

2010

CITY OF MEDICINE HAT ANNUAL REPORT



Medicine Hat
The Gas City

DECEMBER 31, 2010
CITY OF MEDICINE HAT, ALBERTA, 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, to exceed expectations in the value of our services. The City of Medicine Hat is committed to a mission of striving to exceed the expectations of our residents, businesses and visitors.

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

OUR **VALUES**

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

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

DECEMBER 31, 2010 CITY OF MEDICINE HAT, ALBERTA, CANADA

PREPARED BY THE CITY OF MEDICINE HAT FINANCE AND
CORPORATE COMMUNICATIONS DEPARTMENTS.

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

The Medicine Hat Advantage - **UNIQUE!**

CORPORATE **GOVERNANCE**



MAYOR'S REPORT

Looking back at 2010, it will be remembered as a challenging year for Medicine Hat and South Eastern Alberta. Record snow falls in the winter of 2009/10 followed by unprecedented flooding on a scale not seen in this region for decades definitely took its toll. City of Medicine Hat staff rose to the challenges and continued to provide superior public service and for that I thank them.

I would also like to recognize staff for their quick mobilization during the June flood as we were able to set-up a regional command centre and relocate people from flooded areas to an evacuation centre where they were fed and sheltered. I am most grateful that no lives were lost and my thoughts are still with those who suffered devastating losses to their homes and properties.

The City will continue to work with Alberta Emergency Management Services, Alberta Environment and Regional partners to understand what is happening in our region and look at ways to plan for these types of events in the future. Thank you to Medicine Hat residents for your patience and understanding of City staff who worked hard to maintain quality service levels while dealing with emergency situations.

Despite the many challenges, the City of Medicine Hat had many successes and reasons to celebrate in 2010. It was a centennial year for Veteran's Memorial Riverside Park and the Electric Utility. The Veteran's Memorial Riverside Park celebration demonstrated people can live on the barren, dry prairies, but still manage to retreat to a beautiful oasis and enjoy the trees and green grass beneath their feet. The Electric Utility celebrated 100 years of providing electricity to our community and for that we couldn't be more proud. Congratulations to all Electric Utility staff, past and present, for building a successful utility.

Low natural gas prices resulted in many small gas businesses selling their assets to larger companies, relocating head offices to other centers or simply just shutting their doors. Natural gas prices have definitely impacted revenues and profits in our community and the effects will carry forward through 2011. The City's Gas

Utility was not an exception to these circumstances. The City must remain vigilant in running the Gas Utility as a regular business. That means buying and selling when market is down or up like any other corporation. However, City Council must balance running a profitable energy company with taking care of shareholders. That means taking care of the residents of the city of Medicine Hat.

In 2010, there was a decline in building permits in all sectors including residential, institutional and commercial building. City staff continues to implement policies and procedures to expedite the processes at City Hall while still maintaining the safety and integrity of our community. We are striving to keep communication open with developers and ensure businesses remain competitive and strong to enhance the industry and the economy of the community.

Looking forward to 2011, the newly elected City Council is motivated to move its priorities forward and create a vision for the community that makes everyone who lives here proud. My sincerest thanks to staff for their help with City Council's strategy to achieve this vision and meet their priorities, and to the residents of Medicine Hat who support the work that we do. Here's to an exciting and productive 2011. I wish you all the best.

Mayor Norm Boucher

CITY COUNCIL

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



2010 CITY COUNCIL

Back Row (L to R): Alderman Wayne Craven, Alderman Les Pearson,
Alderman John Hamill, Alderman Graham Kelly

Front Row (L to R): Alderman Robert Dumanowski, Alderman Jeremy Thompson,
Mayor Norm Boucher, Alderman Ted Clugston, Alderman Phil Turnbull



COMMITTEES, COMMISSIONS AND BOARDS

STANDING COMMITTEES

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

Corporate Services Committee - Ald. W. Craven (Chair); Ald. T. Clugston (Vice Chair); Ald. J. Thompson

Development and Infrastructure Committee - Ald. J. Hamill (Chair); Ald. W. Craven (Vice Chair); Ald. T. Clugston

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

Public Services Committee - Ald. G. Kelly (Chair); Ald. L. Pearson (Vice Chair); Ald. R. Dumanowski

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

SPECIAL COMMITTEES

Regional Event Centre Committee - Ald. J. Thompson (Chair); Ald. W. Craven (Vice Chair); Mayor N. Boucher

City Centre Development Agency Downtown Planning Committee - Ald. R. Dumanowski (Chair)

ADVISORY BOARDS AND COMMISSIONS

Arts and Heritage Advisory Board

Assessment Review Board

- CARB (Composite Assessment Review Board)

- LARB (Local Assessment Review Board)

Boxing Commission

Heritage Resources Advisory Board

Medicine Hat Public Library Board

Municipal Planning Commission

Police Commission

Social Development Advisory Board

Subdivision and Development Appeal Board

Urban Environment and Recreation Advisory Board

COUNCIL REPRESENTATION

ON OTHER ORGANIZATIONS

Alderman Responsible for Civic Functions - Ald. J. Thompson

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

Chamber of Commerce - Ald. P. Turnbull

City Centre Development Agency - Ald. R. Dumanowski

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

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

Friends of Medalta Society - Ald. R. Dumanowski

Heritage Resources Committee - Ald. G. Kelly

Medicine Hat Community Housing Society - Ald. L. Pearson

Medicine Hat Exhibition and Stampede - Mayor N. Boucher

Medicine Hat Public Library - Ald. L. Pearson

Municipal Planning Commission - Ald. G. Kelly (Chair) Ald. W. Craven (Vice Chair)

Palliser Economic Partnership - Ald. P. Turnbull

Police Commission - Ald. T. Clugston and Ald. J. Thompson

Shortgrass Library System - Ald. L. Pearson

Subdivision and Development Appeal Board - Ald. T. Clugston and Ald. J. Hamill (Alternate)

Tourism Medicine Hat Committee - Ald. L. Pearson



CITY PRIORITIES

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

1. PROVIDE **SUSTAINABLE** UTILITIES

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

2. A **UNIFIED** CONSTRUCTIVE CULTURE

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

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

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

4. **LAND DEVELOPMENT** AND LAND & PROPERTIES

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

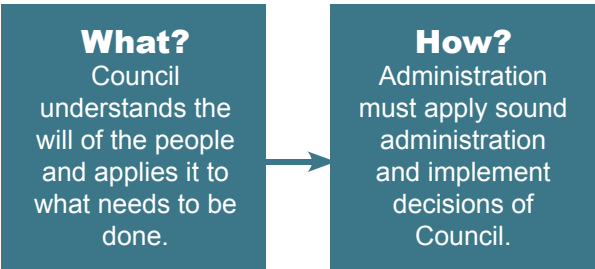
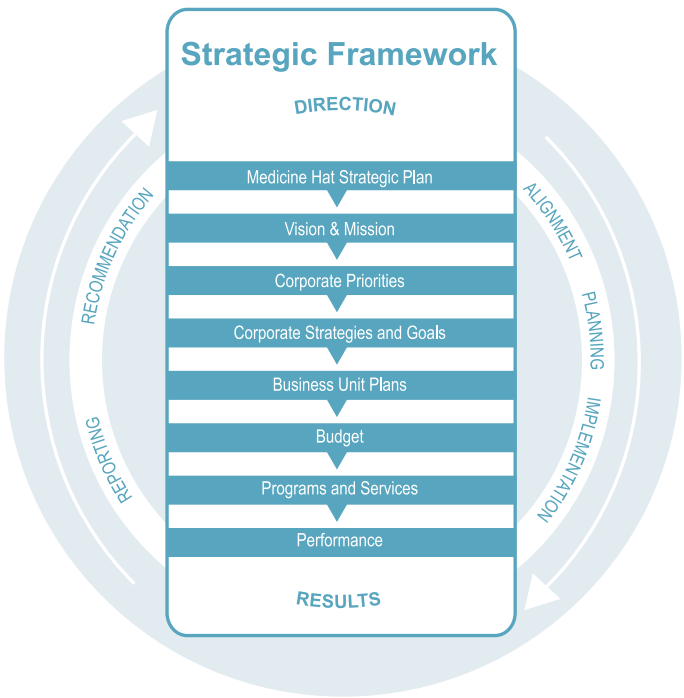
5. **IMPROVED** ENVIRONMENT

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

STRATEGIC PLANNING

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

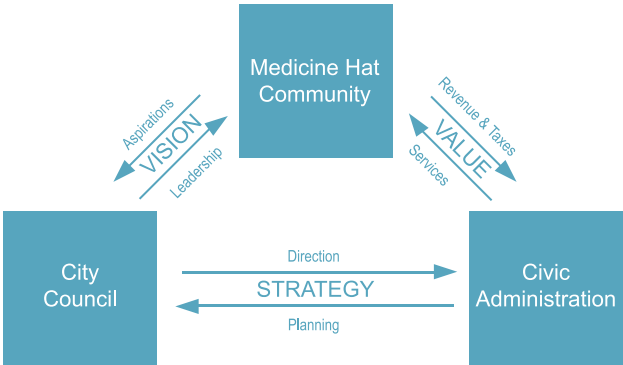
The City of Medicine Hat Strategic Plan supports the City’s vision, mission and direction by outlining corporate priorities, strategies, goals, and measures of success over the planning period. The strategic plan guides the individual business units in the organization to develop strategies, goals and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



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.

GOVERNANCE MODEL



Source: Gerry Labas





CHIEF ADMINISTRATIVE OFFICER'S REPORT

The City of Medicine Hat strives to provide superior public service to the residents and visitors of Medicine Hat. While 2010 presented many unforeseen challenges, the quality of service didn't waiver. I would like to thank City staff for their

tremendous efforts last year in helping to run this great city each and every day, but especially for their rapid response to the June flood and continued dedication throughout the clean-up and recovery phases.

The year started off with high spirits and great pride as the Olympic Torch stopped in Medicine Hat on January 16, 2010. Thousands turned out for a celebration at the Saamis Teepee with Medicine Hat's own Terri Clark as one of the headliners. The great success of this event can be attributed to the efforts of the Torch Relay Task Force which included sponsors and businesses; members of City Council; and City staff from the Police, Esplanade, Medicine Hat Transit and Community Development.

Administration continued work towards meeting City Council priorities including public engagement, downtown development, an effective Transit System, and building a unified constructive culture.

Public engagement is any process that involves stakeholders in problem-solving or decision-making and uses the input to make better decisions. The City held numerous public engagement sessions in 2010 for projects such as the Municipal Development Plan, the River Flats Area Redevelopment Plan, the Off Leash Park Review, Downtown Parking, Cultural Centre Use, and the Snow and Ice Control Review. Due to the importance of conducting meaningful engagement, the City also adopted the use of the "engage" framework to provide a consistent approach to how the City engages the public.

