



2012  
City of Medicine Hat  
**Annual Report**



*a community of choice*







*"This city is full of potential, we just need to seize opportunities and make it happen."*

**Tobie Laliberte**  
Marketing and Promotions Coordinator  
Esplanade Arts & Heritage Centre, Cultural Development

# The Medicine Hat advantage is **unique.**

Medicine Hat is a thriving community of more than 60,000 people. Residents benefit from more than 100 years of public ownership of natural gas and electric utilities. The city offers a wealth of amenities and facilities, the second lowest property tax rates in Canada, the lowest average utility rates in Alberta, friendly people, safe streets, and an enviable climate.

## **Our Vision**

City Council's vision for Medicine Hat is a vibrant city with residents, businesses and visitors seeking to make Medicine Hat their "community of choice."

## **Our Mission**

While balancing accessibility and affordability, to exceed expectations in the value of our services. The City of Medicine Hat is committed to a mission of striving to exceed the expectations of our residents, businesses and visitors.

## **Our Values**

We are committed to the following core values, which we believe enable us to achieve our vision:

- Innovation, creativity and diversity
- Openness, debate and participation
- Performance results
- Being proactive
- Balanced and responsible development
- A long-term perspective
- Well-being of residents and employees
- Principle of self-determination for our community
- Continuous learning and staff development



*"Our new website makes it easier for residents to find answers regarding City services."*

**Wilbur McLean**  
Communications Officer, Energy  
Corporate Communications



Visit us online at [www.medicinehat.ca](http://www.medicinehat.ca)

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*"Sound corporate governance benefits us all,  
it's about getting it right from the inside out."*

**Angela Cruickshank**  
City Clerk





# Corporate Governance

# Mayor's Report

On behalf of Medicine Hat City Council, I am proud to share the wonderful accomplishments and the initiatives the City has embarked upon.

There were an abundance of roadway upgrades and infrastructure improvement projects including Connaught in the Primrose area, College, South Ridge and Parkview Drives as well as the Water Treatment and Waste Water Treatment Plant upgrades all scheduled for 2012. These and other projects will get our residents to their destinations in an efficient and safe manner, as well as deliver better City services to their homes.

The Automated Metering trial project installed utility meters in 500 homes and businesses to retrieve data usage via wireless communication. The final project will ensure all data is as accurate as possible and that residents no longer have to open doors to the meter readers nor provide manual reads. Medicine Hat is the first municipality in Canada to have combined all three utilities into one automated network system.

In June, the City Census report indicated that 61,180 people now call Medicine Hat home, with the largest growth area in Southlands. Males continue to outnumber females until middle age when women take over. Demographically speaking, the age group 25-44 constitutes the largest portion of our population at 27 per cent. We are excited that our city continues to attract younger adults and families. Our safety, our



great location and our climate are major draws.

Updates to the Medicine Hat Plan, a long term planning document guiding development and growth in the city, were compiled in 2012. Revisions to the Land Use Bylaw and the Roadway Systems Master Plan which identifies future five, ten, and twenty year capital improvements, will both continue to final draft in 2013. These reports provide productive information to all industries, assist in our own municipal improvements, as well as guide tourism-related initiatives and future economic development and growth around the city.

In April, the City of Medicine Hat launched a new website featuring a more intuitive layout and a brighter, cleaner visual look with improved features. In today's



*"I'm proud of our achievements in 2012. Many of these projects have taken a long time, but will serve residents for decades."*

**Norm Boucher**  
Mayor





world of instant communications, it is more imperative than ever that we reach out to our residents and visitors in an easy to read and accessible format. Currently, the City website receives about 3,000 visitors per day.

A number of innovative projects were undertaken by City departments in 2012, such as a unique pilot project that involved the replacement of a number of concrete sidewalks with rubber material made from recycled tires. The material appears more resistant to weather changes and cracks caused by tree root growth. Many of these innovations and initiatives brought forward during 2012 will save considerable operating and replacement costs over a period of years.

In May, Medicine Hat's first outdoor fitness area in Lions Park was constructed, including an elliptical machine, core station, and parallel bars. The fitness area allows users to exercise out of doors at no cost and is a great incentive for all our residents, even seniors, to get active.

Medicine Hat was in the spotlight in August as we confirmed the presence of a rat colony at the City landfill. A cooperative approach by Cypress County, the City of Medicine Hat and the province went into high gear, and on September 25, the 80-metre long rat nesting site at the landfill was destroyed. This experience again brought to mind the many partnerships and collaborations our organization and indeed our community values; we are productive on our own but together we are unbeatable.

In October, the Ports to Plains Alliance, whose goal is to open up the route for goods to move efficiently between Canada and the United States, held their conference in Medicine Hat, the first year the conference was held outside the United States. Our superb weather, vast array of historical and tourism related attractions and the community warmth and hospitality endeared our city to politicians from all over North America.

By the end of December 2012, the Downtown Development Incentive Program (DDIP) was declared a success. Fifteen grants and no-interest loans totaling over \$286,000 were approved for downtown business improvements and renovations to existing buildings. In 2013 the "Streetscape Plan" for the 600 block of Second Street SE will launch with improvements to the infrastructure, crosswalks, sidewalks and aesthetics, hopefully encouraging more downtown retailers and building-owners to beautify and update their existing structures.

This is just a small sampling of the wonderful accomplishments Medicine Hat has seen in 2012 and we are looking forward to 2013. I hope you take some time to browse through and read the complete report. Our intent is to always be transparent and make you aware of where your tax dollars are going and how we use them to make your commute, your services, and your community, the best.

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**Norm Boucher**

*Mayor*

# City Council



Alderman  
**Wayne Craven**



Alderman  
**Ted Clugston**



Alderman  
**Robert Dumanowski**



Alderman  
**John Hamill**



City Council consists of a Mayor and eight Aldermen. Council is responsible for developing and evaluating the policies and programs of the municipality and delegating the responsibility for carrying out those policies to Administration. The public is encouraged to attend Council meetings, which are held at City Hall on the first and third Mondays of each month.



Alderman  
**Graham Kelly**



Alderman  
**Les Pearson**



Alderman  
**Jeremy Thompson**



Alderman  
**Phil Turnbull**



# Committees, Commissions & Boards



## Advisory Boards

**Arts & Heritage Advisory Board**

**Heritage Resources Committee**

**Medicine Hat Public Library Board**

**Social Development Advisory Board**

**Urban Environment and Recreation Advisory Board**

**Youth Advisory Board**

## Assessment Review & Appeal Boards

**Composite Assessment Review Board (CARB)**

**Local Assessment Review Board (LARB)**

**Subdivision and Development Appeal Board**

## Commissions

**Combative Sports Commission**

**Municipal Planning Commission**

**Police Commission**

## Council Representation on other Organizations

Alderman Responsible for Civic Functions - Ald. J. Thompson

Canadian Badlands - Mayor N. Boucher and Ald. J. Hamill

Chamber of Commerce - Ald. P. Turnbull

City Centre Development Agency (CCDA) - Ald. R. Dumanowski

Cypress View Foundation - Ald. J. Hamill and Ald. P. Turnbull

Economic Development Alliance of Southeast Alberta - Ald. W. Craven

Friends of Medalta Society - Ald. R. Dumanowski

Medicine Hat Community Housing Society - Ald. L. Pearson

Medicine Hat Exhibition and Stampede - Mayor N. Boucher

Palliser Economic Partnership - Ald. P. Turnbull

Shortgrass Library System - Ald. L. Pearson

Tourism Medicine Hat Committee - Ald. L. Pearson

## Standing Committees

### Administrative Committee

R. Barnard, Chief Administrative Officer Municipal Services (Chair); G. Labas, Chief Operating Officer Energy Services (Vice Chair); R. Webb, Public Services Commissioner; M. Heggelund, Corporate Services Commissioner; A. Khan, Development & Infrastructure Commissioner; B. Schmitt, City Solicitor, A. Cruickshank, City Clerk, Mayor N. Boucher (ex-officio)

### Audit Committee

Ald. R. Dumanowski (Chair); Ald. P. Turnbull (Vice Chair); Ald. G. Kelly

### Corporate Services Committee

Ald. W. Craven (Chair); Ald. T. Clugston (Vice Chair); Ald. J. Thompson

### Development and Infrastructure Committee

Ald. J. Hamill (Chair); Ald. W. Craven (Vice Chair); Ald. T. Clugston

### Energy Committee

Ald. T. Clugston (Chair); Ald. P. Turnbull (Vice Chair); Ald. J. Thompson

### Public Services Committee

Ald. G. Kelly (Chair); Ald. L. Pearson (Vice Chair); Ald. R. Dumanowski



# Strategic Planning

## Strategic Framework



The City of Medicine Hat uses a Systems Thinking approach to strategic planning. The organization focuses on “where we want to go and how we are going to get there.” Council devotes more time to developing and evaluating the policies of the municipality (the WHAT) and, where appropriate, less time to allocating e-sources and business processes. By stating “what” we want to be, Council provides Administration with a framework to implement the decisions of Council (the HOW).

The City of Medicine Hat Strategic Plan supports the City’s vision, mission and direction by outlining corporate priorities, strategies, goals, and measures of success over the planning period. The strategic plan guides the individual business units in the organization to develop strategies, goals and measures of success that are consistent with the corporate direction. The strategic plan also helps the organization in the preparation of the annual budget. The strategic plan is monitored and updated on a yearly basis by Council and Senior Management. It is expected that business plans and department budgets will be updated every three years to form the basis for the City budget. Throughout the year, quarterly reports are produced that report on the progress of this planning cycle. In addition, the City produces an annual report which documents the outcomes of the planning cycle.

## Governance Model



## Strategic Planning Process

- Ensures strategies and goals are aligned with community and Council needs.
- Provides an accountability framework to monitor and report to the community on progress in achieving the strategies and goals of the strategic plan.
- Establishes clear linkages from the strategic plan to all business plans, budgets, policies, and day-to-day operations.
- Clarifies roles and responsibilities.
- Promotes a culture of learning and improvement.

# CAO's Report

Welcome to the City of Medicine Hat's new and improved Annual Report. The point of the annual report is to provide a summary of exactly how we performed in the preceding year, and give a glimpse of the future. For those of you that are faithful readers, we hope you enjoy the changes we have made to our usual format. If this is your first time reviewing our annual report, we hope you enjoy the experience.

We have endeavored to produce a document that is interesting, visually appealing and easy to understand. Less text-heavy pages, more concise reporting and a different look at our city featuring dazzling photos from local photographer Luke Fandrich. You don't need to read our annual report like a novel — from cover to cover. Instead, read it like a newspaper and jump around to the relevant sections to get the answers you need about "how" and "what" we're doing.

Our mission in producing this document is three-fold, first of which is to present an overview of 2012 from a Corporate Governance point of view. Simply put, Corporate Governance consists of Boards, Committees and Commissions like the Public Services and Energy Committees, Municipal Planning Commission and Heritage Advisory Board. You'll see how projects, initiatives and reports flow in the graphic showing the Administrative Committee and Organizational Structure, and our Service Delivery Framework, which is a formal way to explain how we get the job done. This is also the section where you will find the Mayor's report highlighting accomplishments and initiatives of 2012 and the Chief Operating Officer's Report and an overview of the Energy Services Division.

Our second goal in creating an annual report is to help bridge the understanding of Council's priorities and what steps staff have taken to advance those priorities.



For example, one priority is Medicine Hat's Downtown, a vibrant place where our community and visitors gather, where commerce and the arts thrive, and where our heritage is celebrated. The City will:

- Continue to implement the downtown development plan
- Continue incentive approach to downtown development
- Invest proactively in downtown development on a case by case basis

To address this Council Priority, some actions taken included:

- Downtown Development Incentive Program with over \$286,000 disbursed in grant funding toward 15 projects with a total estimated value of \$2.5M (Business Support Office),
- Our first "Jane's Walk" of Medicine Hat's historic areas (Social Development),
- Design of the water main and storm sewer within the 600 Block of Second Street SE (Municipal Works & Environmental Utilities),
- Replacement of the existing gas lanterns on Fourth Avenue SE with new electric LED bulbs (Municipal Works),
- Leasing of additional office space (Gas Utilities).

This gives you an idea of what happened regarding the Downtown priority.

The third reason to compile an annual report is to present the financial statements, which you will find in the Financial Report. The purpose of this report is to present users and readers with clear insight of the financial results for



*"We wanted the Annual Report to provide important information in a concise format that is easy to understand."*

**Ray Barnard**  
Chief Administrative Officer  
Municipal Services



the City for the fiscal year ended December 31, 2012. This indicates where the money came from (it doesn't all come from property taxes) to run the City of Medicine Hat organization and where the money was spent. Revenue and expenses, assets and liabilities, accumulated surplus and debt ratio; some tell us it is all too complicated. We have tried to provide an overview that is easier to understand in the Treasurer's Report because your City's financial position is important for you to know. The full Consolidated Annual Financial Report is available online at [www.medicinehat.ca](http://www.medicinehat.ca) > Publications, Plans & Reports > Financial Reports.

