

# 2009



**City of Medicine Hat**  
**2009 Annual Report**



**Medicine Hat**  
The Gas City

December 31, 2009  
City of Medicine Hat, Alberta, Canada

December 31, 2009  
City of Medicine Hat, Alberta, Canada

Prepared by the City of Medicine Hat  
Finance and Corporate Communications departments.



## 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.

- Within a "2 X 14" response time
- Relative to our approved service standards
- With a "win-win" approach
- "No surprises" when service levels change or on publicly sensitive items

## 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



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# Who We Are

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 lowest tax rates in Canada, the lowest utility rates in Alberta, friendly people, safe streets, and an enviable climate.

The Medicine Hat Advantage - UNIQUE!



## About Us

### Our Community

- We are Canada's sunniest city receiving more than 2,500 hours of sunshine annually.
- We are a clean community and people feel safe. Medicine Hat has the lowest crime rate per capita in Alberta.
- We offer superior recreational facilities, more than 90 kilometres of hiking/biking trails and 250 hectares of parks. There are six first-class golf courses, three indoor and four outdoor pools, six indoor ice arenas, indoor waterslides, soccer fields, baseball diamonds, tennis courts, a skateboard park, Echo Dale Regional Park, and a BMX track. If you enjoy ice, water or sun, there's a sport for every season.
- We are active in arts and culture. Medicine Hat is home to the Esplanade, a world-class arts, heritage and performing arts centre.
- We are a city where people want to raise families.

### Our People

- We have talented and dedicated people. Companies say the work ethic of Medicine Hatters is one of the key reasons they are here.
- We care. More than 650 people volunteer through our Senior Services to make Medicine Hat a better place.

### Our Natural Resources

- We are blessed with natural gas, the South Saskatchewan River, and more sunshine than anywhere else in Canada. Couple that with our industrious people and you get:
  - Low utility rates for gas and electric in Alberta.
  - Clean, safe drinking water.
  - A flourishing greenhouse industry.
  - A great climate for outdoor activities.
  - Exploration of alternative energy sources like wind power, solar heating, and a water aquifer to heat and cool homes.

### Our Location

- We are close to the Rocky Mountains, a recreation area among the best in the world, and Cypress Hills Interprovincial Park, the highest point in Canada between Labrador and the Rocky Mountains.
- We are close to world-class health facilities in Calgary.
- We are close to commercial centres and markets for our products, but we are far enough away that Medicine Hat is not a bedroom community, so our business and service sector is strong.



# Corporate Governance





## Mayor's Report

This is going to be an exciting and productive year at the City of Medicine Hat and we hope to build on our many successes from 2009 when Medicine Hat prospered and the community was able to witness some great opportunities for their city.

January 2009 started with the discussion about the Natural Gas Review. Ernst & Young was commissioned by City Council to determine the feasibility of the City's natural gas interests (Prodcog) and how they felt the future of the utilities area looked for Medicine Hat. The report resulted in a series of open houses, a heated debate and clear opposition to making any changes to our historical gas utility.

In February 2009 City Council was determined to ensure Hatters receive a "Medicine Hat Advantage" from the ownership of their utilities. Residents and businesses can expect natural gas and electric distribution rates to be the lowest in Alberta. In addition Council decided to set the energy (commodity) rates at the average of the gas and electric providers in Alberta. These changes will ensure that our resident's combined utility charges for gas and electricity are the lowest in the Province.

In March, a major water line erupted, flooding the area including an apartment complex parking garage nearby. A boil-water advisory went into effect immediately. The line break section was repaired, clean up efforts were completed and the boil advisory lifted within a few days.

April brought a break from a long winter where major snowfall records created many challenges. Staff and City Council dealt with the challenges of existing snow clearing priority zones, new area developments and increased roadways.

In May, we celebrated the Annual Civic Recognition Awards, a public and heart-felt salute to those outstanding volunteer contributors in Sports/Recreation, Humanitarian and Community Inclusion to name just a few. The Civic Recognition Awards showcase passionate people who make Medicine Hat a community of choice.

In June, the Ernst & Young report gained momentum with open houses and mail outs. Each resident was encouraged to have a say on how City Council should move forward. The majority who responded felt that owning and running the utility was what made Medicine Hat, The Gas City, famous and enduring. It gave closure to a heated, but important debate. The City of Medicine Hat embraced the technology of social media. Twitter and facebook allows the City to reach a larger and more demographic-specific group of residents and encourages them to get involved to affect change in their community. And finally, June saw the start of the Finlay Bridge rehabilitation project.

July brought some destructive thunderstorms that had City staff picking up debris and branches from various parks and streets. Fast moving water flooded intersections and caused man hole covers to erupt onto city streets. Again, staff showed diligence and professionalism as many disasters were avoided by quick thinking well trained staff.

In August, the roll out of the new automated solid waste collection bins began. Again, through a series of open houses and mail outs, residents were encouraged to offer feedback and familiarize themselves with the new system. The roll out was a success with each home sporting a new, cleaner, larger and easier to maneuver collection bin. In 2010, we will roll out the slightly smaller yard waste bins.

September brought the completion of many projects for the City. South Boundary Road, Parkview Drive, asphalt overlays on roadways and sidewalk construction were completed. Trees and parks were manicured and cleaned up to be ready for the cold winter months ahead.

Discussion about the Regional Event Centre, Downtown Redevelopment Plan and First Street S.E. property (also known as the former Glanville site) resumed in October. It was encouraging to note that by means of social media and a great consultation process, residents were able to provide suggestions and feedback on these issues.

November's winter weather brought with it a resolution to the Downtown Redevelopment Plan. It was a long standing issue that challenged staff, but City Council believes it was worth the wait and is anticipating the implementation to start in 2010.

In December, brought the installation of solar panels on a local professional building leading to a first of its kind and a partnership between private business and the City of Medicine Hat. This will hopefully be a great leap ahead to positioning Medicine Hat as the solar energy capital of the west.

In closing, let me thank you for your contributions to our community over the past year. I sincerely hope that I will be here at this time next year (after the 2010 election) to praise the 2010 successes of the City of Medicine Hat staff, the dedication of City Council and the passion and volunteerism that makes Medicine Hat a great place to live, work and play.

Mayor Norm Boucher

# City Council

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 on the first and third Mondays of each month at City Hall.



## Committees, Commissions and Boards

### Standing Committees

**Audit Committee** - Ald. T. Clugston, Chair, Ald. R. Dumanowski, Vice Chair, Ald. J. Thompson

**Corporate Services Committee** - Ald. J. Friesen, Chair, Ald. J. Thompson, Vice Chair, Ald. T. Clugston

**Development and Infrastructure Committee** - Ald. R. Dumanowski, Chair, Ald. J. White, Vice Chair, Ald. T. Schneider

**Energy Committee** - Ald. J. Hamill, Chair, Ald. T. Clugston, Vice Chair, Ald. J. White

**Public Services Committee** - Ald. G. Kelly, Chair, Ald. T. Schneider, Vice Chair, Ald. J. Thompson

**Administrative Committee** - R. Barnard, Chief Administrative Officer - Municipal Services, Chair, G. Labas, Chief Operating Officer - Energy Services, Vice Chair, R. Webb, Public Services Comm., A. Bizio, Corporate Services Comm., A. Khan, Development & Infrastructure Comm., J. Hughes, City Solicitor, L. Godin, City Clerk Mayor N. Boucher (ex-officio)

### Special Committees

**Regional Event Centre Committee** - Ald. J. Thompson, Chair Ald. G. Kelly, Vice Chair, Ald. J. White

**City Centre Development Agency Downtown Planning Committee** - Ald. T. Clugston, Chair

### Advisory Boards and Commissions

Arts and Heritage Advisory Board

Social Development Advisory Board

Urban Environment and Recreation Advisory Board

Police Commission

### Council Representation on other Organizations

**Alderman Responsible for Civic Functions** – Ald. J. Thompson

**Canadian Badlands** – Mayor Norm Boucher, Ald. J. Hamill

**City Centre Development Agency** – Ald. T. Clugston

**Cypress View Foundation** – Ald. J. Hamill, Ald. J. Friesen

**Economic Development Alliance of Southeast Alberta** – Ald. T. Schneider

**Friends of Medalta Society** – Ald. R. Dumanowski

**Medicine Hat Community Housing Society** – Ald. J. Hamill

**Medicine Hat Exhibition and Stampede** – Ald. T. Schneider

**Medicine Hat Public Library** – Ald. J. Friesen

**Municipal Planning Commission** – Ald. T. Schneider, Chair, Ald. G. Kelly, Vice Chair

**Palliser Economic Partnership** – Mayor Norm Boucher, Ald. J. Friesen

**Police Commission** – Ald. J. White, Ald. T. Clugston

**Shortgrass Library System** – Ald. R. Dumanowski

**Subdivision and Development Appeal Board** – Ald. R. Dumanowski, Ald. T. Clugston, Alternate

**Tourism Medicine Hat Committee** – Ald. J. White



Alderman  
Ted Clugston



Alderman  
Robert Dumanowski



Alderman  
Julie Friesen



Alderman  
John Hamill

## Council's Policy Objectives

### **Fiscal Responsibility**

#### **Maintaining a Strong Financial Position**

Council strives to ensure that services provided by the City of Medicine Hat are affordable and well-managed. Strategies in this regard work toward attractive taxation, utility rates, and user fees, which are balanced with the need to maintain a growing infrastructure and continued service quality.

### **Sustainable Utilities**

#### **Managing the Investment**

Medicine Hat's enviable cost of living continues to be supported through the ownership and careful management of its stand-alone enterprises. These include Gas, Electric, Water, Sewer and Solid Waste Utilities, as well as Land and Properties. By pursuing strategies that promote sustainable growth, ensuring appropriate infrastructure maintenance and replacement, and seeking out alternative revenue options, Council can continue to offer attractive utility rates and use sales proceeds to generate annual dividends to offset the requirements for property taxes.

### **Sound Infrastructure**

#### **Planning for Tomorrow**

Sound infrastructure not only supports the quality of life for the residents of Medicine Hat, but is a significant contributor to the economy as well. Through the wise expenditure of public funds on maintenance and replacement initiatives, as well as strategic investment in new infrastructure, City Council strives to provide a strong base from which the community can thrive and grow. An appropriate balance among transportation systems, pedestrian corridors, buildings, facilities, and amenities is continually sought.

### **Economic Development**

#### **Balancing Our Approach to Economic Growth**

Council continues a strong commitment to economic vitality. As municipal government creates the business environment and the infrastructure necessary for prosperity, Council's strategies centre around eliminating barriers and creating a balanced approach for economic opportunities and sustained growth. This approach includes offering the highest quality environment, services and amenities necessary to attract new business investment, as well as supporting the retention and expansion of existing local businesses.





Alderman  
Graham Kelly



Alderman  
Ty Schneider



Alderman  
Jeremy Thompson



Alderman  
Jamie White

## **Communications and Community Relations**

### **Dedicating Our Efforts to a Progressive Council and an Informed Community**

Medicine Hat residents are interested in the actions taken by their municipal government to serve the community. They also expect to be informed on emerging issues and critical Council decisions. Regular communication is required and access to relevant information is necessary. City Council recognizes the significant roles it plays in keeping the community informed and wants to ensure it performs its communications role to a high standard. In support of Council, Administration is required to provide accurate information to the community and to be accessible in answering public inquiries and concerns.

## **Environmental Stewardship**

### **Focusing Our Knowledge and Awareness**

The city's natural environment represents a substantial asset that few prairie cities enjoy. The abundance of trees, clean air, and a scenic river valley with sparkling waters serve as a natural oasis in the prairie landscape. Council recognizes the key strategic, economic and social value of a healthy environment. Maintaining the quality of our natural environment is a community obligation. Council wants its municipal government to be a steward and a leader of responsible environmental decisions and actions to support this obligation. Collectively, Administration holds a broad understanding of environmental issues, but needs to be more focused in its approach to environmental management. Furthermore, Council needs to be more aware of environmental concerns to provide leadership.

## **Community Development**

### **Attending to the Well-Being of Our Residents**

Council is dedicated to a balanced approach for developing and enhancing the overall well-being of our community. It is Council's desire to ensure:

- residents can continue to feel safe and have their property protected
- enjoy a clean environment and attractive open spaces
- participate in a diverse blend of cultural, recreational, and leisure activities
- have access to organized and accessible modes of transportation
- find appropriate local social support when circumstances warrant

## **Organizational Strength**

### **Staff are the Foundation of the Enterprise**

The City of Medicine Hat is proud of its diverse and dedicated workforce. Council understands that excellent service to the community starts with skilled and motivated staff. The City is committed to helping employees achieve their full potential through an open sharing of information and by supporting a variety of personal development initiatives. Just as the City desires to be a "community of choice," it also strives to be an "employer of choice."

