

City of Medicine Hat 2008 Annual Report



a Community of Choice



Medicine Hat
The Gas City

City of Medicine Hat, Dec. 31, 2008
Medicine Hat, AB, Canada

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, 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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a Community of Choice

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, among the lowest tax rates in Canada and 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 and outdoor waterslides, soccer fields, baseball diamonds, tennis courts, 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. There are more than 650 people who 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:
 - Among the lowest 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.
- Yet 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

2008, my first full year in office as Mayor of Medicine Hat, has been a wealth of experience and knowledge.

We have created a new direction as we promised and have encountered many new and exciting challenges during 2008. I feel that through them all the City of Medicine Hat has always chosen the most appropriate path.

We promised to first and foremost ensure that the well-being of our residents was our top priority. We have done that by consistently and continually asking ourselves what our residents want.

We debated, and continue to debate, the future of our natural gas business and the Energy Division that maintains it, while at the same time exploring our options for sustainable alternative energy sources. We made a significant decision in 2008 by creating a Chief Operating Officer for the Energy Division, who will concentrate exclusively on the energy sector – the Gas Utility, Electric Utility and Environment business units.

We have been open and transparent in our involvement with the public and our stakeholders by including them and the resulting feedback as part of public consultation

processes with the Downtown Redevelopment Plan, Arena feasibility studies and subsequent Regional Event Centre Committee meetings, along with inclusion in the design of the Environmental Roadmap and changes to our Transit system. We continue to work toward an acceptable Intermunicipal Development Plan with our neighbouring communities and completed a Parks and Leisure Trails Assessment Review, as well as rolling out Medicine Hat's first official bike lanes in the Crescent Heights area.

We continue to move forward with the feedback and recommendations that have been provided by our residents and businesses throughout various public consultations and will ensure that any major projects have public involvement.

Looking ahead to 2009, we envision more bike lanes around the city, the Downtown Redevelopment Plan moves into its next phase, and we will work harder with developers to reach land and building agreements to create jobs and markets for our construction and retail sectors.

We continue to explore alternative energy solutions, expand our recycling and waste management, and build and maintain our infrastructure and roadways while working with our residents to achieve a new Medicine Hat Advantage by having the lowest utility rates in the province.

The Regional Event Centre Committee is still hard at work garnering government support both provincially and federally, as well as finding solutions to operating options.

We want to be headed in the direction our residents want us to go by ensuring that our safety, traffic and development issues are all addressed to the satisfaction of our public. We continue to try to make the best choices and pursue excellence in our how we serve you.

As we move forward, I am reminded that we can achieve our commitment to provide strong effective leadership, work together with a unified purpose and seek to make Medicine Hat our "community of choice".



Norm Boucher
Mayor Normand 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.



(L to R) **Back Row:** Alderman Ted Clugston, Alderman Ty Schneider, Mayor Norm Boucher, Alderman Graham Kelly, Alderman Robert Dumanowski, Alderman Jeremy Thompson.
Front Row: Alderman Jamie White, Alderman Julie Friesen, Alderman John Hamill

Committees, Commissions and Boards

Standing Committees

Corporate Services Committee - Ald. Robert Dumanowski, Chair
Development and Infrastructure Committee - Ald. John Hamill, Chair
Public Services Committee - Ald. Julie Friesen, Chair
Energy Committee - Ald. Graham Kelly, Chair
Audit Committee - Ald. Ty Schneider, Chair
Administrative and Legislative Review Committee - Ald. Julie Friesen, Chair
Administrative Committee - Ron Webb, Acting Chief Administrative Officer, Chair; Gerry Labas, Chief Operating Office, Vice Chair

Administrative Committees

Event Centre Committee - Ald. Jamie White, Chair
City Centre Downtown Planning Committee - Ald. Jeremy Thompson, Chair

Advisory Boards and Commissions

Urban Environment and Recreation Advisory Board
Municipal Planning Commission
Subdivision and Development Appeal Board
Police Commission
Arts and Heritage Advisory Board
Social Development Advisory Board
Assessment Review Board
Public Library Board

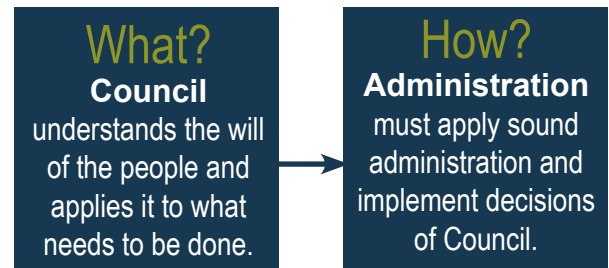
Council Representation on Other Organizations

Alderman Responsible for Civic Functions – Ald. Jeremy Thompson
Canadian Badlands – Mayor Norm Boucher
City Centre Development Agency – Ald. Jeremy Thompson
Cypress View Foundation – Ald. Julie Friesen
Economic Development Alliance of Southeast Alberta – Ald. Jeremy Thompson
Friends of Medalta Society – Ald. Robert Dumanowski
Medicine Hat Community Housing Agency – Ald. Graham Kelly
Medicine Hat Exhibition and Stampede – Ald. Ty Schneider
Medicine Hat Public Library – Ald. Ted Clugston
Municipal Planning Commission – Ald. Ty Schneider, Chair
Palliser Economic Partnership – Mayor Norm Boucher
Police Commission – Ald. Jamie White
Shortgrass Library System – Ald. Ted Clugston
Subdivision and Development Appeal Board – Ald. John Hamill
Tourism Medicine Hat Committee – Ald. Ty Schneider

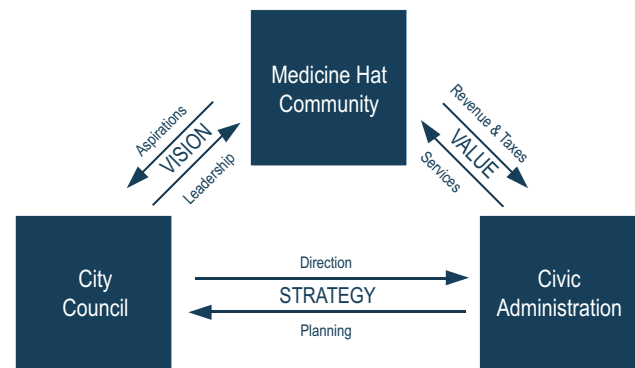
Strategic Planning

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).

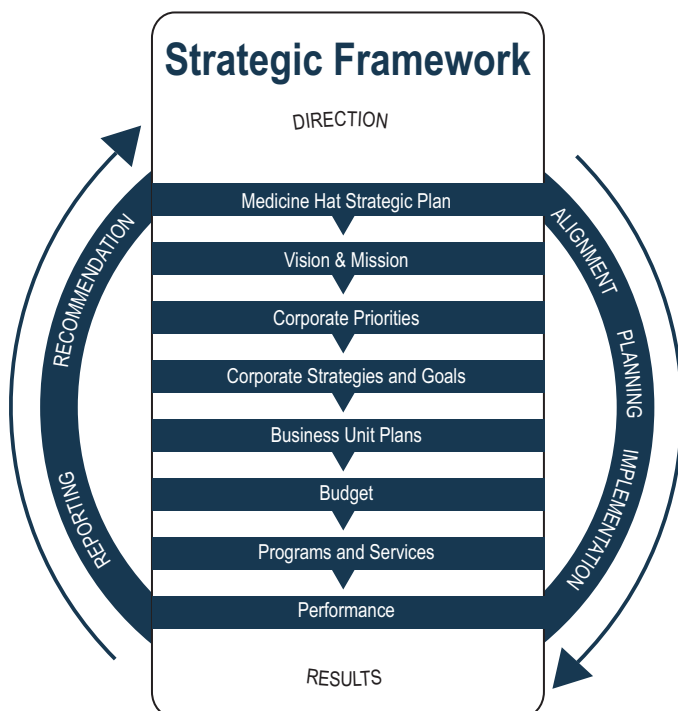
The City of Medicine Hat Strategic Plan supports the City's vision, mission and direction by outlining corporate priorities, strategies, goals, and measures of success over the planning period. The Strategic Plan guides the individual business units in the organization to develop strategies, goals and 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.

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, balanced with the need to maintain a growing infrastructure and ongoing 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, plus 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 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.



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 that 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. A high level of customer service is expected in the areas selected by Council.

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, the city's scenic river valley and its 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 represents a community obligation. Council wants its municipal government to be a steward and a leader of responsible environmental decisions and actions in support of this obligation. Collectively, Administration holds a broad understanding of environmental issues. However, to be a more effective resource to the community, Administration needs to be more focused in its approach to environmental management. Furthermore, Council needs to be more aware of environmental concerns in order 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 that residents of this community 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, avail themselves of organized and accessible modes of transportation, and find appropriate local social support mechanisms 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."



Council's 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

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

2. A UNIFIED CONSTRUCTIVE CULTURE

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

3. MOVE FORWARD WITH AN EFFECTIVE TRANSIT SYSTEM AND THE NEW EVENT CENTRE

- a. Improve the Transit System
 - i. Research and best practices
 - ii. Enhance ridership
 - iii. Match needs and potential
- b. Move forward with the Regional Major Event Centre
 - i. Identify location of the Event Centre
 - ii. Identify operating model of the Event Centre
 - iii. Determine operating and capital costs of the Event Centre, specific to the selected location
 - iv. Support Committee's and Council plans

4. LAND DEVELOPMENT AND LAND AND PROPERTIES

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

5. IMPROVED ENVIRONMENT

- a. Establish a water management plan
- b. Develop a comprehensive waste management plan
- c. Reduce pollutants / emissions
- d. Move forward with smart and environmentally friendly growth
- e. Increase bike lanes
- f. Ensure sustainable parks and trails



Chief Operating Officer's Report

Mayor Boucher and other Members of City Council - 2008 marked the transition of my 10 years of service as the City's Chief Administrative Officer to that of Chief Operating Officer for the Energy Division. During that period, City population increased by 20 per cent (from 50,152 to 60,426) and over \$1.0 billion in building permits were issued. Since 1999, with Council's direction and through the contribution and hard work of our dedicated staff, services provided to residents were expanded and enhanced. From a financial view point, the City's balance sheet is stronger than ever; assets and equity have more than doubled in value to \$1.63 and \$1.26 billion respectively. Additionally, cash and investments grew by more than 800 per cent to \$336.2 million, and the City has zero net debt.

For the past three years, the City was recognized as a Top Employer in Alberta. That honour will help to attract and retain a high quality workforce. Our staff continue to demonstrate their professionalism by receiving provincial and national awards including Information and Computer Service's Geographical Information System award for Municipal Excellence; Finance department's Canadian Award for Financial Reporting; Parks and Outdoor Recreation department's participation in the Communities In Bloom award, and the 9-1-1 Service recognized as a premiere Emergency Response and Dispatch Centre.

For the Energy Division, creating shareholder value and delivering quality service continued to be the primary focus of our business units. Over the past 10 years, Energy Division assets doubled (to \$872 million), equity more than tripled (to \$691 million) and cash in the bank increased fourfold (to \$209.9 million). Through efficient use of capital, gas reserves in the ground increased 25 per cent (to 361.8 BCF) while production levels were maintained.

In 2008 the Energy Division (Gas and Electric) generated \$92.9 million in net income, assets increased \$52.1 million and equity grew by \$58.0 million. These excellent results enabled the Energy Division to distribute a dividend of \$41.4 million, including \$4 million from Allied Oil and Gas, in support of City property taxes (\$24.5 million), utility rates (\$9.6 million), energy conservation initiatives (\$1.5 million) and a contribution to the community capital fund (\$5.8 million).

Other 2008 highlights include:

- Electric exceeded its availability reliability targets ensuring quality customer service in an operating environment where summer peak load was high and the City was without 27.6 megawatts (MW) of internal generation supply.
- Environment hosted 11 residential energy conservation seminars with over 600 participants, the HAT Smart residential conservation program was implemented and the Aquifer Thermal Energy Storage and Wind Farm projects progressed through significant milestones.
- Gas reliability targets were met and through enhanced operating processes, natural gas production targets were realized.

I would like to take this opportunity to thank City Council for its support and to recognize the tremendous effort by staff in doing their very best to make 2008 a success.

Sincerely,



Gerry Labas, MBA
Chief Operating Officer, Energy Division



Energy Division Results	2008	2007	1999
Combined Net Income	\$92,876,000	\$75,809,000*	\$29,671,000*
<i>*Includes \$9,641K (2008) & \$8,153K (2007) of dividend to offset rates</i>			
Combined Assets	\$872,026,000	\$819,926,000	\$369,840,000
Combined Equity	\$691,007,000	\$633,048,000	\$210,683,000
Combined Cash Reserves	\$209,927,000	\$131,316,000	\$ 49,994,000
<i>(Gas Depletion, Electric Equipment & Nature's Best)</i>			
Gas Reserves (Proven + Prob)	361.8 BCF	336.5 BCF	288.9 BCF
Dividend Paid to City**	\$ 41,400,000	\$ 34,900,000	\$ 11,167,000
<i>** Includes \$1.5 Million to Nature's Best in 2007 and 2008 and \$4 Million from Allied in 2008</i>			

Chief Administrative Officer's Report

I am pleased on behalf of Municipal Services to co-present the 2008 Annual Report to City Council and the residents of Medicine Hat. We are extremely proud to recognize the contribution of staff in 2008 whom through professional and dedicated service have contributed to the quality of life that residents and visitors of this community are able to enjoy. This has occurred during a challenging time of growth, development and change requiring ongoing review and revision to policies and procedures to ensure service standards were met while increasing flexibility to address public, industry and service needs.

The 2008 net results for Municipal Services (excluding Environmental Utilities) have included a positive operating budget variance of \$1,143,000, increased capital construction with a value of \$45 million, a return on investments of 15 per cent in Land and Properties and a cost to revenue ratio of one in Environmental Utilities. Additional achievements in this area included the introduction of block sales and the marketing of commercial and family sites through the Expression of Interest process, and affordable housing and smart growth principles application in new developments.

Progress, growth, public and stakeholder participation were no more evident than in the Downtown and the North Flats Area Redevelopment Planning, as well as the Intermunicipal Development Plan with our neighbouring communities. The Leisure Trail System and Alternative Transportation public consultation process, the establishment of a local Urban Development Institute, and meetings with construction and real estate industries to discuss issues and solutions recognizes the 2008 and continued emphasis in 2009 of public and stakeholder consultation.