The annual report is, by nature, about the past year; in this case 2012. But within this report, you will find many references to work scheduled over the next few years. For example, Environmental Utilities posted "Completed the design of a de-chlorination facility at the Water Treatment Plant to reduce the environmental impact of process water discharged in the South Saskatchewan River. Construction is scheduled for 2013-2014". One of many projects listed under Municipal Works is "Initiated design of the airport terminal building expansion, with anticipated construction in 2013-2014", and under Public Services Social Development you'll find "The construction of 16 additional units of affordable housing in Southlands began in 2012 with completion expected in early 2013". Environmental Utilities and Municipal Works explored collaboration for "a combined water, sewer, storm and roads upgrade project to improve services, reduce community impact and save capital funds. This approach was used for the large upgrade project in the Connaught Subdivision. Phase 1 upgrades were constructed in 2012, with Phase 2 upgrades scheduled for 2013". As you can

see, there are always projects in the works, in the planning, construction or finishing stages all with the end goal of improving the city for its residents.

With the publication of this report in June, we're already six months into 2013. So where can you find more current and future information? In today's world of instant communications, more organizations are turning to the web to communicate with stakeholders. As a municipal government, it is more imperative than ever that we reach out to our residents and visitors in an easy and effortless format and [www.medicinehat.ca](http://www.medicinehat.ca) is the place to find it. Access information anywhere, anytime - 24/7. You can also use Twitter and Facebook via links on the homepage. I invite you to check out these online resources often to learn what Municipal Services is doing to improve infrastructure and services according to corporate strategies and goals.

**Ray Barnard, CMA, MBA, Bachelor of Commerce**  
Chief Administrative Officer

# COO's Report



It is my pleasure to provide Mayor Boucher and City Council with this overview of the Energy Services Division for 2012. This report reflects the hard work of our dedicated staff.

While we faced a challenging business year overall, we achieved excellent operating results. Earnings before interest, taxes and amortization were \$108.6M versus a budget of \$115.8M with net income of \$24.3M. The Division delivered a dividend to the City of Medicine Hat in the amount of \$37.3M plus a \$1M contribution from Allied Oil & Gas.

Electric Generation (GENCO) surpassed expectations with an availability index of 94.6% which exceeded the Canadian Electric Association benchmark and produced a remarkable \$44M in income for 2012 before dividend, equaling to a 33% return on equity. GENCO did this by taking advantage of Alberta electric system supply needs, selling locally-generated electricity to the provincial grid at prices beneficial to the City.

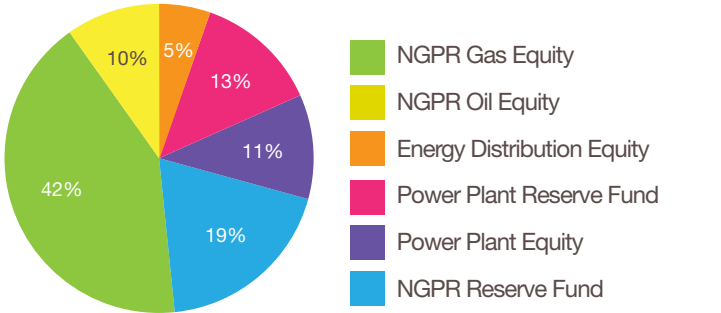
Natural Gas and Petroleum Resources (NGPR) contended with a low price natural gas environment. A glut of shale gas supply has made many natural gas fields uneconomical for producers, including the City of Medicine Hat. With the City's holdings primarily consisting of shallow gas the emphasis for the year was finding efficiencies wherever possible in our operations.

In response to Council's strategic priorities to "create sustainable revenue streams through diversification of energy assets", we have been able to decrease our reliance on natural gas through oil diversification. The Queenstown water flood project (50% owned by Medicine Hat) increased oil recovery of the 10 million barrel (bbl) oil pool. The Glauco C (27% owned by the City and its wholly owned subsidiary Allied Oil & Gas) polymer flood projects will increase oil recovery of the 300 million bbl oil pool. Recent acquisitions include the Manyberries

field of 2.65 million bbl recoverable reserves and the Bow Island field where we purchased mineral rights on 15 sections for future possible development.

The stability and reliability of our natural gas distribution and electric distribution units brought significant value to our operations. In 2012, electric distribution provided a net income of \$1.8M, before dividend and contributed amortization, for a rate of return of 12.87% while gas distribution's net income was \$2.73M, before dividend and contributed amortization, for a rate of return of 11.53%. The distribution units also provide our customers with the lowest all-in rates in Alberta and the electric utility's service reliability continues to be among the best in the country.

See **2012 Energy Charges Chart** on the following page.



The City took a major step in its automated metering infrastructure (AMI) program with a successful pilot project. In the fall, 500 homes and businesses received the new meters with positive results. The automated system means the end of estimated utilities statements, missed reads, and requiring access to customer homes for meter reading. For City utilities, the \$19.2M project with an 8.5 year payback means significant cost savings, a renewed infrastructure and better management of demand for electricity, gas and water.

*"We continue to be a national leader in municipal renewable energy projects."*

**Gerry Labas**  
Chief Operating Officer  
Energy Division



The City of Medicine Hat continues to be a leader in municipal renewable energy projects. In 2012, City Council approved Medicine Hat for a three-turbine wind farm in the Box Springs area of the city. The energy produced by the wind turbines will be enough to power approximately 1,800 homes, meeting about 3 per cent of the City's residential and small commercial electricity needs. The project is expected to be commissioned this fall.

Continued development also occurred on the City's solar thermal project, which is expected to be commissioned this fall. That project will be the first of its kind in Canada. It will use solar troughs to collect the sun's rays and convert them into steam that will be used to generate electricity at the City's power plant. The \$9M cost of the project is divided equally among the City of Medicine Hat, the Government of Alberta and the Climate Change and Emissions Management Corporation.

Finally, the popular HAT Smart program launched its third iteration in 2012, with a focus on home appliances such as refrigerators, clothes washers, dishwashers and air conditioners. In five years,

HAT Smart has issued more than 7,000 rebates amounting to more than \$3M for local residents and businesses. Environmental benefits associated with the HAT Smart program over the past five years include 4,532 tonnes reduction in greenhouse gas emissions or the equivalent of taking about 888 passenger vehicles off the road for one year. Other environmental benefits include the avoided consumption of 62,736 GJs of natural gas (equivalent to heating 506 homes), avoided consumption of 1,063.61 MWhs of electricity (equivalent to supplying power to 133 homes), and avoided consumption of 54,844.03 cubic metres of water (equivalent to providing water to 127 homes).

**Gerry Labas**  
Chief Operating Officer

## 2012 Energy Charges

	Lethbridge	Red Deer	Calgary	Edmonton	Medicine Hat
Natural Gas	851.56	980.19	812.13	996.03	625.63
Electric	1383.92	1314.75	1433.46	1337.12	1082.52
<b>Total</b>	<b>2235.48</b>	<b>2294.95</b>	<b>2245.59</b>	<b>2333.15</b>	<b>1708.15</b>

*\* Based on an average home's consumption for gas and electricity in 2012. Includes all energy charges on the bill*

## 2012 Net Incomes

In 000's	2012	2011	2010	2009	2008	1999
Consolidated Net Income	\$24,322	\$56,596	\$14,327	\$22,155	\$92,684	\$29,671
Combined Assets	\$908,920	\$911,856	\$871,659	\$900,844	\$873,190	\$369,840
Combined Equity	\$653,800	\$666,796	\$648,743	\$674,713	\$692,035	\$210,693
Combined Cash Reserves	\$241,000	\$272,718	\$249,802	\$236,634	\$238,682	\$49,994
Gas Reserves BCF (P&P)	212.3	257.6	314.0	333.9	361.8	288.9
<b>Dividend Paid to City</b>	<b>\$38,339</b>	<b>\$40,405</b>	<b>\$42,483</b>	<b>\$42,202</b>	<b>\$41,368</b>	<b>\$11,167</b>

*\* Net Income shown is before dividend and contributed amortization*



# Administrative Committee



Administrative Committee meetings provide the Mayor and senior executives with a forum to discuss strategy, consider administrative matters, to review items requiring Council approval and seek consensus on issues impacting the Corporation.

## Back Row (left to right)

B. Schmitt, City Solicitor  
R. Webb, Commissioner of Public Services  
A. Khan, Commissioner of Development and Infrastructure  
M. Heggelund, Commissioner of Corporate Services  
A. Cruickshank, City Clerk

## Front Row (left to right)

R. Barnard, Chief Administrative Officer, Municipal Services  
N. Boucher, Mayor  
G. Labas, Chief Operating Officer, Energy Services

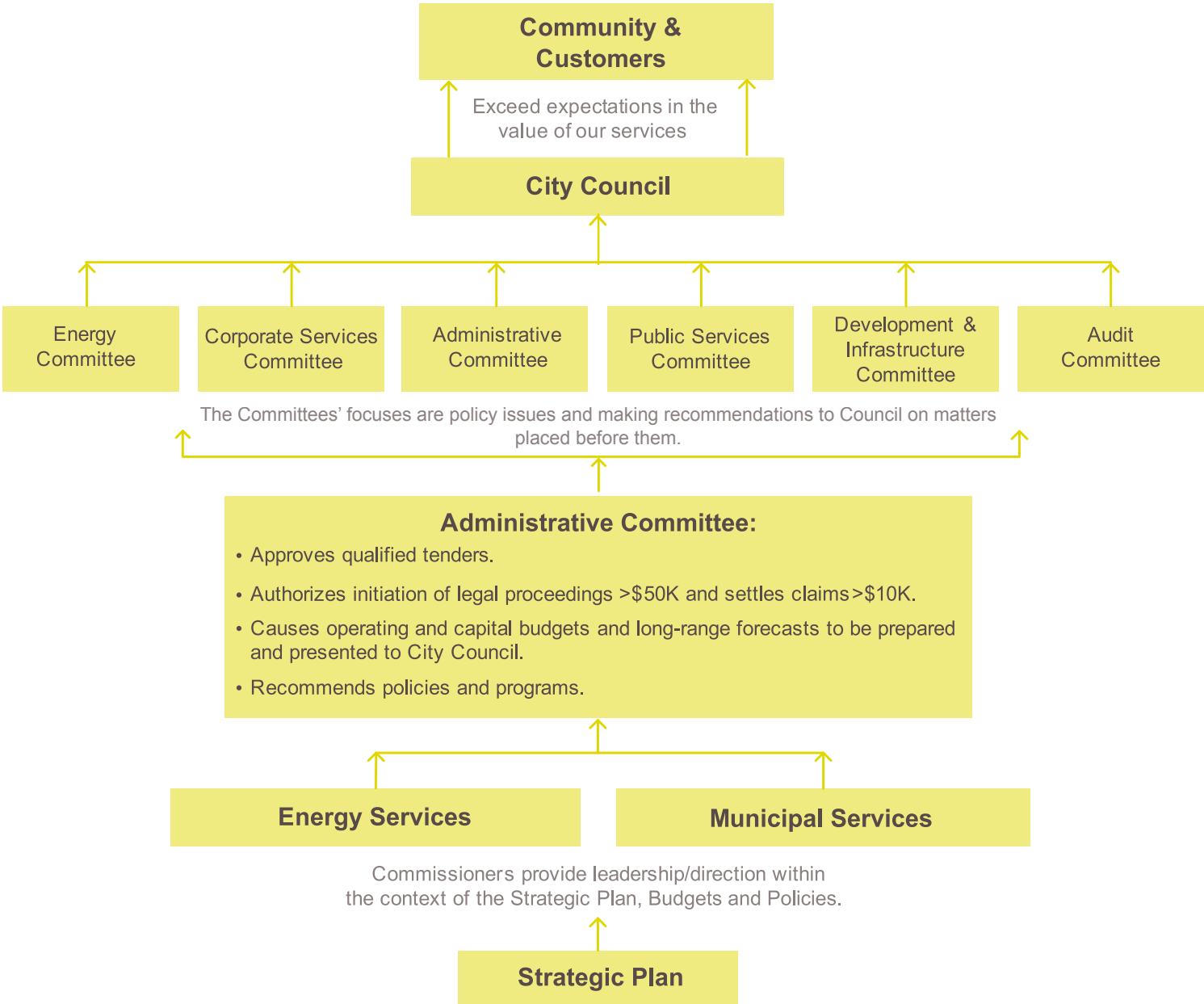


*"Our role is to implement Council policies and decisions, and provide strategic direction to administration."*

