluses for each category of asset.

The 2011 version of the Capital Financing Strategy considers capital additions and upgrades that result in additional capacity and or are technological upgrades. Funding for these projects is based on dedicated restricted surpluses.

The addition of the regional water customers creates both additional revenue and capital demands on the water utility. The capital contributions from both the Kneehill and Starland regional groups have generated an additional \$1.938 million in cash. This cash will be dedicated to the water utility restricted surplus for future use to sustain the existing water infrastructure first under the reinvestment area of the multi-year capital plan and then capital additions. The increase in water demand will accelerate the replacement of the water utility infrastructure. The investment income from this capital contribution as well as the return on investment from the regional customers will be used to address these assets as well as allow the Town to fund replacement of its distribution system. The Town is using MSI grant funding to

finance the replacement of the cast iron water distribution lines with the town at approximately \$1 million per year (2 years remaining).

F. The Debt Load

The Town of Drumheller's long term debt at December 31, 2010 was \$12,494,639. The extension of water to the East Coulee neighbourhood, new facilities and improvements to the utility system would add approximately \$12,000,000 over the next 6 years.

To reduce the debt burden new government programs need to be addressed and incorporated into the plan as they become available.

Council policy # C-02-04 on Debt Management should be reviewed by Council and any identified amendments should be incorporated into an updated Debt Management policy.

G. Recommendations

1. Contingency Surplus

It is recommended to Town Council that the Restricted Surpluses - Contingency be increased by an annual amount of 2%, adjusting the target and capping at three months of operating funds. Once the surplus level is achieved, funds can be redirected to the other restricted surpluses once the target is achieved.

2. Restricted Surplus

It is recommended that the annual restricted surplus contribution be adjusted to a cap of the amortization expense for the year, currently at \$3,920,562 for 2011. Current contribution level is at \$1,905,921. It is recommended to increase the contribution level by \$100,000 every year until reaching the designated cap. Of the funds established for restricted surplus 90% of the funds designated are to be used for the maintenance and acquisition of assets annually. The remaining 10% are to go towards increasing the level of restricted funds.

It is also recommended that restricted surplus maximum be capped at 10% of tangible capital assets at original cost. Based on the 2010 tangible capital assets cost being \$186,479,322 the current restricted fund target is \$18,647,932. This is a total comprising both tax supported target of \$7,521,910 and utility rate supported target of \$11,126,022.

Once the target levels are met the income earned from investments will allow the Town's capital program to become more self-funded, reducing the burden on the mill rate. In addition, when the target level is reached 100% of the annual contribution can be utilized to fund the maintenance and acquisition of assets.

3. Long Term Borrowing

The current debt management policy has a target cap of 60% of debt load. The proposed capital plan will result in the debt load being exceeded with a high of 79% of debt load.

Terms of maturity for each loan vary depending on the project. Most debt has a term of 10 to 25 years. Funding has been identified for tax supported debt payments.

The proposed borrowing schedule does not keep the town's percentage of total debt limit within the 60% target for debt. The debt servicing costs would exceed the 20% limit set by Council

Agenda Item # 8.1.1

policy #C2-04. The current financing strategy will see debt financing approaching 47% of debt financing level allowed within the MGA.

The current debt management policy should be reviewed to determine if the current policy is realistic for the Town. The debt management policy needs to factor in that with the reduction in grant funding being available to the Town there will be more pressure on the tax base and debentures to fund various projects. The past year has seen the elimination of the Municipal Sponsorship Program, Community Facility Enhancement Program and Community Improvement Program. In addition, the Municipal Sustainability Initiative grant is short \$1,000,000 from the original announcement of the program for funding in the current year.

4. Summary

The multi-year capital plan shows costs as well as the amounts and sources of funding required/available for these projects. Grant funding is key to ensuring that the capital plan remains affordable for ratepayers. Long term borrowing needs to be limited but not eliminated to pay for major projects while leaving room to address emergencies that may go beyond the capacity of the Town's existing tax base and restricted surpluses.

For the multi-year capital plan sources such as the new federal and provincial grant programs, fundraising, restricted surpluses and borrowing will be necessary to ensure that the capital program can be funded without unduly affecting the stability of the Town's long term financial capacity. Where possible, debt borrowing has been limited and projects have been timed so that grant funding can be maximized. Grant funding is especially important to address the construction of major new capital assets.

III. Charts and Graphs
Annual Investment/Reinvestment into Assets

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tax base amortization - TCA	1,894,175	1,944,175	1,994,175	2,044,175	2,094,175	2,144,175	2,194,175	2,244,175	2,294,175
Tax Base									
Projected Restricted funds - Tax Supported	1,140,081	1,240,080	1,340,079	1,440,078	1,540,077	1,640,076	1,740,075	1,840,074	1,940,073
Non-TCA reinvestment	449,652	454,149	458,690	463,277	467,910	472,589	477,315	482,088	486,909
TCA reinvestment	576,421	661,923	747,381	832,793	918,160	1,003,480	1,088,753	1,173,979	1,259,157
Total annual reinvestment from taxes	1,026,073	1,116,072	1,206,071	1,296,070	1,386,069	1,476,068	1,566,068	1,656,067	1,746,066
Restricted funds - future use	114,008	124,008	134,008	144,008	154,008	164,008	174,008	184,007	194,007
Water Rate Supported									
Projected Restricted funds - Water Supported	560,300	568,705	577,235	585,894	594,882	603,603	612,657	621,846	631,174
Non-TCA reinvestment	126,068	127,959	129,878	131,826	133,804	135,811	137,848	139,915	142,014
TCA reinvestment	378,203	383,876	389,634	395,478	401,411	407,432	413,543	419,746	426,043
Total annual reinvestment from water rates	504,270	511,834	519,512	527,305	535,214	543,242	551,391	559,662	568,057
Restricted funds - future use	56,030	56,870	57,724	58,589	59,468	60,360	61,266	62,185	63,117
Wastewater Rate Supported									
Projected Restricted funds - Wastewater Supported	1,174,697	1,192,318	1,210,202	1,228,355	1,246,781	1,265,482	1,284,465	1,303,732	1,323,288
Non-TCA reinvestment	264,307	268,271	272,296	276,380	280,526	284,734	289,005	293,340	297,740
TCA reinvestment	792,921	804,814	816,887	829,140	841,577	854,201	867,014	880,019	893,219
Total annual reinvestment from wastewater rate	1,057,227	1,073,086	1,089,182	1,105,520	1,122,103	1,138,934	1,156,018	1,173,358	1,190,959
Restricted funds - future use	117,470	119,232	121,020	122,836	124,678	126,548	128,446	130,373	132,329
Total Investment/Reinvestment into assets									
Taxes	1,026,073	1,116,072	1,206,071	1,296,070	1,386,069	1,476,068	1,566,068	1,656,067	1,746,066
Water rates	504,270	511,834	519,512	527,305	535,214	543,242	551,391	559,662	568,057
Wastewater rates	1,057,227	1,073,086	1,089,182	1,105,520	1,122,103	1,138,934	1,156,018	1,173,358	1,190,959
Grants	6,992,971	2,403,777	2,435,136	1,292,440	1,372,180	475,920	475,920	475,920	475,920
Debentures	3,925,000	-	3,000,210	-	5,000,000	-	-	-	-
Other	-	-	-	-	6,000,000	-	-	-	-
	13,505,542	5,104,769	8,250,111	4,221,334	15,415,566	3,634,165	3,749,397	3,865,007	3,981,001