Additional factors contributing to resident and stakeholder optimism and satisfaction included the following service improvement highlights: the introduction of the City's e-services (utility billing, permits) option; accessible customer service counters at City Hall; communication planning with increased public information initiatives; the introduction of Transit system improvements with implementation of next phases planned for 2009; and emergency services excellence as exhibited through 9-1-1 Communication's accreditation in all three disciplines of police, fire and ambulance.

Further recognition and participation was also realized through: the Information and Computer Services department's GIS Flood Mapping Application which resulted in a silver medal in the 2008 Government Technology Exhibition and

Conference (GTEC) Distinction Awards; completion of the Regional Event Centre Phase III planning and initiation of the Phase IV Functional Design (Event Centre Committee meetings and Functional Planning will continue in 2009); commencement of the Utility Watershed Conservation public information initiative; and Environmental Utilities staff service on the South East Alberta Watershed Alliance.

System improvements, staff personal growth, organizational development and safety initiatives highlight the importance of 2008 internal changes in support of improved service efficiency and effectiveness. This included the introduction of a revised Safety Management System, an Environmental Management Policy, and the Human Resources' Organizational Administration and Staff Information System (OASIS), passing the mandatory 2008 External Corporate Safety Audit, as well as a continued focus on individual and team development.

2009 provides new opportunity for improved internal communications and involvement with the public and stakeholders through identified studies and continued planning for the Regional Event Centre, Downtown Redevelopment, improvements to our Transit system, and trail and playground rehabilitation.

Our thanks to City Council for its support, to staff for their leadership and commitment to quality, service, and to the volunteers and residents for their participation and community spirit.



*Ron Webb,
Acting 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)

John Hughes, City Solicitor

Larry Godin, City Clerk

John Komanchuk, Commissioner of Development and Infrastructure

Don Knutson, Acting Commissioner of Corporate Services

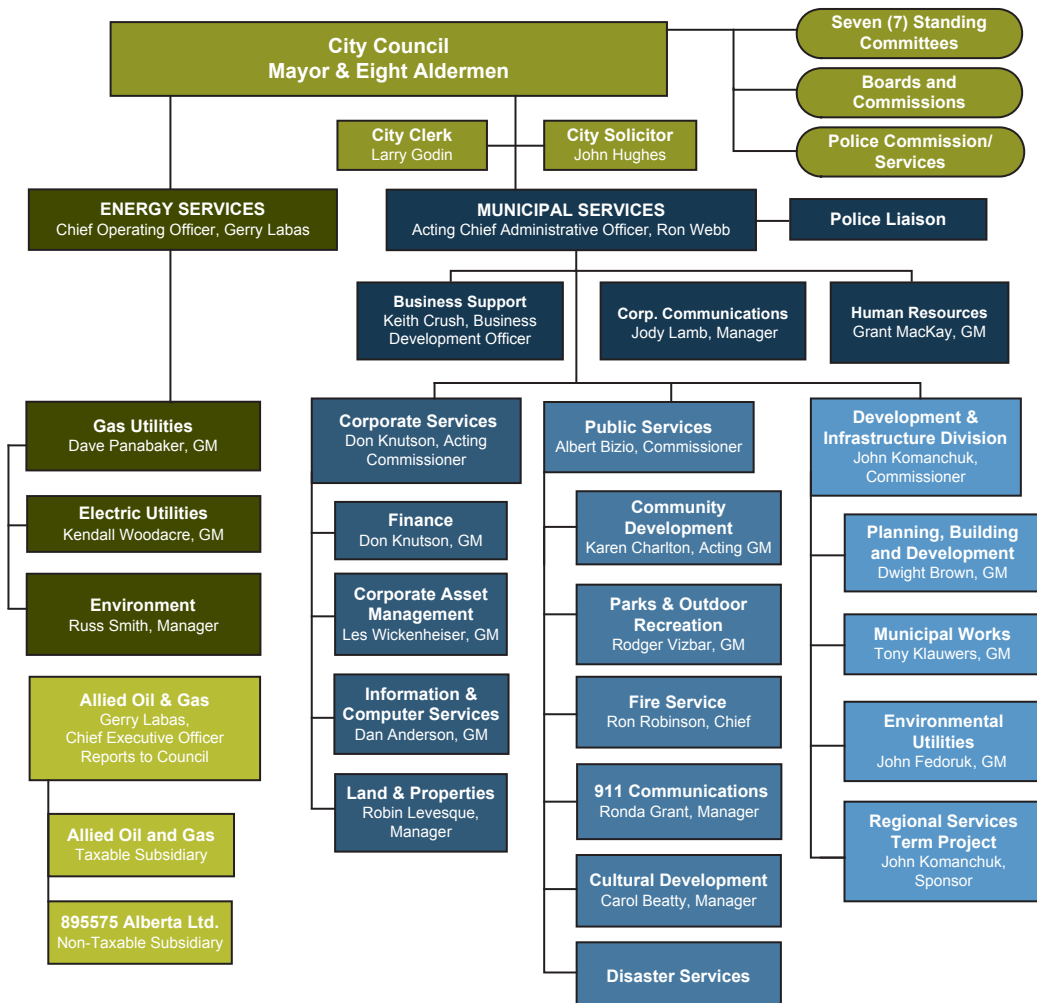
Albert Bizio, Commissioner of Public Services

Front Row (L to R)

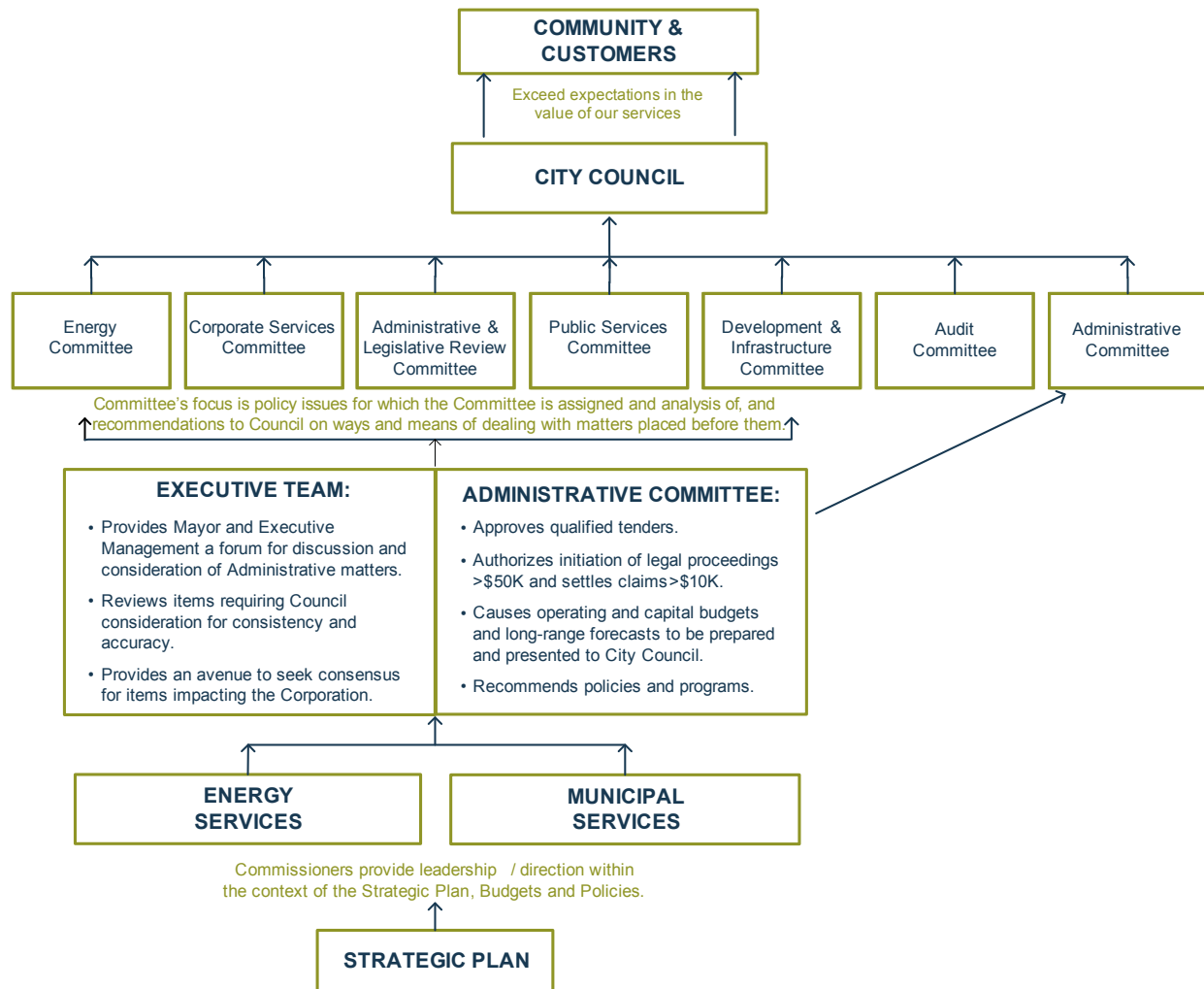
Gerry Labas, Chief Operating Officer, Energy Services

Ron Webb, Acting 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.



Measures of Success

Measures of Success provide performance expectations to City departments and business units in the following areas:

Financial

Residents/Customers

Internal Business Processes

Organizational Learning and Growth

Financial

Affordable, Well-Managed Services

Municipal Services Operations Budget Report (in thousands of dollars)

	2008 NET ACTUAL	* POSITIVE VARIANCE
General Government	\$4,203	\$295
Corporate Services	\$5,571	\$285
Public Services	\$32,474	\$152
Development & Infrastructure	\$10,067	\$866
Police Services	\$12,543	\$124

* Services were delivered within approved budgets

Our Utility Business Units (in thousands of dollars)

	2008 Net Income (Loss)
Natural Gas & Petroleum Resources (NGPR)*	\$120,854
Gas Distribution	\$2,615
Gas Marketing**	\$(38,969)
Electric Generation***	\$22,548
Electric Distribution	\$2,078
Electric Retail****	\$(24,206)
Water Utility	\$1,190
Sewer Utility	\$1,914
Solid Waste Utility	\$845
TOTAL	\$88,869

* Before Bad Debt Forgiveness to Gas Marketing and Electric Generation.

** Before Forgiveness from NGPR of \$38,431, and an allocation of the Dividend to offset rates of \$700.

*** Before Forgiveness from NGPR of \$2,982 and to Electric Retail of \$15,430.

**** Before Forgiveness from Electric Generation of \$15,430 and an allocation of the Dividend to offset rates \$8,941.

2008 Goals

What we said we were going to do

2008 Results

What we did

2009 Goals

What we plan to do

MUNICIPAL SERVICES

Corporate Services Division (Corporate Asset Management, Finance, Information and Computer Services, Land and Properties)

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Continue to provide services within approved budgets. • Continuous improvement in the management of the City's investments by exploring the addition of equity investments. • Investigate a print management partnership to reduce printing costs within the Corporation. A forms review process will reveal the viability of proceeding with this initiative. • Continue with pricing and marketing strategies through 2008, particularly on residential and non-residential properties. | <ul style="list-style-type: none"> • Continued to provide services within approved budgets. • Meter reads exceeded 80 per cent. • Utility write-offs were 0.15 per cent which exceed the collection standards of 0.3 per cent of billed revenue. Accounts receivable write-offs were \$16,000 exceeding target of \$21,000. There were no property tax write-offs. • Continuous improvement in the management of the City's investments through long-term competitive bids which achieves the optimum price for investment acquisition. • Established a print management partnership to reduce overall corporate printing costs and improve process efficiencies for form design and acquisition within our organization. • Investigated cost reduction strategies which resulted in significant savings with the City's licensing agreement with ESRI (GIS and Mapping Software Corporation), print cost savings due to increased use of City websites for posting documents for public and staff information, and travel expense savings through use of video conferencing. • Based on pricing strategies approved by City Council, the Land and Properties department has achieved a minimum 15 per cent Return on Investment (ROI) and 12 per cent Return on Equity (ROE). | <ul style="list-style-type: none"> • Continue to provide services within approved budgets, while maintaining a high level of performance as measured by the performance benchmarks. • Continue to read meters at the 80 per cent level. • Meet collection standards of 0.3 per cent of billed revenue. Accounts receivable write-off does not exceed \$24,000 and no property tax write-offs. • Dependent on the outcome of the Ernst & Young Gas Production recommendations, explore opportunities to expand the investment portfolio of the Gas Depletion Reserve cash to include equities and other investments that allow for the opportunity to make a higher return. • Continue to make capital investments in City facilities that provide a positive return on investment. • Continue to investigate partnerships with vendors that would help in the reduction of departmental and organizational costs. • Investigate current and emerging technologies that could assist in reducing costs or improve efficiency for the City. • Investigate, promote and implement web solutions that reduce paper usage and printing costs, and promote more efficient use of staff time in assisting resident/customers. • Review pricing and marketing strategies, as well as other policies to better leverage real estate assets and opportunities. |
|--|---|---|

Development and Infrastructure Division (Environmental Utilities, Municipal Works, Planning, Building and Development)

- Achieve revenue to cost ratio of one in Sewer Utility, Solid Waste Utility and maintain revenue to cost ratio of one in Water Utility.
- Deliver stipulated level of services within the approved 2008 operating budget.
- Achieved revenue to cost ratio of one in Water, Sewer and Solid Waste.
- Departments concluded 2008 within the approved operating budgets, while meeting operational objectives.
- Delivered stipulated levels of service for lane grading, street sweeping, line markings, sidewalks and airport operations.
- Roadway network Pavement Quality Index (PQI) continues to improve due to Annual Overlay Program.
- Delivered capital projects, such as Black and White Trail, Dunmore Road and Park Meadows Storm Trunk, within Council approved budget amounts.
- Continue to maintain revenue to cost ratio of one in Sewer Utility, Solid Waste Utility and Water Utility.
- Deliver stipulated levels of services, commensurate with financial, human and equipment resources provided in the proposed 2009 Budget.
- Complete a review of the current off-sites levy (as stipulated by the bylaw).
- Review snow and ice control levels of service and budget/resource requirements with City Council.
- Deliver capital projects, such as the completion of South Boundary Road, within the proposed capital budget amounts.