**Bob Schmitt**  
City Solicitor

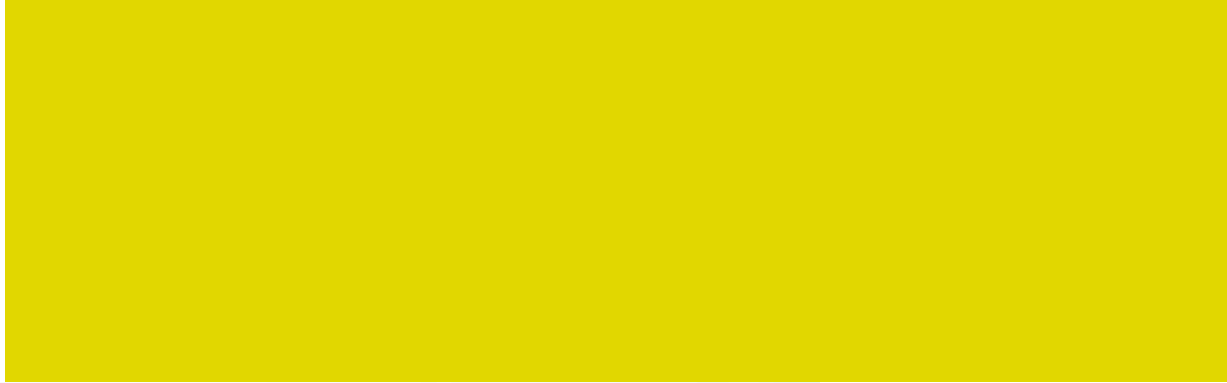


# Service Delivery Framework



Stemming from Council’s Vision, Mission, Values, Policy Objectives and Priorities, corporate Measures of Success, based upon a Balanced Scorecard model, serve as a clear expectation to individual departments and business units regarding ongoing performance.







*"Superior service helps make  
this a great place to live."*

**Abdul Khan**  
Commissioner  
Development & Infrastructure





# Services Provided

*"We provide quality services to meet public needs and interests."*

# Municipal Services

**Ron Webb**  
Commissioner  
Public Services



City Council created two distinct lines of service within the City organizational structure – Municipal Services and Energy Services. By creating this structure, the City has greater flexibility in meeting the unique operating objectives of both lines of service. Municipal Services operates under the direction of the Chief Administrative Officer (CAO).

## Office of the Chief Administrative Officer

The Chief Administrative Officer is responsible for strategic planning, directing, supervising, and managing all Municipal Services operations as approved by City Council. The CAO chairs the Administrative Committee (comprised of the Chief Operating Officer, all Commissioners, the City Solicitor, the City Clerk and the Mayor) that is responsible for all city-wide management and operational matters. The CAO reports directly to City Council and is the direct supervisor of all Commissioners and through the Commissioners, all General Managers, Managers, and civic employees within Municipal Services. The Business Support Office, Corporate Communications Department and Human Resources Department also report directly to the Office of the Chief Administrative Officer.

## Office of the City Clerk

The primary responsibility of the Office of the City Clerk is to administer the processes through which information is delivered to Council, committees of Council and municipal quasi-judicial boards and tribunals. The recommendations and decisions made at those levels are documented and assessed. Other duties include: preparing, distributing and preserving agendas, minutes and decisions of Council and its committees, boards and tribunals; ensuring the business of Council, Council committees, boards and tribunals is conducted in accordance

with all applicable statutes, regulations, bylaws, and principles of natural justice; maintaining essential records and documents; issuing approvals for special events; servicing the City's general information telephone line; and providing administrative support services to members of Council, boards and tribunals. The City Clerk also serves as: Returning Officer for municipal elections and conducts the municipal census; City's Chief Protocol Officer and ensures compliance with the Freedom of Information and Protection of Privacy Act (FOIPP); and as Corporate Secretary to the City's corporate affiliate, Allied Oil and Gas Corp.

## Office of the City Solicitor

The Office of the City Solicitor provides all legal services required by the City of Medicine Hat. The City Solicitor reports directly to the Mayor and City Council. Areas of responsibility include: providing legal advice and services to City Council, Senior Executive and all City departments, boards and committees; representing the City at all levels of court and before administrative tribunals; legislative drafting, interpretation and enforcement; and a wide variety of legal services in specialized areas of law. Such specialized areas include real estate; planning and development; oil and gas; utility regulation; environmental compliance; procurement and construction; labour relations and employment; general municipal practice; and municipal governance.



## CORPORATE SERVICES DIVISION

Provides leadership in all financial aspects of the corporation and manages the collection, appropriation and accountability of the revenue and expenditures as directed by City Council.

### Corporate Asset Management Department

The Corporate Asset Management Department provides leadership and direction in the management of the corporation's assets. These assets are overseen by Building Services; Fleet Services; Purchasing Services and Stores; and Treasury and Risk Management.

### Finance Department

The Finance Department consists of four distinct lines of service: Assessment; Customer Service and Collection; Municipal and Energy Accounting; and Systems, Billing and Meter Reading.

### Information & Computer Services Department

Information & Computer Services (ICS) is focused on promoting, enabling and leading appropriate technology solutions that are aligned with Council goals and objectives to improve and enhance City services. ICS is comprised of five key service areas which include: Geographic Information Systems (GIS); Information Centre; Systems Development; Systems Operations; and Technical Services.

### Land & Properties Department

The Land & Properties Department is responsible for identifying, planning, designing, building and marketing sustainable communities in addition to managing the land base to optimize benefits to the environment, people and profits. They also provide internal real estate consulting services and sell strategic properties to meet City Council's environmental, social and economic objectives.

## DEVELOPMENT & INFRASTRUCTURE DIVISION

Provides a safe, reliable and cost effective delivery of municipal planning, development and infrastructure.

### Environmental Utilities Department

The Environmental Utilities Department provides safe, reliable and effective water, sewer, solid waste and recyclables handling services to the community through the operations of the Water Utility, Sewer Utility and Solid Waste Utility. The department is structured into six areas including: Treatment Plants; Field Operations; Solid Waste Operations; Engineering Support; Risk Control Support; and Customer Relations, Marketing and Administration.

### Municipal Works Department

The Municipal Works Department core functions are to plan for, develop, and maintain the City transportation network, including the Regional Airport and storm water infrastructure. This encompasses the planning, design, construction, operations and maintenance, and lifecycle management of the infrastructure. The infrastructure includes all roads, sidewalks, bridges, street lights, traffic signs and signals, storm water pipes and ponds, and all of the airport lands.

### Planning, Building & Development Services Department

The Planning, Building & Development Services Department is responsible for providing leadership in the planning and development area to ensure Medicine Hat is a safe, attractive and sustainable community. The department has three technical functions including: Planning; Safety Codes and Development; and Engineering Services. All of these areas are supported by an Administrative Support section.

## PUBLIC SERVICES DIVISION

Provides capital development, maintenance and operation of parks and recreation facilities, transit operations and the delivery of social and senior programs.

### 911 Communications Department

The mission of the Medicine Hat 911 Communications Department is to provide a complete and comprehensive quality call-answer and dispatch service to the residents of Medicine Hat and area. The 911 Communications Department is the single point of contact for residents reporting emergent and non-emergent situations, 24 hours/day, 365 days/year, and is considered to be the true first responder to all emergencies in its area of responsibility. In addition to the core emergency services of Police, Fire, Ambulance and after hour emergency Utilities, 911 serves a regional population of approximately 105,000 with immediate contact capability for language interpreters, persons with hearing impairments, poison control, disaster services, chemical spill information and emergency call trace.

### Community Development Department

The Community Development Department builds partnerships; supports community based organizations; facilitates community problem solving; promotes connections with families, seniors and youth; as well as offers a variety of direct services that enhance recreational experiences for residents and visitors. The primary program areas of the Community Development Department include: Recreation & Leisure Services; Senior Services; Social Development; and Transit Services.

### Cultural Development Department

The Cultural Development Department provides cultural programs and services to residents and visitors to enrich cultural life in the community, fulfilling its goal of connecting everyone with arts and heritage. This is accomplished

through its primary program areas including the Esplanade Arts and Heritage Centre, the Cultural Centre and the Saamis Tepee.

### Fire Services Department

Fire Services delivers fire, rescue, and emergency management services within a structure that focuses on community prevention and education programs, while maintaining a continuous posture of immediate response capability to incidents that threaten the security of people, property, and the environment. Fire Services are first responders to fires, disasters, surface and dive rescue, technical rescue and dangerous goods incidents.

### Emergency Management Services Department

Emergency Management Services involves preparing for disaster, disaster response, and supporting and rebuilding society after natural or human-made disasters have occurred.

### Parks & Recreation Department

Parks Planning and Development provides planning, detailed design and development services for parks' infrastructure including database management and parks geographic information. In addition, this unit has provided restoration services for flood damage to Parks' infrastructure and also provides information and feedback to other departments with respect to development and issues related to the parks system.

### Police Service Department

The Police Service operates under the direction of the Chief of Police with guidance and support from the Police Commission. The Service is divided into three divisions consisting of Administrative, Support and Operations, each under the direction of its own inspector for that division.

# Energy Services

By splitting Energy Services and Municipal Services, the City now has greater flexibility in meeting the unique operating objectives of both lines of service. The Energy Division operates under the direction of the Chief Operating Officer (COO). The division consists of the Electric Utilities, Energy Sustainability, and the Gas Utilities.

The City of Medicine Hat has been in the energy business since 1902. The community realizes value in the form of a dividend in support of subsidized property taxes and utility rates as well as contributions to major capital community projects. To be sustainable over the long term, the Energy Services Division operates as a commercial enterprise which provides its ratepayers with services equal to or better than industry standards at a cost that includes a Medicine Hat Advantage. In addition, it means operating in a manner that allows Energy Services to compete in the market place to ensure the asset will grow.

*"Strong teamwork ensures a dependable, viable supply of electricity".*

**Elizabeth Greenstein**  
Administrative Assistant  
Electric Utilities



## Electric Utilities Department

The Electric Utilities' goal is to produce and deliver safe, reliable, cost effective electric energy and related services to customers. Electric Utilities consists of three business units: Electric Distribution, Electric Generation and Electric Retail.

## Energy Sustainability

Energy Sustainability's primary function is to prepare local residents and businesses for a fossil fuel constrained world by delivering HAT Smart education and incentive programs that encourage the wise use of energy and consideration of renewable energy alternatives. In addition, they are responsible for the evaluation of non-traditional energy investment opportunities. Energy Sustainability provides support to City energy customers including home/business energy audits, HAT Smart program awareness, energy counseling and utility rate education. They also support City Council's environmental stewardship priority by monitoring corporate and community progress towards the targets outlined in the Community Environmental Roadmap.

## Gas Utilities Department

The Gas Utilities' goal is to manage the assets of its natural gas and oil reserves and deliver natural gas to customers within its franchise area in a safe and reliable manner. Gas Utilities consists of three business units: Gas Distribution, Gas Marketing and Natural Gas and Petroleum Resources (NGPR).