Asset Investment/Reinvestment and Financing

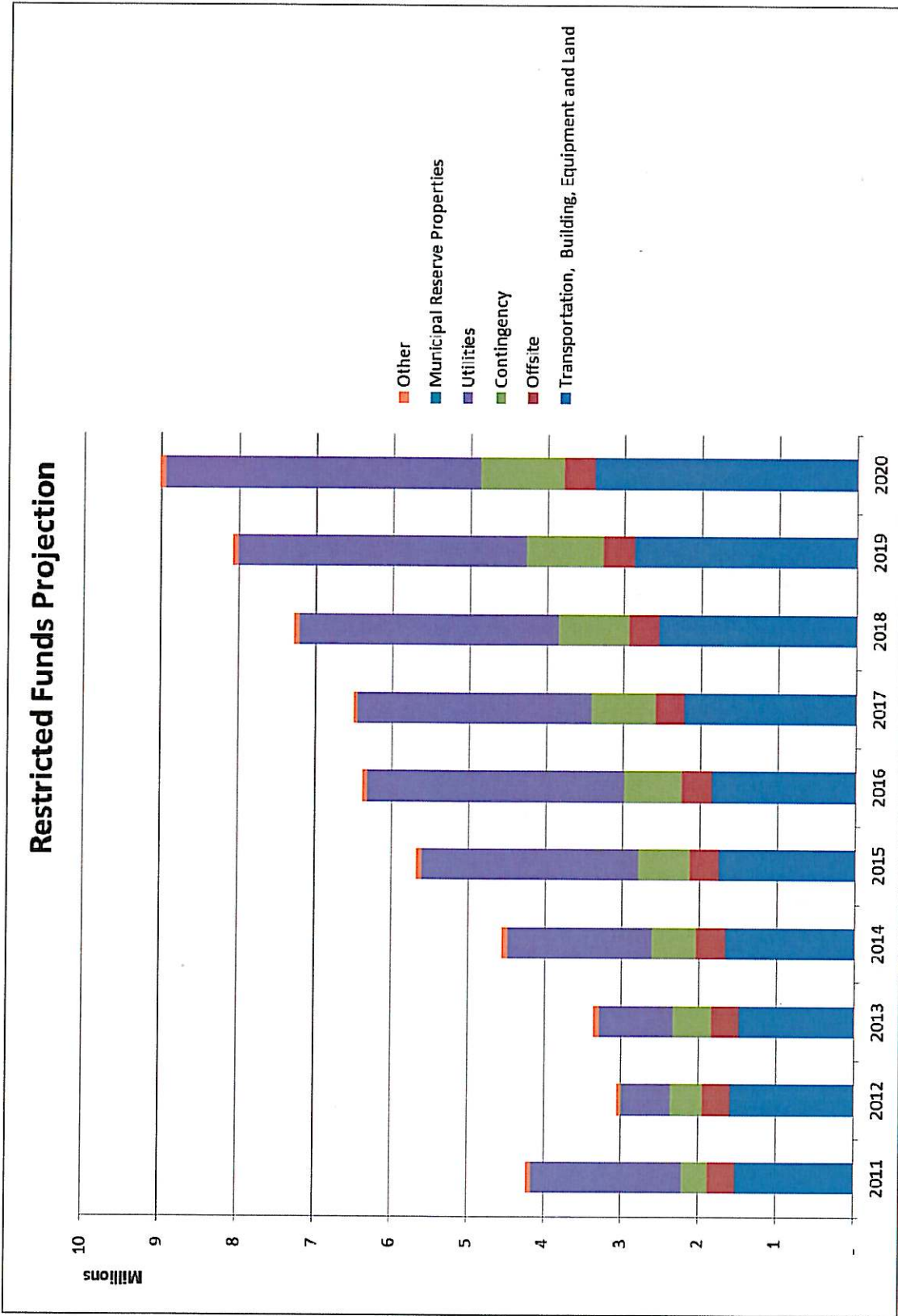
Expenditure	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Equipment investment	641,000	573,366	646,434	1,080,236	1,049,526	1,619,331	368,592	493,849	1,862,476	480,827
Facilities investment	20,594,447	1,547,500	824,064	3,249,732	421,653	20,166,316	150,762	-	219,312	-
Roads investment	674,040	855,750	842,265	832,320	848,966	865,946	912,258	936,591	961,593	981,040
Water investment	1,628,000	9,741,000	1,942,358	1,145,380	463,596	506,867	619,280	690,040	579,715	745,346
Wastewater investment	580,000	1,695,500	430,746	495,374	441,520	452,560	1,109,630	475,480	487,360	499,560
	24,117,487	14,413,116	4,685,867	6,803,042	3,225,261	23,611,020	3,160,522	2,595,960	4,110,456	2,706,773
Revenues										
Reserves	6,187,640	3,247,645	1,889,681	1,118,174	1,325,567	1,860,867	2,574,430	2,052,878	2,147,237	2,134,937
Grants	8,879,191	6,992,971	2,403,777	2,435,136	1,292,440	1,372,180	475,920	475,920	475,920	475,920
Debtentures	2,912,939	3,925,000	-	3,000,210	-	5,000,000	-	-	-	-
Other	6,137,717	-	-	-	-	6,000,000	-	-	-	-
	24,117,487	14,165,616	4,293,458	6,553,520	2,618,007	14,233,047	3,050,350	2,528,798	2,623,157	2,610,857
Unfunded	(0)	247,500	392,409	249,522	607,254	9,377,973	110,172	67,162	1,487,299	95,916
Tax Base	5,497,390	565,782	842,936	637,797	830,402	918,160	767,240	881,890	985,006	904,769
Water Base	604,250	938,155	1,023,526	427,109	479,380	512,015	580,140	659,194	593,299	690,019
Wastewater Base	86,000	1,743,708	23,219	53,268	15,785	430,692	1,227,050	511,794	568,932	540,149
Grants	8,879,191	6,992,971	2,403,777	2,435,136	1,292,440	1,372,180	475,920	475,920	475,920	475,920
Debtenture	2,912,939	3,925,000	-	3,000,210	-	5,000,000	-	-	-	-
Other	6,137,717	-	-	-	-	6,000,000	-	-	-	-
	24,117,487	14,165,616	4,293,458	6,553,520	2,618,007	14,233,047	3,050,350	2,528,798	2,623,157	2,610,857
Restricted funds - Tax Supported										
Restricted funds - Water Supported		1,140,081	1,240,080	1,340,079	1,440,078	1,540,077	1,640,076	1,740,075	1,840,074	1,940,073
Restricted funds - Wastewater Supported		560,300	568,705	577,235	585,894	594,682	603,603	612,657	621,846	631,174
		1,174,697	1,192,318	1,210,202	1,228,355	1,246,761	1,265,482	1,284,465	1,303,732	1,323,288
Amortization		1,894,175	1,944,175	1,994,175	2,044,175	2,094,175	2,144,175	2,194,175	2,244,175	2,294,175
For TCA Program - Tax Supported	5,497,390	576,421	661,923	747,381	832,793	918,160	1,003,480	1,088,753	1,173,979	1,259,157
For TCA Program - Water Supported	604,250	378,203	383,876	389,634	395,478	401,411	407,432	413,543	419,746	426,043
For TCA Program - Wastewater Supported	86,000	792,921	804,814	816,887	829,140	841,577	854,201	867,014	880,019	893,219
Surplus/(Deficit) - Tax Supported	-	10,639	(181,013)	109,584	2,391	(0)	236,240	206,863	188,973	354,388
Surplus/(Deficit) - Water	-	(559,952)	(639,650)	(37,475)	(83,902)	(110,604)	(172,708)	(245,651)	(173,553)	(263,976)
Surplus/(Deficit) - Wastewater	-	(950,787)	781,595	763,619	813,355	410,885	(372,849)	355,220	311,087	353,070