# City Priorities

*Our **MAIN PRIORITY** is the well being of Medicine Hat residents by ensuring the appropriate services are delivered in the most effective manner in keeping with our Mission – “to exceed expectations in the value of our services”.*

## **1. Provide Sustainable Utilities**

- Invest in renewable energy
- Restructure responsibilities for the Energy and Tax Supported Operations
- Conduct an external review of the Energy Division
- Maximize the City's energy value and future sustainability

## **2. A Unified Constructive Culture**

- Focus on empowerment (problem solving at the lowest level possible)
- Ensure a sound Recruiting Policy, Retention Policy and Staff Development Policy
- Provide a clear understanding “Council supports staff”

## **3. Move forward with an effective Transit System and the new Regional Event Centre**

- Improve the Transit System
  - Research and best practices
  - Enhance ridership
  - Match needs and potential
- Move forward with the Regional Event Centre
  - Identified location of the Regional Event Centre
  - Identified operating model of the Regional Event Centre
  - Determine operating and capital costs of the Regional Event Centre, specific to the selected location
  - Support Committee's and Council plans

## **4. Land Development and Land & Properties**

- Land & Properties – increased focus on more block land sales
- Land Development (social, economic and environment)
  - Enhanced communication with developers
  - Establish a sound vision for downtown
  - Improved airport development plan
  - Complete an Intermunicipal Development Plan

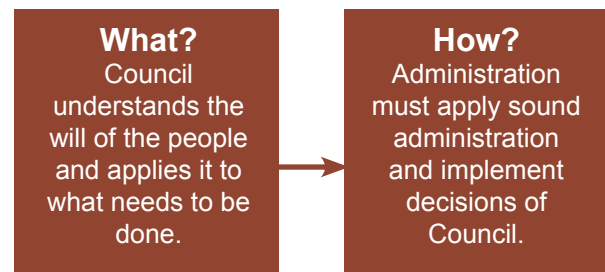
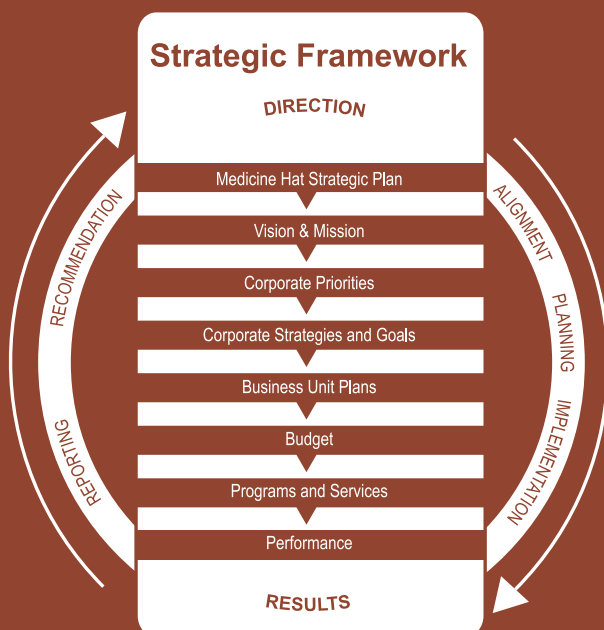
## **5. Improved Environment**

- Establish a water management plan
- Develop a comprehensive waste management plan
- Reduce pollutants / emissions
- Move forward with smart and environmentally friendly growth
- Increase kilometres of bike lanes
- Ensure sustainable parks and trails

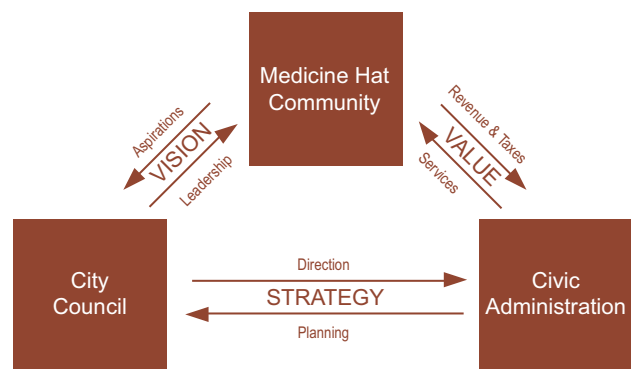
# Strategic Planning

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 on developing and evaluating the policies of the municipality (the WHAT) and, where appropriate, less time on allocating resources 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 reports on the outcomes of the planning cycle.



## Governance Model



Source: Gerry Labas

## Our strategic planning process ensures that:

- Strategies and goals are aligned with community and Council needs.
- An accountability framework exists to monitor and report to the community on progress in achieving the strategies and goals of the strategic plan.
- Clear linkages exist from the strategic plan to all other business plans, budgets, and policies, and day-to-day operations.
- Roles and responsibilities are clear and understood.
- A culture of learning and improvement is embraced.



# Chief Operating Officer's Report

Mayor Boucher and other Members of City Council – I am pleased to contribute an overview of the Energy Services Division results for 2009. The Energy Division's purpose is identified under four key objectives which were used to offer insight into the year:

## Service: safe and reliable energy services meeting or exceeding industry standards.

- Electric generation's availability factor was 95.92 per cent compared to an industry benchmark of 87.16 per cent for combustion turbines. Electric Distribution's per customer outage was only seven outage minutes relative to the industry benchmark of 60 outage minutes. Gas Distribution had a similar service record and encountered no major operational issues during the year. NGPR's (Gas Production) sales volume was 6.4 per cent above budget at 26.8 million GJ while operating costs per mcf were \$1.25 relative to \$1.31 in 2008.

## Customer Rates: lower than industry – sustained by our unique advantages.

- Electric Distribution customer rates were 25 per cent lower than market, resulting in a savings to residential customers of \$1.4 million. Gas Distribution rates were 43 per cent lower than market, resulting in savings to residential customers of \$4.9 million.

## Financial Value: a sustainable dividend to our shareholders.

- Return on shareholder equity for Electric Generation – 9.08 per cent, Electric Distribution – 11.85 per cent, Gas Distribution – 15.29 per cent with NGPR returning only 1.40 per cent due to gas market prices being 51.8 per cent below budget. This is not unusual in the resource sector where commodity prices are volatile.

## Community Value:

- Energy sustainability leadership in renewables / wise use – HAT Smart Energy Conservation education and incentive programs resulted in local participation in federal and provincial programs at three times the Alberta average.

- Renewable energy projects including the City's Wind Farm and the Solar Thermal initiative moved closer to commercialization.

## Other 2009 operational highlights:

- Electric installed a second LM-6000 gas combustion turbine with dry low emissions equipment. The power plant also commenced construction of a backup boiler that will be used to increase plant operating flexibility and will meet customer load reliably for many years.
- The Gas Utility completed modeling of the Bigstick field resulting in technical-economic support for a \$50+ million development program (2009-2012) including 170 new wells. NGPR (Gas Production) commenced construction of 61 gas wells and associated pipeline equipment in 2009. In addition, four horizontal wells were successfully drilled in the Medicine Hat Glauco C oil pool. The City's subsidiary, Allied Oil & Gas, exceeded its net income target and was able to make a \$2.0 million donation to the Community Capital Reserve.
- The Energy Services Division successfully recruited high calibre individuals for key positions at all levels. Our staff continue to participate in training and personal development programs.

In 2009, the Energy Division (Gas and Electric) generated \$22.5 million in net income, while assets increased \$27.7 million to \$901 million. Cash reserves stand at \$236.6 million and owners equity at \$674.7 million. The Energy Division distributed a dividend of \$42.8 million in support of City property taxes (\$24.5 million) and alternative energy initiatives (\$1.0 million) and a contribution to the community capital fund (\$17.3 million).

I would like to thank City Council for their support and acknowledge the tremendous effort by staff for our progress in 2009.

Sincerely,

Gerry Labas, MBA  
Chief Operating Officer, Energy Division

Energy Division Results	2009	2008 restated	2007 restated	1999
<b>Consolidated Net Income*</b>	\$ 22,503,000	\$ 93,011,000	\$ 74,453,000	\$ 29,671,000
<i>*Includes \$9,641K (2008) &amp; \$8,153K (2007) of dividend to offset rates.</i>				
<b>Combined Assets</b>	\$ 900,842,000	\$ 873,190,000	\$ 819,926,000	\$ 369,840,000
<b>Combined Equity</b>	\$ 674,713,000	\$ 692,035,000	\$ 633,048,000	\$ 210,683,000
<b>Combined Cash Reserves</b>	\$ 236,634,000	\$ 238,682,000	\$ 168,085,000	\$ 49,994,000
<i>(Gas Depletion, Electric Equipment, Nature's Best, &amp; Capital Funds)</i>				
<b>Gas Reserves (Proven + Probable)</b>	334.8 BCF	361.8 BCF	336.5 BCF	288.9 BCF
<b>Dividend Paid to City**</b>	\$ 42,808,000	\$ 41,368,000	\$ 34,900,000	\$ 11,167,000
<i>** Includes \$1.5 Million to Nature's Best in 2007 &amp; 2008, \$1.0 Million in 2009 and \$4 Million from Allied in 2008 &amp; \$2 Million from Allied in 2009.</i>				

# Chief Administrative Officer's Report

On behalf of Municipal Services, welcome to the City of Medicine Hat's 2009 Annual Report. The past year has been a great year that has seen many changes to the city infrastructure and to the City of Medicine Hat organization. Our staff has persevered and excelled once more to bring the community and City Council many unique and enduring projects.

By far one of the greatest accomplishments in 2009 is the Finlay Bridge Rehabilitation Project. Although delayed by weather and a shorter construction season than normal, the project was finished with accolades from residents who were anticipating the reopening of the bridge not only to get their short commutes back, but also because the bridge rehabilitation embodied the original beauty and structure of this landmark. It takes us back to an era when 100 years ago the bridge looked exactly like it does today. It was the original link to the rest of Alberta from points east. It remains a historical landmark and will continue to be an integral transportation route across the South Saskatchewan River for decades to come.

Other accomplishments of note for 2009 include the Automated Waste Collection System. Each household in Medicine Hat received a wheeled collection bin to complement the updated solid waste collection trucks with mechanical arms. Injuries and damage reports have decreased significantly as the automated system provides a cleaner, more efficient solid waste collection process.

Internal projects that were implemented in 2009 include the transition of services and departments throughout City Hall. Human Resources moved to the opposite side of First Street S.E. and other departments will be relocating throughout the building during the first part of 2010. The purpose is to return the Helen Beny Gibson Lounge to a public access events room and to create more space in City Hall for crowded employees. Many departments housed in City Hall didn't exist even a decade ago.

The City organization has maintained its Top 50 Employer status for 2010 and will continue to strive for this success in the coming years. It is a measure of organizational strength and achievement and helps position the City of Medicine Hat as a great place to work.

One of Council's main priorities has always been to engage the public stakeholders in matters and decisions affecting them. This year many open houses were staged for residents' information and feedback including:

- Automated Garbage Collection System
- Downtown Redevelopment Plan
- Leisure Trails Assessment
- Hospital Parking
- South Ridge Drive Roadway Improvements

- Regional Event Centre
- Playground Redevelopment
- Land Use Bylaw Review,
- Ernst & Young Natural Gas Review

The City is already gearing up for 2010 to be another exciting year.

Many projects and studies have been completed and are starting to take off. Projects we hope to clarify and commission in 2010 include the Regional Event Centre, Highway 1/Dunmore Road Interchange, twenty-four hour U.S.A. border crossing at Wild Horse and development of both the Glanville site on First Street SE and the former Riverside Water Slide property. In addition, our office is spearheading a Public Engagement Policy that would see a more productive and efficient process of public consultation throughout the organization.

As we move forward through the first year of a new decade, we place emphasis on planning for current and future needs of residents, businesses and our own organization. Topics and issues such as affordable housing, emergency services, responsible animal-care bylaws, water usage from the South Saskatchewan River, Municipal Redevelopment Plans (MDP) and Inter-municipal Development Plans (IDP) will continue to dominate our agendas for the next few years.

I would like to thank City Council, City of Medicine Hat employees and the residents of Medicine Hat for their dedication to the betterment of our community and making Medicine Hat a great place to live, work and play.