*"Understanding these priorities helps  
Administration achieve our goals for the City."*

**Grant MacKay**  
Projects Manager, CAO Office  
Municipal Services







# City Priorities

### City Priority #1:

*The City of Medicine Hat is a leader in sound environmental practices and promotes a greener industry.*

## Leader in Environmental Practices



Department / Business Unit	Achievements / Accomplishments
Corporate Asset Management – Building Services	Energy efficiency upgrades were made on heating, ventilation, air conditioning, lighting, building management systems, and plumbing fixtures in a number of City facilities.
Corporate Asset Management & Land and Properties	The Corporate Services Division completed ISO 14001 compliance requirements for 2012.
Electric Generation	In accordance with a target of six per cent renewable energy by 2020, contracts have been signed for two significant capital renewable energy projects – Solar Thermal and Wind Power Purchase Agreement (PPA).
Energy Sustainability	Since its inception, HAT Smart has reduced greenhouse gas emissions of approximately 4,532 tonnes or the equivalent of removing 889 passenger cars from roadways for one year. Avoided energy and water consumption is approximately 62,736 gigajoules of natural gas, 1,063 megawatt hours of electricity and 54,843 cubic metres of water.
Environmental Utilities	<p>Provided educational and awareness information on reduce, re-use and recycle as well as water conservation to schools, community groups and residential households to help residents improve their environmental awareness and practices.</p> <p>Continued with public engagement and information on yard waste management and composting techniques through participation in semi-annual trade shows.</p> <p>Completed the design of a de-chlorination facility at the Water Treatment Plant to reduce the environmental impact of process water discharged in the South Saskatchewan River. Construction is scheduled for 2013-2014.</p>

*"We all need to take the initiative to be more environmentally aware and take a step towards a healthier city."*

**John Bulmer, P. Eng.**  
Sustainable Development Engineer  
Land & Properties



Department / Business Unit	Achievements / Accomplishments
Information & Computer Services	<p>Continued reduction in physical equipment by replacing older server hardware technologies with implementation, extension and management of the virtualized server and disk storage program.</p>
Municipal Works	<p>LED illumination technology, when used in street lighting applications, has the potential of reducing the City's energy costs by approximately 40 to 50 per cent and extending the life span of LED fixtures 15 to 20 years. Use of LED fixtures will reduce operations and maintenance costs associated with the street lighting infrastructure, as well as the carbon foot print.</p> <p>Design work has been initiated for the installation of LED fixtures, expected to commence in 2013. Installation will be phased in over the next five to seven years with approximately 1,300 to 1,600 streetlights being converted to LED per year.</p> <p>Staff continue to incorporate environmental best practices into daily business. Examples include:</p> <ul style="list-style-type: none"> <li>• Monitor and annually review snow dump sites with test wells</li> <li>• Use of willows, natural vegetation, and natural matting along creek banks to restore/repair banks in relation to our bridges and culverts.</li> <li>• Follow Alberta Environment guidelines for use of chemicals during snow and ice events to limit the effects on water and vegetation.</li> <li>• Use of potassium acetate at the airport for runway de-icing, which reflects best practices as it is non-corrosive and has minimal impact on the environment.</li> </ul>

Department / Business Unit	Achievements / Accomplishments
Parks and Recreation	<p>Composting of spring and fall vegetation continued.</p> <p>Solar powered lighting replaced standard lighting at Echo Dale Regional Park.</p> <p>Solar powered irrigation controls replaced the traditional electrical power source at Hillside Cemetery.</p> <p>Integrated Pest Management continues; chemical intervention continues to be the last resort when other options exist.</p> <p>Discontinued use of salt as a de-icing agent and began using Calcium Magnesium Acetate which is not detrimental to vegetation.</p> <p>Annual Litter Blitz took place Saturday, May 5 with strong volunteer participation.</p>
Transit Services	<p>Completed the installation of solar-lit bus shelters at the Medicine Hat Mall, Southview Centre and Medicine Hat College. Shelters are larger than conventional shelters to provide improved accessibility and the lighting increases security for the customers and staff.</p>



## City Priority #2:

High quality and frequent air services provide an economic advantage for Medicine Hat.

# Air Service



## Department / Business Unit

Land & Properties

## Achievements / Accomplishments

Initiated planning and engineering work for land development at the Municipal Airport. Phase One includes primarily commercial lots while facilitating future access to airside commercial opportunities.

Municipal Works

Initiated design of the airport terminal building expansion, with anticipated construction in 2013-2014. This gives Medicine Hat strategic positioning in attracting and growing air service. The expansion will increase the overall size of passenger processing areas to provide an added level of terminal efficiency and comfort to passengers.

Completed a review of runway requirements to serve the needs of the community for the foreseeable future. The present runway has been deemed to be satisfactory for current and medium term anticipated uses and that no extension of the runway is required. Preservation of the option/ability to extend the runway will be explored in the coming years through changes to land use and airport vicinity protection zoning restrictions. Continued work with Alberta Transportation to influence the development of the Highway 3 corridor.

Aggressively pursued air service enhancements for Medicine Hat included meeting with various service providers (WestJet and Air Canada) to promote increased air service offerings.

*"I see great potential in air travel through the Medicine Hat Regional Airport."*

**Jeff Huntus**  
Airport Manager  
Municipal Works



### City Priority #3:

*Downtown is a vibrant place where community and visitors gather, commerce and the arts thrive, and heritage is celebrated.*

# Downtown



Department / Business Unit	Achievements / Accomplishments
Business Support Office	Continued marketing and promotion of the Downtown Development Incentive Program with over \$286,000 disbursed in grant funding to 15 projects with a total estimated value of \$2.5M.
Environmental Utilities	<p>Identified \$4.2M in the EU 2012-2014 Capital Improvement Plan for upgrades to the water and sewer infrastructure in the downtown.</p> <p>Municipal Works also identified \$5M in the MW 2012-2014 Capital Improvement Plan for infrastructure upgrades in the downtown.</p>
Gas Utilities - Natural Gas and Petroleum Resources	Leased additional office space downtown to accommodate professional and administrative staff managing the Manyberries gas well assets.
Municipal Works	<p>A Downtown Lighting Upgrades trial project began with the replacement of the existing gas lanterns on Fourth Avenue SE with new electric LED (Light Emitting Diode) lanterns. In 2013, the City will continue to replace the remaining gas lanterns within the downtown, starting with the Second Street SE Downtown Revitalization pilot area.</p> <p>The new LED lanterns preserve the heritage appearance of the downtown, but are significantly brighter and more energy efficient than the existing gas lanterns.</p>

*"Bring the Downtown magic back by working together to create a place where people live, work and play."*

**Jeanie Gartly**  
*Superintendent of Policy Planning*  
 Planning, Building & Development Services



Department / Business Unit	Achievements / Accomplishments
Municipal Works & Environmental Utilities	A joint project between EU and MW initiated the design of the water main and storm sewer within the 600 Block of Second Street SE. Construction is scheduled for 2013. This is the first step in replacement of the ageing downtown infrastructure. The replacement work will help ensure that Second Street SE can accommodate additional growth and development changes in the downtown.
Planning, Building & Development Services (on behalf of the Heritage Resource Committee)	PB&D, as a support to the Heritage Resource Committee, is providing guidance on the implementation of the Ewart Duggan House Heritage Garden, managing and providing direction on establishing a Thematic Framework, a Context Paper and 11 new building evaluations in and around the downtown and continued technical expertise on the restoration and rehabilitation of Municipal Historic Resources.
Social Development & Planning, Building & Development Services	Collaborated community partners to host the first "Jane's Walk" on June 23, 2012. The four walks were led by residents who live along First Street SE and in the Flats, downtown and Riverside areas. Approximately 75 people gained understanding and appreciation of the history of the neighbourhoods during the 90 minute walks.

City Priority #4:

The City’s economic development strategy leads regional partners toward responsible economic growth.



# Economic Development

Department / Business Unit	Achievements / Accomplishments
Business Support Office	<p>Facilitated tourism industry group meetings and supported Destination Development and Marketing Organizations. Held discussions working towards the goal of formalization of the tourism industry.</p> <p>Provided funding per Council direction to agencies and organizations (Economic Development Alliance of Southeast Alberta, Palliser Economic Partnership, Canadian Badlands Ltd., Tourism Medicine Hat, City Centre Development Agency) that provide economic development services on behalf of the community.</p>
Environmental Utilities	<p>Environmental Utilities directly supported local economic opportunities by upgrading major water and sewer infrastructure to support the expanded operation of a local industrial plant.</p>



*“The key to our success within the business community is communication and collaboration.”*

**Keith Crush**  
Business Development Officer  
Business Support





## City Priority #5:

*Financial planning is based on revenue sources that are sustainable, dependable and provide growth in the municipality.*

# Fiscal Sustainability

## Department / Business Unit

Corporate Asset Management –  
Treasury & Risk Management

## Achievements / Accomplishments

The City invests public funds in a manner which provides the highest investment return with the maximum security, while meeting the daily cash flow demands of the City and conforming to all provincial statutes and regulations governing the investment of municipal funds.

To ensure that the City's investment portfolio is managed in accordance with Section 250 of the Municipal Government Act and Alberta Investment Regulation 66/2000, giving consideration to the current market situation and corporate risk tolerance, an annual review of Investment Policy #0110 has been completed.

Electric Distribution

Electric Distribution's objective is to safely and reliably distribute electrical energy within the City's service area while providing a delivery rate advantage. Reliability continued to be in the top quartile of Canadian urban cities.

Electric Distribution's primary financial business plan goal was to obtain a financial return that was in keeping with Alberta Utilities Commission principles to ensure a 6.25 per cent of equity dividend payment to the City of Medicine Hat. Electric Distribution achieved a net income of \$1.8M and provided a dividend payment of \$0.8M.


This was accomplished by optimizing effective asset management to ensure both cost effectiveness and infrastructure capable of meeting future system requirements. In 2012, the Medicine Hat distribution tariffs were less than market average by 50 per cent.

Department / Business Unit	Achievements / Accomplishments
Electric Generation	<p>Electric Generation's objective was to provide safe and reliable electric energy supply at market competitive prices for customers within the City's service area. Its capability factor was 7.5 per cent above the performance of like power plants in Canada.</p> <p>Generation's primary financial business plan goal was to earn a 10 per cent return on equity to ensure a dividend payment to the City without equity erosion. Electric Generation achieved an income of \$44M with a return on equity of 33 per cent by controlling costs and optimizing plant operations and opportunity sales. As a result, in 2012, Electric Generation exceeded expectations with a dividend payment to the City of Medicine Hat of \$16.7M</p>
Energy Division	<p>Despite the natural gas commodity market prices remaining depressed, the Energy Division achieved a net income of \$24.3M and delivered a \$37.3M dividend to the City of Medicine Hat.</p>
Environmental Utilities	<p>Environmental Utilities identified growth related infrastructure expansions over the next 25 years to support the updated Municipal Development Plan. These expansions will be used to update the Offsite Levy Rates for fiscally sustainable growth.</p>
Finance	<p>The Canadian Award for Financial Reporting was awarded to the City by the Government Finance Officers Association of United States and Canada for its 2011 annual financial report. The Canadian Award for Financial Reporting was established to encourage municipal governments throughout Canada to publish high quality financial reports. The City's annual financial report has been judged by impartial Canadian Review Committee members to meet the highest standards of the program, including demonstrating a constructive "spirit of full disclosure" designed to clearly communicate the municipality's financial story and to motivate potential users and user groups to read the report. Top quality financial reporting is essential if the</p>

## Department / Business Unit

Finance (continued)

Gas Utilities -  
Natural Gas and Petroleum Resources



*"Our priority is to manage the City's natural gas and oil properties for the benefit of the residents."*

**Garth Glover**  
Business Manager  
Natural Gas &  
Petroleum Resources

## Achievements / Accomplishments

City of Medicine Hat is to be fully accountable to residents and to others with an interest in the City's finances.

Development of the Glauc C oil property, Queenstown Water Flood Project and Manyberries field continued our efforts to diversify the oil and gas revenues received by the City to support our mission to provide a sustainable dividend. Natural Gas and Petroleum Resources achieved \$33.8M on an earnings before interest, taxes and amortization basis and delivered a dividend of \$18.7M.

Despite low commodity prices, Natural Gas and Petroleum Resources was very successful from an operational perspective. Key indicators include:

- Commenced a new polymer flood pilot to increase oil recovery in the Glauc C oil property northeast of the city. The 300 million barrel oil pool is operated by Enerplus and owned 27 per cent by the City and its wholly owned subsidiary Allied Oil & Gas Corp. At Queenstown, a new water flood project commenced to increase recovery from the 10 million barrel oil pool operated by Husky and owned 50 per cent by the City.
- Drilled its first horizontal oil development well which was completed with a 17 stage fracturing at Manyberries. It is expected this well will produce over 100,000 barrels over its lifetime. Several additional horizontal wells are planned over the next few years in this field which is owned 100 per cent by the City. Also in 2012, the City purchased Crown mineral rights on 15 sections at Bow Island to add to the possible future oil and gas development, owned 100 per cent by the City.
- Reviewed gas well development plans and cancelled all related projects due to a poor economy as a result of current low gas commodity price.
- Established a solid process to hedge future oil and gas commodity prices, and executed two separate transactions to protect the oil price on current capital expenditures in the Manyberries property.
- Operated wells and facilities to achieve the lowest possible production cost, including reducing