Restricted Surplus Chart

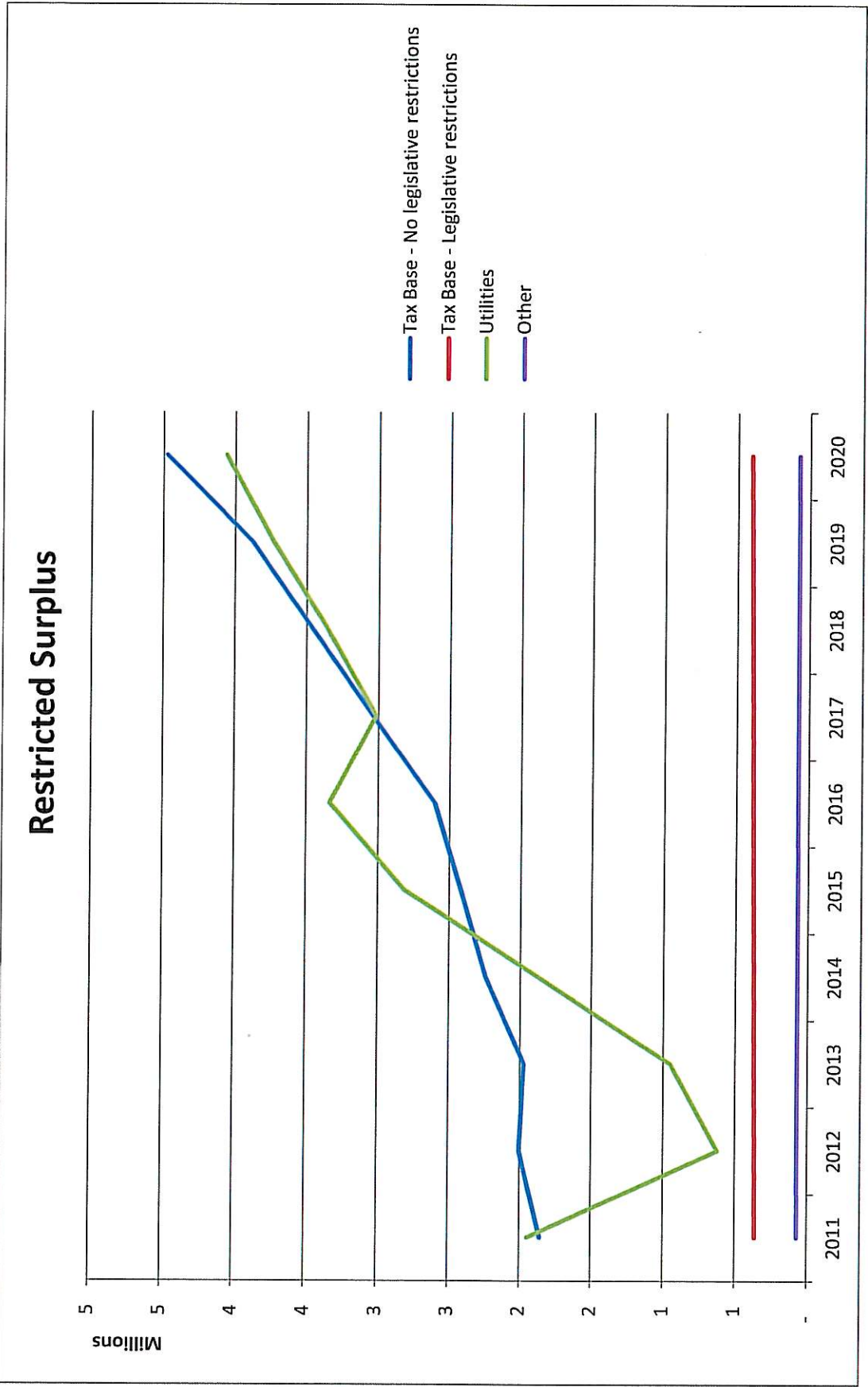
Restricted Surplus										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening reserve										
Transportation Building	240,478	26,575	(189,106)	(373,806)	(505,566)	(610,502)	(688,637)	(769,174)	(830,047)	(871,707)
Equipment	2,244,736	562,850	666,523	740,383	889,758	1,029,399	1,191,655	1,411,782	1,656,332	1,925,596
Land	1,125,844	1,256,502	1,440,830	1,442,108	1,616,035	1,677,468	1,698,341	1,912,836	2,068,173	2,175,881
Legacy Building	(120,183)	(121,685)	(123,206)	(124,746)	(126,306)	(127,884)	(129,483)	(131,101)	(132,740)	(134,399)
Offsite	1,236,203	-	-	-	-	-	-	-	-	-
Contingencies	354,411	358,841	363,326	367,868	372,466	377,122	381,836	386,609	391,442	396,335
Wastewater	2,105,191	331,668	411,994	493,324	575,671	659,047	743,465	828,938	915,480	1,003,104
Water	862,256	1,886,164	1,071,215	1,991,062	2,906,118	3,884,486	4,471,953	4,280,011	4,820,201	5,324,672
Management Incentive	215,403	57,871	(448,478)	(1,040,506)	(1,033,137)	(1,071,522)	(1,136,372)	(1,263,627)	(1,464,960)	(1,595,336)
Ambulance	33,840	34,263	34,691	35,125	35,564	36,009	36,459	36,915	37,376	37,843
General Capital	37,896	38,369	38,849	39,335	39,826	40,324	40,828	41,339	41,855	42,379
Municipal Reserve Properties	(158,451)	(239,545)	(242,540)	(245,571)	(248,641)	(251,749)	(254,896)	(258,082)	(261,308)	(264,574)
Scholarship	2,257	2,285	2,313	2,342	2,372	2,401	2,431	2,462	2,492	2,524
	36,608	36,608	36,608	36,608	36,608	36,608	36,608	36,608	36,608	36,608
	8,216,488	4,230,766	3,063,021	3,363,525	4,560,769	5,681,206	6,394,188	6,515,516	7,280,904	8,078,924

Agenda Item # 8.1.1

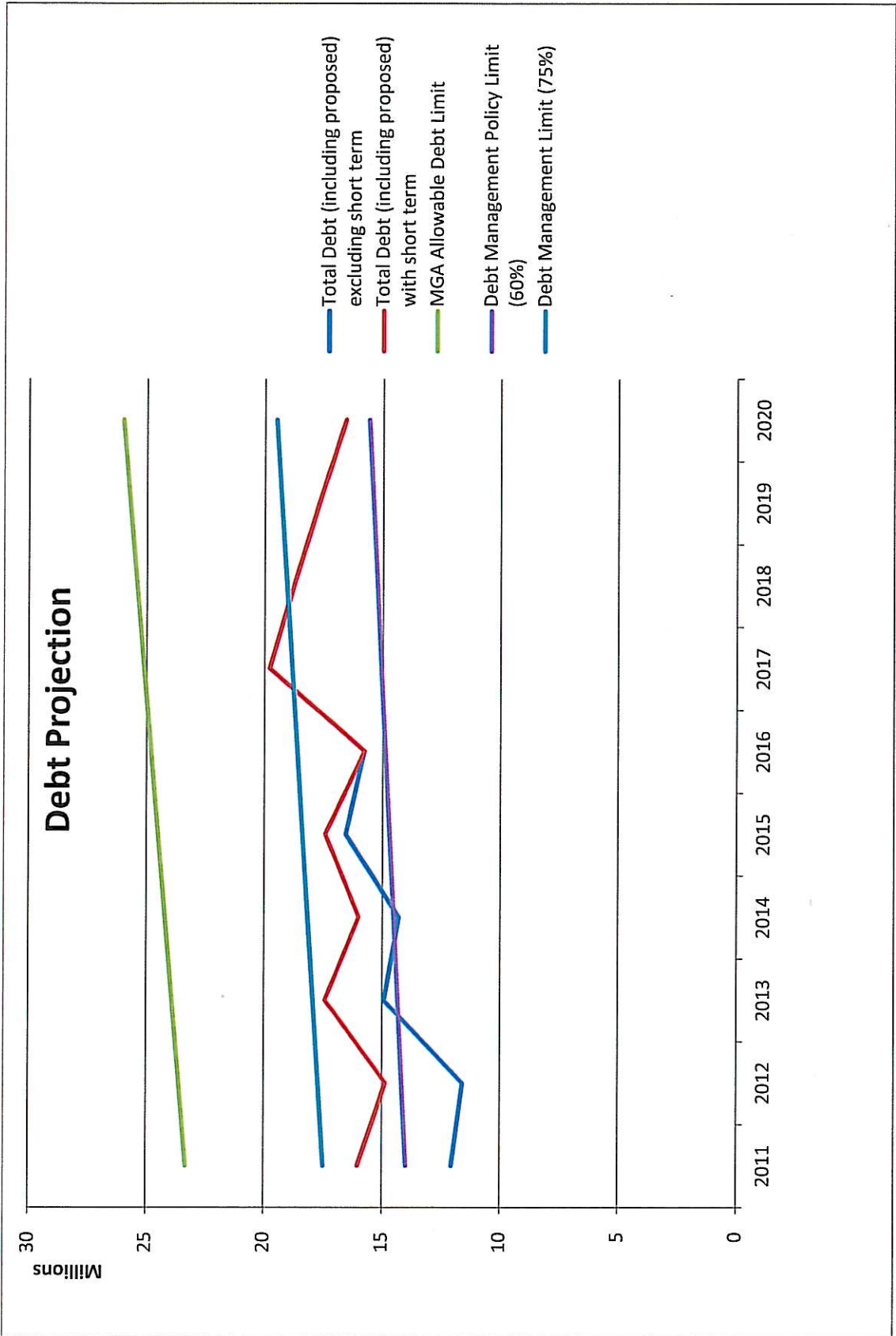
Restricted Surplus Projection Graph - Total