City Council approved the Downtown Redevelopment Plan in 2009 and directed Administration to bring strategies forward to support the plan. In July 2010, a project charter was drafted to develop policies that will support investment and development in the city centre. A Downtown Implementation Team comprised of internal City resources and external members from the public and various agencies was formed to move this forward. In December 2010, a report and recommendation were tabled with the Development and Infrastructure

Committee which outlined five incentive programs for Council consideration. This project will continue into 2011.

To move forward with an effective Transit System, the final phase of the Long Range Transit Plan was implemented with an increase in Sunday service hours and the addition of a number of new buses to the fleet. Ridership counts in 2010 for conventional transit totaled approximately 1,530,000 rides which means a 23 per cent increase from 2009 counts. In addition, online schedules and Google maps for routes were added to the City website to provide more information to those using Transit.

The City of Medicine Hat was pleased to be selected again as one of the Top 50 Employers in Alberta. Evaluated by the editors of Canada's Top 100, they looked at such things as physical workspace and atmosphere; health and financial benefits; vacation and time off; training and skills development; and community involvement. Employers are compared to other organizations in their field to determine which offers the most progressive and forward-thinking programs. Being one of the Top 50 Employers assists the City's Human Resources Department in finding, hiring and retaining the best possible workforce for the community.

I would like to thank City Council and all City of Medicine Hat employees for their commitment to the community and to the people we serve. On behalf of Municipal Services, I look forward to working with staff to deliver on the priorities of our newly elected City Council.

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

CHIEF OPERATING OFFICER'S REPORT



It is my pleasure to provide Mayor Boucher and our City Council with this summary of the Energy Services Division for 2010.

Overall, it was a challenging year for the Energy Division. Natural gas and electric commodity prices continued to decline, reaching their lowest levels in about a decade. As a result, Energy Division posted net earnings of \$14.3 million with the Gas Utility contributing \$12.3 million and the Electric Utility \$3 million. Based on those earnings the Division's return on equity for 2010 was 2.28 per cent relative to our target of 10 per cent.

Despite these challenges, the Energy Division generated a 9.27 per cent average return on equity over the last five years which was more than adequate to deliver the required dividend of 6.25 per cent. With \$872 million in assets and cash reserves standing at \$250 million, the division's net worth to the City remains substantial. We provided Municipal Services with a \$39.6 million dividend to assist in maintaining a low property tax rate, boosting services to residents and strengthening the city's infrastructure.

That stated, 2010 had many successes for the Energy Services Division. Residents of Medicine Hat continue to experience the Medicine Hat Advantage derived from some of the lowest utility rates in the country. Compared to residents in other Alberta cities, the average Medicine Hat resident saves between \$34 and \$60 each month on gas and electric bills (including commodity charges, delivery charges and local access fees).

The Electric Utility celebrated its 100th anniversary, which was an exceptional success. The centennial produced a time of celebration as the City reflected on its history of providing reliable, efficient electrical service to the customers of Medicine Hat.

The Energy Sustainability Department experienced a banner year. The Hat Smart program won an Alberta Emerald Award for Environmental Leadership last summer which was followed at the end of the year by a national award: The Federation of Canadian Municipalities Energy Sustainability Award. In 2010, the Hat Smart program paid out more than \$1 million in energy incentives.

An exciting development of the past year was the announcement of funding being secured for the Solar Thermal Energy Project. The project will take advantage of Medicine Hat's status as Canada's sunniest city by converting the sun's rays into steam and then electricity. It will be the first of its kind in Canada.

The Gas Department committed itself to infrastructure upkeep by spending \$2.4 million on well, facility and pipeline repairs as well as pipeline replacements.

Electric Generation installed a new combined-cycle combustion turbine (LM6000-Unit #15) to its fleet of units. The new turbine produces fewer emissions than its predecessors and increases the efficiency and reliability of the City's Electric Generation Department.

The Energy Services Division played an integral role during the 2010 flood. Our Gas and Electric Departments were vital in working with Emergency Services to maintain the safety of residents. Personnel worked continuously to shut off and restart gas and electric service to residents and businesses as required. In the weeks following the flood, our teams were heavily involved with repairs and replacements of gas and electric hookups.

Furthering its commitment to a safe working environment, the Electric Utility hired a Safety and Environmental Specialist to continue to improve the utility's work practices. A focus on safety guided the Electric Generation Department to an incident-free year in 2010.

In closing, I wish to thank City Council for their guidance and support of the Energy Division. We commend the many staff who contribute each day to our successes.

Sincerely,

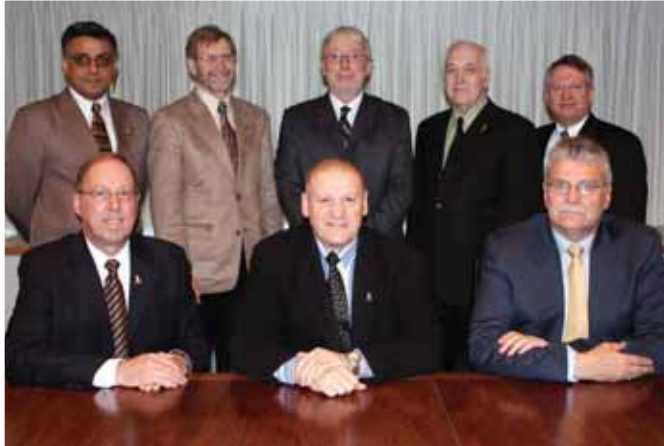
Gerry Labas
Chief Operating Officer, Energy Services Division

ENERGY DIVISION FINANCIAL SUMMARY (In millions)

	2006	2007	2008	2009	2010	5 yr Avg
NET INCOME	\$82.62	\$74.65	\$94.28	\$17.97	\$14.32	\$56.77
EQUITY	\$561.53	\$603.66	\$661.81	\$639.60	\$613.94	\$612.46
RETURN ON EQUITY	14.71%	12.81%	14.90%	2.76%	2.28%	9.27%

ADMINISTRATIVE COMMITTEE

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



Back Row (L to R)

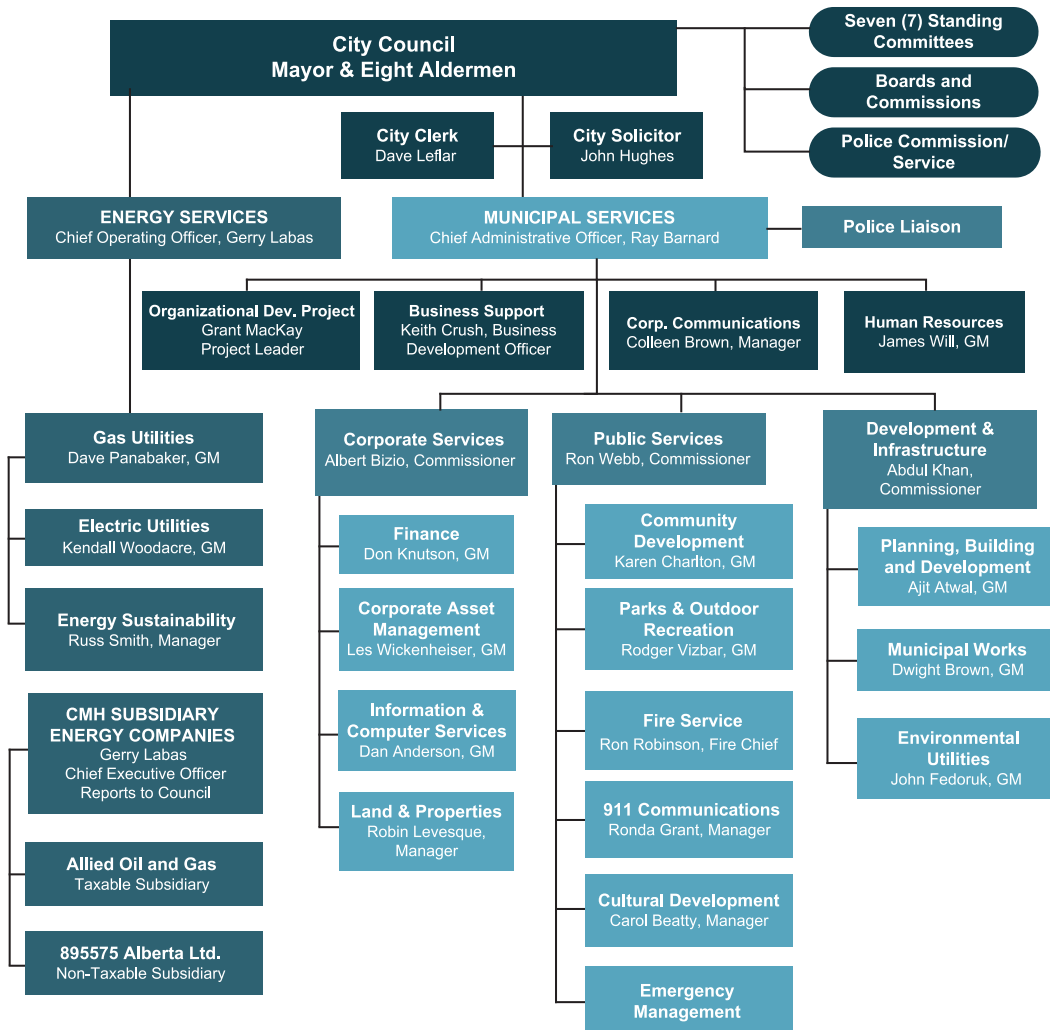
Abdul Khan, Commissioner of Development and Infrastructure
 Albert Bizio, Commissioner of Corporate Services
 Ron Webb, Commissioner of Public Services
 Larry Godin, City Clerk
 John Hughes, City Solicitor

Front Row (L to R)