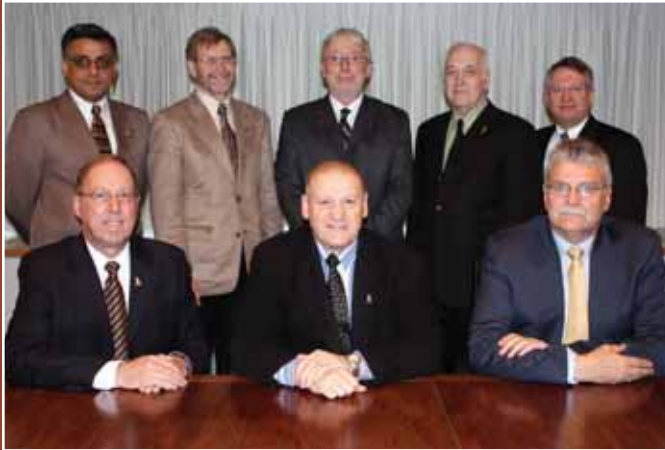
Ray Barnard, CMA, MBA, Bachelor of Commerce  
Chief Administrative Officer, Municipal Services





# Administrative Committee

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



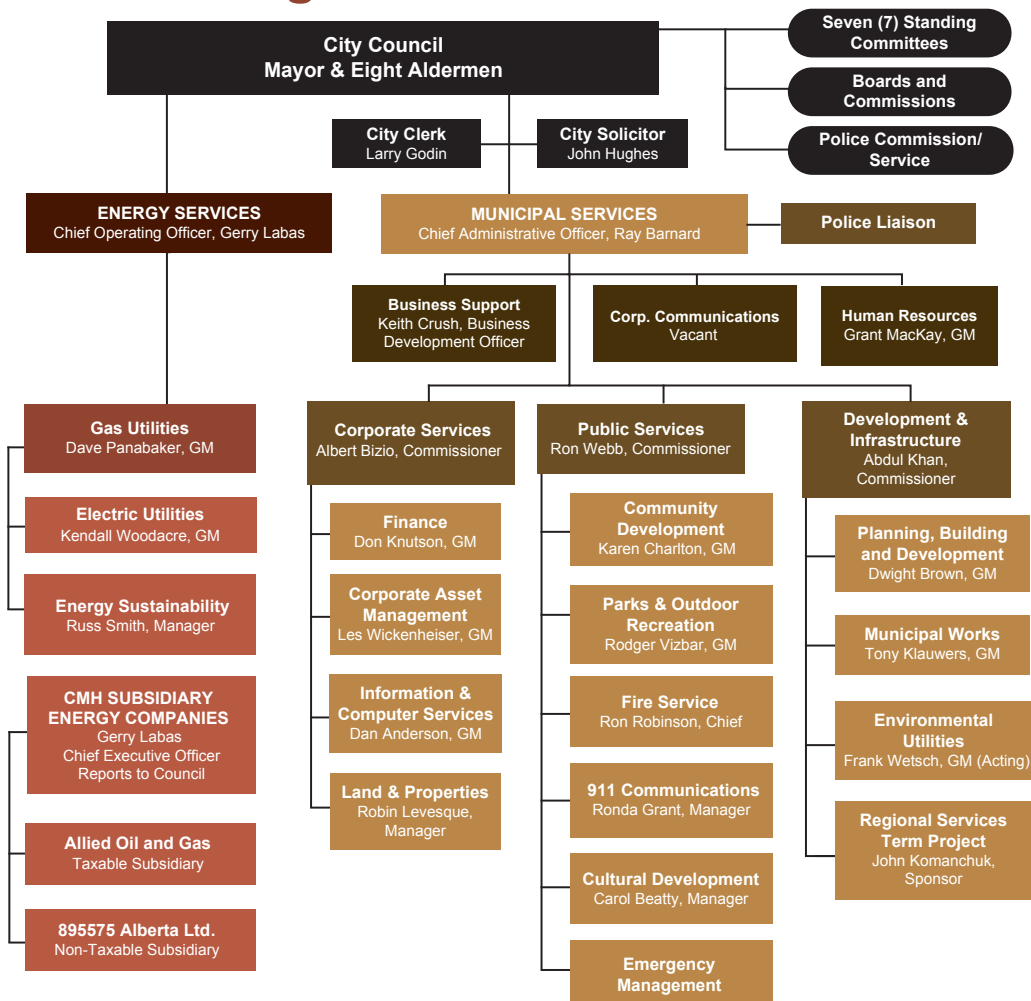
## Back Row (L to R)

Abdul Khan, Commissioner of Development and Infrastructure  
Albert Bizio, Commissioner of Corporate Services  
Ron Webb, Commissioner of Public Services  
Larry Godin, City Clerk  
John Hughes, City Solicitor

## Front Row (L to R)

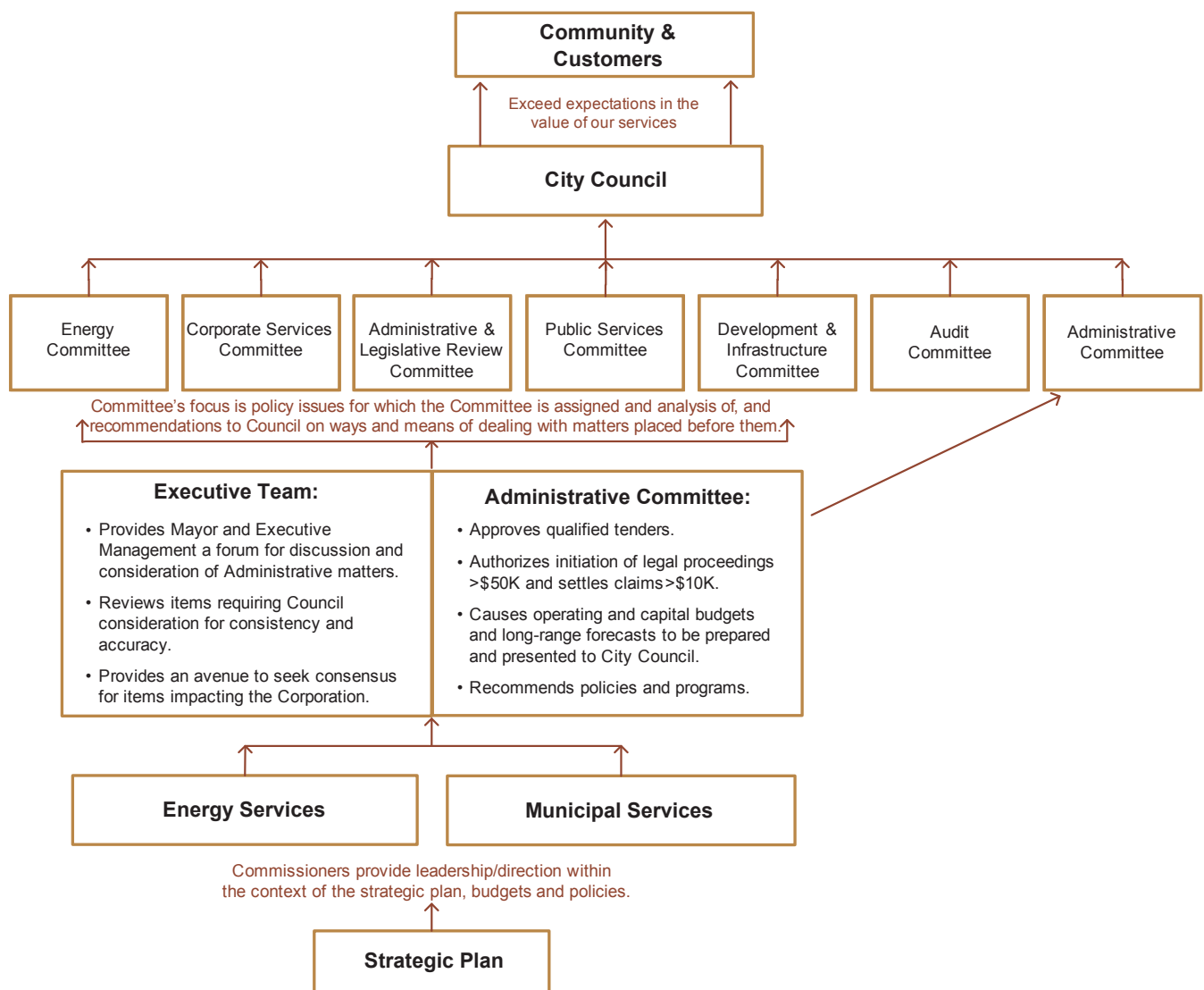
Gerry Labas, Chief Operating Officer, Energy Services  
Norm Boucher, Mayor  
Ray Barnard, Chief Administrative Officer, Municipal Services

# Organizational Structure



# Service Delivery Framework

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









# 2009

## Achievements

# Energy Services

“Energy Services” is comprised of the Electric department, Gas department and Energy Sustainability.

**Electric Utility**

**Energy Sustainability**

**Gas Utility**



# Energy Services



In July 2009, City Council set monthly commodity rates based on the average rates of Alberta electric and gas distribution owners. The new monthly rate structure was retroactive to January 1, 2009, and accordingly, an energy charge rebate was provided to customers on their September utility statement. Residential customers were refunded \$0.0013 per kilowatt for electricity and \$0.373 per gigajoule for gas consumed (January 1 to June 30, 2009).

The Gas Utility refunded \$1.8 million to its ratepayers for the over-collection of commodity rates for the 2008 fiscal year. To ensure its customers were charged competitive rates, refunds would be issued when the City's annualized price was higher than the annual average market price.

The Energy Division provided a \$40.8 million dividend payment to the City of Medicine Hat. The dividend was used to offset property taxes with the remainder being put into the Nature's Best Reserve and the Community Capital Reserve.

Ernst & Young presented a comprehensive energy audit report to City Council on May 16, 2009. Based on the five recommendations in their report, the community engaged in a number of open houses, one survey, and three open panel discussions with key senior officials from the City and Ernst & Young. After careful consideration of feedback and suggestions, City Council voted to increase the operational effectiveness, accountability, technical skills and transparency, as well as to set clear expectations for the Natural Gas and Petroleum Resources business unit.



## 2010 Goals

A Leadership Framework with input from all supervisory staff was developed to identify Energy's Value Proposition, Value Discipline, Value Statement and Measures of Success.

An Energy Division Strategic Planning Session is scheduled to determine the direction and goals for all Energy Division business units.

# Electric Utility



Electric Generation completed the installation of a new LM6000 DLE gas combustion turbine, designated as CT15. This turbine replaced two older turbines (purchased in the 1970's) that were at end-of-life, costly to maintain and operationally restricted due to environmental emission regulations. This vital investment was necessary to fulfill Council's Strategic Direction of Sustainable Utilities and Environmental Stewardship and to reliably meet the electric energy requirements of the customers in the City of Medicine Hat service area at competitive prices now and into the future.

The Electric Utility was able to reduce its safety incident rate from 4.4 (in 2008) to 2.4 per 200,000 man hours worked in 2009. Continuing public education programs offered through safety groups, such as Enform Safety Services, greatly assisted in reducing the number of high voltage contacts involving the public in 2009. Public, contractor and employee health and safety will continue to see improvements with training, advertising, and a mutual safety focus. A reduction in injury rates must continue to be our focus because safety takes our full commitment.

The Index of Reliability (IOR) improved from 0.999892 in 2008 to 0.999987 in 2009, with a corresponding fall in customer-hours of interruption from 27,812 to 3,513, the lowest number since tracking began in 1981. This equates to the average customer experiencing an outage of only seven minutes in 2009. This excellent performance can be attributed in part to a lower number of significant storms in 2009 and coupled with a proactive tree trimming program that reduced the impact to the electric system when storms passed through the city.

## 2010 Goals

Additional Staff will be hired for certain areas with increasing priorities such as Customer Service.

Develop a business case to determine whether to implement an Advanced Meter Infrastructure (AMI) program, which uses "smart" meters to measure, collect and analyze energy usage and makes readings more readily available.

Purchasing a back up boiler in 2010 will increase system reliability, give faster startups and provide security during freezing conditions as the steam generated will maintain heat on the various components required for the operation of the gas turbines.



# Energy Sustainability

HAT Smart continues to be a brand associated with energy conservation and energy efficiency. Residents and commercial businesses are able to access a variety of incentives to assist in renovation and energy efficiency upgrades. Approximately 1,600 households have participated in the HAT Smart Energy Conservation Seminars. The seminars are held monthly and can be viewed online at [www.hatsmart.ca](http://www.hatsmart.ca).

HAT Smart Incentives returned \$160,000 to residents and \$405,000 to businesses. Participants receive their rebates upon completion of energy efficiency upgrades to their home or commercial property.

A five kilowatt Smart Solar Concentrating Electric System demonstration project was installed at the Family Leisure Centre site. The system uses the latest solar electric technologies through a special lens that broadens the spectrum of light used by the solar cells. It is built on a dual tracking system to ensure solar panels are aligned with the sun so that more light is captured. The solar system will generate enough power to make the waves in the Family Leisure Centre pool.