Restricted Surplus (Source) Graph



Debt Projection Graph



Grants Chart

Grants											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Opening											
Municipal Sustainability	38,032	270,986	78,940	36,088	269,826	896,260	1,442,954	2,885,908	2,885,908	2,885,908	
AMWWP Grant (Project Based)		-	-	-	-	-	-	-	-	-	
Street Improvement Program	44,838	0	0	2,400	4,800	7,200	9,600	12,000	16,800	21,600	
CAMRIF/Building Canada Fund	-	-	-	-	-	-	-	-	-	-	
NDCC/FGTF	190,540	0	0	0	0	0	0	0	0	0	
Other Grants	73,791	-	-	-	-	-	-	-	-	-	
	347,202	270,987	78,941	38,489	274,627	903,461	1,452,555	2,897,909	2,902,709	2,907,509	
Receiving											
Municipal Sustainability	1,442,954	1,442,954	1,442,954	1,442,954	1,442,954	1,442,954	1,442,954				
AMWWP Grant (Project Based)		4,440,000		750,000							
Street Improvement Program	475,920	475,920	478,320	478,320	478,320	478,320	478,320	480,720	480,720	480,720	
CAMRIF/Building Canada Fund	6,000,000										
NDCC/FGTF	884,102	442,051	442,051								
Other Grants											
	8,802,976	6,800,925	2,363,325	2,671,274	1,921,274	1,921,274	1,921,274	480,720	480,720	480,720	
Used											
Municipal Sustainability	1,210,000	1,635,000	1,485,806	1,209,216	816,520	896,260	-	-	-	-	
AMWWP Grant (Project Based)	-	4,440,000	-	750,000	-	-	-	-	-	-	
Street Improvement Program	520,758	475,920	475,920	475,920	475,920	475,920	475,920	475,920	475,920	475,920	
CAMRIF/Building Canada Fund	6,000,000	-	-	-	-	-	-	-	-	-	
NDCC/FGTF	1,074,642	442,051	442,051	-	-	-	-	-	-	-	
Other Grants	73,791	-	-	-	-	-	-	-	-	-	
	8,879,191	6,992,971	2,403,777	2,435,136	1,292,440	1,372,180	475,920	475,920	475,920	475,920	

Agenda Item # 8.1.1

Town of Drumheller
Bylaw No. 10.12
(hereinafter referred to as "the Municipality")
IN THE PROVINCE OF ALBERTA

This bylaw authorizes the Council of the Municipality to incur indebtedness by the issuance of debenture(s) in the amount of \$318,750 for the purpose of implementation of a process/engineering upgrade at the East Coulee Waste Water Plant.

WHEREAS:

The Council of the Municipality has decided to issue a by-law pursuant to Section 258 of the *Municipal Government Act* to authorize the financing, undertaking and completion of the expanding and upgrading the sewage treatment plant.

Plans and specifications have been prepared and the total cost of the project is estimated to be \$1,275,000 and the Municipality estimates the following grants and contributions will be applied to the project:

Grants	\$956,250
Debenture(s)	<u>\$318,750</u>
Total Cost	\$1,275,000

In order to complete the project it will be necessary for the Municipality to borrow the sum of \$318,750, for a period not to exceed twenty (20) years, from the Alberta Capital Finance Authority or another authorized financial institution, by the issuance of debentures and on the terms and conditions referred to in this bylaw.

The estimated lifetime of the project financed under this by-law is equal to, or in excess of twenty-five (25) years.

The principal amount of the outstanding debt of the Municipality at December 31, 2011 is \$12,052,809.04 and no part of the principal or interest is in arrears.

All required approvals for the project have been obtained and the project is in compliance with all *Acts* and *Regulations* of the Province of Alberta.

Agenda Item # 8.1.1

NOW, THEREFORE, THE COUNCIL OF THE MUNICIPALITY DULY ASSEMBLED, ENACTS AS FOLLOWS:

1. That for the purpose of constructing the expanding and upgrading the sewage treatment plant. the sum of THREE HUNDRED EIGHTEEN THOUSAND AND SEVEN HUNDRED FIFTY DOLLARS (\$435,800) be borrowed from the Alberta Capital Finance Authority or another authorized financial institution by way of debenture on the credit and security of the Municipality at large, of which amount the full sum of \$318,750 is to be paid by the Municipality at large.
2. The proper officers of the Municipality are hereby authorized to issue debenture(s) on behalf of the Municipality for the amount and purpose as authorized by this by-law, namely the Sewage Debenture Borrowing Bylaw.
3. The Municipality shall repay the indebtedness according to the repayment structure in effect, namely semi-annual or annual equal payments of combined principal and interest instalments not to exceed twenty (20) years calculated at a rate not exceeding the interest rate fixed by the Alberta Capital Finance Authority or another authorized financial institution on the date of the borrowing, and not to exceed seven percent (7%).
4. The Municipality shall levy and raise in each year municipal taxes sufficient to pay the indebtedness.
5. The indebtedness shall be contracted on the credit and security of the Municipality.
6. The net amount borrowed under the by-law shall be applied only to the project specified by this by-law.
7. This by-law comes into force on the date it is passed.

READ A FIRST TIME THIS 18th DAY OF June, 2012.

READ A SECOND TIME THIS _____ DAY OF _____ 2012.

READ A THIRD TIME THIS _____ DAY OF _____ 2012.

MAYOR

CHIEF ADMINISTRATIVE OFFICER

SEAL

**Town of Drumheller
Bylaw No.11.12
(hereinafter referred to as "the Municipality")**

IN THE PROVINCE OF ALBERTA

This bylaw authorizes the Council of the Municipality to incur indebtedness by the issuance of debenture(s) in the amount of \$435,800 for the purpose of extending the water transmission line from Cambria to East Coulee.

WHEREAS:

The Council of the Municipality has decided to issue a by-law pursuant to Section 258 of the *Municipal Government Act* to authorize the financing, undertaking and completion of the expanding and upgrading the sewage treatment plant.

Plans and specifications have been prepared and the total cost of the project is estimated to be \$4,358,000 and the Municipality estimates the following grants and contributions will be applied to the project:

Grants	\$3,922,200
Debenture(s)	<u>\$435,800</u>
Total Cost	\$4,358,000

In order to complete the project it will be necessary for the Municipality to borrow the sum of \$435,800, for a period not to exceed twenty (20) years, from the Alberta Capital Finance Authority or another authorized financial institution, by the issuance of debentures and on the terms and conditions referred to in this bylaw.

The estimated lifetime of the project financed under this by-law is equal to, or in excess of twenty-five (25) years.

The principal amount of the outstanding debt of the Municipality at December 31, 2011 is \$12,052,809.04 and no part of the principal or interest is in arrears.