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

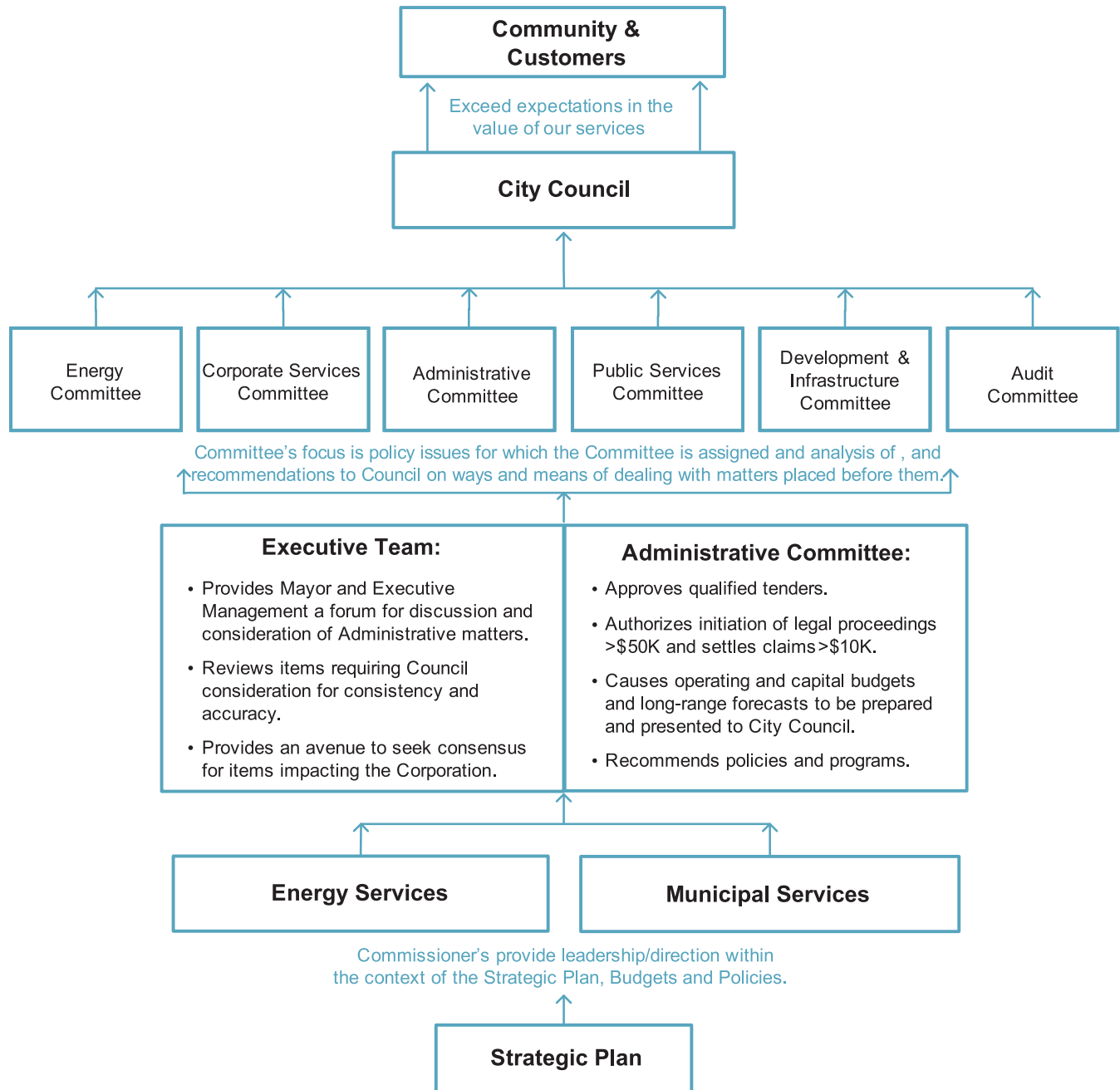
Missing from Photo - Dave Leflar, City Clerk

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.





SERVICES PROVIDED

BY THE CITY OF MEDICINE HAT

MUNICIPAL SERVICES

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

Office of the Chief Administrative Officer

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

Business Support Office

The Business Support Office works as a key point of contact for new and existing business and industry when dealing with the City of Medicine Hat. The office ensures relevant economic information is available to assist business and industry as well as supports and monitors the City's (taxpayer) investments in external economic development service providers.

Corporate Communications Department

The Corporate Communications Department is responsible for providing strategic communications advice and tactical services to all City Departments and Senior Leadership to create open, transparent and proactive communication within the City of Medicine Hat and between the City and the people it serves.

Human Resources Department

The Human Resources Department provides professional advice to the corporation in areas such as: labour relations; staffing; training and development; occupational health, claims management and health promotion; safety; pension, benefits and payroll administration; compensation administration; and general consulting on employee or collective agreement issues. The department provides strategic Human Resource solutions to issues such as recruitment and retention, managing an aging workforce, strengthening the safety culture, developing succession plans and building on the constructive culture work undertaken by the City.

The department consists of four distinct lines of service: Labour Relations & Compensation; Payroll & Benefits; Staffing & Development; and Wellness, Health & Safety.

Labour Relations & Compensation is responsible for collective bargaining with all unions and associations representing civic employees; implementation, administration, and interpretation of collective agreements, grievance decisions, and arbitration awards; and timely and accurate advice to City Council and senior leadership regarding labour relations issues. They

also provide expert advice on job evaluation, administer compensation surveys and participate in classification reviews.

Payroll & Benefits is responsible for administering payroll as well as pension and benefits administration. They provide employees with advice and guidance for pension planning and retirement.

Staffing & Development provides services to individuals, work groups, and departments in the areas of organization and staff development, team building, conflict resolution and recruitment.

Wellness, Health & Safety provides resources in health and safety to all departments within the Corporation. This work group focuses on leadership, hazard and accident prevention, health and safety related training, healthy workplaces, ergonomics, and wellness initiatives.

Office of the City Clerk

The primary responsibility of the Office of the City Clerk is to administer the processes through which information is delivered to Council, committees of Council and municipal quasi-judicial boards and tribunals. The recommendations and decisions made at those levels are documented and accessed. Other duties include: preparing, distributing and preserving agendas, minutes and decisions of Council and its committees, boards and tribunals; ensuring the business of Council, Council committees, boards and tribunals is conducted in accordance with all applicable statutes, regulations and bylaws, and principles of natural justice; maintaining essential records and documents; issuing approvals for special events; servicing the City's general information telephone line; and providing administrative support services to members of Council, boards and tribunals. The City Clerk also serves as: Returning Officer for municipal elections and conducts the municipal census; City's Chief Protocol Officer and ensures compliance with the Freedom of Information and Protection of Privacy Act (FOIPPA); and as Corporate Secretary to the City's corporate affiliate, Allied Oil and Gas Corp.

Office of the City Solicitor

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

Corporate Services Division

The Corporate Services Division consists of four departments which include: Corporate Asset Management; Finance; Information & Computer Services; and Land & Properties.

Corporate Asset Management Department

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

Building Services provides technical support, leadership, coordination, project management and facility management services, encompassing facility maintenance and capital delivery support for the various corporate municipal buildings (177 buildings, totaling about 1.2 million square feet).

Fleet Services provides technical advice, as well as manages the maintenance, procurement, and disposal of the corporate fleet of vehicles and equipment.

Purchasing provides leadership, support, coordination, and supervision for safe, efficient and effective purchasing and material control services to support all departments. The key responsibilities of Purchasing Services include the procurement of goods and services, inventory management, monitoring of department purchases, as well as the development, implementation, and recommendation of changes to purchasing policies and procedures.

Stores provides materials management services by ordering, warehousing, and issuing consumable materials and supplies to all departments; and also specified project materials for the City Utilities departments such as Electric Distribution, Environmental Utilities, and Gas Distribution.

Treasury and Risk Management provide leadership and guidance to the Corporation in the management of the City's cash and investments, debt management, insurance services, and insurance claims administration.

Finance Department

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

Assessment is responsible to prepare, on an annual basis, market value assessments that are fair, equitable and correct that meet the needs of the City of Medicine Hat and the Province. Assessment consistently works to ensure that property taxes are equitably allocated among all property owners based on the value of their property.

Customer Service and Collection provides customer care and collection service relating to the City of Medicine Hat's Utility Billing, Tax and General Accounts Receivable and cashier functions. They respond to and resolve sensitive and complex customer service concerns; develop and distribute customer communication regarding City policies, practices and procedures; and ensure standards for customer care and collections are met.

Municipal and Energy Accounting are responsible for directing the City and its wholly owned subsidiary's accounting functions. This includes the development and maintenance of budgeting and reporting systems; analysis and interpretation of trends requiring management's attention; preparation of financial and management reports; and development of recommendations and presentation of findings.

Systems, Billing and Meter Reading provides the accurate and timely billing for utilities, property taxes and general accounts receivable. They are responsible for the administration, maintenance, internal controls, and implementation of computerized systems and processes as well as ensuring the systems are operational on a day-to-day basis.

Information & Computer Services Department

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

Geographic Information Systems effectively manages the use and implementation of the City's GIS software, tools and databases; provides technical support services and customized solutions to GIS user departments; ensures users within the corporation are knowledgeable and using GIS technology effectively; continues to find new and innovative ways to apply GIS technology; and maximizes existing resources within the organization.

The Information Centre provides technical support to departments; maintains hardware systems with minimum down time; updates operating system and application software on all workstations; assists with departmental solutions by obtaining cost effective technology; establishes technical computing standards for computers, setup and manages: user accounts and network access, smart devices, e-mail, etc.; and coordinates and provides end user PC training and software standards.

Systems Development designs, develops, implements and supports new software applications for departments, as well as online self-service tools for residents and businesses. They support and enhance existing applications; assist departments with investigation, evaluation, implementation and integration of third party software systems; and provide business analyst services to departments interested in using technology to improve their operations.

Systems Operations provides the City with timely processing of the Data Centre production systems; performs network management of the City's wide area network; coordinates network Internet access and services; provides web page design and maintenance services for the City's Intranet and Internet websites; manages the fleet of City printers/copiers; and manages the centralized print shop environment and mailroom operations.

Technical Services ensures the security of the City's computing infrastructure and data; provides data base and server administration; investigates new technologies; and provides technical support and advice to departments.

Land & Properties Department

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

Development & Infrastructure Division

The Development & Infrastructure Division consists of three departments which include: Environmental Utilities, Municipal Works, and Planning, Building & Development Services. The division's role is to provide a safe, reliable and cost effective delivery of municipal planning, development and infrastructure services, with a strong focus on customer service.

Environmental Utilities Department

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

Treatment Plants consists of the Water Treatment Plant and the Waste Water Treatment Plant. The Water Treatment Plant produces safe potable water for the community and some parts of the surrounding county. The Waste Water Treatment Plant treats waste water from the community and Redcliff prior to returning the treated water back to the river.

Field Operations oversees the water distribution and waste water collection systems. This includes the operation and maintenance of over 800,000 meters of pipelines, 21 pump stations and 58 million liters of potable water storage as well as customer services including water quality monitoring, meter installation, sewer service cleaning, locate services, and development compliance inspections.

Solid Waste Operations provide residential domestic, yard waste and commercial waste collection/disposal services and pick-ups. They also manage materials in the recycling and composting collection, processing and marketing services.

Engineering Support provides strategic and technical support to all operational areas of Environmental Utilities Operations as well as provides reviews and analysis of municipal growth and development proposals.

Customer Relations, Marketing and Administration develop and distribute information on department programs, products and services as well as responding to achievements and matters of concern to the public. They provide extensive administrative support to department staff within five facilities and are also responsible for maintaining three utilities customer groups including 23,000 water customer accounts, 31,000 sewer accounts, 22,000 solid waste collection accounts and 29,000 recycling customer accounts for a total customer account base of 105,000 utility billing accounts.