General Government (Business Support, Chief Administrative Officer's Office, City Clerk, City Solicitor, Corporate Communications, Human Resources) **and Police Service**

- Ensure financial payments and reports provided are processed in a timely manner.
- Review and recommend action as current Tourism Services Agreement expires in September 2008.
- Conduct the May City Census.
- Implement technological services / processes for City Council voting and City Council packets.
- Deliver services within approved budget.
- The following grants and contract objectives were met and payments were dispensed on time and on budget: i) Economic Development Association (EDA), ii) Palliser Economic Partnership (PEP), iii) City Centre Development Association (CCDA), and iv) Canadian Badlands.
- Tourism Services Agreement review completed in December 2008, which included issuing a Request for Proposal (RFP) for a Tourism Services provider.
- Successfully conducted the City Census, which resulted in a population of over 60,000.
- An automated speaker system was successfully installed in Council Chambers.
- City Council packets are now available on-line.
- Budget expenditures resulted in a positive variance.
- Provided advice to departments on the most cost-effective communication strategies for projects, programs and initiatives.
- Continue to budget and manage grants and contracts as per City Council's goals and objectives for each of the service providers.
- Continue to develop a working relationship with the tourism industry, and the City's new Tourism Services' provider.
- A future City Census is scheduled for June 19, 2009.
- The automated voting system is to be implemented in the third quarter of 2009.
- Continue to regularly monitor forecast revenue and expenditures.
- Continue to provide advice to departments on the most cost-effective communication strategies for projects, programs and initiatives.

Public Services Division (Community Development, Cultural Development, Disaster Services, Fire Services, 911 Services, Parks and Outdoor Recreation)

- Move forward with the Regional Major Event Centre:
 - i. Identify location of the Event Centre
 - ii. Identify Operating Model of the Event Centre
 - iii. Determine Operating and Capital Costs of the Event Centre, specific to the selected location
 - iv. Support Committee's and Council's plans
- Continue to investigate options for additional business opportunities such as 911 call answer in the County of Newell, and Fire Dispatching in the County of Newell and more of Special Areas.
- City Council approved a site in the Box Springs Business Park area for the Regional Event Centre.
- The Regional Event Centre Committee was expanded to include members from the Town of Redcliff, Town of Bow Island and Cypress County.
- The feasibility study was completed, along with exploration of a Private, Public Partnership (P3) and other business and service delivery models.
- Administration and the Regional Event Centre Committee continue to evaluate funding options that may be available, i.e. Canada Build / Infrastructure Funding.
- Closely monitored the evolving situation with Provincial Health Services taking over EMS dispatching. All 911 agencies are waiting to see the final outcome of this plan.
- Administration, City Council, and the Regional Event Centre Committee will continue to pursue financing options.
- Determine the financing, project delivery, operating model and functional design for the Regional Event Centre.
- Monitor the ambulance dispatch component of 911 Communications, in anticipation of continued service provision in the Palliser Health Region.

ENERGY SERVICES

Electric Utility, Environment, Gas Utility

- Energy Division Dividend Policy guarantees an annual fixed cash flow to the tax side of the corporation to offset property taxes and provides funding, based on financial performance, toward utility rate subsidies and/or one time community capital projects. The forecasted 2008 dividend is \$37.4 million.
- Develop new 2009-2011 Business Plans for each business unit, ensure they address Council's revisions to strategic goals and prepare three-year budgets to carry them out.
- Energy Utility Distribution and Retail business units will continue to provide a Medicine Hat Advantage to utility customers while providing an economic benefit to the shareholder (City of Medicine Hat).
- Manage Electric Generation Plant and assets as a stand alone open market competitive business unit and sustain a cost of electric commodity that is comparable with Alberta market.
- Electric Retail will provide financial budgeting information and analysis in order to advocate to Council, rates that cover costs but are stable and less than Alberta market.
- Electric Distribution will minimize costs of connecting new services.
- Electric Distribution will provide a wire service charge at a cost that provides a Medicine Hat Advantage when compared to like Alberta wire providers.
- Invest in more training on economic justification, project management and external benchmark services to review operating costs.
- Extensive work on operational/financial support systems, aiding in the reporting of results and significantly improving the application of accountability.
- The Energy Division Dividend provided \$41.1 million in the form of property tax subsidies (\$24.5M); utility rate subsidies (\$9.1M); Nature's Best Reserve (\$1.5M); with the residual funds being directed to the Community Capital Reserve.
- Business Plans, Operating Budgets and Capital Improvement Plans completed for each business unit and presented to City Council for adoption.
- City Council approved gas and electric commodity prices, applying a rate dividend (subsidy) to electric utility customers. This dividend enabled Electric residential customers to enjoy rates that were at least 26 per cent below Alberta market, thereby maintaining a Medicine Hat Advantage.
- Electric Generation revenue was higher than budgeted. This was mainly due to Electric Generation supplying the Power Purchase Agreement (PPA) shortfall and the start of Ancillary Services sales.
- Electric and Gas Distribution rates to customers for the delivery of electricity and natural gas and other associated services were less than comparable competitors in Alberta, utilizing a Cost of Service Analysis model.
- The 2009 Energy Division Dividend is forecasted to be \$40.8 million of which \$24.5 million is earmarked for property tax subsidies. City Council may use a portion of the Energy Division Dividend to provide rate support to its utility customers. City Council will determine where the remaining dividend funds will be directed.
- City Council passed a motion to have customers enjoy the lowest natural gas and electric commodity prices in the Province. The motion also recommended monthly commodity pricing for customers. The application of the Energy Division Dividend will be applied to the rate subsidy to keep the Utilities whole.
- Electric and Gas Distribution business units will maintain a Medicine Hat Advantage through the application of Cost of Service principles for wire and pipe distribution services.
- Electric Generation will safely, reliably and efficiently maintain the City's generation assets while complying with Alberta regulatory requirements and business unit objects and delivery a 10 per cent Return on Equity to the shareholder.
- Natural Gas and Petroleum Resources will continue to produce gas and petroleum as cost effectively as possible, using comparisons to industry operating costs as a guide.

Residents / Customers

Stakeholder Satisfaction Through Quality Service Delivery

2008 Goals

What we said we were going to do

2008 Results

What we did

2009 Goals

What we plan to do

MUNICIPAL SERVICES

Corporate Services Division (Corporate Asset Management, Finance, Information and Computer Services, Land and Properties)

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| <ul style="list-style-type: none"> • Continue to focus on residents by delivering the 2 x 14 Service Commitment, based on a "win-win", with no surprises when changing service levels or on publicly sensitive issues. • Continue to promote the use of online services. • Continue to improve and expand eServices to support a 24 hour by seven day environment. Work with departments to complete and launch the new eUtility system to provide residents/customers with online access to Utility Billing information and the new ePermit application to provide contractors with online access to permit and inspection information. Enhance iMap services and improve the points of interest for visitors and residents. • Implement a digital signage system for the City Hall Kiosk to inform residents/customers of City services and amenities. Continue to investigate feasibility of implementing new public networks at other City facilities. • To meet a variety of demands for residential units, develop 320 lots and a number of other sites that will accommodate multi-family and commercial lots through the Expression of Interest (EOI) process. • Improve the environment. <ul style="list-style-type: none"> c. Reduce pollutants/emissions <ul style="list-style-type: none"> ii. Reduce fleet vehicle emissions | <ul style="list-style-type: none"> • Continued to respond to customers in accordance with the 2 x 14 guidelines. • Customer service representatives assisted approximately 60 customers per hour. • Improved and expanded eServices by launching the new eUtility system. • Worked with the Planning, Building and Development department and local developers and contractors to conduct a trial pilot of the new ePermit system, which will improve communications with developers and contractors while providing them with the information required to manage permits and inspections. • The number of customers using online eServices (eTax) was 93 per cent, the use of internet banking for payments also increased to 185,660 transactions (1.5 per cent increase). • Extended online services to residents/customers by implementing a number of key City website enhancements including new HAT Smart web pages, new Transit web pages, and providing current and prior City Council packets for public viewing and downloading. • Received the Government Finance Officers Association 2006 Award for Financial Reporting for the fifth year in a row. • Provided technical and communications support for the 2008 Summer Alberta Games. • Upgraded all public service counters on main floor City Hall to be height adjustable which better serves the needs of the residents and customers. • Installed automated barrier free doors at the Kinplex and Esplanade. • Silver medalist of the 2008 GTEC Award for recognition of the GIS Flood Mapping Application which allows the Disaster Services team to respond quickly in alerting residents and minimizing damage in the event of a flood. • In response to a market downturn, reduced servicing to 132 single family residential lots. Sales included 111 single family lots and a number of other sites were marketed to accommodate multi-family and commercial lots through the Expression of Interest (EOI) process. Based on direction from City Council, the Land and Properties department donated a second affordable housing site (valued at \$1.1 million dollars) to the Medicine Hat Community Housing Society (MHCHS). • Explored a number of strategies to reduce Fleet vehicle emissions. • Sent out a reminder notice to reduce vehicle idling. • Continue the City's strong preventative maintenance program designed to ensure that all City vehicles are operating at optimal levels, which minimizes carbon dioxide emissions. | <ul style="list-style-type: none"> • Continue to focus on the residents by delivering the 2 x 14 Service Commitment, based on a "win-win", with no surprises when changing service levels or on publicly sensitive issues. • Receive the Government Finance Officers Association Canadian 2007 Award for Financial Reporting for the sixth year in a row. • Completion of the 2009 – 2011 business plan and budget process. • Continue to improve and expand eServices and online services to support a 24 hour by seven day environment. Work with departments to improve their online web presence which provides residents/customers with better and more flexible access to City information and services. This will include launching the new iMap system which has improved search and view features, going live with the new ePermit system; develop a web tax estimator and implement Web Content Management technology to allow departments to manage web information. • Apply systems thinking to collect the real estate intelligence needed to better forecast supply and demand for market sectors. This will allow the Land and Properties department to make better informed recommendations to City Council. • In order to reduce vehicle emissions, staff will be employing the following strategies: <ol style="list-style-type: none"> 1. Purchase hybrid or alternative vehicles. 2. Send out an annual reminder notice prior to the winter season to reduce unnecessary idling. 3. Continue the City's strong preventative maintenance program to ensure optimal performance of the fleet. |
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Development and Infrastructure Division (Environmental Utilities, Municipal Works, Planning, Building and Development)

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| <ul style="list-style-type: none"> • Deliver water, sewer, solid waste and storm sewer services in compliance with environmental regulations/standards. • Implement a major rollout of the Residential Automated Garbage Collection System. | <ul style="list-style-type: none"> • Delivered water, sewer, solid waste and storm sewer in compliance with environmental regulations/standards. • Initiated and completed the conversion of the Solid Waste Fleet to an automated system with plans to go live in 2009. | <ul style="list-style-type: none"> • Deliver water, sewer, solid waste and storm sewer services in compliance with environmental standards. • Implement a system wide Residential Automated Garbage Collection System. • Continue using open houses and media advertising, including internet for both capital and operating projects. |
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- Continue using media advertising, internet services and open houses in advising customers and stakeholders of operational issues and capital projects.
- Provide a safe transportation network for vehicles, cyclists and pedestrians.
- Increase bike lanes.
 - i. Add bike lanes to some arterials / collectors and include in the design of new arterials / collectors.
 - ii. Strategic Planning (Roadway Systems Master Plan).
 - iii. Change the Municipal Servicing Standards
 - iv. Report with options.
- Land Development (social, economic and environment)
 - Enhanced communication with developers
 - i. Meet annually and report bi-annually on action plans.
 - ii. Look for opportunities to communicate with developers.
- Improved airport development plan
 - i. Develop an Area Structure Plan and Functional Servicing Report
 - ii. Develop / market 30 acres.
 - iii. Negotiate the Airport Vicinity Protection Plan with the Federal Government.
- Continue to meet the objectives of the 2 x 14 Service Commitment.
- Used open houses and media advertising (including Internet) for communicating the objectives of capital projects. Used media advertising (including Internet) for operational programs such as street sweeping.
- Used available resources/budget in maintaining a safe roadway transportation (vehicles and cyclists), sidewalk (pedestrians) and trail network (pedestrians and cyclists).
- Installed a bike lane on 12 Street NW/NE.
- Held a Town Hall Meeting in January 2008 and with various industry groups throughout the year including the Construction Association and Real Estate Board to discuss issues, concerns and where we can improve.
- Implemented enhanced reporting on outstanding building permits as part of the compliance certificate process for real estate transactions in response to industry needs.
- Revised the Encroachment Policy in response to public feedback.
- The Business Support Officer, in coordination with the Development and Infrastructure Division, initiated meetings with industry towards establishing an Urban Development Institute (UDI) to act as one voice and assist in working better together with developers.
- Concluded a Servicing Study on Airport Terminal east lands which consists of approximately 20 acres.
- Met the objectives of the 2 x 14 Service Commitment.
- Continue providing a safe transportation system in accordance with the resources allocated in the 2009 budget.
- Investigate the viability of the installation of a bike lane in the College area and Sierra Boulevard and provide City Council with a report.
- Review the Municipal Servicing Standards and report to City Council.
- Work with industry to develop ePermit and web based services for building and development permits.
- Continue to work with industry and support growth as development continues within the various city sectors.
- Actively participate and continue to work with industry groups such as the Home Builders Association, Construction Association, Real Estate Board, and support the formation of an Urban Development Institute (UDI).
- Prepare an Area Structure Plan (ASP) and Functional Servicing Report (FSR) for future Airport Land Development pending City Council approval.
- Negotiate the Airport Vicinity Protection Plan with the Federal Government pending City Council approval.
- Continue to meet the objectives of the 2 x 14 Service Commitment.



Environmentally friendly, healthy mode of transportation

In 2008, the City of Medicine Hat added bike lanes in north Medicine Hat as part of its ongoing commitment to improve the environment. The bike lanes on 12 Street NE and 12 Street NW and Division Avenue are a trial project with expectations that more bike lanes will be added in 2009. Cycling is a cheap, and increasingly popular and healthy mode of transport that contributes to a better environment by encouraging residents to bike rather than drive.