All required approvals for the project have been obtained and the project is in compliance with all *Acts* and *Regulations* of the Province of Alberta.

Agenda Item # 8.1.2

NOW, THEREFORE, THE COUNCIL OF THE MUNICIPALITY DULY ASSEMBLED, ENACTS AS FOLLOWS:

1. That for the purpose of constructing the expanding and upgrading the sewage treatment plant. the sum of FOUR HUNDRED THIRTY FIVE THOUSAND AND EIGHT HUNDRED DOLLARS (\$435,800) be borrowed from the Alberta Capital Finance Authority or another authorized financial institution by way of debenture on the credit and security of the Municipality at large, of which amount the full sum of \$435,800 is to be paid by the Municipality at large.
2. The proper officers of the Municipality are hereby authorized to issue debenture(s) on behalf of the Municipality for the amount and purpose as authorized by this by-law, namely the Sewage Debenture Borrowing Bylaw.
3. The Municipality shall repay the indebtedness according to the repayment structure in effect, namely semi-annual or annual equal payments of combined principal and interest instalments not to exceed twenty (20) years calculated at a rate not exceeding the interest rate fixed by the Alberta Capital Finance Authority or another authorized financial institution on the date of the borrowing, and not to exceed seven percent (7%).
4. The Municipality shall levy and raise in each year municipal taxes sufficient to pay the indebtedness.
5. The indebtedness shall be contracted on the credit and security of the Municipality.
6. The net amount borrowed under the by-law shall be applied only to the project specified by this by-law.
7. This by-law comes into force on the date it is passed.

READ A FIRST TIME THIS 18th DAY OF June, 2012.

READ A SECOND TIME THIS _____ DAY OF _____ 2012.

READ A THIRD TIME THIS _____ DAY OF _____ 2012.

MAYOR

CHIEF ADMINISTRATIVE OFFICER

SEAL



DRUMHELLER

CHIEF ADMINISTRATIVE OFFICER

Agenda Item # 8.1.3



Request for Decision

Date: July 11, 2012

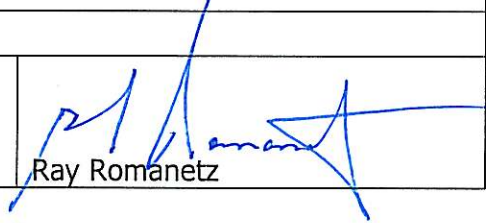
Topic:	Palliser Regional Municipal Services – Regional Collaboration Program Grant
Proposal:	<p>The Palliser Regional Information System Management (PRISM) program is a web based Geographical Information System (GIS) tool that will allow members of Palliser Regional Municipal Services (PRMS) to access spatial and database information. The purpose of this website is two-fold. One is to provide a means for municipalities to simplify and streamline the everyday processes. This is done by integrating parcel information with municipal databases such as assessment and taxation systems and laying them out visually over a map. This map will be accessible from any computer with internet access and will allow municipalities to view work orders, building permits, assets and underground infrastructure with all the data stored on a centralized server. The second purpose of the website is to provide residents of the region a map that showcases the regions Recreation and Tourism options. This map will compile a list of various themes or activities where users can log on and find quick, accurate, locally maintained information on our regional services. The outcome of this project will not only provide benefits to municipal employees, but also to the residents and citizens of the Palliser Region.</p> <p>The attached Council Resolution is required for submission under the Town of Hanna.</p>
Proposed by:	PRMS Membership
Correlation to Business (Strategic) Plan	
Benefits:	<ul style="list-style-type: none">• Expands on the working relationship with Palliser;• Shows cooperation for new initiatives (Geographical Information System project);• No additional costs to the municipalities; and• Results in future GIS enhancements that could supplement our existing Town of Drumheller GIS system.

OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER

Telephone: (403) 823-1339

Council Regional Collaboration Grant application.doc		1
--	--	---

Agenda Item # 8.1.3

Disadvantages:			
Alternatives:	The Town could decline its support.		
Finance/Budget Implications:	Palliser will be responsible for the balance of communication for the project including status updates and progress reports.		
Operating Costs:		Capital Cost:	
Budget Available:		Source of Funds:	
Communication Strategy:			
Recommendations:	See attached.		
Report Writer:		CAO:	 Ray Romanetz
Position:			

**Regional Collaboration Program
COUNCIL RESOLUTION**

1. "Be it resolved that Council authorizes (the Town of Drumheller) to participate in an application for the

"PRISM Development Strategy Implementation"

submitted by the Town of Hanna with Palliser Regional Municipal Services as Primary Contractor under the Regional Collaboration component of the Alberta Municipal Affairs Regional Collaboration Program; further

2. That the Town of Drumheller if the applicant, agrees to enter into, or as a participant, agrees to abide by the terms of a Conditional Grant Agreement governing the purpose and use of the grant funds."

Chief Elected Official or Signing
Officer Duly Authorized by Council

Date

OFFER TO LEASE

BETWEEN:

TOWN OF DRUMHELLER
of 703 - 2nd Avenue West,
Drumheller, Alberta, T0J 0Y2
(hereinafter called the "Landlord")

- and -

SREE RAMESHWARI & JAYALAKSHMI LTD.

(hereinafter called the "Tenant")

(hereby offers to lease the **Badlands Community Facility** upon
and subject to the following provisions:)

1. The Leased Premises

Those certain premises (the "Leased Premises") containing approximately 300 square feet of Rentable Concession Area to be located substantially within the area outlined in red on the floor plan attached as Schedule "A", subject to adjustments as to final area determined by the Landlord's Architect. The Leased Premises are located within the facility as shown on Schedule "A" attached hereto (the "Facility").

2. Advance Rental Deposit

Delivered with this Offer is a cheque for \$3,255.00 to be held by the Landlord as security for the due and faithful performance by the Tenant of the terms contained in the Lease and applied to the first and lasts month's Minimum Rent. If this Offer is not accepted, the deposit shall be returned without interest or deduction.

3. Term

The Term of the Lease shall be the period of ten (10) years commencing on the earlier of the following dates:

- (a) Ninety (90) days after the Offer to Lease is unconditionally accepted by both parties;
- (b) The date on which the Tenant opens the Leased Premises or any part thereof for business; and
(the "Commencement Date") and expiring ten (10) years (plus the number of days from the Commencement Date to the last day of the calendar month in which the Commencement Date occurs, (if not the first day of a calendar month) after the Commencement Date.

4. (a) Minimum Rent

The Tenant shall pay Minimum Rent in accordance with the following table:

PERIOD	ANNUAL MINIMUM RENT	RATE/SQ.FT
Years 1 to 5 of the Term	\$17,700.00	\$59.00
Years 6 to 10 of the Term	\$19,200.00	\$64.00

Agenda Item # 8.1.4

The Minimum Rent shall be payable in equal monthly instalments in advance throughout the Term, and shall be subject to adjustment based upon a certification of the exact area of the Leased Premises by the Landlord's Architect, such certification to be final and binding on both parties. The Tenant will, together with the Minimum Rent, pay to the Landlord, or as the Landlord directs, all sales, rental, value added, goods and services taxes or other taxes, charges, levies or other assessments imposed by governmental authorities on or in connection with the rent payable under this Offer to Lease and the Lease.

The Tenant shall, on or before the commencement of the Term and each Rental Year thereafter, provide the Landlord with postdated cheques for the first and subsequent Rental Years' Minimum Rent and Additional Rent, or at the Landlord's request, in lieu of postdated cheques, permit automatic withdrawal of the foregoing amounts from the Tenant's bank account.

(b) Percentage Rent

In addition to the Minimum Rent, the Tenant shall pay to the Landlord, quarterly, as Percentage Rent a sum equivalent to five percent (5%) of the amount, if any, by which the Tenant's Gross Revenue during each Rental Year of the Term exceeds the figure of two hundred and fifty thousand dollars (\$250,000.00). Gross Revenue includes all revenue and receipts of every nature and kind with respect to all business conducted at, in or from the Leased Premises.