Municipal Works Department

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

The department consists of: Engineering; Operations; Administration and Customer Service; and the Airport. All of these areas provide the support required to manage and maintain approximately 900 lane kilometers of roadway, eight bridges, two overpasses, three pedestrian overhead crossings, and two airport runways with associated taxi links and aprons.

Planning, Building & Development Services Department

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

Planning ensures a sound, current land planning framework exists through the Municipal Development Plan (MDP) and the Land Use Bylaw (LUB) that is consistent with City Council's priorities for a safe, sustainable and diverse community. Planning administers all aspects of the land planning and approvals process through open, timely and courteous service to customers. They also administer the City's Off-Site Levy Bylaw and business license system.

Safety Codes meets all requirements under the Safety Codes Act and administers the Safety Codes including plan checks, permits and inspections for all construction activity relative to building, plumbing, gas and electric disciplines. They carry out their mandate and support customers through open, timely and courteous service.

Engineering Services maintains current, relevant Municipal Servicing Standards and a sound framework for engineering design, review and approvals that is consistent with industry standards, legislation as well as City bylaws and policies. They work with customers in an open, timely and courteous fashion to ensure all technical reviews, inspections, and approvals occur through the land planning process, so that developments are serviced/built to the approved standards. Engineering Services provides all surveying support to both Land & Properties and other departments including the maintenance of survey control monuments, subdivision as-built drawings, and GIS System data.

Administrative Support delivers customer service in support of processing various applications; issuing permits and licenses; scheduling inspections; and responding to inquiries. They process all fees and charges; manage departmental records and systems; and provide administrative support to the Municipal Planning Commission (MPC) and Technical Coordinating Committee (TCC).

Public Services Division

The Public Services Division consists of six areas which include: 911 Communications; Community Development; Cultural Development; Fire Service; Emergency Management; and Parks & Outdoor Recreation.

911 Communications Department

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

Community Development Department

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

Recreation & Leisure Services provides aquatic (seven pools), dry-land and arena (six ice surfaces) services to ensure all residents can participate in physical activities which are accessible and affordable. Recreation & Leisure Services provides services for residents to fully participate in a vibrant, healthy and safe community.

Senior Services, through outreach and internal programs involving the coordination of 850 volunteers involved in 50 programs, provides facility management, partnerships and 20 support programs as well as a comprehensive food services component including 60,000 Meals on Wheels annually.

Social Development administers eight contracts with community based agencies offering a variety of services including, but not limited to, individual, family and group counseling, and a shelter for the homeless. Social Development staff facilitate or are involved with over 40 groups that plan, organize and deliver direct services to the residents of Medicine Hat and as an internal City resource, facilitates and identifies broad social issues such as poverty and accessibility issues.

Transit Service provides an affordable, accessible transportation system including 1,530,000 conventional transit riders, special transit and charter transportation for over 96,000 hours of service and over one million kilometers of travel annually.

Cultural Development Department

The Cultural Development Department provides cultural programs and services to the residents and visitors to enrich cultural life in the community, fulfilling its goal of connecting everyone with arts and heritage. This is accomplished through its primary program areas including the Esplanade Arts and Heritage Centre, the Cultural Centre and the Saamis Tepee.

The Esplanade Theatre provides a number of performances and events throughout the year attracting all ages through a diverse program of music, dance and drama of all genres. As well, master classes, workshops and competitions benefit the youth of the community.

The Art Gallery provides access to local, regional, national and international art, the collection of art, public and school programs and workshops and audience development.

The Museum and Archives manage collections which are held in the public trust. They provide access to exhibitions and public programs as well as school programs and annual festivals.

The Cultural Centre provides access to community cultural groups to art, pottery, textiles, dance and drama studios and exhibits art work from the community in the Gallery.

The Saamis Tepee is maintained as a First Nations natural prairie site for residents and visitors to enjoy.

Fire Service

Fire Service provides timely response and protection to residents as well as property through the superior delivery of suppression, fire prevention and safety codes inspection and investigation, and advanced trained response teams which include aquatics dive rescue, hazardous materials and technical rescue services.

Emergency Management

The purpose of Emergency Management is to provide a prompt, structured and coordinated response to emergencies affecting the City of Medicine Hat and Region within the Emergency Management Memorandum of Agreement.

Parks & Outdoor Recreation Department

The Parks & Outdoor Recreation department is comprised of several service units: Parks Planning and Development; Parks Maintenance; and Parks Operations and Administration.

Parks Planning and Development is responsible for planning, detailed design and development of parks infrastructure, including data base management and parks geographic information. In addition, this service unit oversees the department's specialized equipment maintenance, as well as restoration of flood damage to parks infrastructure and provides information and feedback to other departments with respect to development and issues related to the Parks System.

Parks Maintenance is responsible for operation and maintenance of 255 hectares of irrigated turf grass;

propagation, planting and maintenance of 38,000 bedding plants throughout 100 ornamental flower beds; maintenance of 21,500 metres squared of shrub beds; and management of 28,000 trees in the City's urban forest.

Parks Operations is responsible for outdoor recreation service delivery as well as operation and maintenance of a broad range of features including maintenance of over 92 km of leisure trails; 19 ball diamonds; 12 soccer pitches; eight set of tennis courts; Gas City Campground; Hillside Cemetery and Echo Dale Regional Park. Park Operations are also responsible for reservations of joint use facilities including: 25 ball diamonds; 26 soccer pitches; one set of tennis courts and inspection and maintenance of 76 playgrounds. Liaison with user groups and community sports organizations is captured in this service unit as well as the maintenance and protection of 1530 hectares of environmental reserve and natural areas.

Administration is responsible for strategic planning, coordinating, directing, supervising, and managing the department's service units consistent with the approved business plan, operating and capital budgets. Administrative support staff provides front counter customer service in person, by telephone and e-mail with a total of 32,000 service inquiries in 2010. Administration of golf course leases and administrative support to and liaison with the Urban Environment and Recreation Advisory Board is provided through this unit.

Police Service

The Police Service operates under the direction of the Chief of Police with guidance and support from the Police Commission. The Service is divided into three divisions consisting of Administrative, Support and Operations.

The Administrative Services Inspector is responsible for providing leadership to a number of administrative areas including Professional Standards, Information and Processing, Information Technology, Court, Facility Management, Recruitment, Policy, and Safety Management.

The Support Services Inspector is responsible for providing leadership to the Major Crimes Section, Organized Crime Section, Community Safety Unit, Traffic Unit, Forensic Identification Unit and the Victim Services Unit.

The Operational Services Inspector is responsible for the Patrol and Municipal Bylaw Enforcement Sections.

ENERGY DIVISION

City Council created two distinct lines of service within the City organization structure – Energy Services and Municipal Services. By creating this new structure, the City has greater flexibility in meeting the unique operating objectives of both lines of service. The Energy Division operates under the direction of the Chief Operating Officer (COO). The division consists of the Electric Utility, Energy Sustainability, and the Gas Utility.

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

Electric Utility Department

The Electric Utility's goal is to produce and deliver safe, reliable, cost effective electric energy and related services to City of Medicine Hat (CMH) customers. The utility consists of three business units: Electric Distribution; Electric Generation; and Electric Retail.

Electric Distribution is responsible for the design, construction and maintenance of the transmission and distribution infrastructure to ensure the reliable supply of electrical load. Electric Distribution is mandated with improving efficiencies and with providing a Medicine Hat Advantage by charging distribution rates that are lower than those charged elsewhere in Alberta.

Electric Generation is responsible for safely and efficiently operating the City's generation assets to ensure a reliable supply of power. Electric Generation is mandated with improving Plant sustainability and with providing an annual dividend to the City of Medicine Hat Municipal Services.

Electric Retail is responsible for ensuring that costs of providing electricity are kept at a minimum. Electric Retail is responsible for recovering these costs through commodity rates that are the average of rates charged in similar Alberta cities.

Energy Sustainability

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

Gas Utility

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

Gas Distribution distributes natural gas to customers within its franchise boundary, obtaining a return on total equity that is warranted according to the Alberta Utilities Commission (AUC) for a regulated Gas Distribution Company. Gas Distribution uses competent trained personnel to provide customer service, engineering, construction, operation and maintenance of distribution facilities to ensure a safe and reliable system.

Natural Gas and Petroleum Resources manages the City's natural gas and petroleum producing properties to maximize their future value to the residents of Medicine Hat. The continuing focus of all aspects of our activities is operational excellence and long term sustainability and growth.

Production Operations manage the corporation's wells and facilities to achieve the lowest possible production cost over the life of the reserves extracted. They operate safely with respect for the environment and the City's associates in the community and work with engineering departments to optimize the performance of the wells and facilities.

Subsurface and Facilities Engineering works with Operations to maintain the wells and facilities operating efficiently in compliance with applicable regulations. They determine the optimal configuration then modify wells and facilities to maximize the value of the reserves extracted as well as manage development projects including new wells and facilities.

Acquisitions and Development identifies, evaluates and initiates projects to improve the recovery of natural gas from City of Medicine Hat properties with the goal of increasing value. They manage the City's portfolio of gas assets through active acquisition and divestiture activities. This group also manages the mineral leases, partner agreements and contracts.

Land and Environment provides cost effective management of surface land matters. They rehabilitate and reclaim surface lands after the associated wells and facilities have been abandoned as well as advise staff on matters related to environmental stewardship and facilitate training, monitoring, and reporting.

Production Administration provides cost effective, accurate, and timely production measurement, proration and allocation reporting in compliance with regulation and industry practice. They provide budgeting, project approval, and purchasing services.



2010 COUNCIL'S
POLICY OBJECTIVES

FISCAL RESPONSIBILITY

Maintaining a Strong Financial Position

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

FISCAL RESPONSIBILITY

The City of Medicine Hat invests public funds to provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City. The City also conforms to all Provincial Statutes and Regulations governing the investment of municipal funds. An annual review of Investment Policy #0110 was completed in 2010 to ensure the City's Investment Portfolio is managed in accordance with the Municipal Government Act (Section 250) and Alberta Investment Regulation 66/2000 while also giving consideration to the current market and corporate risk tolerance.

The City's Purchasing Policies and Procedures govern how procurements are handled. They promote the most cost effective and efficient use of City funds and resources, ensure vendors have maximum opportunity to bid on City business and guarantee good corporate governance practices. In 2010, a comprehensive review of the existing Purchasing Policies and Procedures commenced to ensure compliance with all legislation and to best serve the interests of internal and external stakeholders. The review and update to the Purchasing Policies and Procedures is scheduled to be complete in 2011.