General Government (Business Support, Chief Administrative Officer's Office, City Clerk, City Solicitor, Corporate Communications, Human Resources) and Police Service

- Enhance statistics and data information. Ensure relevancy and enhance online information.
- Continue to review Internet customer feedback and suggest ongoing improvements to the corporation and departments. Undertake a review every six months.
- Issue a 2007 Annual Report and Report to Residents.
- Corporate Communications to continue to work with departments to ensure the timely delivery of information to residents.
- Minimize crime through intelligence lead policing initiatives.
- Continue with impaired driving initiative and other road initiatives to enhance public safety.
- Conduct a public survey, delivered to every third household in the community, to obtain customer feedback on Police Service delivery.
- Business Support provided a variety of statistics and information, which included provincial, federal and municipal stats for housing costs, employment/unemployment stats, rental / vacancy rates etc.
- Departments regularly review Internet information to ensure it is accurate and up-to-date.
- Produced 2007 Annual Report. Distributed Report to Residents to every household.
- Developed and managed communication plans for corporate and departmental projects to improve the delivery of information to residents.
- Completed City Hall Information Centre – digital signage and display of key City information to improve communications to the public.
- Held Civic Recognition Awards, Finlay Bridge 100th Anniversary and City Hall 25th Anniversary.
- Organized Crime Section successfully targeted several organized crime groups responsible for illegal drug trafficking in the community. Persons charged with drug offences increased over 100 per cent from the previous year.
- Arrested 321 subjects for drinking and driving offences (up from 200 arrests in 2006).
- Continue to provide information and statistics on relevant topics. Improve on the quality and quantity of the information submitted to ensure that there is value to the reader.
- Produce a 2008 Annual Report.
- Work with Information and Computer Services to begin development of a content management system for the City's Internet.
- Host civic celebrations: Mayor's Levee and Civic Recognition Awards. Have civic presence at Downtown Midnight Madness and begin planning for 2010 Olympic Torch Relay community event.
- Develop and implement a Public Engagement Strategy.
- Initiate Medicine Hat Regional Enforcement and Intelligence Teams servicing the southeastern region of the province in partnership with the RCMP effective April 01, 2009
- Initiate Drug Recognition specialized training to comply with legislation relating to persons impaired by drugs and continue with impaired driving enforcement.



Improved Transit Services

As one of City Council's priorities to move forward with an effective transit system, a service analysis of Medicine Hat Transit (MHT) was completed and an Overall Long-Term Strategic Plan was presented and adopted. As a result, in 2008, routes were updated and added, services expanded with longer operating hours as well as Sunday and holiday service, Dial-a-Ride was replaced by non-peak scheduled evening service and new buses were purchased to meet the growing demand for MHT.

Public Services Division (Community Development, Cultural Development, Disaster Services, Fire Services, 911 Services, Parks and Outdoor Recreation)

- Improve the Transit System Research and Best Practices
 - i. Complete the Transit Study and implement the improved plan
 - ii. Report to Council
- Enhance ridership
 - iii. Increase ridership to 1,000,000 passengers per year in the next budget cycle.
 - iv. Shift ridership from Special Transit to regular Transit
 - v. Achieve an objective of 30 per cent cost recovery in the next budget cycle
- Finalize Long Range Transit Implementation Plan, subject to the approval of City Council and implement a new marketing strategy to promote public Transit and route enhancements.
- Medicine Hat 911 will be the first 911 centre in the world to achieve accreditation in all three disciplines: Fire, Police and Ambulance.
- Continue with the Playground Management Plan implementation and public interaction process.
- Carry out various informational and consultation forums for capital projects that may impact the public.
- Implementation of phase one of the Long Range Transit Plan is underway.
- Transit services marketing strategy has been launched.
- New Transit services related equipment has been ordered.
- Additional Transit hours including Sunday and Holiday service are now offered.
- Open houses / information sessions were held to relay information about the Long Range Transit Plan.
- A new Transit Manager was recruited.
- Medicine Hat 911 achieved the prestigious title of first accredited 911 centre in the world, in all three disciplines; Fire, Police and Ambulance. Medicine Hat 911 remains the only centre in the world to have achieved accreditation level compliance in the Police protocols.
- Promoted online ticket sales with new feature of seat selection at the Esplanade.
- Replaced playground in the Connaught subdivision. Removed two redundant playgrounds, which included public consultation.
- Held Leisure Trails System and Alternative Transportation public consultation, open houses and stakeholder meetings. Held Parks System Management Plan open houses.
- Cultural Development undertook new partnerships with local schools.
- Submitted Heritage Resources Policy for City Council review.
- Celebrated 25th Anniversary of Cultural Centre.
- Implement phases two and three of the Long Range Transit Plan.
- Implement a new Special Transit client application process.
- Data terminals purchased and installed.
- Revise Transit Ride Guide as new phases roll out and additional routes offered.
- Renegotiate Pattison Sign and Bus Shelter Agreement.
- Continue to submit semi-annual data to the International Academy of Emergency Dispatch to maintain accreditations in all disciplines.
- Continue to host annual meeting of all stakeholders within all areas served: Cypress County, County of 40 Mile, Special Areas, Acadia Valley, Medicine Hat Fire, Medicine Hat Police and Alberta Health Services.
- Launch a new Esplanade website providing state of the art access to all Esplanade services.
- Bring Leisure Trails System and Alternative Transportation Needs Survey and Public Consultation Project to conclusion with another stakeholder meeting and presentation to City Council. Hold a stakeholder meeting on the Parks System Management Plan and bring project to conclusion. Work with Medicine Hat Skateboarding Association on detailed designs for outdoor facility expansion.
- Increase partnerships between the Cultural Development department and local schools and the College teacher education program.
- Upon City Council approval, implement the Heritage Resources Policy.



911 first in the world to achieve tri-accreditation

Medicine Hat 911 is the first 911 Centre in the world to achieve tri-accreditation in Emergency Police Dispatching (EPD), Emergency Fire Dispatching (EFD) and Emergency Medical Dispatching (EMD). Accreditation ensures the best standards in the world are being met by Medicine Hat's 911 Communications to protect residents and emergency personnel. It is an assurance to the public that a level of professionalism and quality control is being used in Medicine Hat.

ENERGY SERVICES

Electric Utility, Environment, Gas Utility

- Improved Environment:
 - a) Reduce pollutants / emissions
- Continue to operate Electric Generation as environmental stewards. Manage CO2 emission levels so that additional carbon cost impacts are minimized.
- Provide Electric Power Plant availability at or beyond current Canadian standards and deliver energy supplies through operating efficiencies.
- Electric Retail will maintain scrutiny over costs and search for opportunities to reduce costs and/or add value to the services provided, thereby continuing to provide a Medicine Hat Advantage to customers.
- Electric Distribution will ensure system capacity is adequate to serve customer load and maintain system reliability and reduce average outage frequency.
- Development and distribution of Residential Conservation Guide.
- Encourage energy conservation by hosting ecoEnergy Home Retrofit seminars.
- HAT Smart participation at the 2008 Spring Trade Show, Kinsmen Lotto Home and other energy conservation initiatives.
- Provide Sustainable Utilities
 - a) Invest in Renewable Energy:
 - i. Bring a decision item to Council on the construction of a wind farm in north Medicine Hat
 - ii. Deliver the aquifer project
 - iii. Support a 75 lot renewable energy (solar / wind) subdivision
- Propose changes to "employee delegation of authority" to allow a wide variety of optional offerings for Gas customers.
- Continue to communicate with major customer groups to ensure understanding of needs and develop policies that attempt to meet them.
- Electric Generation, operating as environmental stewards, invested and installed more efficient equipment to reduce emissions.
- Electric Generation participated in the Provincial Palliser Air Shed monitoring program, which measures air quality.
- Electric Generation Availability was 91.99 per cent, which is above the Canadian Electric Association comparable of 88.68 per cent.
- Electric Distribution's Index of Reliability was 0.999892 for 2008. A major cable failure in August contributed to being slightly below the Canadian Electric Association top quartile target.
- Electric Distribution educated 276 area students in electric safety using the Interactive Hazard Hamlet Electricity Education Program.
- Electric Retail pursued and received approval for an updated Payment in Lieu of Taxes regulation, which supports the continuance of the City's Electric Utility Act exemptions.
- The Electric Utility worked with the Alberta Electric System Operator regarding southeast Alberta transmission needs and constraints.
- Built Green Renewable Energy initiatives (up to 75 new homes), 100 residential renewable energy retrofits, approval of a five kilowatt solar electric installation at the Family Leisure Centre, and a wind farm noise study and 12-month environmental assessment are underway. Aquifer Thermal Energy Storage (ATES) project received funding from City Council – still actively pursuing project partners.
- Gas Marketing completed a unique arrangement with some of its horticultural customers to allow this group access to the wholesale market, prior to adoption of new rules and procedures in the Gas Utility bylaw.
- Eleven EcoEnergy seminars were hosted with 638 participants.
- Participated in the spring and fall trade shows, Kinsmen HAT Smart Lotto Home, and implemented a number of HAT Smart residential conservation incentives.
- Electric Generation will be installing a new LM6000 and will make modifications/improvements to existing equipment to enhance/restore performance, reduce future maintenance costs and comply with Provincial and Federal emissions standards.
- Electric Distribution will extend the distribution system to accommodate load growth and replace unreliable equipment in order to reduce the customers' hours of interruption by improving the reliability of the system.
- Electric Distribution will develop and implement an Advanced Meter Infrastructure (AMI) program. This will enable time of day rates which will give customers more control over consumption patterns and billing costs.
- Ensure services are delivered to citizens and customers within the context of the City's Corporate Vision, Mission and Values. Continue to deliver the 2 x 14 Service Commitment to all customers.
- Perform activities in marketing and administration that will assist in the education of both customers and the customer service staff on issues that affect the Utility.
- Replace and improve gas supply receipt stations at the Natural Gas and Petroleum Resources compressor locations that feed the high pressure distribution pipeline system to ensure safety, reliability and production quality.
- Bring a decision item to City Council to determine whether to proceed with the wind farm development.
- ATES Project – work with Land and Properties to continue to pursue potential project partners.
- Continue to actively promote residential energy conservation seminars. Twelve seminars planned.
- Participation in trade shows, HAT Smart Kinsmen Home Lotto, science fair and Environment Week activities.
- Develop and implement non-residential renewable energy and conservation programs.



Get HAT Smart

2008 was a banner environmental year for Medicine Hat. Some of the HAT Smart environmental initiatives launched were:

- The Land and Properties department is offering up to \$10,000 in incentives for each Built Green home constructed.
- Approval to apply to the Alberta Utilities Commission for permission to construct and operate a 16.5 Megawatt wind farm in the Box Springs area.
- A Concentrating Solar Electric Project at the Family Leisure Centre. This is a cost sharing partnership with industry and federal and municipal governments. The 340 square feet of solar modules will create efficiencies and decrease costs.
- The City introduced a Smart car to its fleet. It gives the City an opportunity to assess the viability and potential savings of using more fuel-efficient vehicles.
- More than 630 residents attended Residential Energy Conservation Seminars to get information on how to reduce energy bills and save money.
- A Residential Conservation Guide was created.
- Over 100 free in-home energy audits were conducted by the Environment department.
- www.hatsmart.ca was improved to provide easier access to, and more information about, all environmental initiatives.

Internal Business Processes

Improving How We Provide Our Services

2008 Goals

What we said we were going to do

2008 Results

What we did

2009 Goals

What we plan to do

MUNICIPAL SERVICES

Corporate Services Division (Corporate Asset Management, Finance, Information and Computer Services, Land and Properties)

- Re-inspect 4,600 properties to comply with Provincial Assessment Regulations.
- Continue to improve business processes by assisting Human Resources in completing the development and implementation of the new Human Resource Information System. Implement a Canada Post Address Accuracy solution to verify City address information. Upgrade the Customer Service Management System (CSM) from Version 8 to Version 10.
- Work on developing long-term solutions to the office space challenges facing the corporation.
- Continue to improve the Expression of Interest (EOI) and development process. Work with other departments (i.e. Planning Building and Development and Environment) to apply Smart Growth principles to the City's residential subdivisions, starting with Southlands Phase 6 and continue to evolve the development of the development guidelines for R-2 and R-3 properties.
- Continue to pursue initiatives with Planning, Building and Development to streamline the approval process for both private and public sectors. The Land and Properties department will continue to be used as a "test case" for new initiatives in development guidelines and subdivision initiatives.
- Land Development and Land and Properties
 - a) Land and Properties – increased focus on more block land sales.
 - iii. Where the City is the developer of a subdivision, offer 10 per cent of that development for block sales to builders.
- Re-inspected 3,289 properties to comply with Provincial Assessment Regulations.
- Worked with departments to add and improve business processes including launching the new Organizational Administration and Staff Information System (OASIS), which provides the City with a comprehensive and robust Human Resources management tool; assisted the Planning, Building and Development department with deployment of remote and mobile computing for their inspection staff.
- Implemented technologies that provided City Council and City staff with improved communications and productivity tools including laptop computers with wireless "mobile office" functionality, video conferencing and smart board equipment.
- Upgraded Utility Customer Information System with Service Pak 24.
- Improvements to budget billing, third party billing contracts and meter records were made to the Utility Customer Information Systems.
- Managed the effectiveness and security of the City's network infrastructure, which included web penetration testing.
- Assisted departments with the configuration and securing of new control systems including those installed at Gas, Electric, Police and Library, as well as deployment of new technologies, including the SmartSend document scan and store system.
- Continued to work on developing long-term solutions to the office challenges facing the corporation.
- Provided immediate temporary office space and relocation solutions for 48 staff on the main floor of City Hall.
- Upgraded 78 workstations.
- Implemented the installation of mobile office trailers at both Parks and Outdoor Recreation and Municipal Works Operations to meet immediate requirements for office space.
- The Mailroom operation area was amalgamated into the Information and Computer Services (ICS) department, in conjunction with a number of business and process improvements.
- Improved the Expression of Interest (EOI) and development process. Worked with Planning, Building and Development to apply Smart Growth principles to the City's residential subdivisions, starting with Southlands 6. Continued to evolve the development process for R-2 and R-3 properties.
- Aggressively pursued initiatives with Planning, Building and Development to streamline the approval process for both private and public sectors. Land and Properties continued to be used as a "test case" for new initiatives in development guidelines and subdivision initiatives.
- Offered block sale opportunities in Southlands subdivision. A 14-lot block sold in 2008. However, it was returned to the City due to the economic down turn.
- Re-inspect 4,600 properties to comply with Provincial Assessment Regulations.
- Continue development and implementation of application solutions for City departments including additional modules for the OASIS Phase C project, rework of the Expense Account Travel system, and develop new eServices applications to assist departments with increasing workloads.
- Continue to service and assist City departments and staff with their computing hardware, software and training needs, as well as meet with departments to discuss ICS service levels, technology opportunities, and what ICS can do to help them succeed with their business.
- Work on preparing long-term space solutions for Police Services, Municipal Works, Environmental Utilities and the Gas Utility.
- Complete the Tangible Capital Asset Project.
- Develop a business case for automatic invoice processing.
- Improve processes associated with the Utility Customer Information System by upgrading from Version 8 to Version 10.
- Complete a review of all Purchasing Policies and Procedures.
- Complete a property appraisal of City owned facilities to ensure that these properties are adequately insured.
- Continue to explore opportunities to reduce energy consumption and improve the efficiencies of City facilities.
- Continue to monitor and report corporately on utility consumptions.
- Life-cycle replacement of HVAC equipment with higher efficiencies.
- Continue to focus on commodity recycling (ie. lamps).
- Investigate, acquire and implement a Corporate Document Management Strategy and System, and a web content management system.
- Acquire and deploy a new air photo of the city.
- Land and Properties to shift from enforcement role to facilitation role by working with Planning, Building and Development to clarify roles and responsibilities.
- Land and Properties will be viewed as a leader in the development industry by modeling the way in triple-bottom line outcomes and challenging existing assumptions in the development process. As a charter member, steps have already been taken to collaborate with the local Urban Development Institute. Additional memberships will be considered, for example, the local Homebuilders Association.
- Consider offering up additional block sales where and when feasible.