The Tenant agrees to provide the Landlord with monthly receipts with respect to Gross Revenue to be delivered to the Landlord within ten (10) days after each calendar month.

5. Additional Rent and Charges

The parties acknowledge that the Lease shall constitute a Base Year Lease. The cost of water, HVAC, electricity and other utility costs provided to or consumed in respect of the Leased Premises shall be included in the Minimum Rent. The Tenant shall, however, pay the following as Additional Rent:

- (a) Where applicable, all business, property and goods and services taxes and similar rates levied or assessed against the Leased Premises and the Tenant's business.

Year 1 of the Lease will form the basis for Base Year Rent as described in Section 5 above. In subsequent years, the Tenant will pay its proportionate share of increases in common area maintenance, utilities and taxes over the costs in Year 1 (if any). The Tenant's proportionate share shall be the proportion which the rentable area of the Leased Premises bears to the total area of the Facility including the Leased Premises but excluding utility rooms, and loading docks.

6. Use of the Leased Premises

The Leased Premises shall be used for a food and beverage concession and for no other purpose whatsoever. If the Tenant breaches this covenant in any manner, the Landlord, in addition and without prejudice to any other rights and remedies available to it, shall have the immediate right to terminate this Offer and the Lease and to recover from the Tenant all damages incurred by the Landlord as a result of such termination. The tenant shall

Agenda Item # 8.1.4

carry on business in the Leased Premises under the trade name to be established and approved by the Landlord acting reasonably.

The Tenant shall, throughout the Term and any renewals, continuously, actively and diligently conducts its business in the whole of the Leased Premises for a minimum of sixty (60) hours per week and in a first class manner at all times in accordance with the Landlord's rules and regulations.

7. Assignment and Subletting

The Tenant shall not assign, sublet, part with or share possession, encumber or otherwise transfer is interest in this Offer to Lease, the Lease or any portion of the Leased Premises, nor suffer or permit any change in the direct or indirect control (voting or ownership) of the Tenant, for the first two (2) years of the lease term and thereafter not without first obtaining the Landlord's prior written consent, which consent may not be unreasonably withheld.

8. Repairs

The Tenant shall, at its expense, maintain the Leased Premises in good order and condition, and effect and make all repairs and replacements to the Leased Premises and to the fixtures, equipment and machinery contained in or serving the Leased Premises. The Landlord shall be responsible for all structural repairs (reasonable wear and tear excepted) to the roof, bearing walls, foundation and heating and cooling systems servicing the facility and the Leased Premises.

9. Insurance

The Tenant shall, at its own expense, insure its fixtures, stock-in-trade and other chattels or systems in or serving the Leased Premises, its leasehold improvements and the store front windows for the full replacement value and maintain public liability insurance naming the Landlord and the Tenant as insured in an amount of not less than \$5,000,000.00 and shall maintain such other coverage in such amounts as may be reasonably required by the Landlord or its mortgagee.

10. Signage

The Tenant acknowledges that no sign may be affixed to the interior or exterior of the Leased Premises or lettering placed upon the glass portions of same or exterior of the Facility without first obtaining the Landlord's prior written consent, which consent may be unreasonably or arbitrarily withheld.

11. Lease

The Lease for the Leased Premises shall be prepared by the Landlord on the Landlord's standard form of retail lease for the Facility, and shall incorporate the provisions of this Offer. The Lease will, however, contain such minor amendments as are requested by the Tenant and its solicitor and agreed to by the Landlord and its solicitor, all parties acting reasonably. The Tenant covenants to execute the Lease within thirty (30) days following submission of the Lease to the Tenant.

12. Condition of Leased Premises

The Landlord shall, at its expense, perform all work designated as "Landlord's Work" in

Agenda Item # 8.1.4

accordance with Schedule "B". The Tenant shall, at its expense, complete all work designated as "Tenant's Work" in accordance with Schedule "B". The Tenant acknowledges that the Tenant's Work must conform strictly to the Design Criteria specified by the Landlord.

13. Site Plan and Relocation

The Tenant acknowledges that the sole object of the floor plan attached as Schedule "A" is to identify the approximate location of the Leased Premises. The Tenant acknowledges that the Landlord may add to, reduce, or rearrange the Common Area and Facilities and the Facility, redevelop and expand the Facility, contract more buildings and improvements, add additional levels to the Facility or any part of it, demolish parts of the Facility and may diminish, alter, relocate or rearrange the Leased Premises. The relocation of the Leased Premises will be with the Tenant's reasonable approval of the location of the relocation premises and at the Landlord's reasonable 3rd party expenses.

14. Financial Information

The Tenant and the Indemnifier shall, from time to time, provide the Landlord with such information concerning the Tenant's and the indemnifier's financial standing as may be required by the Landlord or the Landlord's mortgagees. The Landlord may obtain credit information regarding the Tenant and the Indemnifier from any bank, credit bureau or other person and may disclose such credit information as may be required by the Landlord or the Landlord's mortgagees. This Offer may be terminated by the Landlord by written notice to the Tenant within five (5) banking days of receipt of the information specified in the preceding sentences if the Landlord, in its sole discretion determines that the Tenant's or the Indemnifier's financial standing or net worth is not satisfactory.

15. Notices

All notices or other documents required or which may be given under this Offer to Lease and the Lease shall be in writing, duly signed by the party giving such notice and transmitted by delivery, registered mail or facsimile transmission addressed as follows:

TENANT

Sree Rameshwari & Jayalakshmi Ltd.
4 Willow Point
Drumheller, Alberta

LANDLORD

Town of Drumheller
703 2nd Avenue West
Drumheller, Alberta, T0J 0Y3

Any notice or document so given shall be deemed to have been received when delivered or sent by facsimile, or if mail, on the third business day following the date of mailing, if sent by registered mail or certified mail. Any party may, from time to time by notice given as provided above, change its address for the purpose of this Section.

16. Miscellaneous

- (a) If any provision of this Offer or the application thereof to any person or circumstance is to any extent held or rendered invalid, unenforceable or illegal, the remainder of this offer or the application of such provision to persons or circumstances other than those with respect to which it is held invalid, unenforceable or illegal shall not be affected thereby and shall

Agenda Item # 8.1.4

continue to be applicable and enforceable.

- (b) This Offer, upon acceptance, shall constitute a binding contract and the entire agreement between the parties. The Tenant acknowledges that neither the Landlord nor any other part on its behalf has made any representations, warranties, terms or conditions other than as expressly herein set forth.
- (c) The Tenant hereby agrees that this Offer and the Lease are subordinate to any mortgage or other instrument of financing that the Landlord may, from time to time, place on the Facility and the Tenant will sign whatever documents (including estoppels certificates) are required by the mortgagee to give effect to the foregoing.
- (d) The Tenant shall not register this Offer to Lease or the Lease on title, but may register notice of the Lease on title in a form satisfactory to the Landlord's solicitor.
- (e) During the Fixturing Period, the Tenant will be bound by and will observe all of its obligations under this Offer to Lease and the Lease, except for the obligation to pay Minimum Rent.
- (f) This Offer to Lease is irrevocable by the Tenant until 2:00 PM on the twentieth (20th) business day following the Landlord's receipt of this Offer to Lease executed by the Tenant and thereafter is open for acceptance by the Landlord until receipt by the Landlord of written notice of revocation from the Tenant.
- (g) Notwithstanding that this Offer to Lease was prepared by the Landlord and submitted to the Tenant for execution, it shall not be construed to mean that the Landlord has made an offer to the Tenant.
- (h) If the Tenant is in default of any of its obligations under this Offer to Lease and such default is not remedied within five (5) days after written notice from the Landlord, then the Landlord will be entitled without further notice to terminate this Offer to Lease and the Tenant's right in respect of the Leased Premises, to re-enter the Leased Premises, and to retain any advance rent and other deposits in addition to and without prejudice to the Landlord's other rights and remedies. Rent in arrears will bear interest calculated from the due date to the date which is the later of thirty (30) days thereafter or the actual date of payment at an annual rate of five (5) percentage points above the minimum lending rate to prime commercial borrowers current at that time charged by the Landlord's chartered bank, calculated and compounded monthly. In addition to interest charges as previously set out, the Tenant will pay the Landlord a charge of \$150.00 in respect of each late payment representing overhead and administrative fees.
- (i) If there is more than one Tenant and/or Indemnifier, the obligations of such parties shall be joint and several.