In 2010, a transparent model for Family and Community Support Services funding was approved and implemented which resulted in \$335,000 distributed to six non-profit organizations to support the community social safety net. In addition, 22 non-profit agencies received \$104,000 of Municipal Sustainability Initiative Program (MSI) funding for programs and services supporting residents in the community.

The Environmental Utilities Department completed updates to the 2011 Water Utility, Sewer Utility and Solid Waste Utility budgets with rate adjustments that followed City Council's established sustainable utilities principle of Revenue to Cost Ratio of 1 within the industry. Medicine Hat rates remain competitive.

The Municipal Works Department delivered on its core business services on budget while also being challenged to respond to the 2010 flood event as well as the significant above average snow fall events. They also initiated a comprehensive review of the Snow and Ice Control Program which included public engagement and looking at both community and industry best practices. The report and recommendations will be provided to City Council in the spring of 2011. Some of the recommendations were incorporated in to the operations in response to the major snow events in the 2010 winter season.



SUSTAINABLE UTILITIES

Managing the Investment

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

SUSTAINABLE UTILITIES

The 2010 Energy Dividend was \$39.6 million and was used to subsidize property taxes (\$24.5 million) for the residents of Medicine Hat. The remaining \$15.1 million is directed to the Community Capital Reserve. The Energy Dividend Policy directs the Energy Services Division Business Units to contribute 6.25 per cent of the previous year's closing equity. Through 2010, due to low commodity pricing and the slow recovery of the economy, Natural Gas and Petroleum Resources (NGPR) and Electric Generation net incomes were insufficient to cover the entire portion of their dividend payable and had to use some of their reserves.

The City, through the Land & Properties Department, sold 97 single family lots, which produced a net revenue of \$1,652,000. Fifty per cent of the net revenue totaling \$826,000 was transferred to the Community Capital Fund to support projects that benefit the community.

The Electric and Gas Utilities (Distribution) primary financial goals were to achieve cost plus return and a Medicine Hat Advantage through lower than market customer rates and services. Through operational improvements, the Electric Distribution tariffs were less than the market average by 40.8 per cent for a typical residential customer and an overall rate of return of 13.8 per cent was achieved. The Gas Distribution tariffs were less than market average by 45.5 per cent for a typical residential customer and an overall rate of return of 12.3 per cent was achieved.

The Electric Utility (Generation) improved Plant sustainability through the sales of ancillary services; sales to the Power Pool, investments in new equipment and optimization of operations. Ancillary services are used to maintain the stability of the electricity grid in Alberta and are purchased by the Alberta Electric System Operator (AESO) from electric generating companies. The installation of a combined-cycle combustion turbine (LM6000–Unit #15) was completed in 2010 to allow for more flexibility in the operation of Generation equipment. It will also provide increased efficiency and reliability.

The Electric Utility (Distribution) improved their infrastructure through various maintenance initiatives. They changed the porcelain lightning arrestors (which have a tendency to fail) to epoxy to improve safety and reliability, and completed a cable injection project for underground electrical cables that will increase the lifespan of the cable considerably at a significantly lower cost than replacing the cable. The Electric Utility (Distribution) also completed the conversion of “live-front” switchgears to “dead-front” to provide increased safety, reliability and system integrity. Dead-front switchgears are insulated and sealed to limit accessibility to energized parts. This eliminates the possibility of rodents or snakes from entering and causing damage or power interruptions.

Natural Gas and Petroleum Resources (NGPR) assessed their pipeline and facility infrastructure as well as conducted necessary replacements and repairs in 2010. The business unit spent \$1.1 million on well repairs and replacing siphon strings in Rattlesnake. Another \$1.3 million was spent on facility and pipeline repairs primarily on pipeline replacements in Horsham, Freefight and Bigstick gas production fields. These upgrades were done to optimize the production of gas as efficiently as possible.

In 2010, the second year of a three year gas distribution feeder main renewal project along Industrial Avenue S.E. was completed. This project replaced approximately 650 meters of 1940's vintage pipe with new 12" steel gas main. The June 2010 flooding hampered the work as portions of the work area were under water, but the project was still completed on schedule. Replacement projects such as this are essential to continue providing a safe and reliable gas distribution system.

The automation of the Alberta-One-Call (identifying location of underground lines) process was completed in 2010 to optimize the use of staff resources and technology in work assignments. Although numbers for locate requests were down in 2010, the group processed just under 5,000 requests.

The Environmental Utilities and Municipal Works Departments explored synergies for a combined water, sewer, storm and roads upgrade project to improve services, reduce community impact and save capital funds. In 2010, a decision was made to use this approach for the large upgrade project in the Connaught Subdivision. Design work occurred in 2010 and implementation is planned for 2011-2012.

The Environmental Utilities Department initiated budget support and design work for the life cycle asset management of aged water and sewer mains on First Street S.E. (downtown). This project also coordinates with road upgrades to reduce community impact and save capital funds. Project implementation is scheduled for 2011-2012.

The Municipal Works Department completed a life cycle assessment of the storm water system and identified where there are deficiencies in capacity, lack of infrastructure, and the need to replace the pipes that will form the basis of a 10 year capital improvements plan.



SOUND INFRASTRUCTURE

Planning for Tomorrow

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

SOUND INFRASTRUCTURE

To provide sufficient operating facilities for the Municipal Works and Environmental Utilities Departments, a needs assessment study was completed to determine if these two departments could be consolidated in the Kipling corridor. The study concluded there was insufficient space in the Kipling corridor to accommodate both departments. In 2010, the City decided to purchase the Finning/Collicut facility in Brier Park as an option for relocating Water and Waste Water (Environmental Utilities Department) which is currently located in the Light Industrial Park. A Request for Proposal (RFP) for architectural services was completed and awarded for renovations and an addition to the Finning/Collicut building to meet the needs of Water and Waste Water operations for the next 20 years.

To meet current and future transit needs for Medicine Hat, a transit terminal study was conducted in 2010 to explore the impact to existing and future transit operations in the downtown core. A recommendation for Medicine Hat Transit to remain in the existing location was approved by City Council. Facility upgrades were also recommended to facilitate improved customer service levels. Preliminary planning was also completed for a Transit bus storage facility, but a location for the facility has not been determined.

The Parks System Management Plan and Leisure Trails Future Development Plan were completed in 2010 and the City continued to make improvements. The Parks and Outdoor Recreation Department replaced 10 playgrounds and consolidated five as well as installed one new playground as per the long-term Playground Management Plan. The Heritage Trail System asphalt overlay program was completed on 10.8 km of trail and 67 linear metres of trail bridges were replaced.

To ensure the Medicine Hat Police Service have adequate facilities for current and future operations (for the next 20 plus years) a Police facility study was conducted in 2010. The study examined the needs and feasibility of a new addition/renovation at the existing location; a possible satellite station; or a new facility at a new location. It was identified that a new facility would be ideal, but costs for this option were substantial, so building an addition and renovating the existing location was approved.

The Electric Utility (Generation) completed its package boiler building in 2010 to implement a peaking plan operation that means they generally only run when there is high demand to reduce costs. The boiler will allow for fewer units to be running during off-peak times and final commissioning is expected by mid-March 2011.

In December 2010, the new Trans Canada Pipelines/Saamis station came on line as part of the long term planning for future growth on the City's south side. This station will help to ensure the security of the gas supply to the City by providing a second gas supply point from Trans Canada Pipelines and increases the reliability of the existing gas distribution system. Also, the second of six planned gas supply receipt stations was installed in 2010. These receipt stations are being installed to provide safety, reliability and product quality measurement for the high pressure distribution system and its customers.

Over \$1.1 million was spent in 2010 on facility upgrades to the third party operated oil facilities. These facilities are being upgraded to handle increasing amounts of water and heavy oil being produced from the pool. Once the facility upgrades are complete, we anticipate being able to further expand production.

In 2010, the Information & Computer Services Department implemented virtualization technology as part of the City's computer network. This means the City is running multiple virtual machines on a single physical machine instead of running the "one server, one application" model. Benefits being realized by the City using this technology include: running multiple operating systems on a single computer/server; reducing capital costs by increasing energy efficiency and requiring less hardware; ensuring the enterprise applications perform with the highest availability and performance; and building business continuity through improved disaster recovery solutions.

The Municipal Works and Planning, Building & Development Services Departments initiated a Roadway System Master Plan to assess the City transportation system and determine what improvements are required to meet city growth demands. The plan is being completed in coordination with the Municipal Development Plan (MDP) and will be completed in 2011.

The Municipal Works Department initiated a review of sidewalk inventory and will prepare a lifecycle management plan to help forecast and best manage the maintenance, repairs, and replacement of City infrastructure.

The Planning, Building & Development Services Department initiated the Medicine Hat Plan (MDP) in early 2010. The vision, principles and growth management strategy phases were completed with significant public engagement. In support of the growth management strategy, the policy development phase of the Medicine Hat Plan will be completed by the end of 2011.

The Planning, Building & Development Services Department finalized the River Flats Area Redevelopment Plan establishing a vision, principles, and policies for future development in the community. This plan will be presented to City Council in April 2011.



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.

ECONOMIC DEVELOPMENT

The City of Medicine Hat Business Support Office facilitates regular communication with business and industry to ensure the municipality is meeting the needs of the business community. In 2010, the Business Support Office completed several initiatives including:

- leading a process to develop a series of incentive programs targeting attracting investment in properties in the city centre
- facilitating and supporting tourism industry collaboration focusing on development, sustainability and marketing synergies
- regularly updating statistics and data that is relevant to business, industry and the residents of Medicine Hat.

To ensure value for taxpayer dollars, the Business Support Office provides grants, shareholder investment, and contract management on behalf of the City with external agencies such as the Economic Development Alliance South East Alberta, City Centre Development Agency, Tourism Medicine Hat, Palliser Economic Partnership, and Canadian Badlands Ltd.

The Municipal Works Department initiated an Area Structure Plan (ASP) for the airport lands that will look at how to best develop this asset for business and commercial growth for both airport and non-airport related activities. The plan will be completed in 2011.

The Planning, Building & Development Services Department contributed to the Downtown Implementation Team Phase 1 – Incentive Program recommendations that City Council approved in January 2011. These programs support the physical and economic revitalization of the Downtown.



COMMUNICATIONS AND COMMUNITY **RELATIONS**

Dedicating Our Efforts to a Progressive Council and an Informed Community

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

COMMUNICATIONS AND COMMUNITY RELATIONS

The City of Medicine Hat is dedicated to providing accurate and timely information to residents all year round, but especially during emergency situations. During the June 2010 flood event, the City disseminated information through a daily news conference, media releases, public advisories, brochures, a Flood Information Phone Line, website updates, and through social media such as the City's Facebook page and Twitter. The City also launched its own YouTube channel in late 2010 to provide residents with yet another way to access information. The use of social media is helping the City reach more people than ever before, but traditional communication methods such as print, radio and television will continue to be used in strategic communications planning.