- Establish a water management plan.
 - i. Offer a City volunteer member to serve on the Watershed Planning and Advisory Council (WPAC) Board of Directors. In the future, at the appropriate time, offer a Council member to run for WPAC Board of Directors.
 - ii. Enhance water conservation education.
 - iii. Advocate for and support Alberta Water for Life Strategy as it relates to Medicine Hat.
- Develop a comprehensive waste management plan.
 - i. Research industry best practices for a comprehensive waste management strategy.
- Continue the implementation of the wise use of water education strategy.
- Implement a major rollout of the Residential Automated Garbage collection system.
- Continue to work towards lifecycle management for Municipal Works infrastructure.
- Move forward with smart and environmentally friendly growth.
 - i. Set guidelines for private developers that encourage smart and environmentally friendly growth.
- Land Development (social, economic and environment)
 - i. Provide a definition and checklist of triple bottom line.
 - Complete an Intermunicipal Development Plan.
 - i. Deliver signed agreement by end of 2008 (subject to water and sewer agreements).
- Encourage diversity in development.
 - i. Support a mix of R-1, R2, and R-3 development relative to top quartile communities.
 - ii. Land Use Bylaw amendment to reflect best practices.
- Establish a sound vision for downtown
 - i. With the "City Centre Development Task Force Plan" as a guide, develop a "draft" Area Structure Plan (vision), identify annual development targets and, after having it critiqued by stakeholders, present it as a blue print for downtown development.
 - ii. Create a vision and identify principles.
 - iii. Develop the policies to implement the vision.
- Complete the vision, principles and policy direction for City Council approval on the Area Redevelopment Plans for the North Flats and Hospital areas.
- City staff serve on the Board of Directors for the Southeastern Alberta Watershed Alliance (SEAWA), which is the Watershed Planning and Advisory Council (WPAC) for the South Saskatchewan River main stem.
- City Council approved funding support for the development of a State of the Basin Report in the 2009 to 2011 Budget.
- Initiated Utility Billing staffers for water conservation.
- Through involvement with the Southeastern Alberta Watershed Alliance (SEAWA), the City is advocating and is part of the process for the Water for Life Strategy.
- Developed information handouts and participated in local trade shows to deliver information to our customers.
- Initiated and completed the conversion of the Solid Waste fleet to an automated system with plans to go live in 2009.
- Municipal Pavement Management System used to identify the most cost effective roads to overlay given the resources available.
- Smart Growth principles have been incorporated in to the draft Area Redevelopment Plans (ARP) for the Downtown and North Flats.
- The Intermunicipal Development Plan (IDP) draft was completed and a public consultation process was undertaken with the intent that the plan is adopted in 2009.
- Initiated the review of the Land Use Bylaw (LUB) and revision.
- Initiated the Downtown Area Redevelopment Plan (ARP). Public consultation, charrettes, technical review, and market analysis was carried out with the intent to complete both plans in 2009.
- Initiated the North Flats Area Redevelopment Plans (ARP). Public consultation, charrette, technical review, and market analysis was carried out with the intent to complete both plans in 2009.
- Continue to have City staff serve on the Board of Directors for the Southeastern Alberta Watershed Alliance (SEAWA) which is the Watershed Planning and Advisory Council (WPAC) for the South Saskatchewan River main stem.
- Continue with the practice of Utility bill staffers for water conservation.
- Through involvement with the Southeastern Alberta Watershed Alliance (SEAWA), the City continues to advocate for and is part of the process for the Water for Life Strategy.
- Continue distributing information handouts and participating in local trade shows to deliver information to customers.
- Continue the wise use of water education strategy.
- Implement a system wide Residential Automated Garbage Collection System.
- Continued use of the Municipal Pavement Management System with the proposed increase to the overlay program budget in 2009. Development of the sidewalk and storm systems infrastructure assessment proposed in 2009 - 2011 Business Plan.
- Continue to review and amend the Land Use Bylaw (LUB) to incorporate Smart Growth and the approved Area Redevelopment Plan (ARP) policies as adopted by City Council.
- Review and update the 2004 Municipal Development Plan (MDP), addressing sustainable growth strategies and "triple bottom line practices."
- Have an adopted Intermunicipal Development Plan (IDP) agreement by the end of 2009, subject to the resolution of the water supply issue.
- Incorporate the Intermunicipal Development Plan (IDP) relevant policies in to Land Use Planning.
- Incorporate appropriate diversity of development in to policies and practice as identified through the Municipal Development Plan (MDP) review, Land Use Bylaw (LUB) review, and adoption of the Downtown and North Flats Area Redevelopment Plans (ARP).
- Continue with the Land Use Bylaw (LUB) review with the intent that a revised document is adopted by City Council in 2010.
- Complete the Downtown Area Redevelopment Plan (ARP) for adoption by Council and incorporate those policies in to the Land Use Bylaw (LUB).
- Complete the North Flats Area Redevelopment Plan (ARP) for adoption by City Council and incorporate those policies in to the Land Use Bylaw (LUB).
- Design a joint Environmental Utilities and Municipal Works facility under the leadership of the Corporate Asset Management department. The facility will achieve efficient and effective functioning of the departments current and future customer service, operations support, operations, workshop, vehicle, equipment, material building and yard requirements.



Downtown Redevelopment

It is City Council's priority to establish a sound vision for Downtown. In 2008, the City engaged a consultant to develop a Downtown Area Redevelopment Plan, which included a complete building and infrastructure inventory, market analysis and economic study, a stakeholder engagement process, and a concept plan that incorporates Smart Growth principles and policies.

General Government (Business Support, Chief Administrative Officer's Office, City Clerk, City Solicitor, Corporate Communications, Human Resources) and Police Service

- Business Support to facilitate transition of new City Centre Development Agency (CCDA) Board and Mayor's Youth Advisory Committee.
- Continue to provide support services to Chief Administrative Officer and Mayor.
- Finalize Corporate Communications service offerings to the organization.
- Human Resources to "go-live" with Phases A and B in December 2008. Determine priority of advancing on Phase C as part of 2009-2011 budget deliberations.
- Review and approve new policies and procedures regarding disability management, attendance management, recruitment and selection, substance abuse, pandemic influenza staff support, City drivers and others as identified.
- Police Service will review, restructure, and rewrite Service procedures to meet internal functional needs and Provincial standards.
- Police Service will continue to focus on recruitment and retention. City Council Priority, 2. b. ii. Identify what we have to draw people to the organization.
- Police Service will explore and implement creative success celebrations.
- Improve Council and employee access to information about City services, activities, and decision making so council members and employees are more effective internal and external communicators.
- Intranet content is comprehensive and is based on an employee service approach.
- Assistance and advice provided to the new Executive Director of the CCDA Board, and Board of Directors throughout the year. Continued close working relationship with the CCDA administration to ensure City's objectives are met.
- Business Support is responsible for reporting to the interests and needs of business, industry, and community relating to economic development.
- Organizational Administration and Staff Information System (OASIS) Phase A and B (payroll functions / reporting, employee information modules) went live in December.
- Completed policy development work on Recruitment and Selection Policy, Substance Abuse Policy, Pandemic Policy and Staff Support Plan, Disability Management and Attendance Management Policy.
- Developed a revised Corporate Safety Management System through a joint safety task force and supported its implementation by operating departments.
- Completed conversion of procedure to the revised format and met provincial standards as established by the Solicitor General.
- Recruited 16 police officers and one civilian. Used the Auxiliary Officer Program to develop and identify potential officers.
- Acknowledged the contribution of Police Service staff, including written commendations, milestone presentations, encouraging team activities, hosting luncheons for all staff and encouraging family time by providing movie passes.
- Facilitated a mandatory external corporate Safety Audit – pass grade of 83 per cent achieved; conducted a required reciprocal audit in Wood Buffalo.
- Reviewed and recommended a solution to improve the City's print management processes.
- Continually updated Intranet information for employees.
- Revised the City's internal bulletin boards to ensure employees are receiving accurate, relevant and up-to-date information in their facilities.
- In May, City Council approved the creation of two operating entities for the City of Medicine Hat – Municipal Services and Energy Services.
- Business Support will continue to support and provide advice / assistance to the CCDA on an on-going basis based upon City Council's objectives.
- Further discussion will take place regarding the Mayor's Youth Advisory Committee to clarify and re-establish the Committee's purpose and intent.
- Business Support will continue to concentrate on ensuring that City administration is aware and supports business and industry initiatives and concerns.
- Finish implementation of OASIS Phase A and B by April; advance with Phase C (recruitment module, and Occupational Health and Safety (OH and S) module) if approved by City Council.
- Continue to leverage OASIS to replace paper reporting and manual processes where possible.
- Continue to work with operating departments to continue to apply effectiveness and efficiency improvements to all recruitment functions etc. within OASIS.
- Implement the revised Disability and Attendance Management Policies.
- Sustain the new Safety Management System, review resource allocations and audit system effectiveness.
- Improve efficiency / effectiveness of select Occupational Health and Safety programs including: audiometric testing, equipment and facility noise surveys, occupational hygiene, and infection control.
- The City Hall Health and Safety Committee is revitalized.
- Finalize contract for City's print management processes.
- Ensure Intranet information is accurate and relevant.
- Review of converted procedures to ensure alignment with Police Service protocols.
- Recruit two civilians and eight police officers.
- Police to implement a greeting card system which allows recognition for milestones such as Service anniversary dates, job well done, bereavement etc.
- Continue to acknowledge the contribution of Police Service staff, including written commendations, milestone presentations, encouraging team activities, hosting luncheons for all staff and encouraging family time by providing movie passes.



OASIS

The City employs over 1,200 employees and generates more than 31,000 pay cheques annually totaling nearly \$69 million. With a large and varied organization, it is important the necessary tools are in place to match operations, automate processes and provide good management information. In 2008, the Human Resources department implemented the first two phases of a new Organizational Administration and Staff Information System (OASIS) which replaces the old Payroll System and other manual processes and paper files.

Public Services Division (Community Development, Cultural Development, Disaster Services, Fire Services, 911 Services, Parks and Outdoor Recreation)

- Social Development to review grant/service contract process and allocation.
- Continue with regular Joint Workplace Health and Safety Committee meetings with a minimum of four meetings in each of the departments 11 operating areas.
- City Council approved a new funding framework as part of the Family and Community Support Services (FCSS) review.
- Implemented new digital recording equipment in 911 to enhance the capability and security of archiving and purging records.
- Implementation of the FCSS funding framework including soliciting applications, appointing selection committee and making recommendations to Public Services Committee and City Council.
- Monitor CRTC ruling to have Phase II technology implemented by all Telco providers for better locations on wireless 911 calls.

- Improved Environment
Reduce pollutants / emissions
 - i. Plan for City buses to reach top quartile performance

- Continued with regular Joint Environment, Health and Safety meetings in each of the Parks and Outdoor Recreation departments 11 operating areas.
- Parks celebrated 550 days with zero Lost Time Claims.
- Participated in, reviewed and implemented recommendations from the previous Health and Safety Audit.
- The City of Medicine Hat is reducing harmful emissions with the purchase of the new buses and a combination of a change to ultra-low sulfur diesel engine design, a diesel catalytic converter in the exhaust system and a particulate filter in the exhaust. All new purchases will have a reduction of 90 per cent oxides of nitrogen and a further reduction of 90 per cent of diesel particulate matter (soot) emitted into the atmosphere.

- Continue to monitor progress of the API3 project, which is aimed at a unified Police records management system in the Province.
- Continue to monitor progress on the Provincial radio initiative.
- Continue with regular Joint Environment, Health and Safety meetings in each of the departments.
- Review the current Health and Safety Audit and follow up on recommendations.
- Continue to explore and implement when possible new parts and equipment purchases related to reducing pollutants / emissions in the operation of the City's buses and striving to achieve top quartile in terms of environmental performance.



Organizational Restructuring

As part of its Strategic Plan for sustainable utilities and alternate energy, City Council approved an organizational restructuring to establish Municipal and Energy Services. Council's priority is to look after the well being of Medicine Hat residents by ensuring the appropriate Municipal Services are delivered in the most effective manner and to ensure the commercial assets of its Energy Services continue to be managed effectively. Medicine Hat is unique from other cities in that it owns a multi-million dollar energy business that includes electric generation and the 43rd largest natural gas producer in Canada. Energy Services includes the Gas Utility, Electric Utility and Environment departments. Municipal Services includes the Corporate Services, Public Services, and Development and Infrastructure divisions.