Agenda Item # 8.1.4

- (j) Acceptance and execution of this document may be validly affected by transmittals via facsimile or by one or more parties signing facsimile transmissions of documents containing the signature of the other party(ies) to this document.
- (k) If any condition, expiry or other date provided for under this Agreement occurs on a Saturday, Sunday or statutory holiday, then such date will be deemed to be postponed to occur on the next business day.
- (l) The Tenant acknowledges and agrees that the Facility is a non-smoking facility. Smoking will not be permitted in any area whatsoever of the Facility.
- (m) The Tenant acknowledges that the Landlord has or will have an exclusive vending agreement and that no soft drink or beverage of a similar type to that sold and distributed by the exclusive vending company will be sold by the Tenant within the Facility.

17. Rent Free Period

Provided the Tenant is open for business and not in default, the Tenant will have the second (2nd), third (3rd) and fourth (4th) months free of Minimum Rent.

18. Free Membership

The Landlord will provide four (4) free individual annual passes for the term of the Lease for the Tenant's employee's use of the facility recreation premises.

19. Landlord Conditions

This Offer to Lease is conditional upon the following:

- a) Landlord approval of the Tenant's equipment inventory and improvement plan for the Leased Premises.
- b) Landlord approval of the Tenant's detailed menu.

These conditions must be removed in writing by the Landlord with twenty (20) banking days from the date of acceptance by both parties failing which the Offer to Lease will be deemed null and void and the deposit will be returned without interest or deductions.

The Landlord accepts the foregoing Offer and all its terms and conditions herein written.

SIGNED AND DELIVERED)
)
in the presence of:) _____
) LESSEE –
)

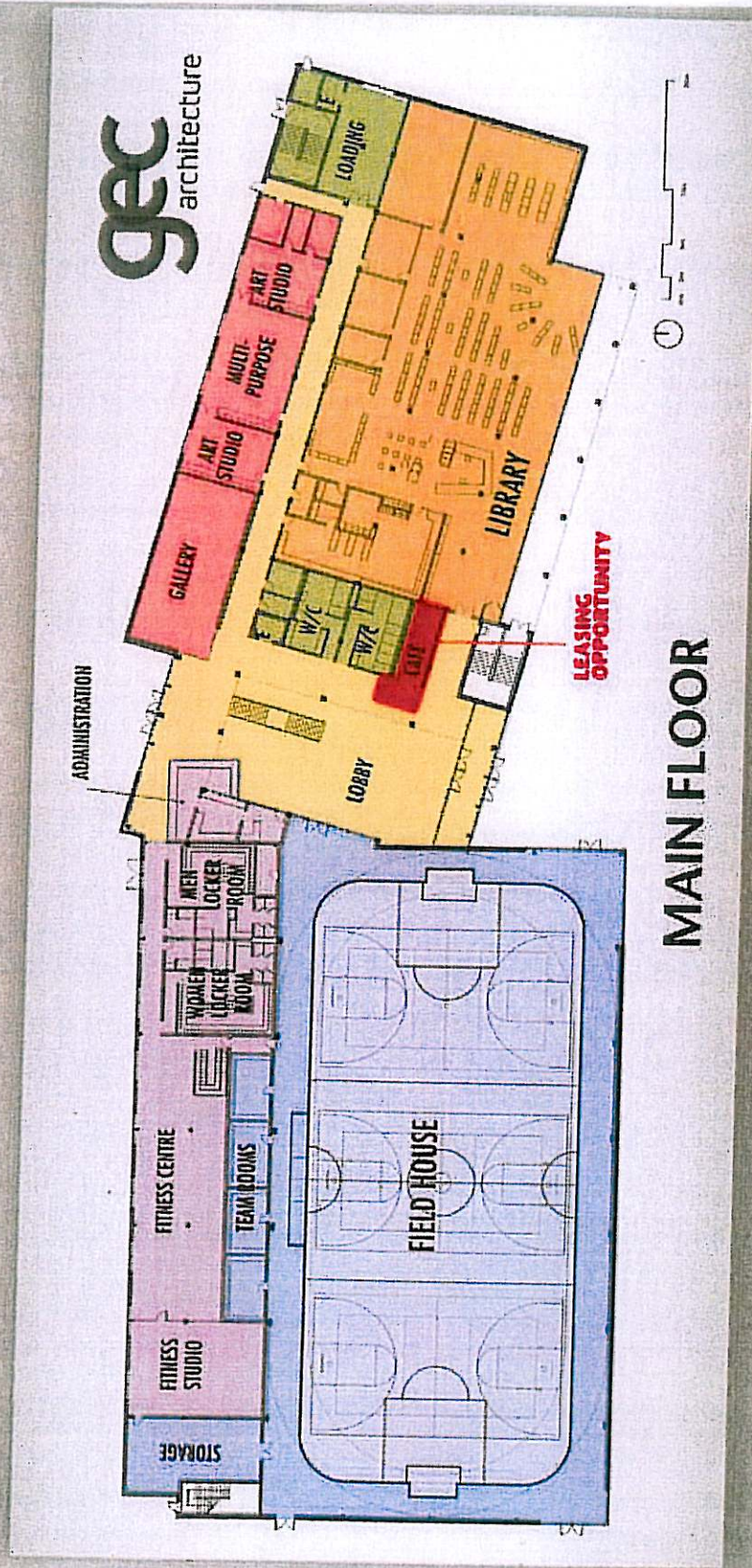
Witness)

SIGNED, SEALED AND DELIVERED)
)
) TOWN OF DRUMHELLER
Per: _____

Badlands Community Facility

Drumheller, Alberta

SCHEDULE 'A'



G•Bertie
consulting group

Brokerage:
GW Bertie Consulting Corp.
Broker: Gordon Bertie
Phone: 780 - 909 - 2851
Email: gbertie@shaw.ca

Associate: Shauna Bertie
Phone: 780 - 884 - 1792
Email: shaunabertie@gmail.com

The information contained herein was obtained from sources deemed to be reliable and is believed to be true. It has not been verified and as such, cannot be warranted nor form any part of any future contract.
Date of publication - September 2010

SCHEDULE 'B'

I. Landlord's Work

The Leased Premises are provided on an "As Is" condition excepting only the Landlord will install a security grill at the service counter with the Landlord's choice of design, materials, and installation.

II. Tenant's Work:

1. Permits

The Tenant shall, in a timely fashion, apply for and pay for its own building, renovation and occupancy permit(s) and any other permits or licenses required for the Tenant's Work and its occupancy of the Leased Premises. The Tenant will not commence its work prior to furnishing the Landlord with copies of all necessary permits and other approvals.

2. Approval

The Tenant acknowledges that any work undertaken, by the Tenant without the Landlord's written approval may, in the discretion of the Landlord, be removed from the Leased Premises, or the Leased Premises be restored to the original condition, in either case, at the expense of the Tenant. Such work shall be performed by competent workmen whose labour union affiliations are not incompatible with those of the Landlord's contractors and subtrades.

3. Delays

If the Landlord's Project manager determines that any delays caused by the Tenant or its contractors or the progress of the Tenant's Work have impeded or delayed that of the Landlord's general contractor or its subcontractors, or have otherwise resulted in a delay in the commencement or substantial completion of the Landlord's Work, then the Landlord's Project Manager shall establish the date that the Landlord's Work would otherwise have been substantially completed and that date shall be the date of substantial completion of the Landlord's Work for the purposes of Section 3 and all other purposes of this Offer to Lease. The cost of any delays incurred by the Landlord's contractor, due to the Tenant's Work, shall be paid for by the Tenant. In addition, if the Tenant fails to deliver plans and specifications for the Tenant's Work to the Landlord, within the time limits required under this Offer, then the Landlord will have the right, at its sole option, upon five (5) days written notice to the Tenant, to retain an architect including the Landlord's project architect to prepare the Tenant's plans at the Tenant's expense.