Department / Business Unit	Achievements / Accomplishments
<p>Gas Utilities - Natural Gas and Petroleum Resources (continued)</p>	<p>contract manpower and shutting down some production temporarily for six months during a period of extreme low commodity price. This gas was turned back on in November 2012 and is now being sold at 30 per cent to 50 per cent higher prices.</p> <ul style="list-style-type: none"> <li>• Marketing mitigated approximately \$860,000 of TransCanada delivery transportation costs, for a fee of approximately \$90,000. This result to our budget expectations mitigated \$500,000 of transportation costs, a savings of 72 per cent improvement in effectiveness.</li> </ul>
<p>Information &amp; Computer Services</p>	<p>Implemented strategies to reduce information technology costs, including:</p> <ul style="list-style-type: none"> <li>• Restructured ICS department to improve cost efficiencies in delivering information technology services to City departments.</li> <li>• Pursued and acquired a partnership with a vendor to provide dual purpose aerial photography services at a significant cost savings.</li> </ul> <p>Implementation and use of technologies that extended services to the residents of Medicine Hat, including:</p> <ul style="list-style-type: none"> <li>• Assisted with the launch and hosting of the new City website system which provides residents and visitors with a robust website that has more content and functionality.</li> <li>• Launched City Projects, a web application that provides online viewers with interactive access to information on capital works and operational projects.</li> <li>• Made improvements to the mobile data used by Fire Services when locating addresses. Also implemented FLAMESIM training software for Fire Department staff.</li> <li>• Installed upgrades to the online Program Registration “e-Reg” system for improved reliability and functionality to residents.</li> </ul>



Department / Business Unit	Achievements / Accomplishments
<p>Information &amp; Computer Services (continued)</p>	<ul style="list-style-type: none"> <li>• Donated retired PC equipment to local non-profit organizations.</li> <li>• Engineered a computer resource room at the Veiner Centre for use by seniors and the public.</li> <li>• Extended public WI-FI coverage at the Gas City Campground and other City facilities.</li> <li>• Assisted Environmental Utilities with implementation of the Geoware Landfill Management system.</li> <li>• Developed Geographic Information System (GIS) software for analysis of “Freeance” vehicle location information so the City can better manage and monitor snow-clearing activities.</li> <li>• Worked with City Clerk to develop and implement a census gathering tool to capture and analyze the City’s 2012 census information.</li> <li>• Launched an online service to direct residents to voting locations for the Public School Board By-Election.</li> </ul>
<p>Municipal Works</p>	<p>A full Asset Management Review of the storm water infrastructure was initiated for completion in 2013.</p> <p>Completed Sidewalk Maintenance Management System was integrated into the replacement program. The program is designed to help systematically identify re-habilitation locations and capture improvements.</p> <p>The Pavement Management System provides ongoing evaluation of the roadway conditions while defining maintenance and re-habilitation requirements.</p> <p>The outcome is a complete listing of our inventory, planned inspections, and well defined maintenance and re-habilitation criterion which allows the City to be more pro-active in rehabilitating its assets.</p>
<p>Parks &amp; Recreation</p>	<p>Fees and charges were implemented based on the 2011 approved framework model for establishing the 2012 – 2014 Public Services User Fees and Charges.</p>

### City Priority #6:

Medicine Hat has built and responsibly maintained infrastructure and set high standards for planned additions to its network.

# Infrastructure



Department / Business Unit	Achievements / Accomplishments
911 Communications	<p>Received approval to complete a major upgrade of dispatch system radio technology as well as a relocation and upgrade of the alternate 911 Communications Centre.</p> <p>These improvements will allow for uninterrupted communication ability with all emergency services in the main 911 Communications Centre and during incidents that require a relocation/evacuation to the alternate 911 Communications Centre.</p>
Chief Administrative Office	<p>Significant strides were made on the Medicine Hat Regional Event Centre Project. Over the course of 2012, the following key deliverables were achieved:</p> <ul style="list-style-type: none"><li>• Established a Memorandum of Understanding and ultimately a definitive agreement for acquiring a serviced 20-acre site within the Box Springs Business Park.</li><li>• Engaged MHPM Project Leaders (project management consultant) necessary bridging and operational consultants to develop the required functional program and associated Owner's Statement of Requirements for the facility.</li><li>• Established that the City's facility objectives could be best achieved through a design/build approach and within a realistic construction budget of +/- \$61M thereby meeting Council's critical need for a more cost effective solution.</li><li>• Carried out a design-build pre-qualification process that led to the selection of three design build entities that will receive the City's Request for Proposal and Owner's Statement of Requirements in February 2013.</li><li>• Established a definitive project plan that will see Council able to make a final decision on facility construction and potential award of a design/build contract by June 2013</li></ul>

*"Together we are building our way to a better community."*

**Brian Schaffer**  
*Manager of Building Services*  
 Corporate Asset Management



Department / Business Unit	Achievements / Accomplishments
Chief Administrative Office (continued)	thereby enabling actual construction to commence in the Summer of 2013.
Corporate Asset Management – Building Services	<p>Building and construction projects include:</p> <ul style="list-style-type: none"> <li>• The addition and renovation to the Police Service Building. Construction started in May 2012 and is scheduled to be completed in 2014.</li> <li>• Completed renovations to Environmental Utilities new building in Brier Park, and started construction on the adjacent vehicle storage garage.</li> <li>• Former Solid Waste Facility Restoration completed.</li> <li>• Roof replacements were completed on City facilities including the Tourist Centre, Moose Ball Complex, Southview Reservoir, Echo Dale Barn, and the Gas Utilities Building.</li> <li>• An inspection of the Saamis Teepee revealed significant cracks at the base of the tips and repairs were completed.</li> </ul>
Corporate Asset Management – Treasury & Risk Management	To ensure that the Corporation's buildings are appropriately insured in the event of a property damage loss, an annual update of replacement values has been completed, in addition to full property appraisals on new 2012 facilities.
Electric Generation	Electric Generation is completing a financial feasibility study for adding new generation capacity. They are also investigating the feasibility of a District Energy Application which uses waste heat from a combined heat and power plant to provide heating and cooling services and power generation.
Electric Distribution	<p>Completed two significant 25-year studies:</p> <ul style="list-style-type: none"> <li>• Asset Management – Categorized the integrity of the distribution system, identified areas requiring upgrade and delivered recommendations</li> </ul>

## Department / Business Unit

## Achievements / Accomplishments

Electric Distribution (continued)

- Transmission Growth Study – A comprehensive plan to determine upgrades required to ensure supply of energy in the future.

Emergency Management

*"We collaborate with all departments to prepare for potential disasters."*

**Charity Schweitzer**  
Administrative Assistant  
Emergency Management Services



City Council approved an Emergency Management Plan on September 4, and along with the subsequent approval of the Town of Redcliff and Cypress County will result in the development of three, independent Municipal Emergency Management Plans (MEMP). Subsequent to completion and approval of the MEMP's, the result will be a Regional Emergency Management Plan and Resource Sharing Agreement.

A first of its kind, a Major Event Support Apparatus (MESA) Regional Deployment Agreement was established between the City of Medicine Hat and the Province of Alberta. The MESA, otherwise referred to as "Incident Command Post", is now located in Medicine Hat for local and regional use. In the event of a disaster, trained firefighters will deploy the MESA throughout Southern Alberta when called upon by the Alberta Emergency Management Agency.

Energy Division

Led a multi-utility (Electric, Gas and Water) Automated Metering Infrastructure (AMI) pilot project. Approximately 1,500 test meters were installed in the service area in 2012. Findings will be presented to Council, who will determine if full implementation will be enacted. A system wide deployment would ensure that utilities maintain cost effectiveness and enable customer energy management.

Environmental Utilities

Enhanced its long term approach to asset management of aging infrastructure. This includes a more systematic and comprehensive review of the condition of water and sewer mains, service history and capability, and coordination with other departments for construction synergies, in order to determine and prioritize replacement of aging mains for optimum operational and financial benefit.



Department / Business Unit	Achievements / Accomplishments
Environmental Utilities (continued)	<p>Implemented life cycle upgrades of aging water and sewer mains on Second Street SE (Flats).</p> <p>Initiated mechanical and electrical upgrades in the Waste Water Treatment Plant, water booster stations and sanitary lift stations.</p>
Environmental Utilities and Municipal Works	<p>Explored synergies for a combined water, sewer, storm and roads upgrade project to improve services, reduce community impact and save capital funds in the large upgrade project in the Connaught Subdivision. Phase One upgrades were constructed in 2012 with Phase Two upgrades scheduled for 2013.</p>
Finance	<p>Staff continued to invest in software systems to ensure they are up to date and support accurate reporting and efficient business processes. Upgrades to the Customer Service Management and Energy Accounting systems were implemented.</p>
Fire Services	<p>In co-operation with the Electric Communications department, completed a capital project in traffic pre-emption technology installed on 50 out of 54 existing signalized intersections, front-line Fire Services response units, and Police patrol units. This allows responding units to trigger traffic lights to clear intersections before the responding unit arrives. This technology will reduce response times for Fire and Police emergency vehicles while providing an increased level of safety for responders and the general motoring public.</p> <p>Mobile Computer-Aided Dispatch (CAD) was installed in all front-line Fire Service response units. This technology provides automatic routing for responding Fire units thereby reducing response times to emergency incidents.</p>
Gas Utilities - Distribution	<p>Replaced approximately 950 meters of late 1940's eight inch steel feeder main along Industrial Avenue and Seven Persons Creek. This section completes the replacement of the large diameter feeder main from Porter's Station to Maple Avenue and First Street SE and to the Allowance</p>

Department / Business Unit	Achievements / Accomplishments
Gas Utilities - Distribution (continued)	<p>Avenue overpass. Approximately six blocks of residential low pressure gas main were replaced in the SE Hill area. Approximately 1325 metres of gas main were replaced and 115 residential/commercial services were replaced or upgraded to medium pressure. A multiyear project for replacing butterfly valves was completed. Two low-pressure stations and one medium pressure station were also upgraded.</p>
Gas Utilities - Natural Gas and Petroleum Resources	<p>Continued to work on compliance issues for operations of our gas gathering systems, including leak detection and cathodic protection. This work is required to ensure compliance with provincial regulators and to ensure safety.</p>
Information & Computer Services	<p>Worked with City departments to develop and implement technical solutions so they are better able to deliver their services to the residents of Medicine Hat, including:</p> <ul style="list-style-type: none"> <li>• Implemented the core functionality of an Enterprise Content Management system which will be used to manage City documents, files and records, while improving and streamlining processes.</li> <li>• Assisted with implementation of the new Automated Meter Information System and integration to the Cogsdale Customer Service Management Utility Billing System to provide more timely and accurate meter reads and staff functionality to manage meter services.</li> <li>• Replaced Enterprise Anti-Virus Software with a better and more affordable product. Acquired and implemented a Mobile Data Management system providing staff with mobile access to City email and calendaring.</li> <li>• Supported departments with system, server and application services to meet ongoing technical changes and upgrades. Completed implementation and migration to Microsoft Outlook Exchange. Also implemented Microsoft's Outlook Web Access for webmail access to the</li> </ul>

Information & Computer Services (continued)

City's email system and installed email archive eVault storage system.

Municipal Works

Multiple transportation renewal and growth projects were initiated and/or completed.

- The \$12M Parkview Drive Extension Project began construction to support development in both the Ranchlands and the Box Springs growth areas. The project is scheduled for completion in 2013.
- South Ridge Drive SE construction completed the first phase of construction between Gehring Road SE and Sierra Boulevard SE. Completion of the \$11M dollar project is scheduled for 2013.
- \$4.5M in transportation infrastructure rehabilitation was initiated. The work consists of roadway reconstruction and overlay programs throughout the city including College Drive SE, Taylor Mews SE, Third Street NW.

Completed a full review and update of the Roadway Systems Master Plan. Key aspects of this review incorporated into our planning include:

- Installation guidelines for traffic control devices (i.e. stop/yield, school & playground, pedestrian crossings, parking).
- Assessment of the transportation network in order to manage city's traffic operation effectively and in-line with future city growth strategies as identified in the Municipal Development Plan.
- The transportation model was updated; identifying the 10-Year Capital Improvement Plan and the city's future road network for the current 75,000 and the 95,000 population horizons. This model allows us to continually assess and forecast future roadway demands as we grow.
- Assessment of southwest Medicine Hat connector (South Boundary Road to Highway 3) to facilitate future growth in the southwest quadrant of the city has been completed.
- Assessment of Alberta Transportation proposed upgrades to Highway 1, and phasing improvements



*"As the city grows in the coming years, we must be prepared for the needs of residents."*

**Richard Stock**  
Project Engineer  
Municipal Works

Department / Business Unit	Achievements / Accomplishments
Municipal Works (continued)	<p>of those Alberta Transportation's proposed upgrades to Highway 1. The proposed phasing improvements will address safety and community needs along the corridor.</p> <p>Once completed in 2013, the Roadways Master Plan will identify the future five, ten, and twenty year capital improvements which will allow to meet traffic and pedestrian requirements.</p> <p>Completed the Bridge Inventory and Bridge Assessment Report, which identified repair/rehabilitation needs of the existing bridge structures to maintain the service life of the structure and mitigate risks due to safety hazards. Subsequently \$200,000 of bridge maintenance work was completed.</p> <p>Leisure trail system rehabilitation, irrigation systems rehabilitation, and Family Leisure Centre Food Services upgrades continued to extend the life expectancy of Parks and Recreation infrastructure.</p>
Parks and Recreation	<p>Planted 110 trees and 1,346 trees were pruned with a focus on preservation of the City's Urban Forest asset.</p> <p>Completed updating of the Urban Forest Management Plan.</p> <p>Redirected resources to elm tree pruning as a Dutch Elm Disease preventative measure.</p> <p>In coordination and partnership with internal City departments, the Government of Alberta, Lions Club and the Senior Citizens Advisory Committee, an accessible outdoor fitness area was purchased and installed in Lions Park. This fitness equipment is low maintenance and contributes to accessible and affordable health and fitness for all ages and abilities.</p>
Senior Services	<p>A wheelchair ramp was installed at the Veiner Centre for greater ease of access to the building.</p>



Department / Business Unit	Achievements / Accomplishments
Social Development	The affordable housing project in Southlands, consisting of 16 additional units, began in 2012 with completion expected in early 2013.
Transit Services	Completed upgrades to 22 more bus stops to improve accessibility for those individuals who have reduced mobility and may not otherwise be able to use conventional transit services within the city. The final phase of the project will see 14 additional bus stops upgraded in 2013 bringing the total number of upgraded stops to 65.