ENERGY SERVICES

Electric Utility, Environment, Gas Utility

- Electric Generation will continue to improve systems utilization and effectiveness in order to reduce cents per kilowatt hour (kWh) produced or purchased.
- Electric Distribution will provide a business case to determine if a Work Management System is needed and cost effective.
- Electric Retail will ensure the City of Medicine Hat's interests are represented at Provincial electric industry stakeholder forums.
- Electric Utility will function under a competitive business like model that clearly defines revenue and costs.
- Provide Sustainable Utilities
 - b) Restructure responsibilities for the Energy and Tax Supported Operations:
 - i. Create a Chief Operating Officer for Energy
 - c) Conduct an external review of the Energy Division
 - i. Complete a review of Natural Gas and Petroleum Resources (NGPR) and Electric Generation (Genco) business models
 - ii. Make a recommendation of the financial viability of the Natural Gas and Petroleum Resources and Electric Generation Business Units
 - d) Maximize the City's energy value and future sustainability:
 - i. From the review, operationalize steps to improve returns and sustainability (assets or cash)
 - ii. New LM6000 – added grid capacity
 - iii. Natural Gas and Petroleum Resources optimization plan
 - iv. Deliver a long-term strategic plan that outlines the method of operation and investment to ensure sustainability, quality of service and customer services remain at the 2008 levels.
- Distribution of the environmental performance measures and targets through City Council's adoption of the Community Environmental Roadmap.
- Using clear employee performance targets, Electric Generation Availability was exceeded by 3.31 per cent and efficiency improved by 25.44 per cent.
- Electric Generation improved system utilization and reduced cents per kilowatt hour (kWh) costs by five per cent.
- Electric Retail represented the City at the Electric Utility Act Advisory Committee meeting and Alberta Electric System Operator stakeholder meetings.
- An external information technology security audit was carried out by the Electric Utility and recommendations were implemented.
- Completed internal audits in both safety and environment areas.
- In May, City Council approved the creation of two operating entities for the City of Medicine Hat – Municipal Services and Energy Services. City Council appointed G.L. Labas as Chief Operating Officer for Energy Services. The Energy Services entity consists of the Electric Utility, Gas Utility and Environment departments.
- Assisted Ernst and Young in the Council requested Strategic Review of the Natural Gas and Petroleum Resources business unit.
- Worked within each Gas Utility business unit to establish reporting needs and have engaged Finance to complete this task.
- City Council approved additional funding for the Aquifer Thermal Energy Storage and Wind Farm projects.
- Micro-generation interconnection guidelines are complete.
- City Council approved a concentrating five kilowatt solar electric project at the Family Leisure Centre that uses leading edge solar modules to convert visible, infrared and ultraviolet light into electricity.
- Electric Distribution will provide a business case for a work management system to optimize resources required to provide for increasing load growth and legislative demands.
- Electric Retail will add a resource to improve customer care services.
- Review gas transportation contracts on the Nova system and align them with Natural Gas and Petroleum Resources forecasts for gas production to minimize unused capacity and get the best value for the costs.
- Complete the third party marketer regulations and procedures to allow customers access to other gas suppliers.
- Electric Generation will put in to place a peaking plant operation and maximize ancillary services and other market sales opportunities.
- Electric Generation will apply for an increase in Demand Transmission Services (DTS) sufficient to cover off-peak city load.
- City Council received the Strategic Review of the NGPR business unit prepared by Ernst and Young. City Council will make a recommendation on its future operations.
- Review the Electric Generation contract with Gas Marketing to ensure it is appropriately documented and meets the needs of the customer.
- Practice continuous improvement in all areas of the Natural Gas and Petroleum Resources business unit, specifically on the justification, planning and execution of capital spending and the documentation of operational decisions and procedures.
- Add analytical assistance in the Gas Marketing group to provide customer information and forecast strength for Gas Distribution activities.
- Join the Canadian Gas Association to obtain operational and financial benchmarking reporting for business improvement purposes.
- Monitor feasibility of local renewable energy projects.

- Environment to issue an Environmental Risk Management Annual Report to evaluate the City's current risk exposure and create additional awareness, within administration and City Council, departments about the City's Environmental Management Policy and associated procedures.
- Capital budget recommendation to City Council for both the Wind Farm and Aquifer Thermal Energy Storage (ATES) projects in the first quarter based on completion of technical and financial due diligence.
- Environment is to work with the Electric Utility to develop micro-generation interconnection guidelines to allow for the safe interconnection of micro generation systems to the City's electric system.
- Environment will be reviewing a variety of other potential alternative energy projects to determine local feasibility.
- Focus on operational reporting, to assist line supervisors in managing operating costs and applying accountability.
- Make a high priority the safety/environment function, particularly in the Natural Gas and Petroleum Resources group, by recruiting needed staff to aid in achieving "Certificate of Recognition" and compliance with "regulations."



Strategic Review

The City retained Ernst & Young (E&Y) in 2008 to do a review of its oil and natural gas production business (Prodco) with the goal of recommending the best business model to achieve a sustainable dividend. E&Y's key recommendations were:

- Create a sustainable dividend.
- Retain the oil and gas business as part of a Legacy Fund.
- Create an independent board of directors.
- Operate Prodco as a separate stand-alone business.
- Increase operational effectiveness, set clear return expectations, increase accountability, increase technical skills and increase transparency.

Council plans to undertake a public consultation process to seek the public's input before making a decision on the recommendations in 2009.

Organizational Learning and Growth

Supporting a Strong Workforce

2008 Goals

What we said we were going to do

2008 Results

What we did

2009 Goals

What we plan to do

MUNICIPAL SERVICES

Corporate Services Division (Corporate Asset Management, Finance, Information and Computer Services, Land and Properties)

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| <ul style="list-style-type: none"> • Continue to provide the type of environment that encourages staff to grow and develop to reach their potential. • Continue to provide staff with the opportunity for on-going learning and development through the achievement planning process, professional development, Human Resource training initiatives and workshops. • Continue to support safety initiatives. | <ul style="list-style-type: none"> • Provided staff with professional development training, as well as personal improvement opportunities by taking advantage of corporate and vendor training events. • Team building training days/sessions were held by various departments. • Achievement Planners continue to be reviewed with all non-union staff. • Vacancies for the City's Personal Mastery and Leadership Program continue to be filled. • Supported Human Resources in the facilitation of an upgraded Training Centre at the Heritage Pavilion. • Kept staff informed and involved concerning departmental and corporate projects and initiatives, departmental strategies and priorities, as well as project updates with an opportunity for staff input. • The City's 2008 employee survey results indicated a positive feedback from staff, reflecting it is important to continue the strategies that are working to empower employees, while striving to improve areas that reinforce staff engagement. • Continued to have health and safety as a standard item on staff meeting agendas. | <ul style="list-style-type: none"> • Continue to provide the type of environment that encourages staff to grow and develop to reach their potential, as well keeping up to date with technical skills which are critical to maintaining effective service to the organization. • Continue to keep staff informed of corporate initiatives and policies, and keep staff engaged by insuring they know their opinions are considered and important to the organization and their projects. • Continue to provide staff with the opportunity for ongoing learning and development through the achievement planning process, professional development and Human Resource training initiatives and workshops. • Continue to work on departmental succession plans. • Continue to support safety initiatives and focus on the implementation of the Safety Management System. |
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Development and Infrastructure Division (Environmental Utilities, Municipal Works, Planning, Building and Development)

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| <ul style="list-style-type: none"> • Provide clear understanding "Council supports staff". <ul style="list-style-type: none"> i. Praise in public – feedback in private. ii. Implement one "team building" day in every work unit once per year. iii. Council Member visits to all departments. • Provide staff with core training required for compliance with existing safety and environmental regulations and policies. • Hire additional staff and continue to focus on training and development to develop capacity and capability given growth, service level expectations and work-life balances. • Continue to focus on succession planning. • Continue to look for opportunities to communicate with internal and external customers and stakeholders to remove barriers. | <ul style="list-style-type: none"> • Held departmental appreciation lunches within the division. • A number of Aldermen toured several Development and Infrastructure operational facilities. • Tour of various projects was held for Development and Infrastructure Committee members in August. • Continued to develop staff through the Safety Codes Accreditation Program, which included self study, work experience, and formal examinations. • Developed a Confined Space Training Program. Continual learning is ongoing to meet all regulation and safety policies. • Actively participated in and supported staff development through various professional organizations such as the Association of Professional Engineers, Geologists, and Geophysicists of Alberta (APEGGA), Canadian Institute of Planning (CIP), and Alberta Building Officials Association (ABOA). • Hosted the Fall 2008 Alberta Building Officials Association (ABOA) Conference for over 150 delegates from across the province fostering professional development and forum for discussions. • Hired additional engineering, planning, and safety codes staff to meet demands. • Training provided as resource permitted. • Ongoing Achievement Planner discussions with all staff. • Used open houses, media advertising, and the Internet to communicate with residents. Interdepartmental meetings were held with other City staff to discuss and coordinate issues from a corporate perspective. | <ul style="list-style-type: none"> • Continue to hold departmental appreciation lunches within the division. • Implement one "team building" day in every work unit once per year. • Conduct orientation visits of Development and Infrastructure operational facilities for Council and Executive. Continue to hold some of the Development and Infrastructure Committee meetings at divisional facilities. • Continue to develop staff through the Safety Codes Accreditation Program, and professional mentoring and training for our planning officers and engineers. • Promote a safe work environment consistent with our Occupational Health and Safety and environmental policies, and industry practices by providing staff with core training. • Maintain Alberta Environmental certification of operators and the Association of Professional Engineers, Geologists, and Geophysicists of Alberta (APEGGA) professional development hours as required by government policies. • Hire additional staff and continue to focus on training and development to develop capacity and capability given growth, service level expectations and work-life balances. • Provide training as permitted in the proposed 2009 budget. • Ongoing Achievement Planner discussions with all staff. • Develop and hire staff to continue working towards succession planning. • Continue the use of open houses, media advertising and interdepartmental meetings to communicate with both external and internal customers and stakeholders. |
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General Government (Business Support, Chief Administrative Officer's Office, City Clerk, City Solicitor, Corporate Communications, Human Resources) **and Police Service**

- Continue constructive culture discussions within employee group; build trust. City Council Priority 2 a. iv. Build trust at all levels. City Council Priority 2 c. ii. Implement one "team building" day in every work unit once per year. City Council Priority 2. c. i. Praise in public – feedback in private. City Council Priority 2 c. iii. Council member visits to departments.
- Continue to report on the Executive Team's Action Plan to Improve Internal Communications and begin to develop other action plans throughout the organization to improve internal communications.
- Continually update the Intranet and undertake a full review every six months.
- Continue to provide communications coaching to employees.
- Continue to publish employee newsletter In the Loop six times a year.
- Have ongoing Achievement Planning discussions with employees. City Council Priority 2 a. i. Be more explicit on Achievement Planning goals and targets for all levels.
- Police Service to implement Service-wide coaching and mentoring program.
- Police Service to implement a fair and equitable evaluation and career planning process, which focuses on positive competency and behavioral development of our staff.
- Police Service to strive for investigational excellence by being vigilant in continued training and development.
- Human Resources to continue with the next group of Personal Leadership Program and to respond to departmental requests for team-building/strategy-setting initiatives. City Council Priority 2 b. i. Upgrade the "leadership Training Program" to focus on personal growth and development for succession.
- Continue to plan and implement other workshops based upon corporate needs (e.g. customer service, conflict resolution, facilitation, etc). Continue to refine delivery of safety related training.
- Continue to provide ongoing professional development of Human Resources staff through various accredited courses, seminars, conferences, etc.
- All Human Resources Work Group Leaders to complete the "Feedback Tool for Leaders" in early 2008. City Council Priority 2 a. ii. Use the feedback tool at all levels.
- Continue to provide copies of draft policies and ask for input on policy matters that directly impact labour, unions. Continue to consult with managers and the Leadership Team on important Human Resources policy matters to ensure an appropriate blend of corporate, departmental and individual employee considerations.
- Improve Human Resources component of Internet as a job marketing tool in the City's recruitment process. City Council Priority 2. b. i. Fill positions in a timely manner with the right people.
- Conclude upon and implement Non-Union Salary Grid changes based upon current market factors. Reach a new collective agreement with the International Association of Fire Fighters (IAFF). Determine and implement final changes to Group Benefit Plan.
- Add extra resources and evolve processes to address expanding volume and complexity of workload in Human Resources. City Council Priority 2 b i. Fill positions in a timely manner with the right people and upgrade the "Leadership Training Program" to focus on personal growth and development for succession.
- Constructive Culture remains a priority throughout the corporation. All divisions continued to engage their employees in Constructive Culture discussions and initiatives. Various departments held team building sessions throughout the year.
- Non-union staff participated in a corporate-wide, half-day session focusing on constructive culture initiatives and barriers throughout their area and the organization.
- Significant planning/operational changes related to the creation of Energy and Municipal Services entities provided opportunities for Council members to visit additional operations.
- City Council was encouraged to provide improvement opportunities on items to Administration through the respective Commissioner of the area, and provide positive feedback to staff / departments.
- Various Standing Committee meetings were held outside City Hall to provide Council members the opportunity to visit different departments and employees throughout the City.
- Training offered Achievement Planning courses to staff throughout the year.
- Developing plans for submission / approval for the following: i) Public Engagement, ii) Implementation of an Internal Communications Strategy, and iii) Leadership Framework.
- Achievement Planning discussions and reviews completed regularly between employee and supervisor. This provides an opportunity to discuss current work activities and also future endeavours. All non-union staff Achievement Planner reviews must be completed prior to an employee receiving the cost of living wage increase.
- Provided training to all Police Service supervisors in the principles of effective coaching.
- Following the principles of effective coaching, career planners and evaluations have focused on growth and outcome in the Police Service.
- Participated with Solicitor General in a training pilot project relating investigative techniques and mental health issues. Continue to recertify members in control tactics, firearms, emergency driving and first aid.
- Group 21 of the Personal Leadership Program completed in June; Project Management Training delivered in April. Responded to various departmental requests for constructive culture / team building sessions. Advanced on the redevelopment of the Heritage Pavilion as a Corporate Training Centre.
- Ongoing professional development of Human Resources staff through various accredited courses, seminars, conferences.
- All Human Resources Work Group Leaders completed the "Feedback Tool for Leaders."
- Published employee newsletter In the Loop every two months.
- Provided Writing for the Web and Media Relations training to staff.
- Efforts to include both Management and Labour's perspectives in policy development continued; e.g. include Human Resources Pandemic Policy and Staff Support Plan and Disability Management Policy etc.
- Updated both external and internal Employment Opportunities on website.
- Implemented full non-union market salary review and concluded upon improvements to the Group Benefit Plan.
- Concluded new collective agreements with IAFF and Police and implemented changes through Payroll.
- The Corporation will continue to support and promote Constructive Culture throughout the organization. This will include involving staff at all levels.
- Each work group is committed to have at least one team building activity throughout the year.
- All City Council members are invited to visit any / all departments throughout the year.
- Continue to promote the use of the Achievement Planner at all levels, and when setting goals, encourage goals that are specific and measurable. Place more focus on the Future Career Interests section.
- Develop and implement a Leadership Effectiveness Framework and expand upon leadership development efforts focusing on competencies required in leadership roles.
- Implement and educate employees on the revised group benefit plan (e.g. Health Spending Account).
- Develop and implement a corporate wellness strategy and begin to conduct health risk appraisals.
- Continue to provide ongoing professional development of Human Resources staff through various educational opportunities as well as new work assignments offering growth potential.
- Continue to promote the use of the "Feedback Tool for Leaders" throughout the organization.
- Continue to utilize the Leadership Team as a venue to review draft policies for input before proceeding to the approval stage.
- Continue to pursue and promote employment opportunities through both the internal and external website. New incentives could include social media advertising, having job advertisements placed on various employment office websites (Community Employment Services, HR Solutions) etc.
- Negotiate new collective agreements with CUPE and IBEW (Production) and implement changes through Payroll.
- Publish employee newsletter In the Loop.
- Provide follow up training and guidance in the Police Service to ensure the principles of effective coaching are being followed.
- Continue the process of providing positive career planners and evaluation process in the Police Service.
- Develop and delivery of courses in relation to Effective Note Taking, Interview and Interrogation Tactics, and Court Room Presentation in the Police Service.
- Adopted AACP (Alberta Association of Chief's of Police) Working Committees Use of Force Articulation and Training Aid Material.
- Continue to recertify Police Service members in control tactics, firearms, emergency driving and first aid.
- Continue to strategically develop Police Service staff members in their areas of expertise.
- Continue to monitor and analyze staff turnover to identify any common themes and develop a plan to minimize the vacancies.
- Continue to evaluate work processes and projects throughout the organization to find opportunities to address current workload.
- Progress further on development and coordination of a consistently applied corporate succession planning process.
- Place more focus on the Future Career Interests (Succession Planning) section of the Achievement Planner, and begin to use the new OASIS system to fill the positions in a timely manner with the right

- Continue to increase priority of succession planning discussions at the Executive level. As part of Achievement Planning and Feedback Process, incorporate a strategy that will assist with employees identifying their desired career aspirations so the Executive has both "demand" and "supply" information to consider.