## 2010 Goals

Energy Sustainability will continue to promote energy conservation and efficiency through increased levels of participation in the HAT Smart residential and commercial programs.

In 2010, HAT Smart will be present at the Sunshine Home Expo & Leisure Show and at the Great West Home Expo & Leisure Show.

Work continues to gain approval for the construction of a large scale City renewable energy project. Current projects include the Box Springs Wind Farm and a solar steam generator to be located at the City's power plant. The wind farm is currently being reviewed by the Alberta Utilities Commission with its ruling expected in May 2010. Federal and Provincial grant monies continue to be sought for the solar steam generator project.





# Gas Utility



During 2009, \$20.8 million was invested in operated drilling, completion, pipeline and facility projects as well as in the acquisition of facilities at the Freefight and Crane Lake properties which resulted in compliance closer to today's regulatory standards.

Natural gas production sales volumes were above forecast (26.8 BCF vs 25.2 BCF) and costs were aligned with industry.

Reorganization and staffing of the NGPR business unit provided technical capability, better culture, and internal processes that are required to effectively manage the assets.

The installation of the first of six planned receipt stations, located adjacent to the N.E. Field Compressor and involving the relocation of the separator, features an automated shut valve if pressures exceed the system maximums.

To ensure the security and reliability of the gas supply to the residents of Medicine Hat, the feeder main renewal program renewing approximately 420 meters of 8" steel pipeline along First Street S.E. from Division Avenue South to Fourth Street S.E. continued. In addition, low pressure gas mains and services in the S.E. Hill area were replaced.

Enhancements to the Supervisory Control and Data Acquisition (SCADA) system provided the capability to monitor pressure in the system and odorization injection rates on a 24/7 basis. The alarms are set to alert staff allowing them to respond to any emergency.

The installation of Uninterruptable Power Supplies (UPS) at five major odorization sites and the Northeast Receipt Station ensures odorization and over pressure protection is monitored during any power outage.

Gas Marketing and Electric Generation agreed upon a transfer price for the supply of natural gas replacing the five year rolling average contract.

Gas Marketing along with the City Solicitors department completed a standardized contract for City of Medicine Hat natural gas sales enabling Gas Marketing to negotiate wholesale gas contracts with third party gas marketers.





## 2010 Goals

There are 170 new wells planned for the Bigstick area with a total budget of \$50 million.

To complete modeling of Medicine Hat region NGPR assets to support 2010-2014 development programs and initiate the pilot programs required to validate the models. Initiate similar work for the Sandhills region with the objective of identifying and commencing additional field development, if warranted, before year end.

Execute planned drilling and facility optimization programs while ensuring technical resources are in place for future project activity levels while improving operating efficiencies to minimize cost and maximize revenue. Construction of a new station as a second gas supply point from TransCanada Pipelines Ltd. will feature updated technology, provide additional gas supply to the southern part of the City, and will ensure supply for the City's future requirements.

Gas Distribution will continue with several of its renewal programs in 2010. Renewal projects for this year consist of replacing approximately six to ten blocks of low pressure gas main and services in the S.W. Hill area and approximately 700 meters of 8" steel feeder main along Industrial Ave S.E. The second receipt station will be installed adjacent to Seven Persons Compressor.

A November 2008 report containing a comparison of five different GPS systems was completed using the following two main criteria:

- a) Lower emergency response times by locating and dispatching nearest service truck to emergency.
- b) To further enhance working alone procedures and requirements.

In September 2009, an update indicated that the preferred GPS provider had completed some significant changes in the contract and installation costs, making GPS technology more affordable and efficient by improving data update interval times. These changes also coincided with a change in provincial working alone regulations making the integration of GPS an economically viable solution to these changes. Implementation is to be completed in 2010.

The Gas Utility Bylaw will be updated in 2010. The bylaw is outdated and requires a major overhaul as it has not been fully reviewed since it was created in 1986.

Learn, analyze and implement a plan to minimize the costs for Gas Distribution at the City's delivery stations off the Nova Gas System. This is in response to Nova's application to the National Energy Board (NEB) for a new tariff (price) structure.

Continue to improve the documentation process of accommodating third party marketers' requests to provide gas commodity to customers on the Medicine Hat system.

Develop an updated and user friendly forecasting model for core market load to provide an accurate expectation of gas delivery during the heating season.





# Municipal Services

“Municipal Services” is comprised of the Corporate Services Division, Development and Infrastructure Division, General Government, Public Services Division and Police Service.

**Corporate Services**

**Development & Infrastructure**

**General Government**

**Public Services**

**Police Service**

# Municipal Services

Medicine Hat continues to thrive and grow based on the City Census conducted in June. The census identified that the City's population grew to 61,097 in 2009; an increase of 671 from 2008.



Administration participated in a City Council Strategic Planning Session held in May. The session identified seven corporate priorities for administration and numerous operational strategies and projects.

During April and May, the City in partnership with Canadian Forces Base Suffield, participated in "Operation Hat Trick" a military exercise involving approximately 800 soldiers. The soldiers integrated themselves into the community as though they were on a mission in Afghanistan.

Some of the major projects included the implementation of trial bike lanes, the installation of Light Emitting Diode (LED) street lights in the new subdivisions and video streaming of City Council Meetings.

## 2010 Goals

Plans are to continue to bring forward the Downtown Redevelopment Plan which will include options for the vacant Glanville property, downtown parking, and the downtown planters.

Also in 2010, there will be the review of Highway #1 and #3 routes, options for the Regional Event Centre, the Trans-Canada Highway and Dunmore Road intersection upgrades, a Water Management Strategy Report, Municipal Development Plan and Growth Strategy Review, and snow removal throughout the city.

Medicine Hat will be hosting the 2010 Canada Cup of Curling in November.



# Corporate Services

- **Corporate Asset Management** - Building Services, Treasury & Risk Management, Purchasing & Stores, Fleet Services
- **Finance**
- **Information Computer Services**
- **Land & Properties**

## Corporate Asset Management (CAM)

CAM continued a culture of safety by ensuring compliance with the Safety Management System with no lost time claimed in 2009.

Created an environment that is supportive of continuous learning and growth by meeting quarterly with all staff to improve communications and build strong relationships.

A succession planning process for the department was identified and staff members are being mentored for future roles.

## 2010 Goals

CAM will continue to provide the type of environment that encourages staff members to grow and develop.

### 1. Building Services

Restructuring of Building Services was undertaken and the recruitment of a Manager for Building Services as well as the Facilities Project Coordinator were completed.

Coordination of the Human Resources department move from City Hall to 505 - 1st Street S.E. in a leased premise. Various department moves within City Hall will free up the Helen Beny Gibson Lounge for its intended use in early 2010.

## 2010 Goals

Replacement of boilers at the Electric Utility Building and Fire Station #2 will be completed in 2010.

Building Services engaged services of engineering consultants to conduct a needs assessment study for Police Service Long Term Space Planning.



## 2. Treasury & Risk Management

Improvements in the long-term competitive bid process resulted in continuous development and management of the City's investments.

Staff were provided with professional development training, as well as personal improvement opportunities.

### 2010 Goals

The department will complete a property appraisal of City owned facilities in 2010 to ensure that these properties are adequately insured.

## 3. Purchasing & Stores

The City's policies, procedures and practices were reviewed to ensure compliance with the Trade Investment and Labour Mobility Agreement (TILMA), an inter-provincial agreement between Alberta and British Columbia.

The transition of staff purchasing cards from US Bank Visa card to BMO Mastercard. After 10 years with the same service provider, a market review was necessary. Transition of staff purchasing cards from US Bank Visa card to BMO Mastercard included finalizing contract documents, incorporating a new system, shutting down the old system, ordering/distributing new cards, training, and other implementation tasks.

### 2010 Goals

Purchasing & Stores will review the City's existing purchasing policies and procedures and undertake the necessary changes in the best interests of internal and external stakeholders. In scope will be the seven existing policies and procedures, as well as the addition of a "Surplus Disposal" Policy & Procedure. All policies and procedures will be reviewed to ensure compliance with TILMA standards and regulations.

## 4. Fleet Services

Reorganization of the Parts Department resulted in maintenance optimization. A parts person is in place to support maintenance staff and allow technicians more time "on-the-tools."

Safety initiatives included high-visibility reflective coveralls for mechanics and cold-weather gear for outside service calls.

### 2010 Goals

In 2010, the research and purchase of specialized tooling will be undertaken to increase maintenance productivity and safety.

Maintenance training will be offered to increase productivity, job satisfaction, and team building.

In 2010, the Fleet Coordinator will begin training to optimize maintenance work flow, increase planned maintenance, and decrease reactive (costly) maintenance.





## Finance

In 2009, the City was awarded the prestigious Canadian Award for Financial Reporting for the seventh year in a row for its 2008 financial report. This reinforces our commitment to financial reporting and our vision to make our city a 'community of choice'.

Finance adopted the new Public Sector Accounting Standards for Financial Statement Presentation and Tangible Capital Assets. Prior to 2009, the City assets, for municipal purposes, were not amortized and were shown as expenditures in the period they were acquired. Effective 2009, these assets will be amortized over their expected life.

City Council approved the Municipal and Energy Services three year operating and capital budget. As part of the budget reform, this is the third multi-year budget cycle presented by the City of Medicine Hat. City Council also approved the Police Service 2009 Operating and Capital Budget.

## 2010 Goals

The City of Medicine Hat has formed a project team to manage and implement new standards for its wholly owned subsidiary, Allied Oil & Gas Corp. In 2006, the Canadian Institute of Chartered Accountants Accounting Standards Board declared they would move to International Financial Reporting Standard (IFRS) effective for the year ending after January 1, 2011. IFRS is a single international accounting framework which has growing acceptance globally (100+ countries) and provides comparability of results and more consistent financial information.

With the passage of Bill 23 – *Municipal Government Amendment Act*, a number of changes will occur to the assessment complaints process. Most notable is the creation of one channel of appeal to a Local Assessment Review Board (LARB) which hears complaints about tax notices, assessments for residential properties with three or less dwelling units, and farm land. A second channel of appeal will be the Composite Assessment Review Board (CARB), which hears complaints for non-residential property and residential property with four or more dwelling units. In addition, all members must have mandatory training and be qualified before they can sit as a member of either board. The appeal period has been extended to 60 days from 30.

The Cogsdale Customer Service Management Utility Billing and Customer Information System will be upgraded. Implemented in September 2006, it is used for billing and is a significant contributor to the City's ability to provide its citizens with accurate and timely billing information regarding their utility accounts. The upgrade is necessary for maintenance and support of the application, as well as to benefit from enhancements and modifications released in later versions of the software.







## Information & Computer Services (ICS)

In 2009, ICS continued to expand e-Services applications and City website content to improve and extend online services to residents, businesses and visitors. In addition to launching the new e-Utility system which provided customers with greater access to their utility billing information, other applications continued to be enhanced including e-Camp, e-Reg, e-Tax and i-Map.

As new facilities and buildings are added to the City's infrastructure, ICS managed the expansion, growth and protection of our wide area network (fibre and wireless). This included the design, configuration and administration of network hardware and software, network and data security, communications management and support, as well as desktop and end user support.

In keeping with the City's ongoing environmental initiatives, ICS strives to promote and participate in technologies and strategies that are eco-friendly. ICS has implemented a number of systems using virtualization technology, partitioning one physical server computer into multiple virtual or logical servers. By reducing server sprawl and better using existing servers, ICS can help reduce energy consumption which in turn reduces the City's carbon footprint.

To reduce paper usage, ICS recently implemented document scanning functionality for City departments which facilitates the capture, transmission and online storage of documents. ICS also introduced a new computer re-use program in 2009 which has been successful in providing 109 refurbished personal computers to local school children and non-profit organizations.

The last year brought the successful launch of the Human Resources new Organizational Administration & Staff Information System (OASIS). This in-house developed application provides staff and Administration with a comprehensive payroll and human resource information system. ICS also assisted with the implementation and support of third party departmental solutions including Transit's new Trapeze Intelligent Transportation & Route Analysis System; and upgrades to the Cogsdale Customer Service Management Utility Billing; and the JDE Financial System.

## 2010 Goals

Scheduled for 2010 is an e-Facility system which will allow customers to view city facility booking information online.

Network coverage will be extended to the new power plant administration building. Security will continue to be a priority, and staff will investigate new technologies and opportunities to improve networking services.

The Document Management project will start to review electronic document capture, usage and retention across the organization.

ICS will continue working closely with departments to provide technology solutions through vendor packages and in-house development that will allow staff to enhance their services to residents and taxpayers.



## Land & Properties (L&P)

The corporate mission of L&P is to develop and market land for residential, commercial and industrial uses. It also provides internal real estate consulting services, and manages the land base held for future development and purchases, as well as manages and disposes of strategic properties to meet City Council's environmental, social and economic objectives.