4. Fixtures and Equipment

The Tenant will supply and use only new or like new fixtures and equipment in the Leased Premises at the Tenant's expense.

5. Additional Work

Any additional requirements of the Tenant over those specified in this Schedule 'B' shall be the responsibility of the Tenant.

6. Work Performed by Landlord

For any additional work which the Landlord may perform on behalf of the Tenant, at its expense, the

Agenda Item # 8.1.4

Landlord shall charge the Tenant fifteen percent (15%) of the cost of work as a co-ordination fee. Any work, in addition to that outlined in "Landlord's Work" which the Landlord performs for the Tenant, shall not delay the Tenant's acceptance of the Leased Premises. All work performed and materials supplied by the Landlord as part of the Landlord's Work are to be in accordance with the Landlord's specifications and its choice of design and materials.

7. Alterations to Exterior

Any alterations to the exterior walls or roof of the Leased Premises which the Tenant may request shall be performed at the sole option of the Landlord by either the Tenant's or the Landlord's forces at the Tenant's expense.

8. Additional Costs

If as a result of any work undertaken by or on behalf of the Tenant, including the Tenant's Work, the Landlord's Project Manager determines in its discretion that the Landlord has incurred any additional costs or expenses due to additional or modified work required to be undertaken by the Landlord or its contractors, which deviates from the Landlord's plans and specifications for the Landlord's Work or for the Landlord's construction of other portions of the Facility, then the Tenant will, immediately upon invoicing, reimburse the Landlord (or at the Landlord's option, the Landlord's contractor) for such additional costs and expenses plus a fifteen percent (15%) co-ordination fee.

9. Roof

10. Tenant and its agents, employees and representatives shall not at any time be permitted on the roof. Examination of Leased Premises

The Tenant will examine the Leased Premises before taking possession and unless the Tenant furnishes the Landlord with written notice specifying any defects within ten (10) days after taking possession, the Tenant will be deemed to have examined the Leased Premises and to have agreed that they are in good order.

11. Clean Up

The Tenant shall be responsible for all clean up of construction debris caused by its own contractors/subcontractors and other workmen involved in connection with the performance of the Tenant's Work. The Tenant shall provide its own garbage bins for the disposal of refuse and other debris relating to the Tenant's Work and will be prohibited from using the Landlord's bins. If the Tenant does not comply with these requirements and remedy any default to the Landlord's satisfaction within twenty-four (24) hours of written notice, the Landlord has the right (but not the obligation) to arrange for the necessary clean up and bin rental, the cost of which, together with an administration fee of fifteen percent (15%) of such cost, shall be paid by the Tenant as Additional Rent.

12. Grease Disposal and Storage

Where occupancy includes cooking which results in the Tenant requiring temporary storage and disposal of greases, all or similar matter, the Tenant agrees to construct a secure storage facility in a location to be specified by the Landlord. The cost for construction and maintaining the storage facility will be borne solely by the Tenant and subject to the Landlord's approval as to design and fabrication. The right to this exterior storage facility is subject to governmental and regulatory approval.

13. No Warranties

The Tenant will satisfy itself that the Leased Premises in the Facility are adequately zoned for the Tenant's business purposes and that building, occupancy and all other necessary permits and other governmental approvals will be available for the Tenant's Work and proposed use. The Tenant further acknowledges that the Landlord makes no representations, warranties or other claims respecting any of the foregoing matters.

ADDENDUM

OPTIONS TO RENEW

The Tenant shall have the option to renew the Term of the Lease for **Two (2)** further periods of **Five (5)** years each, provided that written notice is given to the Landlord at least twelve (12) months prior to the expiry of the initial Term or the then expiring renewal term, whichever is applicable. Each renewal term shall be upon the same terms and conditions as contained in this Offer and the Lease, except that (i) any rent free periods, rental concessions, inducements, allowances and other similar items applicable during any term will not apply during any renewal term, (ii) the Tenant will, at the Landlord's request, enter into and sign the Landlord's then current standard form of net lease for the Facility, (iii) the Tenant will accept the Leased Premises on an "as is" basis at the commencement of any renewal term, (iv) the Tenant agrees that it shall refurbish the Leased Premises at its own cost in accordance with the landlord's then current design criteria, (v) there shall be no further right of renewal, and (vi) the annual Minimum Rent for the first year of any renewal term shall be based upon the then current fair market rental for similar premises in similar vicinities at the commencement of the renewal term in question and shall be agreed upon between the parties by no later than three (3) months prior to the expiry of the initial Term or the then expiring renewal term, as the case may be, and failing agreement by that date then the annual Minimum Rent for the renewal term in question will be determined by arbitration in accordance with the applicable arbitration legislation of the Province of Alberta. In no event, however, shall the annual Minimum Rent payable during the renewal term in question be less than the annual Minimum Rent payable during the last year of the initial Term or the last year of the immediately preceding renewal term, as the case may be. The renewal option in question will apply only so long as the Tenant which signed this Offer or approved Assignee is the occupant of the Leased Premises and the Tenant has duly and regularly performed its obligations under this Offer and the Lease.



DRUMHELLER

CHIEF ADMINISTRATIVE OFFICER

Agenda Item # 8.1.4



Request for Decision

Date: July 12, 2012

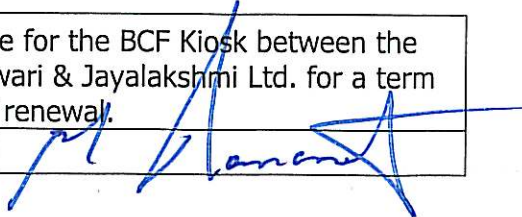
Topic:	BADLANDS COMMUNITY FACILITY KIOSK - OFFER TO LEASE		
Proposal:	<p>An Offer to Lease for the BCF Kiosk between the Town of Drumheller and Sree Rameshwari & Jayalakshmi Ltd. has been prepared by the consultant, Gord Bertie and reviewed by Town Administration and the Town's Solicitor. The lease term is 10 (ten) years with an option to renew the term of the lease for two(2) further periods of five(5) years each. It is Administration's view that a 10 year term without options to renew would be preferred. In 10 years the needs of the community may have changed substantially.</p> <p>The sole purpose of the lease is for the operations of a food and beverage concession. The proponent must satisfy conditions in the lease regarding menu and financial information within 90 days. He will then be required to sign a standard lease that includes rules and regulations to ensure performance to our satisfaction.</p>		
Proposed by:	CAO		
Correlation to Business (Strategic) Plan	Badlands Community Facility included in the 2012 Strategic Business Plan		
Benefits:	<p>Promotes a social hub for residents and visitors at the Badlands Community Facility; and</p> <p>Availability to purchase refreshments during meetings, conferences, tournaments, etc.</p>		
Disadvantages:	<p>The proponent proposes two five (5) year renewals bringing the length of the contract up to 20 years. This 20 year term is of concern to Administration and our Solicitor. Unless performance issues arose the food kiosk would be offered to one operator for a very long period of time.</p>		
Alternatives:	Do not support the lease and do another call for proposals.		
Finance/Budget Implications:			
Operating Costs:	N/A	Capital Cost:	
Budget Available:	\$0.00	Source of Funds:	
Budget Cost:	\$0.00	Underbudgeted Cost:	
Communication Strategy:			

OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER

Telephone: (403) 823-1339

		1
--	--	---

Agenda Item # 8.1.4

Recommendations:	That Council approve the Offer to Lease for the BCF Kiosk between the Town of Drumheller and Sree Rameshwari & Jayalakshmi Ltd. for a term of 10 (ten) years without the option of renewal.		
Report Writer:	R.M. Romanetz, P. Eng.	CAO:	
Position:	Chief Administrative Officer		