The City of Medicine Hat is committed to conducting public engagement in an effort to help make better decisions. In July 2010, City Council approved the use of an engagement framework to provide consistency as to how the City engages the community. Several public engagement initiatives were completed in 2010 including: the Cultural Centre consultation; Snow and Ice Control feedback; a Recreation Master Planning process with input from 62 user groups and the general community; the traditional and water playground upgrades and developments; the skateboard park expansion; and the off leash dog areas review.

The Municipal Works Department used a number of different forums such as surveys, on-line feedback, and public open houses to engage the community on a number of different issues regarding snow clearance, road upgrades, airport development, cycling, on-street parking, and growth of our transportation network. One such initiative included the establishment of a Community Advisory Group (CAG) to assist with the development of the plan to upgrade South Ridge Drive.

The Planning, Building & Development Services Department used a number of innovative engagement forums such as engagement workbooks, surveys, on-line feedback, stakeholder workshops and public open houses to engage the public on policy work and regulation issues such as recreational vehicle parking. Staff received public engagement training through the City's Corporate Communications Department.

The City issued its 2009 Annual Report in June 2010 to keep residents informed about City business. The Annual Report contains financial information as well as information about City accomplishments. Copies of the Annual Report can be obtained in hard copy at City Hall or online at www.medicinehat.ca.

The Canadian Award for Financial Reporting was awarded to the City of Medicine Hat by the Government Finance Officers Association of the United States and Canada for its 2009 Annual Financial Report. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports. The City's Annual Financial Report was judged by impartial Canadian Review Committee members to meet the high standards of the program, including demonstrating a constructive "spirit of full disclosure" designed to clearly communicate the municipality's financial story and to motivate potential users and user groups to read the report.

Top quality financial reporting is essential if the City is to be fully accountable to residents and to those with an interest in the City's finances.

The City (through the Information & Computer Services Department) implemented a number of new online services to improve how residents and businesses access City information. Such online services include: Transit route maps with access to bus route information; a city i-Map with improved ease of use for finding a variety of features/schedules for city services; an e-Tax upgrade allowing residents to query additional property assessment information; a "where do I vote" feature for the 2010 civic election; and query tools for Protective Services Departments to access information needed for emergency response purposes. The City has also installed free public wireless internet access at the Gas City Campground.

The Energy Services Division mails a brochure to utility bill customers regarding their Medicine Hat Advantage twice a year. In 2010, utility bill customers were better off by \$291.75 for an average residential customer for gas and electric charges compared to those living in Lethbridge, Red Deer, Calgary and Edmonton. To keep ratepayers informed about their energy rates, public advisories are issued to announce the gas and electric rates for the upcoming month.

The City of Medicine Hat proudly celebrated 100 years of the City-owned Electric Utility at a public event held on September 2 at the Power Plant. A colorful commemorative brochure was sent to residents in their utility bills with an invitation to attend the event. Approximately 400 people attended and enjoyed aerial bucket truck rides, educational and historical displays, and plant tours. The celebration included speeches from various dignitaries as well as from the oldest former employee of the Utility, Mr. Bill Scott.



COMMUNICATIONS AND COMMUNITY RELATIONS CONTINUED...

The Environmental Utilities Department provided educational and awareness information on re-use, recycling, composting and water conservation to schools, community groups and residential households to help Medicine Hat residents improve their environmental awareness and practices. In 2010, there was an increase in residential recycling and composting from 5,023 tons in 2009 to 5,814 tons in 2010, representing a 15 per cent increase.

The Planning, Building & Development Services Department provided awareness and educational information about heritage planning as a representative on the Heritage Resources Committee, through the City's website and community inquiries.

Safety Codes initiated monthly meetings with the Canadian Home Builders Association and continued to provide technical information to both homeowners and contractors relating to code requirements and options for repair. Staff and industry are meeting regularly and through forums such as the Urban Development Institute to stay plugged in to the growing and changing issues in this industry and to engage stakeholders on specific projects such as the Municipal Development Plan and the Land Use Bylaw.



ENVIRONMENTAL STEWARDSHIP

Focusing Our Knowledge and Awareness

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

ENVIRONMENTAL STEWARDSHIP

HAT Smart, an environmental initiative of the City of Medicine Hat, continued to provide education and awareness about energy conservation to residents and businesses in the community throughout 2010. Over the years, HAT Smart has had many successes, and won its first Emerald Award in 2010 for Provincial leadership and innovation in the Government Institution category. The HAT Smart website attracted an average of 1,500 new visitors per month in 2010 which could account for another successful year of program participation. Local renewable energy and conservation programs resulted in over 3,000 incentives with a total value of over \$1,000,000 paid out to residential and commercial customers.

A progress update on the Community Environmental Roadmap was issued in July 2010. Moderate progress was made against the community's energy conservation and renewable energy targets.

In 2010, funding was secured for the Solar Thermal Energy Project that will connect one megawatt of electricity to the City's current power grid, which would power approximately 175 homes. This project is the first of its kind in Canada and will convert the sun's rays into steam and then into electricity. Site construction is expected to begin at the end of 2011 or early into 2012.

In Alberta, a commitment has been made to reduce greenhouse gas emissions that contribute to global climate change. In 2010, the power plant (Electric Generation) achieved a 10.25 per cent reduction in carbon emissions intensity from baseline levels. This was achieved through efficiency (heat rate) improvements. These were attained by retiring an old unit and commissioning a new unit.

The City through the Parks and Outdoor Recreation Department planted 205 trees, removed 213 trees and pruned 1,285 trees with a focus on preservation of the City's urban forest.

Several improvements were made to City facilities in 2010 to reduce environmental impacts and to improve efficiency. Such projects include Hill and Heights pool boilers that were replaced with improved technology condensing boilers to reduce environmental impacts. The Hockey Hounds ice plant that was replaced with an improved technology compressor. A design to replace inefficient boilers in the Family Leisure Centre was completed and tendered for construction. A Request for Proposal to replace the original City Hall chiller with new, efficient chillers was issued and awarded for the replacement of the existing chiller.

Two staff members from the Land & Properties Department at the City have joined the Alberta Chapter of the Canadian Green Building Council (CaGBC) and sit on its Residential Committee. One staff member has successfully obtained the Leadership in Energy and Environmental Design Green Associate (LEED GA) certification. This will help facilitate Land & Properties delivering on Council's vision as set out in the Smart Growth policy approved in 2007.

The Solid Waste Utility provided 8,000 yard waste compost collection carts to residents to support their compost recycling efforts.

The Environmental Utilities Department provided City Council approved grant support to the South East Alberta Watershed Alliance to develop a State of the Basin report for the South Saskatchewan River. This will provide the public with relevant, up to date scientific information regarding the state of the local watershed environment.

The Municipal Works Department collaborated with various agencies such as Alberta Environment, Alberta Sustainable Resource Development, Alberta Culture and Community Spirit, and the Department of Fisheries and Oceans to prepare a functional plan and preliminary design to upgrade the Cottonwood and Saamis coulees for storm water flows. This is not only important from an environmental perspective, but it will also assist in the protection of three known historical resource sites within that area.

The Municipal Works Department completed the \$2 million upgrade and rehabilitation of the Connaught Dam that controls storm water flow from the Connaught area to Seven Persons Creek. The work also included upgrading College Drive, and the provision of a bike lane along that roadway segment.

The Planning, Building & Development Services Department took a lead role in facilitating the City's move towards ISO 14001 (environmental management) compliance in 2010. A number of departments completed external audits and gap assessments as a first step towards this goal.



COMMUNITY DEVELOPMENT

Attending to the Well-Being of Our Residents

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

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

COMMUNITY DEVELOPMENT

To comply with City Council's approved guideline of six minute response 90 per cent of the time within their response area, a Fire Services Strategic Plan was completed and approved by Council in 2010 to ensure a timely response to the South areas of the city that are outside of the six minute response area.

The City worked collaboratively with 18 internal departments and seven external agencies to ensure that residents who were impacted by the June 2010 flood event were visited to confirm that no one was left behind and that community services continued to operate despite the infrastructure damage that was sustained during the flood event.

In 2010, Medicine Hat 911 Communications was re-accredited in Fire and Police (and in Ambulance in early January 2011) making the Team the first re-accredited 911 Centre in the world in all three disciplines. Accreditation ensures the best standards in the world are being met, to protect residents and emergency personnel, and to assure the public that a level of professionalism and quality control is being met.

Medicine Hat 911 Communications processed approximately 2,200 911 calls monthly, all of which were answered within 15 seconds, 99 per cent of the time. They also processed approximately 16,000 incoming and outgoing non-emergent calls monthly and generated approximately 4,100 calls for service monthly for Fire, Police, EMS and Utilities.

The final phase of the Long Range Transit Plan was implemented with an increase in Sunday service hours and the addition of a number of new buses to the fleet. Ridership counts in 2010 for conventional transit totaled approximately 1,530,000 rides which means a 23 per cent increase from 2009 counts. A Transit Terminal study was completed to identify current and future facility needs.

Community workers continued to support individuals and families with connections to the community. In 2010, the community workers provided support services to 692 students, 223 families and 302 community members.

City Council approved the implementation of the "Community Warmth" program to assist utility customers who experience difficulty making utility payments. The program is voluntary and requires that customers who want to donate contact the Customer Service Department to have their donation collected through the utility billing system. Anyone making a tax deductible donation will see their contribution on their monthly utility bill. The entire funds received are directed to The Salvation Army to administer the program.

The Family Leisure Centre celebrated its 10th Anniversary in 2010 while activities continue to flourish. In Aquatics, there were approximately 241,000 swims (four swims/capita) and in Arenas there were approximately 226,000 on-ice participants. The year also brought the establishment of a Sports Wall of Fame at the Family Leisure Centre which honored the outstanding contributions to sport of 16 previous inductees and two new members.

The Cultural Development Department within the City hosted many successful programs in 2010 including Alberta Arts Days at the Esplanade Arts & Heritage Centre with approximately 300 in attendance, the Heritage Festival with over 1,100 in attendance and School Art with 650 in attendance. Also 74 School Groups went through the Art Gallery & Museum with over 2,200 students attending and 89 shows with over 49,000 tickets sold took place in the Theatre. The Esplanade Theatre also coordinated the stage performances for the Olympic Torch Relay in January. Thank you to the 230 volunteers who contributed 6,701 volunteer hours in 2010 to help make these programs a success.

The Parks and Outdoor Recreation Department hosted the Annual Litter Clean-Up Blitz on April 24, 2010, with more than 200 volunteers participating throughout the city.

The Municipal Works and Planning, Building & Development Services Departments completed a Cycling Master Plan that provides a strategy and identifies how the network should grow and link together. This plan was adopted by City Council in December 2010.