In 2009, the department placed a total of 269 new single-family lots on the market: 167 in Ranchlands and 102 in Southlands. Out of the 269 lots, 87 lots were sold producing a net revenue of \$1.4M.

## 2010 Goals

Goals for 2010 are to maintain a target inventory of 150 single-family residential lots, sell 105 lots, and sustain a return on investment of 15 per cent and a return on equity of 12 per cent.





# Development & Infrastructure

- Environmental Utilities
- Municipal Works
- Planning, Building & Development Services

## Environmental Utilities

In March 2009, the City's Water Treatment Plant (WTP) control room staff were alerted to a pressure drop in the water distribution system through the computerized remote monitoring system and field operations immediately responded. A water main break north of Third Street N.W. resulted in high volumes of water flowing across the street. Due to the major main break and the possibility of water contamination, residents in the affected area of the City were put under a boil water advisory until the field crews could flush, test the water in the distribution system, and do repairs on the water pipe line. The rapid response to the main break, followed by excellent safety procedures and a detailed corrective plan, enabled the residents in the affected areas to have the boil water advisory lifted by Alberta Environment and the Public Health Inspector in record time.



The Wastewater Treatment Plant completed the Ultraviolet Disinfection Upgrade Project in response to Environment Canada's new Pollution Prevention Initiative for the protection of Canada's water resources. The project also reflects the City's ongoing commitment to environmental stewardship. Through this project we are able to achieve zero chlorine discharge into the South Saskatchewan River. Ultraviolet disinfection technologies achieve high level disinfection of treated wastewater and thereby protect the river water quality from harmful microbes without the use of any chemicals.

The roll out of the Automated Waste Collection program was successfully completed. The "Ready-to-Roll" program showed the City's commitment to a safer, greener, and sustainable solid waste management approach. Nearly 20,000 wheeled carts were delivered to every home receiving curbside collection. The system resulted in the largest ever volume of recycled materials diverted to the recycling depots.

## 2010 Goals

The Yard Waste Collection Program will be rolled out in the Spring of 2010.

The City is proceeding with the development of a comprehensive Waste Management Plan in support of Council's Environmental Stewardship policies and directions. It is anticipated that the plan will be implemented in 2011.



## Municipal Works

The South Boundary Road project was a three year, \$26 million dollar project that was completed in 2009. The main components of the project were the installation of 8 kilometres of deep utilities and the construction of 13 lane kilometres of arterial roadway and 3.8 kilometres of asphalt pathway. The roadway provides a critical link in the overall roadway network for Medicine Hat and provides the ability to support growth and development in the south sector of the city.

The Medicine Hat Regional Airport successfully negotiated a land lease with Bar XH Sales for the construction of a hangar for aircraft maintenance, storage, and office space. This project is the largest private investment at the City's Airport. The facility is the first of its kind in Canada incorporating state of the art environmental technologies including wind turbines to generate electricity and geothermal heating and cooling. The hangar will be home to not only Bar XH Sales, but also Super T Aviation, Rangeland Helicopters, and Medicaire (the air ambulance helicopter serving Southeast Alberta).

Municipal Works uses a Pavement Management System for managing the performance of the City's pavement assets and uses best practice to determine when an asset's life cycle requires financial resources. In 2009, Municipal Works spent approximately \$1.0 million on the program to maintain the required target levels of service for the City's road network while maximizing the life span of the pavement. The Road Overlay Program supports Council's strategic policy for sound infrastructure.



The Finlay Bridge project involved scour protection around the piers in the river to prevent erosion of these structural supports and creates a preferred fish habitat. It also involved:

- the removal of the old lead-based paint and repainting
- removal of the aged timber and asphalt surface
- replacement with new timber and asphalt
- upgrading the guiderail to code
- upgrading sidewalk sections
- LED lights
- and bridge abutments. It is anticipated that Finlay Bridge can now be in service beyond 2040 with only routine maintenance.

The Dunmore Road Synchronization Project designed to provide a smooth, efficient flow of vehicles mainly during rush hour traffic is complete. The benefits include:

- an expected 15-20 per cent reduction in stops/delays resulting in a reduction of vehicle emissions
- a 15-20 per cent increase in fuel economy
- an average traffic speed. The synchronization project coordinates the sequence of green lights in an order that maximizes traffic flow in both directions using wireless communication.

## 2010 Goals

The City recently initiated development of a comprehensive Area Structure Plan for the Airport. This will provide land development guidelines allowing full development of the Airport lands, while respecting the surrounding commercial and residential land uses. It also offers potential for development of land for commercial and high end business activities. The subsequent Functional Servicing Report will provide the framework for servicing the Airport lands to ensure adequate infrastructure is in place, upgraded, or constructed to meet the future needs of the Airport area development.

In 2010, Municipal Works will undertake a project to update the Roadway System Master Plan (RSMP). The RSMP defines the strategic elements of the City's roadway network and provides a long-term plan for safe, efficient and economical movement of people and goods within the City. The RSMP also includes a cycling master plan. The RSMP





provides strategic guidance in terms of adding or improving the existing roadway system to meet the demands of increasing population the plan also complements the Municipal Development Plan (MDP) in terms of how to support the growth nodes and scenarios identified in the MDP.

The City will be developing a Sidewalk Maintenance Management System to provide City staff with accurate and detailed information about the state of the City's sidewalks in residential, business, and other commercial locations. This information will enable the City to repair those areas where it is needed most.

The City will engage a consultant to complete the detailed engineering design for the Parkview Drive extension to Division Avenue.



## Planning, Building & Development Services

The Downtown Redevelopment Plan is a 30 year plan helping to define the vision, policy direction, and short, medium, and long term strategies of the downtown as the City looks to manage future growth and development. The plan focuses on practical actions that are achievable in partnership with the community, businesses, and developers. This “roadmap” allows for a unified and coordinated approach to affect changes in the downtown area and to realize the full potential for this important area in the City.

The department implemented a 24-hour automated telephone system to book permit inspections. This automated system for residential and commercial inspections takes about three minutes to complete and covers all building, heating, water, sewer, plumbing, gas and electrical permit work. If the inspection request information is received by phone or fax before 1 p.m., the customer will receive next business day service.

The Uniform Quality Management Plan as a standard for the administration of safety code services was developed which is based on a system used throughout the Province of Alberta.

The City instituted monthly meetings with the local Canadian Home Builders Association (CHBA) and the local Urban Development Institute (UDI) of Alberta as a mechanism to improve communications and customer services.

### 2010 Goals

The statutory Flats Area Redevelopment Plan will provide a vision, policy direction, and land use planning framework for the Flats area. It will be based on significant consultation with the community, industry, and other stakeholders to determine how this area will grow and develop. The plan is intended to address “sense of place” and reinforce its history and heritage values. It also identifies the need for public and community amenities such as pedestrian and alternative transportation connectivity. It also provides the right balance in making this a livable community for residents.

Moving forward in 2010, the Municipal Development Plan will include a complete review and update to the 2004 Municipal Development Plan to grow the City for a population of 100,000. It will look at incorporating a “triple bottom line” practice in support of smart growth and diversity of development in a manner that meets the needs of Medicine Hat and aligns with community values. Community and public engagement will be undertaken in addition to an analysis of market trends, quality of life issues, current and future demographics, and growth factors. This two year process will encompass a framework for land use planning, policy needs and considerations, and recommendations on growth strategies in coordination with other major planning documents for public infrastructure including roads, and recreational, leisure, and community amenities.

This Land Use Bylaw initiative began in 2009 and will take two years to complete with a significant public, industry, and stakeholder engagement process. The review will complete a full land use inventory to align the bylaw with what exists within the community. The Land Use Bylaw will provide updated regulations, land use districts, and criteria for permitted and discretionary uses that are more aligned with the community needs, values, and industry best practices.





# General Government

- City Clerk
- Corporate Communications
- Business Support
- Human Resources
- City Solicitor

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## City Clerk

Conducted the 2009 Municipal Census.

Implemented a new ballot process allowing members of the City Center Development Agency to contribute to the selection of their Board of Directors, which is appointed by City Council.

Assumed a new role/responsibility with the Assessment Review Board process.

Involved in the implementation of an electronic voting process for City Council in Chambers.

Worked on a number of projects throughout the year including:

- H1N1
- Regional Event Centre
- Inter-municipal Development Plan
- New electronic ballot tabulation system for the 2010 General Election



## Corporate Communications

Coordinated and hosted civic celebrations including the Mayor's Levee, Civic Recognition Awards, Annual Christmas Tree Lighting during Downtown Midnight Madness, and the staff children's Christmas party.



Produced the 2009 Annual Report, which combines important statistical information while communicating the goals and objectives of the various City departments to residents.

Implemented of Social Media into communications strategies providing greater coverage to residents including facebook and Twitter. These channels connect current and potential residents with what is happening in our city. It allows instant updates on a wide variety of initiatives and activities in real-time.

Developed and managed communication plans to improve the delivery of information to residents. In 2009, this included over 300 news releases and public advisories, open houses as well as advertising campaigns using billboards, direct mail, newspaper, and radio. Public events in 2009 included:

- Ernst & Young Public Consultation
- Solid Waste Collection
- Spring and Fall Trade Shows
- Playground Redevelopments
- Downtown and Flats Area Redevelopment Plans
- Regional Event Centre
- Transit Updating
- Leisure Trails Future Development Plan

## 2010 Goals

To continue to provide effective and cost efficient direction to departments within the City when assisting with strategic communication planning and advertising campaigns.

To develop and implement a Public Engagement Strategy that will assist in gathering public input to improve the decision making process. Council believes that public input is valuable for the following reasons:

- greater satisfaction and better relationships with citizens
- complaints and concerns that arise late in the process are reduced
- better solutions are formulated

## Business Support

Hide Away Studios was awarded a three-year contract for provision of tourism services as Tourism Medicine Hat.

The department provided support to leverage significant grant funding for three Canadian Badlands Ltd. projects for Medicine Hat.

The department was identified as a key point of contact for developers and investors on several proposed contracts.



## 2010 Goals

Prepare Request for Proposal (RFP) and deliver a tourism master plan for the community of Medicine Hat.

Support the Tourism Industry Group in its work to develop a tourism identity and brand.

Optimize and leverage sponsorship opportunities at the Medicine Hat Exhibition & Stampede and Canada Cup of Curling.



## Human Resources

The City of Medicine Hat was selected as one of Alberta's Top 40 Employers for 2009.

Successfully completed the implementation of Phases A & B of a Human Resource Information System (Oasis) including issue resolution making for a seamless transition to the new system.

Completed policy development/revisions/implementation of the Disability Management Policy, Attendance Management Policy, Substance Abuse Policy, and Vacation Policy.

Implemented changes and provided education around benefit improvements recommended by the Group Benefits Team and approved by Council, including a new Health Care Spending Account.

Sustained the Corporate Safety Management System across the organization and audited its effectiveness.

Developed and communicated a pandemic plan including serving as a liaison between Alberta Health Services and employees during the fall flu outbreak.

Provided for a dedicated HR Training Centre at Heritage Pavilion and included project management as a new training offering.



## 2010 Goals

Continue to be recognized as one of the Top Employers in Alberta.

Work with our customers (operating departments) to streamline internal business processes that will support a more efficient recruitment function.

Support the development and implementation of a Leadership Effectiveness Framework and expand upon leadership development efforts focusing on competencies required in leadership roles.

Develop an organizational strategy that recognizes the links between the Corporate Occupational Health & Safety Supervisor and departmental safety/environmental personnel to ensure uniform implementation of safety initiatives.



# Public Services

- **911 Communications**
- **Cultural Development**
- **Community Development:** Recreation and Leisure Services, Transit Services, Social Development
- **Parks and Outdoor Recreation**
- **Fire Service**
- **Emergency Management**

## 911 Communications

On April 1, 2009, Emergency Medical Services (EMS) was transitioned under the umbrella of Alberta Health Services. Consolidation of more than 30 dispatch centres to three centres located in Calgary, Edmonton and Peace County began following this transition. While 911 calls for service will continue to be received in the Medicine Hat 911 Centre, call interrogation and dispatching of ambulance calls in the Medicine Hat and surrounding area will be transferred to the South Zone Centre (Calgary) by June of 2011.



## Cultural Development



Over 1,400 artists, musicians and enthusiasts came together for three days of an arts celebration known as Alberta Arts Days September 18 – 20. As one of five flagship celebration sites, the Esplanade Arts and Heritage Centre was the hub for a number of community activities. One of the highlights was the MASS Ensemble instruments erected and played in the Esplanade lobby in a dramatic show of light and sound. At the centre of MASS's surround sound giant instruments the Earth Harp, stretched from one end of the lobby to the other.