*"Our goal is to provide integrated transit services that are easily accessible for everyone."*

**Tammy Hack**  
Transit Operator  
Medicine Hat Transit

### City Priority #7:

*Known for an affordable and family-oriented quality of life, Medicine Hat is supported by cultural and recreational facilities and urban amenities.*

# Quality of Life



Department / Business Unit	Achievements / Accomplishments
911 Communications	<p>Maintained accreditation level compliance to Police, Fire and Medical protocols, resulting in the department's continued success. Currently one of only four tri-accredited 911 centres in the world.</p> <p>Accreditation ensures the best standards in the world are being met to protect residents and emergency personnel and to assure the public that a level of professionalism and quality control is being used.</p>
Cultural Development	<p>Esplanade audiences consisted of 85,806 people. Programming was supported by 9,932 volunteer hours.</p>
Electric Generation	<p>Third consecutive year with no lost time or medical aid incidents. The power plant received a Canadian Electric Association Vice President's Award for its exemplary safety performance. Accident/Incident Frequency (AIF) of zero was achieved vs. the National Industry benchmark of 2.02.</p>
Electric Distribution	<p>Employees were engaged through active participation in all matters of health and safety. AIF improved by 30 per cent.</p>
Environmental Utilities	<p>Continued to contribute to public safety by providing safe drinking water through a rigorous treatment, testing and monitoring process, a water distribution main system flushing program and the management of a cross connection control program to safeguard the public water system from backflow contamination incidents from commercial and industrial sites.</p> <p>Enhanced public well-being through its sewer system source control program that reduces the risk of sewer system back-</p>

*"I love Medicine Hat's superior quality of life and caring community."*

**Karen Charlton**  
General Manager  
Community Development



Department / Business Unit	Achievements / Accomplishments
Environmental Utilities (continued)	<p>ups into basements and businesses from grease and other substances. This occurred through inspections and education of specific commercial establishments and by education and promotion in the residential sector.</p> <p>Developed and updated Emergency Response Plans to mitigate the impacts of disasters and major emergencies on the community including scenarios for extended major power loss, water quality incidents, floods and rat infestation.</p>
Fire Services	<p>Provided Confined Space Training to firefighters enabling the department to now provide confined space rescue services to the community. As well, the subsequent delivery of Confined Space Level Two training by certified Fire Service instructors to other City departments will provide timely, affordable, high-level protection for City operational staff during confined space/restricted entry during City operations.</p>
Finance  Gas Utilities - Natural Gas and Petroleum Resources	<p>Customer Service and Collections introduced Utility Gift Cards to allow people to give the gift of light, heat and water to others in the community. The program was implemented in early December with good response.</p> <p>Dedicated to the health and safety of its employees, we experienced zero Lost Time Incidents, better than the industry average of 0.89 per 100,000 person hours.</p>
Land & Properties	<p>The City sold 76 single-family lots for a total of \$6,724,605. This revenue generated \$700,000 for the Community Capital Fund.</p>

Department / Business Unit	Achievements / Accomplishments
Municipal Works	<p>Improved the safety, accessibility and connectivity of the pedestrian network through the following:</p> <ul style="list-style-type: none"> <li>• 131 wheelchair ramps were installed, 83 in locations where ramps did not exist previously.</li> <li>• Approximately 1,000 metres of new sidewalk was installed where sidewalk did not exist previously.</li> <li>• Approximately 1,200 metres of old sidewalk was upgraded to three-metre wide asphalt trails to improve accessibility for pedestrians.</li> <li>• More than 7,000 metres of sidewalk were replaced, eliminating defects such as depressions, cracks, rough surfaces and various other safety concerns, including more than 70 tripping hazards.</li> <li>• Every signalized intersection within the downtown is now equipped with audible pedestrian signals.</li> </ul>
Parks and Recreation	<p>More than 50 per cent of the leisure trail system is maintained throughout the winter to provide outdoor winter recreation opportunities.</p> <p>Outdoor pool season was extended into September to provide swimmers with an alternative during the Family Leisure Centre turnaround closure.</p> <p>Ross Glen Towne Centre Accessible Playground and Water Playground was opened.</p> <p>Outdoor Exercise Equipment was installed at Lions Park to provide outdoor fitness opportunities.</p>
Senior Services	<p>Continues to work with other community partners to address elder abuse and neglect as Seniors Community Outreach Workers responded to 40 cases. A proposal was submitted for funding to provide increased case management services for elder abuse. Seniors Community Outreach Workers hosted 20 information sessions addressing topics such as seniors provincial and federal benefits, funeral planning, retirement, home support, mental and sexual health, caregiver care, conflict resolution, death and dying, relationships and dating.</p>



Department / Business Unit	Achievements / Accomplishments
Senior Services (continued)	<p>Meals on Wheels program prepared 19,469 hot, nutritious meals to house-bound residents unable to prepare their own.</p> <p>Acquired funding from the New Horizons Program to develop an Information Centre within the Veiner Centre for older adults. This will allow aging adults, their families and caregivers in the community easier and direct access to seniors related resources including books, online forms, information and DVD's.</p>
Social Development	<p>Community Workers continued with the facilitation of a number of events that bring residents of the community together. These included "Leaders of Tomorrow", the "Jam Pail Bonspiel", and the first "Jane's Walk".</p> <p>Facilitated Community Roundtable discussions in January and May about reducing the cost of poverty. Community partners, including the United Way, Communiy Foundation of Medicine Hat and Southeastern Alberta and the Medicine Hat Community Housing Society worked together to facilitate a research project focused on gathering baseline data on poverty in Medicine Hat.</p>
Transit Services	<p>Provides an affordable, accessible transportation system including conventional transit, special transit and charter transportation (approximately 1.25M rides annually) for access to employment, educational, recreational and social opportunities.</p> <p>There has been an increase of 3 per cent in ridership (Regular Transit) along with the introduction of extended Special Transit service hours.</p>



*"To us, fiscal responsibility and transparency are paramount."*

**Brian Mastel**  
General Manager  
Finance



# Financial Report

# Treasurer's Report



I am pleased to submit the Treasurer's Report for the fiscal year ended December 31, 2012. Most of the information in this report is drawn from the financial information appearing in the 2012 City of Medicine Hat Consolidated Financial Report.

That Report is a more detailed and complete financial presentation prepared in conformance with Public Sector Accounting Board (PSAB) and was audited by the City's independent auditors, KPMG LLP, receiving an unqualified opinion. The statistical, economic and demographic data are taken from various sources are not PSAB-basis data. Both the Consolidated Financial Report and the City's Annual Report are available for viewing at [www.medicinehat.ca](http://www.medicinehat.ca) > Publications, Plans & Reports.

Most recently, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City for its Financial Report for the fiscal year ended December 31, 2011, the tenth year in a row.

The City provides multiple services to the residents and surrounding area. At a municipal level it provides:

- Protection to its citizens (Fire, Police and Bylaw Services, 911 Communications, Social and Family Services)
- Recreation and culture activities (Parks and Culture Departments)
- Road, bridge, sidewalk and trail maintenance (Municipal Works and Parks)
- City planning and development (Planning, Building & Development)
- Water, sewer and solid waste management (Environmental Utilities).

The City also operates enterprise business units offering the following services:

- Land and property development
- Natural gas exploration, production and distribution services (Gas Utilities)
- Electric generation and distribution (Electric Utilities).

The purpose of the Financial Report is to present the users and readers with clear insight of the financial results for the City for the fiscal year ended December 31, 2012. Administration strives to ensure that this report presents fairly the financial position of this City. The report compares how financial resources were used against budgets and past financial performance. This report is divided into three sections:

- Introduction - Provides an overview of the Treasurer's Report
- Management Reporting and Control - Provides an explanation of the planning, budgeting, accounting, auditing and reporting process
- Financial Highlights - Presents a review of the City of Medicine Hat's financial activities and position for the fiscal year ended December 31, 2012. The analysis is supplementary information to the financial statements, and therefore should be read in conjunction with the consolidated financial statements, accompanying notes and supporting schedules



*"We want to present a clear picture of the activities and financial results of the City."*

**Merete Heggelund**  
Commissioner  
Corporate Services

City Council develops a Strategic Plan highlighting priorities, strategies and goals for the planning period. Based on the direction set out by the Strategic Plan, three-year departmental Business Plans are prepared. These Business Plans communicate each department's alignment with the Strategic Plan and identify:

- The core activities of the department and the aim of each activity.
- Departmental customers.
- Opportunities, trends and challenges faced by the department.
- Goals and objectives to be achieved by the department.

Budget guidelines and high level financial projections are developed. Based on these guidelines and departmental Business Plans, departments develop their budget requests. City Council has approved the adoption of a three year operating budget with a two year projection and a three year capital budget with a seven year projection.

The Administrative Committee reviews departmental budgets and when satisfied that budgets are aligned with the Business Plans, the budget recommendation is presented for City Council approval.

Medicine Hat's Operating Budget lays out the revenues and expenses for the planning periods that will be required to deliver City services.



A ten-year Capital Improvement Plan is developed for all departments. The Capital Improvement Plans identify proposed capital project expenditures and their sources of financing.

For the 2012 - 2014 budget period the City employed a capital ranking process for the tax supported departments. This process is intended to ensure that capital funding is allocated to the projects that will provide the highest value to the municipality.

**Merete Heggelund** (April 15, 2013) *Commissioner of Corporate Services*



## Financial Highlights

### Financial Trend Summary 2012

The financial data below is intended to provide a big picture overview of key financial metrics. The information below is from selected funds and does not purport to represent all of the City's component units. For ease of reading, this data is summarized in ways that are not in accordance with Public Sector Accounting Board (PSAB) and the notes to the financial statements are not provided. The City of Medicine Hat is audited annually and prepares a full PSAB-based Consolidated Annual Financial Report. The latest report is available to readers on the City website at [www.medicinehat.ca](http://www.medicinehat.ca) > Publications, Plans & Reports > Financial reports.

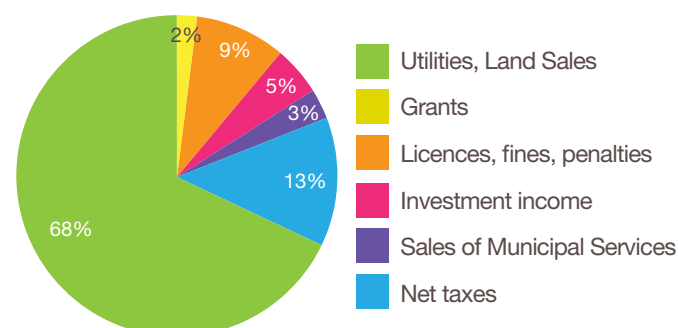
	<i>In thousands of dollars</i>		
<b>Consolidated Financial Position</b>	2012	2011	2010
Assets	\$563,768	\$563,709	\$508,907
Liabilities	469,427	461,275	438,392
<b>Net-financial assets</b>	<b>94,341</b>	<b>102,434</b>	<b>70,515</b>
Non-financial assets	97,454	93,379	82,600
Net tangible capital assets	1,132,260	1,097,687	1,087,097
<b>Total non-financial assets</b>	<b>1,229,714</b>	<b>1,191,066</b>	<b>1,169,697</b>
<b>Accumulated surplus</b>	<b>1,324,055</b>	<b>1,293,500</b>	<b>1,240,212</b>

<b>2012 Operating Results</b>	Revenues	Expenses	Net
General Fund	\$157,498	\$147,806	\$9,692
Utilities	300,542	309,601	(9,059)
Capital contributions and grants	30,130	-	30,130
Consolidation adjustments	(100,420)	(100,212)	(208)
<b>Excess of revenue over expense</b>	<b>387,750</b>	<b>357,195</b>	<b>30,555</b>

### Revenues

Revenue was \$388M versus budget of \$435M. This was largely due to lower than expected natural gas sales on lower commodity prices representing \$32M and electric revenues being below budget by \$8M as prices were lower than expected through the latter half of the year.