- Addressed significant staff turnover and necessary OASIS project resources through sound hiring practices and providing internal growth opportunities to existing staff.
- Limited time and resources were spent on succession planning throughout the year, primarily due to the Human Resource's commitment to have the new payroll system (OASIS) up and running by year end, and the extra time and effort put towards the recruitment of a Corporate Services Commissioner and the Chief Administrative Officer position.

- person for the job.
- Implement recommendations from the 2006 Internal Communications Review.
- Participate in the Municipal Services Council / Administration Strategic Planning Objectives and Priorities Review.
- Complete an Organizational Structure Review reflecting Council's strategic directions regarding Energy and Municipal Services.

Alberta's



As featured in the
CALGARY HERALD
EDMONTON JOURNAL

Top 40 Employer

The City of Medicine Hat was chosen as one of Alberta's best places to work for the third year in a row. Alberta's Top 40 Employers 2009 list identifies organizations that lead their industries in attracting and retaining quality employees. The City continually focuses on employee/organizational development around our culture, clarity of its vision, mission, strategic direction, employee engagement and communications, competencies, and recognition for a job well done. Nearly 2,000 applications were reviewed. The Top 40 Alberta Employers list includes large and small employers from a range of industries, offering different benefits and working conditions.

Public Services Division (Community Development, Cultural Development, Disaster Services, Fire Services, 911 Services, Parks and Outdoor Recreation)

- Provide an environment that supports two-way communication and continuous feedback to encourage learning and growth.
- Hold another two Public Services Division Work Group Leaders' meetings and move towards implementation at successive layers within the division. Initiate the process in areas that have not yet been introduced.
- Conducted one team building day with all staff in 911.
- Conducted half day coaching session for 911 administration.
- Hosted a 911 department celebration for achieving first in the world recognition in Accreditation of Protocols.
- Celebrated and recognized all 911 staff during National Public Safety Telecommunicators Week.
- Set five Strategic Priorities for Culture as a team; focused on communication - internal and external. Developed 'Vision' for culture.
- Held four general staff meetings, monthly Work Group Leader meetings, and weekly Senior Work Group Leader meetings. Celebrated successes with and actively sought suggestions from all staff. Continued to maintain focus on a Constructive Culture.
- Public Services Division Work Group Leaders attended a Constructive Culture half-day session in September.
- Formed a Public Services Division Task Team to review and report on what gets rewarded in the corporation.
- Initiated Constructive Culture process in areas that had yet to be introduced to it.
- Achievement Planners were completed by all Community Development employees.
- Two successful recruitments for key management positions (Transit Services and Senior Services).
- Differed acting positions to internal staff to assist with training and experience in relation to succession planning.
- Hosted the first annual 2008 Community Development Staff Conference in May.
- Continue to build on previous team building days, attempting to conduct two activities for all staff in 2009.
- Continue coaching sessions for 911 administration.
- Continue to celebrate and recognize 911 staff during National Public Safety Telecommunicators Week.
- Celebrate success by recognizing the two highest compliance achievers in 911 and send them to the annual dispatch conference.
- Continue (at minimum) semi-annual Achievement Planning sessions with all 911 Communications staff.
- Incorporate strategic plans into Achievement Plans, monitor success throughout the year.
- Continue with four Parks and Outdoor Recreation department general staff meetings, monthly Work Group Leader meetings, and weekly Senior Work Group Leader meetings.
- Continue to celebrate successes with and actively seek suggestions from all staff. Continue to maintain focus on a Constructive Culture.
- Host one Public Services Division Work Group Leader Constructive Culture half-day session.
- Support the Public Services Division Task Team in their review of what gets rewarded in the corporation.
- Explore a new Achievement Planning tool.
- Complete a new employee orientation for all new hires in the Community Development department.
- Continue to afford internal staff the opportunities and experience of filling acting positions (when appropriate) to foster development for succession.
- Host a second annual 2009 Community Development Staff Conference in May.



Constructive Culture

One of Council's policy objectives is "Organizational Strength – to help employees achieve their full potential through sharing information openly and supporting a variety of personal development initiatives." We've learned that it is our people who make us an excellent organization. We need to adapt and evolve to strengthen our abilities and commitment to each other and to public service. This includes being a more open culture that encourages and welcomes participation and where employees feel fully engaged, accountable and proud to provide service to our residents. For more than 10 years, the City has focused on organizational development by fostering a culture that:

- **Supports Each Other** through mutual respect, a positive attitude, and encouragement.
- **Builds Healthy Relationships** through understanding each other, teamwork, and open communication.
- **Achieves Excellent Results** through excellence, continuous improvement, and commitment.
- **Fulfills our Potential** through integrity, innovation, and responsibility.

ENERGY SERVICES

Electric Utility, Environment, Gas Utility

- Continue constructive culture discussions within employee group; build trust. City Council Priority 2 a) iv. Build trust at all levels. City Council Priority 2 c) ii. Implement one "team building" day in every work unit once per year. City Council Priority 2. c) i. Praise in public – feedback in private. City Council Priority 2 c) iii. Council member visits to departments.
- Have ongoing Achievement Planning discussions with employees. City Council Priority 2 a) i. Be more explicit on Achievement Planning goals and targets for all levels.
- Continue in our efforts to promote a strong commitment to the health and safety of employees, contractors and consultants as per the procedures set forth in the City of Medicine Hat Workplace Safety 2.0 Program.
- Support and encourage employees to further their education and development through participation in courses, seminars, conferences and apprenticeships.
- Continue to promote a Constructive Culture by engaging employees to achieve their full potential using the corporate Vision as the guideline; promoting staff development, success measures, strategic and business planning and by developing and deploying employee survey instruments.
- Complete the restructuring and reorganization of the Natural Gas and Petroleum Resources group by adding needed staff and resolving office space issues.
- Ensure every employee receives feedback on an annual basis on their performances, as well as be given an opportunity to plan their career.
- Continue building internal resources and strength by supporting education and technical training.
- Achievement Planning discussions and reviews completed regularly between employee and supervisor. This provides an opportunity for dialogue to discuss current work activities and also future endeavors. All non-union staff Achievement Planner reviews must be completed prior to an employee receiving the cost of living wage increase.
- Quarterly communications to Electric staff encouraged employee engagement and increased awareness on customer and business needs.
- Employee participation in organized safety program increased substantially.
- An external safety audit was performed and showed improvement in all measurable elements.
- An Electric employee survey was conducted and indicated employee satisfaction improved by 25 per cent.
- Worked with corporate safety on the development of a new Safety Policy and have begun adopting this into new department procedures.
- Employee participation in educational opportunities allows them to expand their roles within the corporation in the future.
- Staff members received feedback from supervisors on performance and accomplishments. New goals and training needs were identified in this annual process.
- Energy Services will continue to support and promote Constructive Culture throughout the organization. This will include involving staff at all levels in the Departments.
- Continue to promote the use of the Achievement Planner at all levels, and when setting goals, encourage goals that are specific and measurable.
- The Energy Division will provide a workplace environment that reflects a Constructive Culture and will continue to support employee learning and growth to improve and maintain a multi-skilled work force that is focused on the "How."
- The Electric Utility will maintain training and education in all areas of safety.
- Succession planning for key positions within the Energy Division based on promotion from within.
- Using the Achievement Planner process, have clear and measurable sub-department and individual performance goals throughout the Energy Division.
- Work diligently to be an "Employer of Choice" to ensure retention and attraction of staff.
- Support communication initiatives within the Division and encourage continuous learning at all levels of the organization.
- Continue with a strong commitment to the health and safety of our employees.



Financial

Treasurer's Report

For the year ending December 31, 2008

INTRODUCTION

I am pleased to submit the City of Medicine Hat 2008 Consolidated Financial Statements for the fiscal year ended December 31, 2008. This report provides users with an overview of the City of Medicine Hat's financial performance.

The purpose of the Annual Report is to present the users and readers with insight of the financial results for the City of Medicine Hat for the fiscal year ended December 31, 2008. Administration strives to ensure that this report presents fairly the financial position of the City of Medicine Hat. 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, 2008. 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 in the 2008 Financial Report.
- Financial and Statistical Schedules (unaudited) – Presents statistical and financial information on a multi-year comparative basis.



*Don Knutson,
Acting Corporate Services
Commissioner*

GFOA AWARD FOR FINANCIAL REPORTING

The Government Finance Officers 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, 2007, the sixth 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.

In order 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.

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 Services have 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 utilize 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 Services has continued to increase to ensure that the needs of the public are met.

The goal of Fire and Disaster Services is to provide quality life and property protection to the community through the delivery of community safety and education programs, preparing for disasters and emergencies, and to rapidly respond to fire and rescue emergencies, as well as natural or man-made

disasters. The department 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, disaster services, 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 9-1-1 Communications Centre became the first Tri-Accredited (Fire, Police and Medical) centre of excellence 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 Environment Management department serves as the focal point on matters relating to environmental stewardship and compliance. The department supports operating departments in maintaining appropriate levels of environmental due diligence by providing assistance in interpreting and complying with evolving and emerging environmental regulatory requirements and industry standards. One of the goals is to keep City Council informed

of the City's progress in striving for continual improvement in management systems that focus on both compliance and proactive excellence in matters of environmental stewardship. Another goal is to support City Council's environmental stewardship priority by ensuring that the City is in compliance with relevant laws, regulations and approvals, by informing key stakeholders within the municipality of current and emerging environmental issues that could impact upon the quality of life in Medicine Hat and by striving to encourage a corporate culture that considers environmental protection during the normal course of business.

MANAGEMENT REPORTING AND CONTROL

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



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 expenditures 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 Plans identify proposed capital project expenditures 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, and 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.

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 Financial Report, 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 2008.

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, has audited the accompanying statements and their report accompanies the financial statements.

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

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

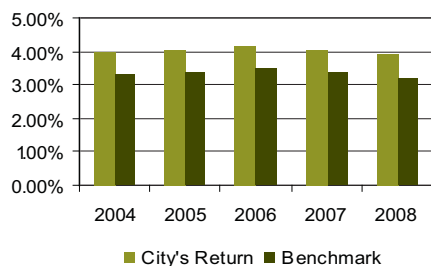
Overall, the financial results for 2008 are favourable as compared to budget and prior years.

- Capital Assets increased \$28.8 million. This increase is primarily related to \$31.1 million for roads in new subdivisions and upgrades to existing roads, \$19.0 million for the ongoing construction of the LM6000 combustion turbine #15 at the electric power plant, and \$12.0 million for improvements to water and sewer systems. Additionally, the Natural Gas & Petroleum Resources capital program for 2008 was \$14.8 million which was offset by depletion and amortization expense of \$55.5 million.
- Total Liabilities increased \$11.9 million in 2008. Other Long Term Liabilities increased \$6.6 million. This increase is due primarily to the increase in the Gas

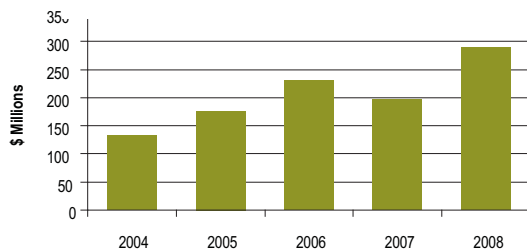
Asset Retirement Obligation due to increases in cost estimates. Accrued Liabilities increased \$11.0 million primarily due to unexpended grant monies received during the year.

- Long Term Debt decreased \$0.5 million in 2008. For tax supported activities, long term debt increased \$3.1 million. During 2008 the City borrowed \$16.4 million, including \$6.6 million related to Water infrastructure. Principal in the amount of \$16.9 million was repaid. Of this repayment, \$3.1 million relates to tax supported debentures while the balance relates to utilities.
- Consolidated operating revenues increased \$28.2 million (7.7 per cent) from 2007. This is primarily due to an increase in Gas sales of \$13.3 million. This is a result of a sales volume improvement of 10.6 per cent (29.0 Billion Cubic Feet (BCF) versus 25.9 million BCF budgeted) due to a more gradual decline in production rates than expected. In addition, the average spot gas price was 17.5 per cent above budget at \$7.72 per Gigajoule (GJ) compared to \$6.57 budgeted. Additionally Electric sales increased \$8.7 million from 2007 due to higher market and rate base commodity prices. Also, during 2008 the City received a charitable gift in the amount of \$4 million from its wholly owned subsidiary, Allied Oil & Gas Corp.
- The City of Medicine Hat's investment return for the year ended December 31, 2008 averaged 3.94 per cent outperforming the DEX (formerly Scotia McLeod) Universe Bond benchmark index of 3.18 per cent. The City's average portfolio return has outperformed the stated benchmark the last five years.