Attendance figures at the Esplanade climbed to a record high of 74,544.

Volunteers contributed 7,288 hours as ushers, tour guides, summer class assistants, data base entry personnel in the archives and museum, collections care assistants, greeters, monitors, exhibition and reception assistants, back of house and hospitality assistants and many other varied functions.



## 2010 Goals

The Cultural Development department and the Medicine Hat Public Library will launch a new partnership to provide Community Passes for the public. One pass per valid adult card will be provided. Each pass will support one family (2 adults and up to 4 children) for free admission to the Esplanade Galleries.

The Esplanade Arts and Heritage Centre will launch its new website.

The Heritage Resources Committee, adopted by City Council in December 2009 will advise Council on matters related to the conservation of heritage resources in Medicine Hat and play an important role in preserving the city's heritage.

## Recreation and Leisure Services

In 2009, GEC Architecture Ltd. was engaged by the City of Medicine Hat to conduct a Functional Analysis for the new Regional Event Centre project. The scope of the project was defined, including seating capacity and the establishment of the viability of complementary facilities (i.e. hotels, restaurants and a conference centre) in or surrounding the proposed Box Springs Business Park facility location. Research was conducted and similar facilities were visited. Floor plans, bowl design and major structural/mechanical/electrical system plans were developed and a site planning exercise (i.e. site size and configuration including parking and circulation, servicing requirements, grading, access and egress points) was performed. Capital and operating budgets were updated in current dollars based on the advanced design of the building.



## Transit Services

The last two phases of the Long Range Transit Plan were implemented in 2009, including increased service as well as new routes, buses and staff.

In 2009 there was a 35 per cent increase in the use of conventional transit. Special Transit realized a modest decrease of 6.3 per cent.

## 2010 Goals

Upgrading of shelters, pads and wheelchair ramps to allow for improved service between the three transfer terminals as well as over 400 bus stops will continue in 2010.

## Social Development

December 12th marked the grand opening of the 50 unit Southlands Crossing Affordable Housing Project. This \$10 million facility was made possible as a result of the cooperation and contributions from the City of Medicine Hat, the Medicine Hat Community Housing Society, Classic Construction Ltd., the Municipal Sustainability Housing Program, the Affordable Housing RFP program and private donations.



## Parks and Outdoor Recreation

In 2009, seven kilometres of the Leisure Trail System was overlaid with asphalt at a cost of \$312,000. The 2009 program was part of an ongoing 15 year program that will see the entire Leisure Trail System re-paved.

The department maintains approximately 100 kilometres of leisure trails throughout the city, the majority of which were constructed in the early 1980's and have exceeded their life expectancy. This is an annual trail overlay program and is necessary to preserve the structural integrity of the trails and avoid major reconstruction costs in the future.

There are four highboard rinks and six lowboard rinks located throughout the city. All are maintained by volunteers and all are in need of yearly maintenance and improvements. The newly redeveloped Riverside Highboard Rink is multi-functional and will continue to provide recreational opportunities with the addition of plastic rink board, player's benches, galvanized steel posts, an asphalt surface and LED lighting. The project was budgeted at \$150,000. Final expenditure was under \$135,000.



The Playground Management Plan identified both the Strathcona Island Park Water Playground and the Ross Glen Town Centre Water Playground for redevelopment in 2010 to avoid structural failure and eventual closure. As part of the redevelopment project, the playground in Strathcona Island Park will be reconfigured as an accessible playground and a small parking lot will be constructed. The budget is \$1,885,000. The total investment in Playground Redevelopment in 2010 is \$2,895,000.



## 2010 Goals

The program is planned to continue in 2010 with an additional seven kilometres being re-paved as a part of the 15-year plan.

## Fire Service/Emergency Management

The Medicine Hat Fire Service Health and Wellness program was initiated to promote overall health, wellness and fitness in fire fighters. It is developed and patterned after the International Association of Fire Chief's/ International Association of Fire Fighters Wellness-Fitness Initiative.

City dignitaries, Federal and Provincial representatives and local media participated in the first Fire Ops 101 endeavor by the Fire Fighters Association.



Participants donned protective equipment to experience the heat while extinguishing the flames of a vehicle fire. They observed Haz-Mat Technicians dealing with a contaminated site, completed search and rescue in a confined space maze, and rappelled down a 40-foot hose tower. They assisted in rescuing a "victim" using vehicle extrication equipment, viewed an Aquatics demonstration and finished with an informative Fire Prevention and Investigation presentation.

Under the auspices of Emergency Management, pandemic plans were updated and tested, communication strategies were developed, and all were activated due to the second wave of the H1N1 influenza pandemic. The City of Medicine Hat proactively developed its own Municipal Surveillance Model to monitor the impact of staff absenteeism on services.

## 2010 Goals

The initial process of developing Pre-Fire Plans and up-to-date GIS Response Maps will be completed. The plans and maps containing essential information will be presented to responding officers and their crews through Fire Data Management (FDM) software.

Identification of the location of potential hazards such as mantraps, toxic materials, and engineered trusses on Pre-Fire Plans will greatly enhance the safety of staff as well as improve fire suppression efforts. The locations of all key objects will be identified on the plans, such as hydrant location, main electrical shut-off, sprinkler room and isolation valves, elevators, HVAC, standpipes, etc.

Time and life-saving information will be provided to Incident Command. Close at hand will be Mobile Data Terminals (MDT's/laptops) in responding vehicles and response maps to floor plans highlighting hazardous materials or other dangers.

The Emergency Management Project will be undertaken in 2010-2011. It will include the assessment of the costs, benefits, and methods of delivering a high level of municipal preparedness for Emergency Management and a report indicating the costs and benefits of participating in a Regional Emergency Response Plan.



# Police Service

A Combined Forces Special Enforcement Unit (CFSEU) was established made up of investigators from the Medicine Hat Police Service and the RCMP who work in partnership with the Medicine Hat Integrated Intelligence Unit (MHIIU). Both teams are partially funded by the Alberta Law Enforcement Response Teams (ALERT), which is an initiative of the Alberta Solicitor General and Minister of Public Security, that is bringing municipal, provincial and federal policing resources together in an integrated environment to target organized and serious crime in the province.



Service wide over \$ 4.3 million in drugs and \$1.8 million in property was recovered from our community.

The position of Communications Coordinator was developed to coordinate media requests with timely, relevant and consistent messages.

A new Police Service website was launched to make it easier to navigate. It contains more updated and available information. The website has become a one-stop resource for the citizens of Medicine Hat regarding the activities and services offered by the Police Service along with offering more opportunity for interaction and feedback from the community.

An internal communication review was conducted that engaged all Service employees and identified a number of opportunities for improvements. An employee newsletter and a handbook for new employees to assist them in their orientation to the Service were developed.

A complete review of Service policy was conducted to ensure the Service maintained certification with the Provincial Policing Standards. The process of implementing a Safety Management System to ensure that the Service is consistently studying and applying safe work practices was initiated.

The Service pandemic plan was updated to reflect the changing threats and to ensure coordination with other emergency services and City departments.

A three-year business plan was prepared which outlined eleven strategies that will provide the foundation for supporting the Service requirements into the foreseeable future.



## 2010 Goals

Strategies identified in the three-year business plan will be implemented to meet the current and future needs of our growing community while continuing to protect and service the community. These include such things as:

- Realigning the service into three branches: administrative, support and operational services and realigning the reporting structure for units and sections that currently report directly to an Inspector.
- Increasing the supervisory capacity in Patrols as well as modifying the supervision of the Information Processing Section.
- Improving the development, coordination and continuity of Service training.
- Developing a strategic approach to serial crime, emerging crime trends and offender accountability.

Police Service will plan a strategy for introduction and implementation of the newly formed Medicine Hat Safe Community Association that was created in February 2010. The Association's purpose is to promote programs and services aimed at ensuring the safety of the citizens of Medicine Hat including advice on programs and services the Community Safety Unit delivers to the community in the areas of: Safe Communities, Safe Schools, and Safety by Design.





**Financial**



# Treasurer's Report *For the year ending December 31, 2009*

## INTRODUCTION

I am pleased to submit the City of Medicine Hat Consolidated Financial Statements for the fiscal year ended December 31, 2009.

The City is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures and an overview of financial performance.

The purpose of the Financial Report is to present the users and readers with a clear insight to the financial results for the City of Medicine Hat for the fiscal year ended December 31, 2009. Administration strives to ensure that this report fairly presents this information. The report compares how financial resources were used against budgets and past financial performance. The report is divided into six sections:

- Introduction – Provides an overview of the Treasurer's Report.
- GFOA Award for Financial Reporting.
- Risk Management - Discussion of Risks and Risk Management Strategies.
- Management Reporting and Control - Provides an explanation of the planning, budgeting, accounting, auditing and reporting process.
- Financial Statement Discussion and Analysis - Presents a review of the City of Medicine Hat's financial activities and position for the fiscal year ended December 31, 2009. 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.
- Financial and Statistical Schedules (unaudited) - Presents a variety of statistical and financial information on a multi-year comparative basis.



Albert Bizio,  
Corporate Services  
Commissioner

## GFOA AWARD FOR FINANCIAL REPORTING

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Medicine Hat for its Annual Financial Report for the fiscal year ended December 31, 2008, the seventh year in a row. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

To be awarded a Canadian Award for Financial Reporting, a government entity must publish an easily readable and efficiently organized annual financial report with contents conforming to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

## Canadian Award for Financial Reporting

Presented to

City of Medicine Hat  
Alberta

For its Annual  
Financial Report  
for the Year Ended

December 31, 2008

A Canadian Award for Financial Reporting  
is presented by the Government Finance Officers  
Association of the United States and Canada  
to government units whose annual financial reports  
achieve the highest program standards for Canadian  
Government accounting and financial reporting.



President

Jeffrey L. Esser  
Executive Director



## **RISK MANAGEMENT**

This section of the report deals with the City's exposure to risk and uncertainty to enable the reader to make informed judgments about the implications of these risks on the City's financial position.

### **(a) Operational Risk Management**

The City's operations are insured under a conventional municipal insurance program, which includes Property, Boiler and Machinery, Liability, Automobile and Oil and Gas Multi-Energy. The insurance program includes a self-retention component for those losses within the various deductible levels.

### **(b) Public Safety**

Medicine Hat Police Service has kept pace with the growth in the community and the demand for services from residents. This has been accomplished through implementation of technology and equipment to more effectively use resources while maintaining officer and public safety. Continued training and development of the Police Service personnel maintains a sufficient level of expertise to enhance organizational strength. Funding to Police Service has continued to increase to ensure that the needs of the public are met.

The goal of Fire and Emergency Management Services is to provide effective life and property protection to the community through the delivery of community inspection, education and safety programs, pre-planning for disasters and emergencies, and to aid rapid response to fire and rescue emergencies, as well as natural or man-made disasters. Fire and Emergency Management Services continues to monitor growth patterns and recommends changes or improvements that will provide efficient and effective protection to meet City Council's established response guidelines to all areas of the city.

The City operates a 9-1-1 Communications Centre, serving our community as a single point of contact for allocation of emergency and essential services to the residents of Medicine Hat and area. 9-1-1 serves a regional population of approximately 100,000 residents with immediate contact capability for language interpreters, poison control, emergency management, chemical spill information and call trace. The aim is to maintain a level of service that meets or exceeds industry standards with respect to call answer times and protocol compliance. In 2007, the 911 Communications Centre became the first

Tri-Accredited (Fire, Police and Medical) center of excellence in the world, and in 2009 was one of only two Tri-Accredited centers in the world.

### **(c) Treasury Management**

City funds are invested in accordance with Investment Policy #0110. The goal of this Policy is to ensure that the investment of City funds is made in a manner which will provide the highest investment return with the maximum security, while meeting the daily cash flow demands of the City, as well as conforming to all provincial statutes and regulations governing the investment of municipal funds. Investment performance is benchmarked against the DEX (formerly ScotiaMcLeod) Universe Bond Index with an overall objective of sustaining a yield that exceeds 80 per cent of the index. The Treasury Team meets to review the investment portfolio and quarterly activity. A Treasury Report, complete with performance indicators, is compiled quarterly and distributed to the Audit Committee and City Council.

In addition, internal control procedures are designed to ensure that the daily handling of cash is managed in a secure methodology. Finally, each member of the Treasury team must sign a disclosure statement to ensure their personal business activities do not conflict with the investment activities of the City.

### **(d) Environmental**

The Planning, Building & Development Services department provides corporate support and ensures regulatory compliance with regard to environmental matters. The department completes the regulatory activities including the administration of the environmental management policy, supports the operating departments in completing their due diligence with respect to environmental activities and provides current information on evolving and emerging environmental regulatory requirements. One of the goals is to keep City Council informed of the City's progress in striving for continual improvement in management systems and communication that focus on both compliance and proactive excellence in matters of environmental stewardship.