*Consolidated Operating Revenue by Source:*



### Expenses

Overall the City operating expenses for the year were \$5M less than budget.

In General Government, operating expenses were \$4M higher than budget largely as a result of costs the City incurred repairing the extensive damage experienced during the 2010 and 2011 floods. Complete restoration has not yet occurred so flood costs will continue in 2013. The bulk of these costs are covered by Alberta Disaster Recovery funding.

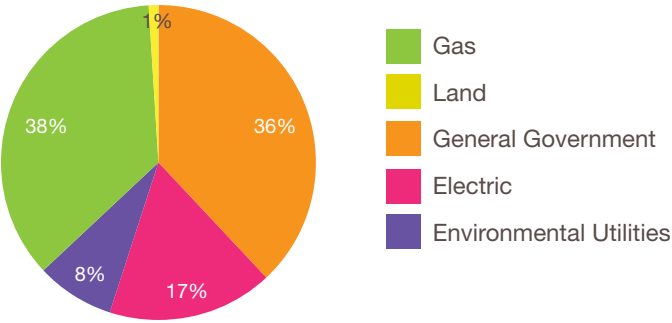
Expenses for the Gas Utilities were \$5.1M lower than budget due to decreased royalty expenses as a result of lower gas prices and decreased administration and



operations and maintenance expenses due to staff vacancies as well as cost savings relating to the temporary shut in of 10% of gas well volumes.

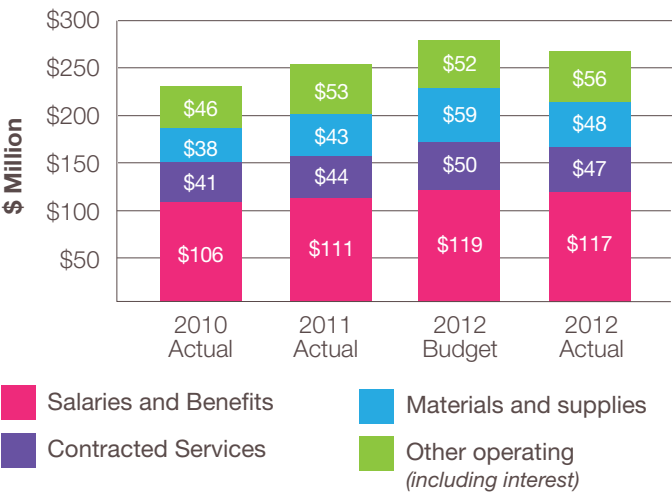
Expenses for Land and Properties were less than the budget by \$3.9M. During the year residential sales were strong with 78 lots sold. A total of 81 lots were sold compared to 72 budgeted to be sold. As fewer high value multifamily lots were sold than budgeted. Both the sales revenues and cost of lots sold were lower than budgeted.

Consolidated Operating Expenses by Division:



### Expenses by Type

The Consolidated Expenses by Object Schedule details 2012 actual (\$357.2M) and budgeted (\$362.2M) expenses by type. The chart below excludes amortization and disposal expenses.



### 2012 Capital

The City budget for capital was \$164.3M. Actual expenditures were \$123.2M with a contribution from developers of \$0.2M. This includes incomplete capital projects in the amount of \$30.9M carried forward from

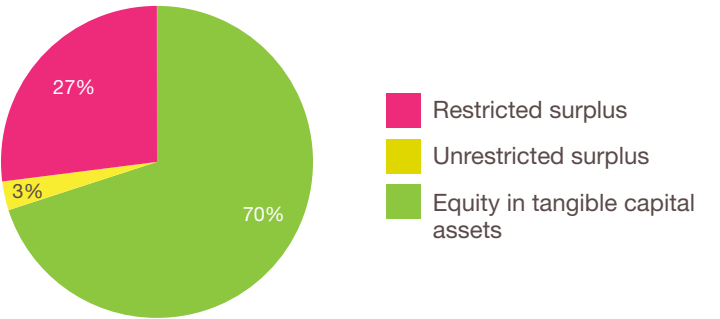
previous budget years.

The 2012 capital expenditures were funded by grants received from the Province of Alberta and the Federal Government of Canada, as well as reserves, operating funds, debenture borrowing, third party contributions and internal loans.

### Accumulated Surplus

The accumulated surplus on the consolidated Statement of Operations represents the total change in all fund and equity balances for the City of Medicine Hat. During 2012 the consolidated fund and equity balances increased by \$30.6M to \$1,324.1M.

Accumulated Surplus 2012:



Of that \$1,324.1M accumulated surplus, \$45.4M is held as an unrestricted surplus. This is used as working capital to fund day to day operating activities of the City. The restricted surplus amounts to \$352.7M and is largely dedicated to capital activities of the organization.

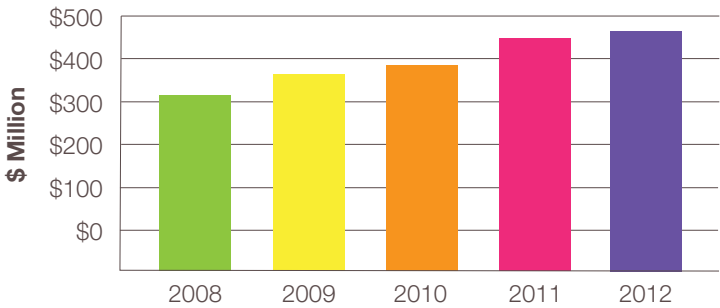
Equity in the City's tangible capital assets grew by \$37.0M to \$926.0M this year as a result of an increase in City assets, offset by accumulated amortization and debt.

### Investments

Investments, Loans and Advances increased \$10.3M from 2011 to \$446.7M.

The City of Medicine Hat's investment return for the year ended December 31, 2012 averaged 3.9 per cent outperforming the DEX (formerly ScotiaMcLeod) Universe Bond benchmark index of 2.88 per cent. The City's average portfolio return has outperformed the stated benchmark the last eight years.

Investment Portfolio - Market Value:



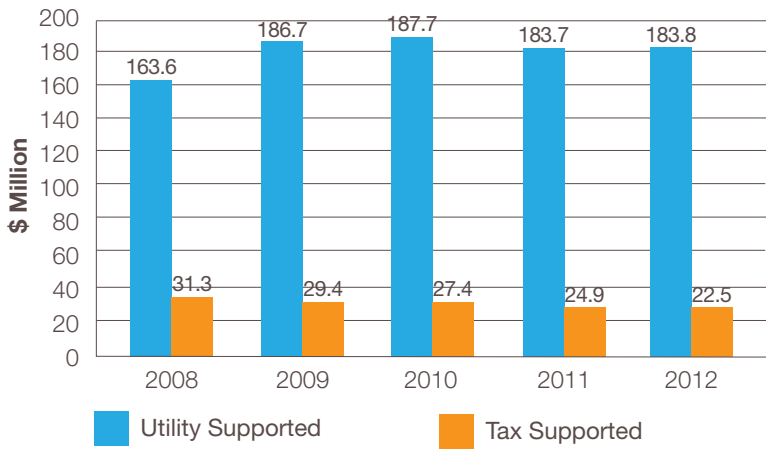
Rate of Return:



Long-Term Debt

During 2012 total Long Term Debt decreased \$2.4M to \$206.3M as a result of repayments exceeding new borrowings. Total debt principal repayments were \$18.6M and new debt was \$16.2M. \$11.4M was for improvements to Environmental Utility assets, \$3.7M was related to Electric’s assets and \$1.1M was for the Gas Utility.

The Minister of Municipal Affairs has prescribed total debt and debt servicing limits for municipalities in the province. The debt limit is defined as two times revenue net of capital government transfers, and debt servicing limit is not to exceed 35 per cent of revenue.

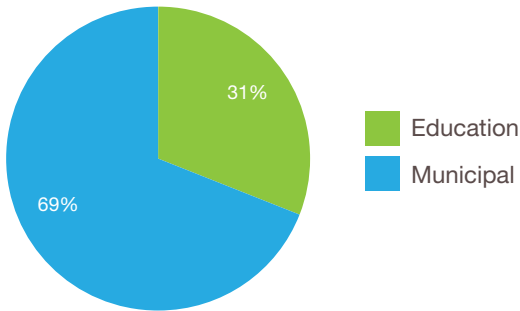


City Debt Levels		2012
Total Debt Limit		744.4
Actual Debt (long and short term)		208.7
Amount Under Limit		535.7 72%
Debt Servicing Limit		130.3
Actual Debt Servicing		29.6
Amount Under Limit		100.7 77%

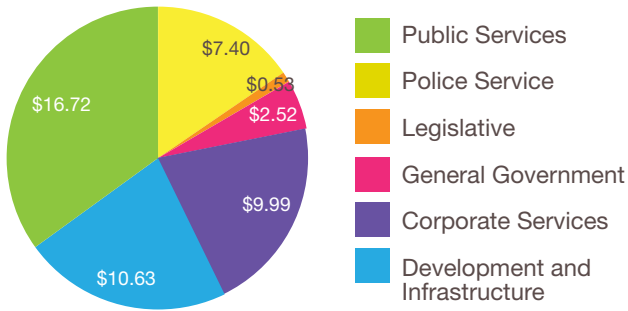
Use of Municipal Tax Revenue (in thousands of dollars)

Property taxes contributed \$47.8M (36.8%) of the consolidated General Fund operating expenses of \$130M. Other revenue sources mainly include investment interest, sales, government grants, fees and permits.

Where Our Property Tax Dollars Went in 2012:



Use of Municipal Tax Revenue (Millions)

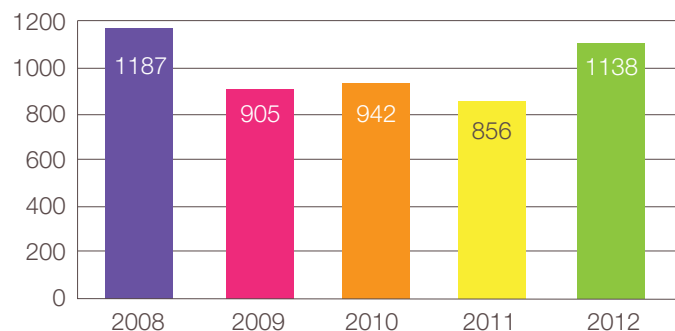


## Economic Indicators

Some of the economic factors affecting the City of Medicine Hat were as follows:

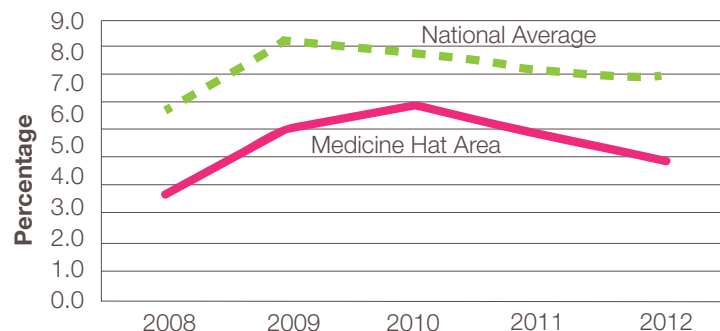
### Number of Development Permits Issued

2012 saw a rise in the number of development permits issued. This is primarily due to growth in the residential sector.



### Unemployment Rate

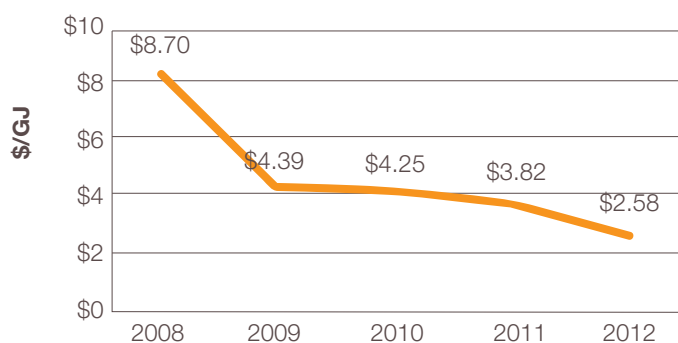
The unemployment rate in Medicine Hat at the end of 2012 was 4.1%. The 2012 average unemployment rate for Medicine Hat was 4.6%. The average Alberta unemployment for 2012 was 4.5% and for Canada was 7.1%.