Rate of Return

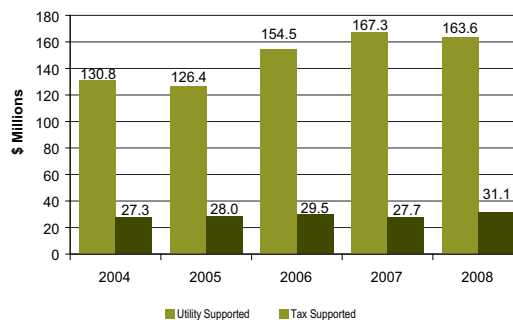


Investment Portfolio



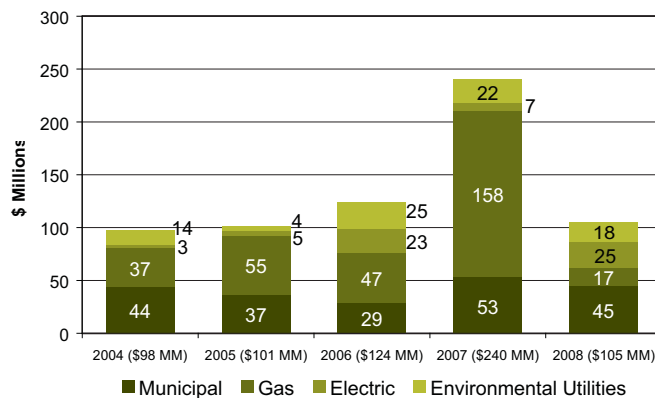
- Tax Supported debt per capita increased from \$490 to \$515, Utilities supported debt per capital decreased from \$2,935 to \$2,707.

Long-Term Debt



- Other Long Term Liabilities increased \$6.6 million. This increase is primarily due to the increase in the Gas Asset Retirement Obligation due to changes in cost estimates. The total liability for the Gas Asset Retirement Obligation at the end of 2008 is \$74.0 million. This legal 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.
- During 2008, the consolidated fund balances increased by \$85.7 million to \$307.3 million. This increase is primarily as a result of the strong earnings and activities of the Gas Utility.

Capital Investment



Capital investment during 2008 totaled \$105.0 million. The majority of the funds were spent for municipal assets (\$45.0 million) which included \$31.1 million for roads in new subdivisions and upgrades to existing roads, \$3.9 million in machinery and equipment, \$3.0 million for land purchased at the airport, \$3.0 million for mobile equipment, \$2.6 million for parks in new subdivisions and \$1.3 million for buildings. Also significant was \$4.0 million for the water feeder river crossing,

\$3.0 million for Brier Park industrial water system upgrade, \$1.2 million for Water Plant expansion, \$1.0 million for the water Kipling Street booster station upgrade and \$2.9 million for sewer lift station upgrades. Additionally, \$17.2 million was spent on the development of Gas properties, \$19.1 million was spent on the new electric combustion turbine LM6000 to be online in 2009, and \$1.5 million on a new administrative building at the power plant.

The sources of capital investment financing in 2008 were:

- Debt Issues: \$ 16.4 million
- Transfers from Reserves: \$ 31.5 million
- Transfers from Operating: \$ 20.7 million
- Government Grants: \$ 21.9 million
- Capital Fund: \$ 9.8 million
- Developer Levies: \$ 3.2 million
- Donations and Other: \$ 0.8 million
- Sale of Assets: \$ 0.7 million

Over the next several years, City Council's priorities regarding sustainable utilities and sound infrastructure will require continued investment. The 2009 – 2013 Capital Improvement Plan calls for several major expenditures.

In particular, the sustainability of the Gas Utility depends upon substantial reinvestments. \$43.8 million is budgeted to be invested during 2009 for development of currently owned gas properties. To meet the demand for residential, commercial and industrial development \$44.5 million is to be invested in the development of land for resale over the next three years. Municipal Services budgeted capital expenditures are \$38.2 million (2009) with \$55.6 million projected for 2010 and 2011. Highlights of the 2009 expenditures are: Fleet purchases - \$9.3 million, Building and Equipment upgrades - \$25.6 million, and Road Upgrades - \$3.5 million.

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 been appointed to express a professional opinion on the consolidated 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 assure that management is carrying out its responsibilities. The auditors have full and free access to the Audit Committee and management.



Acting Chief Administrative Officer



Acting Commissioner of Corporate Services

Financial and Statistical Schedules (Unaudited)

Financial Comparison 1999 - 2008

Consolidated Balance Sheet (in Thousands of Dollars)

Assets	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Cash and Investments	\$ 336,186	\$ 233,331	\$ 254,671	\$ 195,815	\$ 141,717	\$ 101,079	\$ 62,909	\$ 81,849	\$ 89,808	\$ 40,355
Investment In Subsidiary	-	-	-	-	-	-	-	47,360	-	-
Advances to Subsidiary	15,945	18,016	17,958	18,978	20,448	21,270	31,009	11,515	-	-
Accounts Receivable (Net of Allowances)	48,085	47,541	46,308	39,449	33,192	26,630	31,748	21,536	35,059	19,188
Inventory for Consumption	13,717	12,145	9,881	8,422	9,275	8,739	8,889	8,296	10,097	9,533
Inventories for Resale	26,708	21,765	27,696	22,177	20,022	17,800	18,545	18,433	14,541	13,845
Deposits and Other Assets	3,461	1,920	1,761	3,222	2,308	1,291	1,164	959	538	1,856
Prepaid Expenses	1,388	1,031	1,152	1,068	934	615	771	6,688	1,205	-
Long Lived Asset - Retirement Obligation	36,804	43,522	21,795	19,403	19,828	13,760	5,875	-	-	-
Capital Assets	1,156,355	1,127,516	963,304	904,689	867,318	820,226	774,640	653,145	629,889	652,048
	\$ 1,638,649	\$ 1,506,787	\$ 1,344,526	\$ 1,213,223	\$ 1,115,042	\$ 1,011,410	\$ 935,550	\$ 849,781	\$ 781,137	\$ 736,825

Liabilities	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Trade Accounts Payable	\$ 19,888	\$ 17,919	\$ 20,935	\$ 12,998	\$ 17,908	\$ 11,563	\$ 16,786	\$ 9,981	\$ 12,077	\$ 10,873
Accrued Liabilities	56,684	45,705	42,474	43,654	29,108	28,501	25,266	15,024	19,179	14,310
Short-Term Debt	2,188	7,928	2,248	-	-	-	9,984	19,809	-	-
Long-Term Debt	194,713	195,252	183,971	154,751	158,203	156,249	144,166	136,195	165,469	176,792
Loss In Subsidiary	4,853	6,205	7,310	8,086	9,798	9,978	8,092	-	-	-
Other Long-Term Liabilities	91,348	84,784	55,507	45,914	39,285	29,604	19,093	15,664	13,657	10,588
	369,674	357,793	312,445	265,403	254,302	235,895	223,387	196,673	210,382	212,563

Equity	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Equity In Capital Assets	961,642	927,320	779,333	749,938	709,114	663,975	630,148	516,950	468,252	478,139
Fund Balances	307,333	221,674	252,748	197,882	151,626	111,540	82,015	136,158	102,503	46,123
	1,268,975	1,148,994	1,032,081	947,820	860,740	775,515	712,163	653,108	570,755	524,262
	\$ 1,638,649	\$ 1,506,787	\$ 1,344,526	\$ 1,213,223	\$ 1,115,042	\$ 1,011,410	\$ 935,550	\$ 849,781	\$ 781,137	\$ 736,825

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.

Financial and Statistical Schedules (Unaudited)

Financial Comparison 1999 - 2008

Operating Revenue and Expenditures (in thousands of dollars)

Revenue From:	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Taxes	\$ 61,267	\$ 56,257	\$ 50,786	\$ 46,217	\$ 42,741	\$ 41,270	\$ 38,040	\$ 35,370	\$ 38,088	\$ 35,650
Less - Requisitions	(22,414)	(22,292)	(21,383)	(20,574)	(19,973)	(18,733)	(17,650)	(16,006)	(18,831)	(18,516)
	38,853	33,965	29,403	25,643	22,768	22,537	20,390	19,364	19,257	17,134
Sale of Services										
General Government	7,932	8,101	6,998	6,029	5,632	5,220	5,177	4,674	4,194	3,576
Gas	171,152	157,875	143,133	161,387	129,817	129,178	96,188	112,707	101,268	47,646
Electric	77,978	69,327	72,057	55,856	58,399	53,687	47,778	74,475	93,036	66,573
Environmental Utilities	28,311	25,633	22,262	19,498	18,379	18,625	16,705	16,351	15,397	13,438
Land	18,399	33,873	19,184	17,165	22,081	16,203	15,050	11,183	5,748	8,280
Medicine Hat Public Library	-	-	-	-	-	-	-	87	94	111
Other Income										
Investment Income	11,426	12,169	10,286	6,875	5,496	4,654	5,338	5,292	3,690	2,581
Investment (Loss) in Subsidiary	1,352	1,105	776	1,712	180	(1,886)	(8,485)	256	-	-
Licenses, Fines & Penalties	6,842	6,145	5,714	5,482	4,804	3,713	3,570	3,186	2,742	2,421
Other	20,049	10,762	10,875	8,695	6,357	4,908	4,939	3,503	7,977	4,354
Senior Government Transfers	5,065	4,243	6,260	6,114	3,754	3,398	3,194	3,593	3,264	3,140
Charitable Gift	4,000	-	-	-	-	-	-	-	-	-
Surplus	-	-	3,764	-	-	8,517	-	-	1,991	8,706
	\$ 391,359	\$ 363,198	\$ 330,712	\$ 314,456	\$ 277,667	\$ 268,754	\$ 209,844	\$ 254,671	\$ 258,658	\$ 177,960

Spent On:	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Government	\$ 82,571	\$ 74,571	\$ 71,161	\$ 67,471	\$ 62,737	\$ 57,289	\$ 54,182	\$ 50,058	\$ 45,977	\$ 37,385
Environmental Management	657	-	-	-	-	-	-	-	-	-
Gas	90,333	79,396	65,356	48,623	52,284	51,691	39,566	49,501	52,159	39,886
Electric	24,561	30,022	31,080	30,089	27,051	29,458	22,807	24,734	21,553	18,798
Environmental Utilities	17,682	13,849	12,448	15,739	12,124	11,264	10,056	10,270	9,766	10,964
Land	5,941	8,640	6,317	14,075	5,197	5,355	3,926	2,758	951	1,827
Medicine Hat Public Library	-	-	-	-	-	-	-	1,201	1,180	1,120
Capital Purchase & Debt	42,589	33,195	57,278	33,649	41,589	32,469	27,208	36,454	51,573	39,438
Transfer To Reserves	126,402	111,040	87,072	104,181	74,881	81,228	44,106	73,208	75,499	28,542
Surplus	623	12,485	-	629	1,804	-	7,993	6,487	-	-
	\$ 391,359	\$ 363,198	\$ 330,712	\$ 314,456	\$ 277,667	\$ 268,754	\$ 209,844	\$ 254,671	\$ 258,658	\$ 177,960

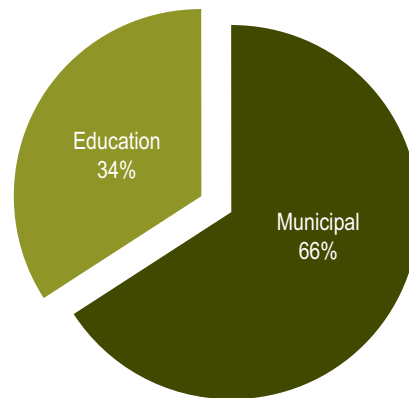
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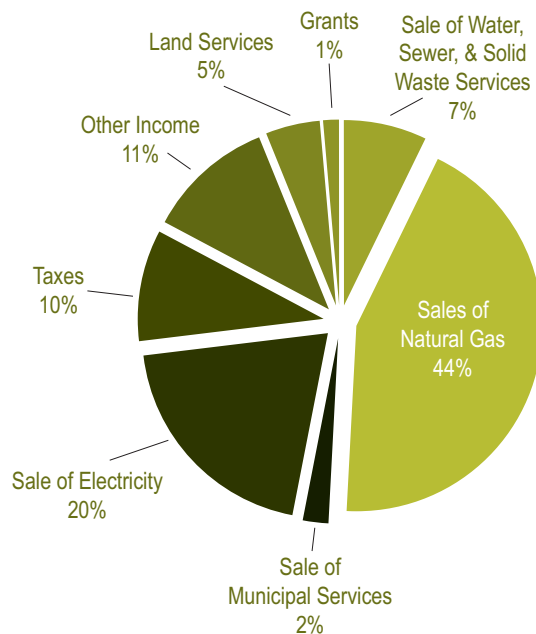
Financial Synopsis 2008

Operating Fund Activities

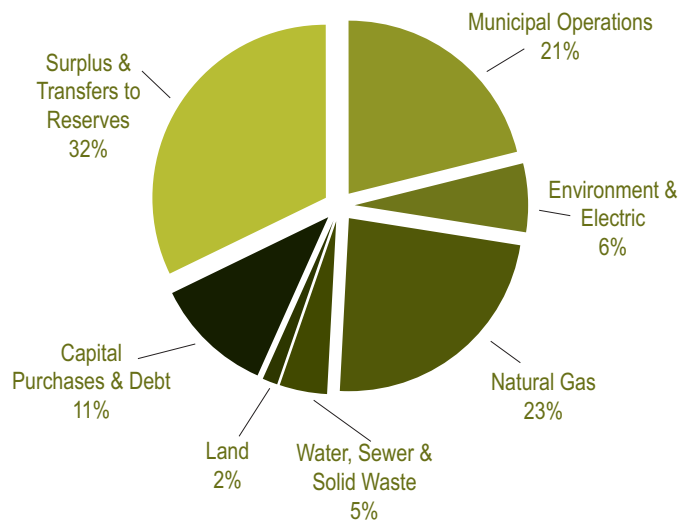
Where Our Tax Dollars Went In 2008
Education / Municipal
Property Tax



Where The Money Comes From
\$391 Million



Where the Money Goes
\$391 Million



For additional copies of the 2008 Annual Report contact:

Chief Administrative Officer
City of Medicine Hat
580 First Street S.E.
Medicine Hat, Alberta, Canada
T1A 8E6

Tel: (403) 529-8222

Fax: (403) 502-8041

www.medicinehat.ca



Medicine Hat
The Gas City

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

The 2008 City of Medicine Hat Annual Report was prepared and produced by the
City of Medicine Hat Corporate Communications and Finance departments.