## **MANAGEMENT REPORTING AND CONTROL**

The following section deals with the planning, reporting and audit process.

## (a) Strategic Planning and Budgeting



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. Effective for the 2009 – 2013 planning period, City Council has approved the adoption of a three year operating and capital budget with a two-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 five-year Capital Improvement Plan is developed for all departments. The Capital Improvement Plan identifies proposed capital project expenses and their sources of financing.

For the 2009 - 2011 budget period, the City has 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.

## (b) Accounting

The City of Medicine Hat manages the accounting function in five divisions: Corporate Services, Public Services, Development and Infrastructure, Police, and Energy Division. Each division is responsible for managing the delivery of services in accordance with the resources allocated. All divisions share a common accounting and reporting system. Financial and accounting services are administered under the direction of the Commissioner of Corporate Services and delivered to each division based on its requirements.

## (c) Auditing

The "Municipal Government Act" requires municipal Councils to appoint an independent auditor. In 2003, Medicine Hat City Council appointed KPMG LLP, as the external auditor for a five-year term. This term was extended one year to 2009.

The role of the external auditor is to present an independent opinion on the fair presentation of the City's financial position and operating results as contained in the audited Financial Statements, and to express an opinion that the financial statements are free from any material misstatements. The auditor advises management and the Audit Committee of any control or operational matters that may have been identified during the audit procedure.

The Audit Committee, comprised of three members of City Council, is a Standing Committee of City Council. The Audit Committee is responsible for recommending the appointment of the independent auditor, reviewing the terms of the engagement and overseeing management's responsibilities for financial reporting. The Audit Committee meets with management and the independent auditors to discuss the scope and timing of the audit, to review the auditor's findings and to ensure that management is carrying out its responsibilities.

## (d) Financial Report

The financial report contains the audited financial statements consistent with principles and standards for financial reporting established by the Public Sector Accounting Board of the Canadian Institute

of Chartered Accountants, as required by the Alberta Municipal Government Act. In addition, it serves as an opportunity to communicate with taxpayers and other members of the public regarding the City's financial performance and significant financial events in 2009.

Financial statements in the public sector serve as a central feature of reporting and assessing the management of public financial affairs. They report the municipality's actual financial activities, in comparison to planned activities and the resulting financial condition of the municipality. They are only one factor in determining the financial condition of a government and do not replace a variety of other reports that are prepared. The financial statements serve as a means by which a municipality provides a report of its administration of public funds and presents information that is useful in evaluating the municipality's financial condition at the end of a year and its financial performance through the year.

The information in the financial report is the responsibility of management. KPMG LLP, the City's independent auditors have audited the City's Consolidated Financial Statements and their report accompanies those financial statements.

City Council carries out its responsibility for the Consolidated Financial Statements through the Audit Committee.

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

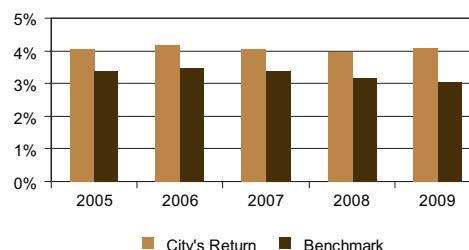
Overall, the financial results for 2009 are:

### CONSOLIDATED BALANCE SHEET

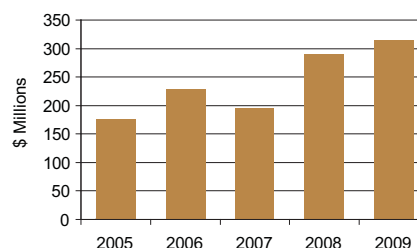
#### Assets

- Cash and Investments increased by \$45.8 million primarily due to a net increase of \$19.3 million of cash from financing, and cash from operating activities exceeding cash spent on capital by \$25.5 million primarily in the Gas Utility.
- The City of Medicine Hat's investment return for the year ended December 31, 2009 averaged 4.09 per cent, outperforming the DEX (formerly ScotiaMcLeod) Universe Bond benchmark index of 3.04 per cent. The City's average portfolio return has outperformed the stated benchmark the last five years.

### Rate of Return



### Investment Portfolio

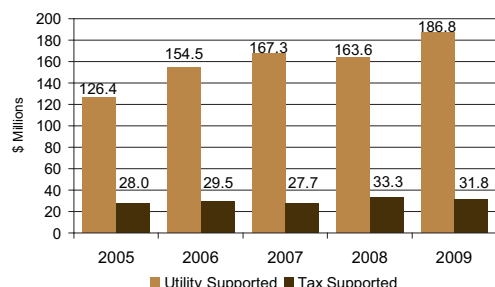


- Tangible Capital Assets increased \$28.5 million. This increase is primarily related to \$14.1 million for roads in new subdivisions and upgrades to existing roads, \$7.3 million for bridge rehabilitation, \$6.1 million for mobile equipment, an additional \$32.0 million for the substantial completion of construction of the LM6000 combustion turbine #15 at the power plant, and \$8.7 million for improvements to water and sewer systems. Additionally, the Natural Gas & Petroleum Resources capital program for 2009 was \$20.8 million. These increases were offset by amortization expense of \$87.5 million.

#### Liabilities

- Total Liabilities increased \$54.3 million in 2009. Other Long Term Liabilities increased \$30.3 million primarily due to the increase in the Gas Asset Retirement Obligation due to increases in cost estimates. Deferred Revenue increased \$2.9 million primarily due to an increase in deferred grant revenue by \$6.7 million.
- Other Long Term Liabilities increased \$30.3 million. This increase is primarily due to the increase in the Gas Asset Retirement Obligation from changes in cost estimates. The total liability for the Gas Asset Retirement Obligation at the end of 2009 is \$104.1 million. This obligation is related to liabilities associated with the future retirement of tangible long-lived petroleum and natural gas assets resulting from the acquisition, construction, development and normal use of petroleum and natural gas assets.

## Long-Term Debt



- During 2009 total Long Term Debt increased \$21.5 million to \$216.2 million primarily as a result of \$25.0 million to finance the LM6000 combustion turbine, and \$9.5 million for improvements to environmental utility assets. Total debt principal repayments were \$18.1 million. During 2009 tax supported debt per capita decreased from \$515 to \$482. Utilities supported debt per capital increased from \$2,707 to \$3,057.
- 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. The City's 2009 debt levels are as follows:

<b>Debt Limit</b>	<b>\$582.0</b>
<b>Actual Debt (Long &amp; Short Term)</b>	<b>218.5</b>
<b>Amount Under Limit</b>	<b>\$363.5 62%</b>

<b>Debt Servicing Limit</b>	<b>\$101.9</b>
<b>Actual Debt Servicing</b>	<b>28.0</b>
<b>Amount Under Limit</b>	<b>\$ 73.9 73%</b>

## CONSOLIDATED OPERATING REVENUE AND EXPENSES

The Consolidated Operating Revenue and Expenses statement reports the extent to which revenues raised in 2009 were sufficient to meet current year operating expenses.

The annual surplus for 2009 was \$39.9 million compared to a budget of \$97.7 million and 2008 of \$114.6 million.

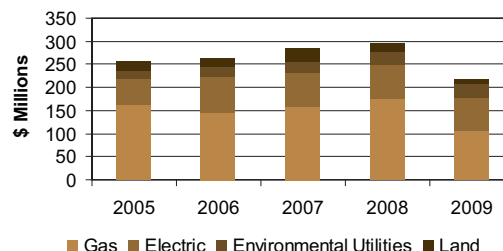
Prudent operations of the City's Utilities have allowed the City to maintain attractive rates for its

customers. At the same time, the City has been able to direct dividends from the Utilities to offset annual requirements for property taxes. During 2007, City Council approved an Energy Division Dividend Policy. The City of Medicine Hat expects a dividend from its Energy Division business units that is fair and equitable. The Dividend Policy enables the energy utilities the opportunity to ensure long term financial sustainability and guarantees an annual fixed cash flow to the tax side of the corporation to offset property taxes.

## Revenues

- Of the total consolidated revenue of \$335.0 million, 65 per cent was derived from the sale of goods and services by Gas, Electric, Water, Sewer, Solid Waste and Land and Subdivision Development. Much of the revenue generated by Gas operations is achieved through sales of natural gas to external markets. Net municipal taxes provided \$41.8 million.
- Revenues from taxes and general government operations of \$50.0 million were in line with the budget of \$50.4 million.

## Combined Land and Utilities Sales



- The Gas Utility sales revenue was \$104.7 million against a budget of \$144.5 million. The average natural gas sales price was \$3.87 / GJ compared to a budget of \$6.82 / GJ, a decrease of 43 per cent. Sales volume was 6.3 per cent above budget at 26.8 million GJ's due to a more gradual decline in production rates than expected.
- The Electric Utility reported sales of \$70.0 million, against a budget of \$95.2 million as electric commodity prices in the market were 20 per cent lower than budgeted, and total volume was 6.6 per cent lower than budget.
- Environmental Utilities (Water, Sewer, Solid Waste) considered as a whole, reported sales revenues of \$30.8 million against a budget



of \$31.0 million as rates and volumes were similar to expectations. Land and Subdivision Development reported \$11.5 million in sales revenue compared to a budget of \$14.5 million, primarily due to a decrease in residential lot sales.

### Expenses

Expenses for General Government operations increased by \$8.5 million over 2008, however were \$4.5 million lower than budget. Wages and benefits increased by \$7.1 million over 2008 due to new positions required to meet growth demands in the community and contract settlements. Expenses for the Gas Utility were \$3.9 million higher than budget as a result of increased amortization costs. However expenses were \$25.0 million lower than 2008 as a result of a reduction in operating costs due to lower contracted services and materials costs in the industry (\$5.2 million) and a reduction in royalties paid due to the drop in commodity prices (\$11.5 million).

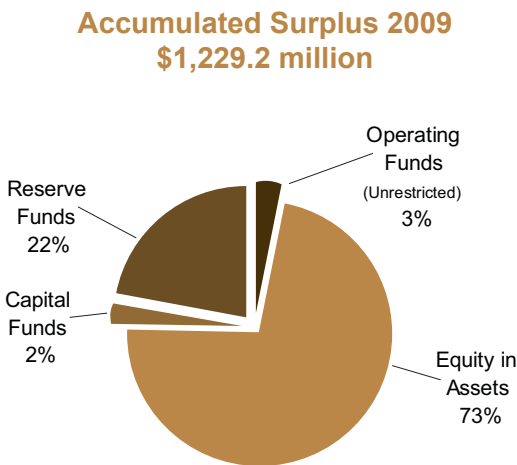
Expenses for Land and Subdivision Development were less than the budget by \$7.8 million due to lower than expected costs of goods sold.

### Equity (Accumulated Surplus)

During 2009 the consolidated fund and equity balances increased by \$39.9 million (surplus) to \$1,229.2 million. The increase is primarily a result of the earnings and activities of the Energy Division. Of the total \$1,229.2 million in equity (accumulated surplus), only \$39.0 million is unrestricted.

\$30.6 million is set aside for previously approved capital expenses that were incomplete at year end. \$273.9 million is set aside for future capital expenses in various reserves. There are six major reserves: the Gas Depletion Reserve (\$189.3 million), which is intended for future acquiring, exploring for and developing natural gas reserves; the Electric Facility and Equipment Reserve (\$17.5 million), which is to provide funding for replacement of depreciated assets and investment in new Electric Utility assets; the Natures Best Reserve (\$5.6 million), for investment in alternative energy and education; the Community Capital Reserve (\$27.7 million), for funding of tax side expenses on community facilities and equipment; the Fleet Replacement Reserve (\$6.1 million), and the Infrastructure Reserve (\$21.9 million). The last two reserves are used to fund fleet purchases and future municipal infrastructure improvements, thereby reducing debenture-borrowing requirements.

The remaining \$885.7 million of accumulated surplus is the City's equity in its physical assets.



# Management's Report

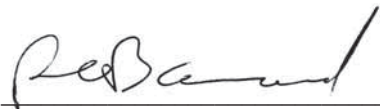
The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management.

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.

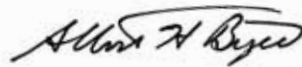
Management has developed and maintains an extensive system of internal controls that provide reasonable assurance that all transactions are appropriately authorized, that assets are properly accounted for and safeguarded, that all transactions are accurately recorded and that financial records are reliable 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.

KPMG LLP, our independent auditors, have provided an unqualified opinion on the audited consolidated 2009 financial statements.

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 ensure that management is carrying out its responsibilities. The auditors have full and free access to the Audit Committee and management.