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.”

ORGANIZATIONAL STRENGTH

The City of Medicine Hat Executive and Human Resources (Organizational Development) developed and implemented a Leadership Effectiveness Framework to provide a common corporate structure and specific tools/processes to help employees in leadership positions to be clear on their accountabilities, have access to a performance feedback process and align development efforts with current and future position requirements. The framework is also used to help the organization align hiring and succession planning practices. Throughout 2010, Commissioners, General Managers and department heads were the focus of the program. Under the direction of the CAO & COO and with the leadership of senior managers, the intent is to use this framework throughout the City's management structure.

In 2010, several leadership development components were reviewed and updated. This includes: rewriting the City's Learning & Development Policy; updating the achievement planning and review process; and drafting proposals for new leadership development programming. These components will be implemented throughout 2011.

In 2010, a regular succession planning discussion was established with the executive team to discuss challenges in succession planning, upcoming vacancies and strategies to recruit and retain staff. Some departments have begun or even completed their succession planning. Fire Service completed their succession planning initiative in 2010 to prepare for the retirement of a significant percentage of experienced senior staff.

The Human Resources Department undertook planning work to develop a recruitment brand and strategy to promote the City of Medicine Hat as an employer of choice and this work will continue in 2011.

Various departments held regular internal communications meetings and workshops with employees to keep them up-to-date with what is happening in the organization.

- The Public Services Division held a two day session about "Collaborative Political/Administrative Relations" in December 2010 for Public Services Division Work Group Leaders. The focus for the session was to learn about and discuss the influence staff has in their environment as well as the importance of recognizing barriers/opportunities and change management. The sessions provided an opportunity to address strategies and coordination for solutions.
- The Parks and Outdoor Recreation Department continued with management, front line supervisory group, workplace health and safety and tailgate meetings throughout the year with a focus on feedback, information sharing and staff development initiatives. The department also hosted five General Staff meetings in 2010 to foster good internal communication and information sharing with all staff.
- The Community Development Department hosted an annual workshop for all employees in May 2010 called "Piecing it all together".

- The Medicine Hat 911 Communications Department hosted an annual celebration during National Public Safety Telecommunicators week, recognizing the men and women of 911.
- The Electric Utility held regular communication meetings and will continue them in 2011. Management and employees review progress on business plan goals, operational activities and promote an environment where all employees are focused on "how to get the job done".

The City of Medicine Hat supports personal development for all employees across the corporation by providing internal training or through continued technical training opportunities and education including:

- Electric Utility (Generation) employees attended numerous industry meetings (e.g. Specified Gas Emitters Regulation; Alberta Offset System; Alberta Regulated Trading Information and Compliance; Alberta Reliability Standards, etc.) to continue improving their technical knowledge.
- Electric Utility (Distribution) continued to support employee education and development in 2010. Two Power Linemen Apprentices successfully completed their apprenticeship training learning to construct, maintain and repair overhead and underground electrical power transmission and distribution systems. Also, the Electric Utility Safety Association (EUSA) provided hands-on, energized line training to all Distribution Operation employees to confirm skills competencies and to ensure continued employee and public safety.
- The entire staff in the Land & Properties Department completed the LEED Canada Core Concepts and Strategies Course. Three staff members completed the LEED Canada for New Constructions 2009: Technical Review.
- In partnership with the Human Resources Department, the Land & Properties Department facilitates ongoing project management training as well as conflict resolution training for project teams within the City.
- The Corporate Communications Department provided media relations training to City spokespeople to help them learn more effective ways of dealing with the media in their daily work. The department also provided internal public engagement training to use the framework approved by City Council in July 2010.



JUNE 2010 **FLOOD**

PROVIDING SUPERIOR PUBLIC SERVICE

The Emergency Operations Centre was activated due to a flash flood June 18, 2010. Operating within an Incident Command System framework, eighteen internal agencies and seven external agencies worked tirelessly and collaboratively in the Emergency Operations Centre (EOC) over two operational periods as well as a sustained recovery phase period which lasted several months. An evacuation center was established in a timely manner and the voluntary evacuation of approximately 223 residents occurred without incident. Specific City Departments were assigned 108 short and long term objectives to rebuild over \$40 million dollars' worth of infrastructure damage including, but not limited to, roadways, bridges, trails, parks, lift stations and boat launches. There were no fatalities or reported injuries.

An event of this magnitude required immediate, measured and considered response from the City's internal agencies. This is in addition to maintaining operations to non-affected areas of the city. The following section highlights services that internal agencies provided as a result of the flooding.

OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER

Corporate Communications

Provided assistance to the Director of Emergency Management through its role as the Public Information Office. The Public Information Office is responsible for providing accurate and timely information during emergency events. This included issuing news releases, developing key messages, updating social media and City web sites, and handling all media relations.

Human Resources

Provided logistics support by arranging for food, beverages, EOC scribes and safety supplies, as required.

CORPORATE SERVICES

Corporate Asset Management

Participated in Emergency Operations Center meetings.

Treasury & Insurance

Coordinated the administration of flood related damage claims for all insured City buildings and equipment with the City's Insurers.

Land & Properties

Led efforts to purchase flood impacted properties on Iron Avenue.

Building Services

Filled sand bags and performed flood preparation at the Marshall Avenue Compound, City Hall, the Arena and the Athletic Ball Park.

Provided technical support and coordination of repairs for flood damaged facilities including Solid Waste facility and Steel Street Ball Diamond.

Set up and took down the Flood Disaster Centre located in Helen Beny Gibson Lounge.

Fleet Services

Moved City vehicles out of Kipling Corridor.

Information & Computer Services

Provided a variety of support functions, including defining and identifying boundaries for affected areas.

Compiled lists of properties within the flood zone enabling Community Development to estimate how many people would have to be notified and/or evacuated. Lists also used by disaster response teams during clean-up and remedial efforts.

Finance

Manned and coordinated the Provincial Flood Registration Center.

Coordinated and processed claims regarding damaged municipal infrastructure to Alberta Emergency Agency.

DEVELOPMENT AND INFRASTRUCTURE

Municipal Works

Responded rapidly to the flooded areas by closing roads, bridges, and establishing temporary control measures and detours to allow for the safe movement of traffic and pedestrians.

Prepared over 5,000 sandbags in the event that public infrastructure such as City Hall required protection.

Through the event and in follow-up after the flood event, Municipal Works completed the following work:

- Provided temporary road access to the P&H and IXL sites.
- Removed debris from Ross Creek and Seven Persons Creek during the high water peak to protect the bridges from further damages.
- Assessed all bridges over the Seven Persons Creek and Ross Creek to determine the extent of any damages, and initiated both interim and permanent repairs.
- Repaired the various roads and restored the Day Street bridge crossing, culvert crossing at 54th Street, and low level crossing on South Boundary Road.
- Installed a temporary road and an ACROW 62.5 tonne steel (single lane) bridge on Highway 41A spanning over 35 meters across Ross Creek.
- Replaced the bridge over Seven Persons Creek into the P&H site off Kipling Street.
- Removed bridge debris at the Highway 41A and Porcelain Avenue sites.
- Clean-up of debris along various roadways that had been flooded including Industrial Avenue, Allowance Avenue, and various areas in the Flats including the Porcelain Avenue area.
- Initiated the inspections and permanent repairs to the various storm water pipes, outfalls, and ponds that were impacted by the flood and heavy rainfalls.
- Commenced the planning, design, and approvals process for the installation of the replacement bridges and roadworks over Ross Creek at Porcelain Avenue and Highway 41A.
- Responded to the coulee slope failure along Seven Persons Creek and removed debris to restore water flow and prevent damages to the upstream bridges.

Safety Codes

Re-entry teams determined the safety of homes and co-ordinated the safe return of residents to their homes.

Environmental Utilities

Responded rapidly to the flooded subdivisions by maintaining safe drinking water and cleaning sanitary sewers affected by flood deposits.

Supported flooded residential and commercial properties with bulk waste bins for post-flood owner cleanup efforts.

Completed flood damage assessments and initiated engineering work for erosion repairs at three critical waste water utility locations. Implemented of erosion repairs are on schedule for 2011.





Moved \$4 million worth of solid waste fleet vehicles.

The Solid Waste Collection service continued to provide superior uninterrupted collection of 120,000 pick-ups. The loss of the Highway 41A bridge resulted in Solid Waste Collection vehicles adding up to 25 minutes in landfill travel time by taking an alternate route.

Landfill managed an increase in waste of up to six thousand tonnes generated during flood clean-up operations.



PUBLIC SERVICES

911 Communications

Activated a Flood Information Phone Line within hours of the first Emergency Operations Centre meeting, providing the public a resource for questions and information.

Staffed the Flood Information Phone Line 24 hours a day, until activation of the Volunteer Centre.

Transit

Provided evacuation services to residents of the Mavista area in Irvine and transportation of volunteers to affected areas.

Community Development

Canvased 350 homes twice.



Established reception center and temporary accommodations for families and pets displaced from their homes in Cypress County and the City of Medicine Hat.

Assumed responsibility for the Flood Information Phone Line at the Volunteer Centre.

Staff and community based groups supported approximately 65 families in the recovery stage.

Approximately 275 residences/businesses registered with the City Clerk's Office for assistance.

Parks and Outdoor Recreation

Strathcona Island Park Trail, Riverside Trail and Police Point Trail silt removal commenced immediately after flood water receded which allowed trail users to resume their trail activities.

Portions of Kin Coulee Park reopened after the flood waters receded to allow sports groups to continue with their scheduled games.

Fire Service

Responded with aquatics team and fire fighters to Cypress County, successfully rescuing residents who were trapped by a sustained flash flood.



ENERGY SERVICES

Gas Distribution

Monitored flood conditions, shutting off and relighting gas services as required to prevent damage to homes and businesses.

Responded to emergency calls and took proactive measures to limit the damage to gas distribution system and the customers it supplies.

Post flood, were busy with facility assessments, repairing and replacing damaged gas mains and services, ongoing monitoring of facilities located in or near the creeks, and assisting other departments.

Electric

Provided flood support throughout including office space, equipment and supplies.

Worked side by side with building inspections group and provided power disconnects and reconnects to ensure safety for each residence.

POLICE SERVICE

Ensured public security through traffic control and keeping citizens a safe distance from evacuated areas, creeks and embankments.

By rotating the duties of the Duty Director at the EOC, the Chief, Inspectors and Staff Sergeants played a significant role during the flood.





FINANCIAL

TREASURER'S REPORT *For the year ending December 31, 2010*

INTRODUCTION

I am pleased to submit the City of Medicine Hat Consolidated Financial Statements for the fiscal year ended December 31, 2010. KPMG LLP has audited the financial statements and provided an unqualified audit opinion in their report dated April 18, 2011.