### Gas

The price of natural gas in the market is declining due to warmer than normal weather, abundance of US production and storage of gas well above the five year average. 2012 gas production for the City of Medicine Hat was 20,819,671 Mcf.

*Natural Gas Historical Market Commodity Prices:*

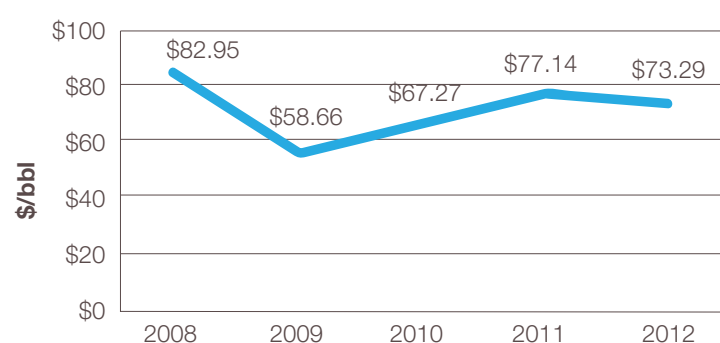


Source: GLI Petroleum Consultants Ltd. (WCS at Hardisty - Price forecast effective January 1, 2013)

### Oil

The drop in oil prices in 2009 was largely related to the economic downturn. Oil prices are slowly recovering although Western Canada is still transportation constrained causing lower regional prices than the rest of North America. 2012 oil production for the City of Medicine Hat was 341,000 bbl.

*Crude Oil Historical Market Commodity Prices:*



Source: GLI Petroleum Consultants Ltd. (WCS at Hardisty - Price forecast effective January 1, 2013)

# Responsibility For Financial Reporting

## Management's Report



The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of Management.

The consolidated financial statements are prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. They necessarily include some amounts that are based on the best estimates and judgments of Management. Financial data elsewhere in the report is consistent with that in the financial statements.

Management has developed and maintains an extensive system of internal controls that provide reasonable assurance

that all transactions are appropriately authorized, that assets are properly accounted for and safeguarded, that all transactions are accurately recorded and that financial records are reliable for preparation of financial statements. As well, it is the policy of the City to maintain the highest standard of ethics in all its activities.

City Council, through its Audit Committee, comprised of three aldermen, oversees management's responsibilities for financial reporting. The Audit Committee meets regularly with management and independent auditors to discuss auditing and reporting on financial matters and to assure that management is carrying out its responsibilities. The auditors have full and free access to the Audit Committee and management.

*April 15, 2013*

**Ray Barnard**  
*Chief Administrative Officer*

**Merete Heggelund**  
*Commissioner of Corporate Services*

**NOTE:** The information presented in these summarized financial statements is consistent with the audited consolidated financial statements of the City of Medicine Hat for the year ended December 31, 2012. The notes which accompanied the audited consolidated financial statements have been condensed for the summarized financial statements and are limited to this note which outlines the framework which the summarized financial statements have been prepared. The summarized financial statements have been prepared using the Canadian Public Sector Accounting Standards, but do not contain certain disclosures required under those standards and as such the reading of these summarized financial statements is not a substitute for reading the audited financial statements. The audited consolidated financial statements of the City of Medicine Hat are available on the City's website, [www.medicinehat.ca](http://www.medicinehat.ca) or upon request from the City.





# Consolidated Statements

## Consolidated Statement of Financial Position (unaudited)

As at December 31, 2012 (*in thousands of dollars*)

<b>Financial assets</b>	2012	2011	2010
Cash and temporary investments	<b>\$43,612</b>	\$63,060	\$62,586
Accounts receivable (net of allowances)	<b>49,520</b>	42,665	41,933
Advances to subsidiary	<b>11,204</b>	11,520	13,419
Investment in subsidiary	<b>4,078</b>	884	-
Investments, loans and advances	<b>446,651</b>	436,335	381,630
Land held for resale	<b>8,028</b>	8,877	8,816
Inventories for resale	<b>89</b>	113	175
Deposits	<b>586</b>	255	348
<b>Total financial assets</b>	<b>563,768</b>	563,709	508,907
<b>Liabilities</b>			
Trade accounts payable	<b>26,111</b>	29,749	21,344
Accrued liabilities	<b>19,373</b>	18,337	19,010
Liability in subsidiary	<b>-</b>	-	2,114
Deferred revenue	<b>47,409</b>	54,044	55,655
Long term debt - Alberta Capital Finance Authority	<b>206,254</b>	208,636	215,033
Other long term liabilities	<b>170,280</b>	150,509	125,236
<b>Total liabilities</b>	<b>469,427</b>	461,275	438,392
<b>Net financial assets</b>	<b>94,341</b>	102,434	70,515
<b>Non-financial Assets</b>			
Inventories for consumption	<b>11,773</b>	12,141	15,023
Prepaid assets	<b>1,958</b>	1,942	1,906
Land held for future development	<b>13,052</b>	13,139	13,108
Long lived assets	<b>70,671</b>	66,157	52,563
Tangible capital assets	<b>1,132,260</b>	1,097,687	1,087,097
<b>Total non-financial assets</b>	<b>1,229,714</b>	1,191,066	1,169,697
<b>Accumulated Surplus</b>	<b>\$1,324,055</b>	\$1,293,500	\$1,240,212

## Consolidated Statement of Change in Net Financial Assets (unaudited)

For the year ended December 31, 2012 (in thousands of dollars)

	(Budget) 2012	2012	2011	2010
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$73,365</b>	<b>\$30,555</b>	<b>\$53,288</b>	<b>\$11,018</b>
Acquisition of tangible capital assets	(165,526)	(123,182)	(93,575)	(77,181)
Contributed tangible capital assets	(2,600)	(188)	(915)	(1,585)
Decrease (increase) in long lived assets	(9,520)	(4,514)	(13,594)	7,522
Amortization of tangible capital assets	83,169	87,693	81,301	91,311
Loss on disposal of tangible capital assets	-	899	2,385	1,396
Proceeds from sale of tangible capital assets	-	205	214	836
	(21,112)	(8,532)	29,104	33,317
Acquisition of inventories and supplies	(3,700)	(6,297)	(7,544)	(5,488)
Acquisition of land held for future development	(1,250)	87	(31)	(1,242)
Acquisition of prepaid assets	(3,000)	(3,118)	(3,036)	(3,113)
Consumption of inventories and supplies	3,700	6,665	10,426	7,023
Use of prepaid assets	3,000	3,102	3,000	2,821
	(1,250)	439	2,815	1
<b>Increase (decrease) in net financial assets</b>	<b>(22,362)</b>	<b>(8,093)</b>	<b>31,919</b>	<b>33,318</b>
<b>Net financial assets, beginning of year</b>	<b>102,434</b>	<b>102,434</b>	<b>70,515</b>	<b>37,197</b>
<b>Net financial assets, end of year</b>	<b>\$80,072</b>	<b>\$94,341</b>	<b>\$102,434</b>	<b>\$70,515</b>

# Consolidated Statement of Operations (unaudited)

For the year ended December 31, 2012 (*in thousands of dollars*)

Revenue	(Budget) 2012	2012	2011	2010
Net municipal taxes	\$47,702	\$47,800	\$45,090	\$44,428
Sale of services				
General Government	9,272	9,733	9,315	9,237
Gas	123,755	92,122	98,711	100,858
Electric	114,075	105,744	117,362	76,109
Water	14,882	15,756	15,084	12,549
Sewer	12,743	12,717	11,819	10,750
Solid Waste	7,960	7,816	7,854	7,589
Land and Properties	8,500	7,783	4,171	9,566
Other income				
Investment income	15,700	14,485	15,466	14,792
Investment in subsidiary	5,183	3,194	2,998	1,999
Licenses, fines and penalties	6,694	7,327	5,877	6,126
Insurance recovery	88	466	134	755
Development levies	3,049	1,693	1,943	1,430
Charitable gifts	-	1,000	2,000	2,500
Government transfers for operating	4,252	7,757	9,094	6,075
Other	27,897	22,501	20,901	14,171
<b>Total revenue</b>	401,752	357,894	367,819	318,934
<b>Expenses</b>				
General Government	125,986	130,034	127,567	118,618
Gas	141,608	136,499	121,181	122,340
Electric	59,074	59,417	60,961	53,682
Energy Sustainability	706	947	1,254	1,967
Water	11,840	10,278	10,097	9,413
Sewer	9,742	10,586	9,640	8,914
Solid Waste	6,116	6,275	4,394	4,931
Land and Properties	7,115	3,159	621	2,151
<b>Total expenses</b>	362,187	357,195	335,715	322,016
<b>Excess (deficiency) of revenue over expenses</b>	39,565	699	32,104	(3,082)
- before other revenue				
Other revenue				
Contributed tangible capital assets	188	188	915	1,585
Government transfers for capital	33,612	29,668	20,269	12,515
<b>Total other revenue</b>	33,800	29,856	21,184	14,100
<b>Excess of revenue over expenses</b>	73,365	30,555	53,288	11,018
<b>Accumulated surplus, beginning of year</b>	1,293,500	1,293,500	1,240,212	1,229,194
<b>Accumulated surplus, end of year</b>	\$1,366,865	\$1,324,055	\$1,293,500	\$1,240,212

# Consolidated Statement of Cash Flows (unaudited)

For the year ended December 31, 2012 (in thousands of dollars)

Net inflow (outflow) of cash related to the following activities:	2012	2011	2010
<b>Operating</b>			
Excess of revenue over expenses	<b>\$30,555</b>	\$53,288	\$11,018
Non-cash items included in excess (deficiency) of revenues over expenses:			
Amortization of tangible capital assets	<b>87,693</b>	81,301	91,311
Loss on disposal of tangible capital assets	<b>899</b>	2,385	1,396
Developers contribution of tangible capital assets	<b>(188)</b>	(915)	(1,585)
Income from subsidiary	<b>(3,194)</b>	(2,998)	(1,999)
Non-cash changes to operations (net change):			
Decrease (increase) in accounts receivable	<b>(6,855)</b>	(732)	3,726
Decrease (increase) in inventories for resale	<b>24</b>	62	(15)
Decrease (increase) in land held for resale	<b>849</b>	(61)	1,211
Decrease (increase) in land held for future development	<b>87</b>	(31)	(1,242)
Decrease in inventories for consumption	<b>368</b>	2,882	1,535
Decrease (increase) in deposits	<b>(331)</b>	93	8,097
Increase in prepaid assets	<b>(16)</b>	(36)	(292)
Increase (decrease) in accounts payable	<b>(3,638)</b>	8,405	(2,698)
Increase (decrease) in accrued liabilities	<b>1,036</b>	(673)	(1,334)
Increase (decrease) in deferred revenue	<b>(6,635)</b>	(1,611)	17,961
Increase in other long term liabilities	<b>19,771</b>	25,273	3,619
<b>Cash provided by operating transactions</b>	<b>120,425</b>	166,632	130,709
<b>Capital</b>			
Acquisition of tangible capital assets	<b>(123,182)</b>	(93,575)	(77,181)
Proceeds from sale of tangible capital assets	<b>205</b>	214	836
Decrease (increase) in long lived assets	<b>(4,514)</b>	(13,594)	7,522
<b>Cash applied to capital transactions</b>	<b>(127,491)</b>	(106,955)	(68,823)
<b>Investing</b>			
Decrease (increase) in restricted cash and temporary investments	<b>6,867</b>	509	(17,682)
Increase in investments, loans and advances	<b>(10,316)</b>	(54,705)	(38,083)
Decrease in advances to subsidiary	<b>316</b>	1,899	1,492
<b>Cash applied to investing transactions</b>	<b>(3,133)</b>	(52,297)	(54,273)
<b>Financing</b>			
Debt issued and assumed	<b>16,224</b>	11,430	15,644
Long term debt repaid	<b>(18,606)</b>	(17,827)	(16,800)
<b>Cash provided by (applied to) financing transactions</b>	<b>(2,382)</b>	(6,397)	(1,156)
<b>Change in cash and equivalents during the year</b>	<b>(12,581)</b>	983	6,457
<b>Cash and cash equivalents, beginning of year</b>	<b>12,928</b>	11,945	5,488
<b>Cash and cash equivalents, end of year</b>	<b>\$347</b>	\$12,928	\$11,945
<b>Cash and cash equivalents consist of the following:</b>			
Cash	<b>\$43,612</b>	\$63,060	\$62,586
Less: restricted portion of cash and temporary investments	<b>(43,265)</b>	(50,132)	(50,641)
<b>Total</b>	<b>\$347</b>	\$12,928	\$11,945







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