Chief Administrative Officer



Commissioner of Corporate Services

## Financial and Statistical Schedules (Unaudited)

### Financial Comparison 2009 - 2000

#### Consolidated Balance Sheet (in Thousands of Dollars)

ASSETS	2009	2008 (restated)	2007	2006	2005	2004	2003	2002	2001	2000
Cash and Investments	\$ 381,994	\$ 336,186	\$ 233,331	\$ 254,671	\$ 195,815	\$ 141,717	\$ 101,079	\$ 62,909	\$ 81,849	\$ 89,808
Investment In Subsidiary	-	-	-	-	-	-	-	-	47,360	-
Advances to Subsidiary	14,911	15,945	18,016	17,958	18,978	20,448	21,270	31,009	11,515	-
Accounts Receivable (Net of Allowances)	45,659	48,085	47,541	46,308	39,449	33,192	26,630	31,748	21,536	35,059
Inventory for Consumption	16,558	17,069	12,145	9,881	8,422	9,275	8,739	8,889	8,296	10,097
Inventories for Resale	22,053	26,708	21,765	27,696	22,177	20,022	17,800	18,545	18,433	14,541
Deposits and Other Assets	8,445	3,461	1,920	1,761	3,222	2,308	1,291	1,164	959	538
Prepaid Expenses	1,614	1,388	1,031	1,152	1,068	934	615	771	6,688	1,205
Long Lived Asset - Retirement Obligation	60,085	36,804	43,522	21,795	19,403	19,828	13,760	5,875	-	-
Tangible Capital Assets	1,101,874	1,073,369	1,127,516	963,304	904,689	867,318	820,226	774,640	653,145	629,889
	<b>\$1,653,193</b>	<b>\$1,559,015</b>	<b>\$1,506,787</b>	<b>\$1,344,526</b>	<b>\$1,213,223</b>	<b>\$1,115,042</b>	<b>\$1,011,410</b>	<b>\$ 935,550</b>	<b>\$ 849,781</b>	<b>\$ 781,137</b>

LIABILITIES	2009	2008 (restated)	2007	2006	2005	2004	2003	2002	2001	2000
Trade Accounts Payable	\$ 24,042	\$ 19,888	\$ 17,919	\$ 20,935	\$ 12,998	\$ 17,908	\$ 11,563	\$ 16,786	\$ 9,981	\$ 12,077
Accrued Liabilities & Deferred Revenue	58,038	56,684	45,705	42,474	43,654	29,108	28,501	25,266	15,024	19,179
Short-Term Debt	-	2,188	7,928	2,248	-	-	-	9,984	19,809	-
Long-Term Debt	216,189	194,713	195,252	183,971	154,751	158,203	156,249	144,166	136,195	165,469
Loss In Subsidiary	4,113	4,853	6,205	7,310	8,086	9,798	9,978	8,092	-	-
Other Long-Term Liabilities	121,617	91,348	84,784	55,507	45,914	39,285	29,604	19,093	15,664	13,657
	423,999	369,674	357,793	312,445	265,403	254,302	235,895	223,387	196,673	210,382

EQUITY	2009	2008 (restated)	2007	2006	2005	2004	2003	2002	2001	2000
Equity In Capital Assets	885,685	878,656	927,320	779,333	749,938	709,114	663,975	630,148	516,950	468,252
Fund Balances	343,509	310,685	221,674	252,748	197,882	151,626	111,540	82,015	136,158	102,503
	1,229,194	1,189,341	1,148,994	1,032,081	947,820	860,740	775,515	712,163	653,108	570,755
	<b>\$1,653,193</b>	<b>\$1,559,015</b>	<b>\$1,506,787</b>	<b>\$1,344,526</b>	<b>\$1,213,223</b>	<b>\$1,115,042</b>	<b>\$1,011,410</b>	<b>\$ 935,550</b>	<b>\$ 849,781</b>	<b>\$ 781,137</b>

#### NOTES:

- Effective 2004, the City adopted the new Canadian Institute of Chartered Accountant standards and guidelines for Asset Retirement Obligation, the Full Cost Accounting Guideline and Accounting for Future Benefits. These policies were adopted retroactive to 2002 and 2003. Information for 2001, 2000 and 1999 does not reflect these changes.
- Effective 2005, the financial information for the Medicine Hat Public Library was excluded from the Financial Statements, as they are not owned or controlled by the City of Medicine Hat. This change was restated retroactively for 2004, 2003, and 2002. Information for 2001, 2000 and 1999 does not reflect these changes.
- Effective 2009, the City adopted the new Canadian Institute of Chartered Accountants standards for Tangible Capital Assets. These policies were adopted retroactive to 2008. Information for 2000 - 2007 does not reflect these changes.



## Financial and Statistical Schedules (Unaudited)

### Financial Comparison 2009 - 2000

#### Operating Revenue and Expenses (in thousands of dollars)

REVENUE FROM:	2009	2008 (restated)	2007	2006	2005	2004	2003	2002	2001	2000
Taxes	\$ 63,924	\$ 61,267	\$ 56,257	\$ 50,786	\$ 46,217	\$ 42,741	\$ 41,270	\$ 38,040	\$ 35,370	\$ 38,088
Less - Requisitions	(22,155)	(22,414)	(22,292)	(21,383)	(20,574)	(19,973)	(18,733)	(17,650)	(16,006)	(18,831)
	41,769	38,853	33,965	29,403	25,643	22,768	22,537	20,390	19,364	19,257
Sale of Services										
General Government	8,240	7,932	8,101	6,998	6,029	5,632	5,220	5,177	4,674	4,194
Gas	104,662	171,152	157,875	143,133	161,387	129,817	129,178	96,188	112,707	101,268
Electric	69,993	77,978	69,327	72,057	55,856	58,399	53,687	47,778	74,475	93,036
Environmental Utilities	30,842	28,311	25,633	22,262	19,498	18,379	18,625	16,705	16,351	15,397
Land	11,480	18,286	33,873	19,184	17,165	22,081	16,203	15,050	11,183	5,748
Medicine Hat Public Library	-	-	-	-	-	-	-	-	87	94
Other Income										
Investment Income	13,365	11,426	12,169	10,286	6,875	5,496	4,654	5,338	5,292	3,690
Investment (Loss) in Subsidiary	740	1,352	1,105	776	1,712	180	(1,886)	(8,485)	256	-
Licenses, Fines & Penalties	5,905	6,842	6,145	5,714	5,482	4,804	3,713	3,570	3,186	2,742
Other	13,835	24,008	10,762	10,875	8,695	6,357	4,908	4,939	3,503	7,977
Government Transfers for Operating	4,749	14,273	4,243	6,260	6,114	3,754	3,398	3,194	3,593	3,264
Government Transfers for Capital	21,397	12,681	-	-	-	-	-	-	-	-
Charitable Gift	2,000	4,000	-	-	-	-	-	-	-	-
Contributed Assets	6,019	9,868	-	-	-	-	-	-	-	-
	<b>\$ 334,996</b>	<b>\$ 426,962</b>	<b>\$ 363,198</b>	<b>\$ 326,948</b>	<b>\$ 314,456</b>	<b>\$ 277,667</b>	<b>\$ 260,237</b>	<b>\$ 209,844</b>	<b>\$ 254,671</b>	<b>\$ 256,667</b>

EXPENSES:	2009	2008 (restated)	2007	2006	2005	2004	2003	2002	2001	2000
General Government	\$ 107,079	\$ 98,893	\$ 74,571	\$ 71,161	\$ 67,471	\$ 62,737	\$ 57,289	\$ 54,182	\$ 50,058	\$ 45,977
Gas	122,940	147,933	79,396	65,356	48,623	52,284	51,691	39,566	49,501	52,159
Electric	41,289	36,224	30,022	31,080	30,089	27,051	29,458	22,807	24,734	21,553
Energy Sustainability	921	659	-	-	-	-	-	-	-	-
Environmental Utilities	20,660	22,669	13,849	12,448	15,739	12,124	11,264	10,056	10,270	9,766
Land	2,254	5,945	8,640	6,317	14,075	5,197	5,355	3,926	2,758	951
Medicine Hat Public Library	-	-	-	-	-	-	-	-	1,201	1,180
Capital Purchase & Debt	-	-	33,195	57,278	33,649	41,589	32,469	27,208	36,454	51,573
To (from) Surplus / Reserves	39,853	114,639	123,525	83,308	104,810	76,685	72,711	52,099	79,695	73,508
	<b>\$ 334,996</b>	<b>\$ 426,962</b>	<b>\$ 363,198</b>	<b>\$ 326,948</b>	<b>\$ 314,456</b>	<b>\$ 277,667</b>	<b>\$ 260,237</b>	<b>\$ 209,844</b>	<b>\$ 254,671</b>	<b>\$ 256,667</b>

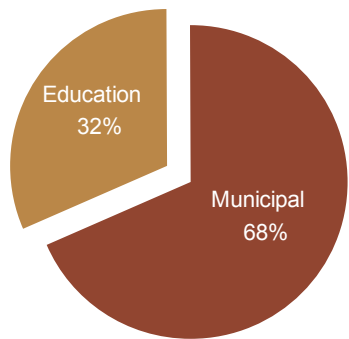
#### NOTES:

- Effective 2004, the City adopted the new Canada Institute of Chartered Accountant standards and guidelines for Asset Retirement Obligation, the Full Cost Accounting Guideline and Accounting for Future Benefits. These policies were adopted retroactive to 2002 and 2003. Information for 2001, 2000 and 1999 does not reflect these changes.
- Effective 2005, the financial information for the Medicine Hat Public Library was excluded from the Financial Statements, as they are not owned or controlled by the City of Medicine Hat. This change was restated retroactively for 2004, 2003, and 2002. Information for 2001, 2000 and 1999 does not reflect these changes.
- Effective 2009, the City adopted the new Canadian Institute of Chartered Accountant standards for Tangible Capital Assets. These policies were adopted retroactive to 2008 and as a result, government transfers for capital is included in revenue, amortization expense on general government assets is included in expenses and capital expenses and debt principal payments are excluded from expenses. Information for 2000 - 2007 does not reflect these changes.

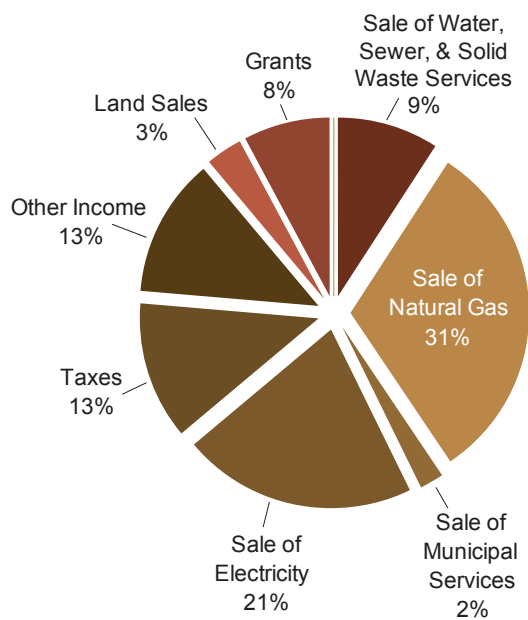
# Financial Synopsis 2009

## Operating Activities

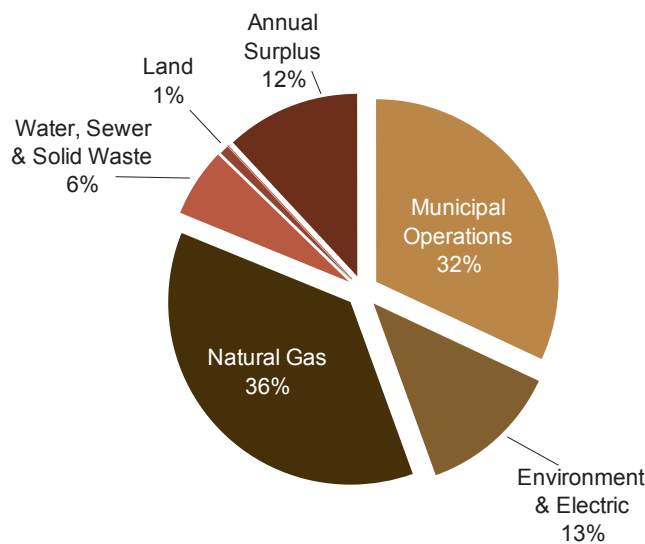
Where Our Tax Dollars Went In 2009  
Education / Municipal  
Property Tax



Where The Money Comes From  
\$335 Million



Where the Money Goes  
\$335 Million







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Medicine Hat  
The Gas City

Thank you to all the employees and residents who had their  
photographs taken for this document.

The 2009 City of Medicine Hat Annual Report was prepared and produced by the  
City of Medicine Hat Corporate Communications and Finance departments.