The City is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. This report provides users with an overview of the City of Medicine Hat's financial performance.

The purpose of the Financial Report is to present the users and readers with clear insight of the financial results for the City of Medicine Hat for the fiscal year ended December 31, 2010. Administration strives to ensure that this report presents fairly the financial position of the City of Medicine Hat. The report compares how financial resources were used against budgets and past financial performance. The report is divided into six sections:

- **Introduction** - Provides an overview of the Treasurer's Report.
- **Canadian GFOA Award for Financial Reporting**.
- **Risk Management** - Discusses 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, 2010. The analysis is supplementary information to the financial statements and therefore, should be read in conjunction with the consolidated financial statements.
- **Financial Statements** - Presents the consolidated financial statements. These statements contain comparative results for 2009 and 2008 restated for changes in accounting policy, and budget comparisons for operations.



Albert Bizio,
Corporate Services
Commissioner

April 18, 2011

CANADIAN GFOA AWARD FOR FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded, for the eighth year in a row, a Canadian Award for Financial Reporting to the City of Medicine Hat for its Annual Financial Report for the fiscal year ended December 31, 2009. 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.

Canadian Award for Financial Reporting

Presented to

City of Medicine Hat
Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2009

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


President
Executive Director

RISK MANAGEMENT

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

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.

Public Safety

Medicine Hat Police Service has kept pace with the growth in the community and the demand for services from residents. This has been accomplished through implementation of technology and equipment to more effectively 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 Service has continued to increase to ensure that the needs of the public are met.

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

The City operates a 911 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. 911 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 911 Communications Centre became the first Tri-Accredited (Fire, Police and Medical) center of excellence in the world, and in both 2009 and 2010 was one of only two Tri-Accredited centers in the world.

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.

Environmental

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

MANAGEMENT REPORTING AND CONTROL

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

Strategic Planning and Budgeting



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

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

Budget guidelines and high level financial projections are developed. Based on these guidelines and departmental Business Plans, departments develop their budget requests. Effective for the 2009 – 2013 planning period, City Council has approved the adoption of a three year operating and capital budget with a two year projection.

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

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

A five-year Capital Improvement Plan is developed for all departments. The Capital Improvement 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.

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.

Auditing

The "Municipal Government Act" requires municipal Councils to appoint an independent auditor. In 2010, Medicine Hat City Council re-appointed KPMG LLP, as the external auditor for 2010 with the option of renewing for an additional four years (through to 2014).

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.

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 2010.

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 this financial report is the responsibility of management. KPMG LLP, the City's independent auditors, have audited the statements and their report appears in the financial statements.

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

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

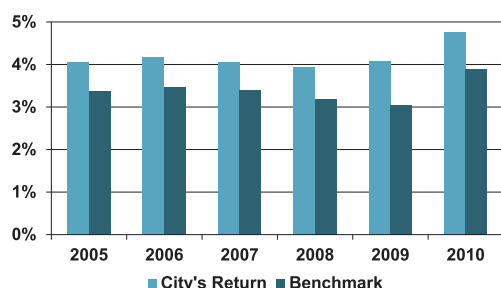
Consolidated Statement of Financial Position

Financial Assets

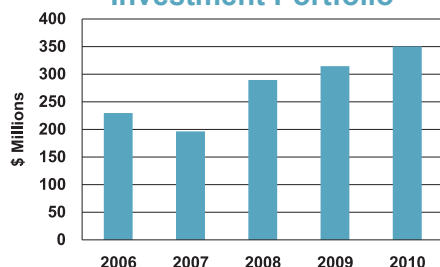
Total Financial Assets increased \$48.0 million from \$465.0 million in 2009 to \$513.0 million in 2010. This increase is primarily the result of an increase of \$62.2 million in cash and investments primarily due to cash from operating activities exceeding cash spent on capital by \$61.9 million primarily in the Gas Utility.

The City of Medicine Hat's investment return for the year ended December 31, 2010 averaged 4.76 per cent outperforming the DEX (formerly ScotiaMcLeod) Universe Bond benchmark index of 3.89 per cent. The City's average portfolio return has outperformed the stated benchmark the last six years.

Rate of Return



Investment Portfolio

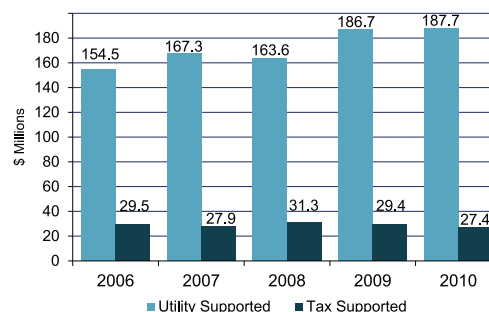


Liabilities

Total Liabilities increased \$14.4 million in 2010. Deferred Revenue increased \$18.0 million primarily due to an increase in deferred grant revenue by \$17.7 million.

Other Long Term Liabilities increased \$3.6 million. Half of this increase is 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 2010 is \$106.2 million. This obligation is related to liabilities associated with the future retirement of tangible long-lived petroleum and natural gas assets resulting from the acquisition, construction, development and normal use of petroleum and natural gas assets.

Long-Term Debt



During 2010 total Long Term Debt decreased \$1.2 million to \$215.0 million as a result of repayments exceeding new borrowings. Total debt principal repayments were \$16.8 million and new debt was \$15.6 million. \$9.0 million was for improvements to environmental utility assets, \$4.5 million was related to Electric's assets and \$1.4 million was for Gas.

During 2010 tax supported debt per capita decreased from \$482 to \$448. Utilities supported debt per capital increased from \$3,057 to \$3,072.

The Minister of Municipal Affairs has prescribed total debt and debt servicing limits for municipalities in the province. The debt limit is defined as two times revenue net of capital government transfers, and debt servicing limit is not to exceed 35 per cent of revenue. The City's 2010 debt levels are as follows:

	2010	
	657.9	
Actual Debt (long & short term)	217.4	
Amount Under Limit	440.5	67%
Debt Servicing Limit	115.1	
Actual Debt Servicing	28.9	
Amount Under Limit	86.2	75%

Net Financial Assets

In 2010 the Net Financial Asset position increased \$33.7 million from \$41.0 million in 2009 to \$74.7 million in 2010. Investments, loans and advances increased \$38.1 million from 2009, of which \$35.6 million related specifically to the investment portfolio. These increases are primarily the result of net earnings and activities of the Energy Division.

Non-Financial Assets

Total Non-Financial Assets decreased by \$22.7 million, primarily as a result of \$91.3 million in amortization of tangible capital assets as well as the disposal of \$25.8 million of assets. New assets that were acquired during the year totaled \$78.8 million. Long Lived Assets decreased by \$7.5 million primarily due to changes in estimated future abandonment expenses.

New Tangible Capital Assets acquired include \$7.3 million for new and upgraded roads and bridge rehabilitation, \$1.5 million in Parks infrastructure, \$4.6 million in building and equipment infrastructures, \$6.2 million for mobile equipment, \$3.4 million for the completion of the LM6000 combustion turbine #15, \$4.5 million for the power boiler, and \$1.2 million for the power plant administration building. There were \$8.3 million in improvements to water and sewer systems, upgrades to the water and waste water treatment plants, acquisition of a new environmental utilities building and the automated residential cart system. Additionally, the Natural Gas & Petroleum Resources capital program for 2010 was \$27.3 million.

Consolidated Statement of Change in Net Financial Assets

The Consolidated Statement of Change in Net Financial Assets provides a summary of the sources, allocation and consumption of the resources administered by the City in the period. This information is useful in gaining an understanding of and assessing the City's financial resource requirements. The statement informs users about the extent to which financial assets were required from current operations to pay for non-financial assets such as acquisition of tangible capital assets and activities related to inventories, pre-paid assets and land held for future development.

The increase in Net Financial Assets over 2009 was \$33.7 million, and compares to a budgeted increase of \$103.6 million. Excess of revenues over expenses for 2010 were \$11.0 million compared to a budget of \$82.9 million. During the year the City acquired \$78.8 million of tangible capital assets compared to a budget of \$59.4 million. Amortization expense for 2010 was \$91.3 million, an increase of \$11.3 million over budget primarily due to increased natural gas production volume compared to budget, the Unit 15 LM6000 combustion turbine being capitalized a year ahead of original expectations, and a change in expected life of Unit 14 LM6000 combustion turbine engine from 20 years to 7 years.

Consolidated Statement of Operations

The Consolidated Statement of Operations reports the extent to which revenues raised in 2010 were sufficient to meet current year operating expenses.

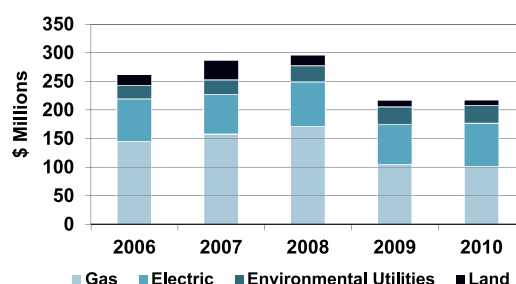
Excess of revenues over expenses were \$11.0 million compared to a budget of \$82.9 million and \$39.9 million in 2009.

Prudent operation of the City's Utilities has allowed the City to maintain attractive rates for its customers. While doing this, the City has also been able to direct dividends from the Utilities to offset annual requirements for property taxes. The dividends are fair and equitable and are distributed pursuant to the Energy Division Dividend Policy approved by City Council in 2007.

Revenues

Of the total consolidated operating revenue of \$318.9 million, 68 per cent was derived from the sale of goods and services by Gas, Electric, Water, Sewer, Solid Waste and Land and Properties. Much of the revenue generated by Gas and Electric operations was achieved through sales of natural gas and electricity to external and local markets. Net municipal taxes provided \$44.4 million.

Combined Land and Utilities Sales



Revenues from taxes and general government operations of \$53.7 million were in line with the budget of \$54.1 million.

The Gas Utility sales revenue was \$100.9 million against a budget of \$172.1 million. The average natural gas sales price was \$3.81 / GJ compared to a budget of \$5.17 / GJ, a decrease of 26 per cent. Sales volume was 12 per cent above budget at 24.4 million BCF's due to a more gradual decline in production rates than expected.

The Electric Utility reported sales of \$76.1 million, against a budget of \$103.7 million as electric commodity prices in the market were 21.4 per cent lower than budgeted, and total volume was 1.3 per cent lower than budget.

Environmental Utilities (Water, Sewer, Solid Waste) considered as a whole, reported sales revenues of \$30.9 million against a budget of \$32.7 million as volumes were less than expected due to 2010 weather conditions.

Land and Properties reported \$9.6 million in sales revenue compared to a budget of \$14.1 million primarily due to a decrease in residential lot sales.

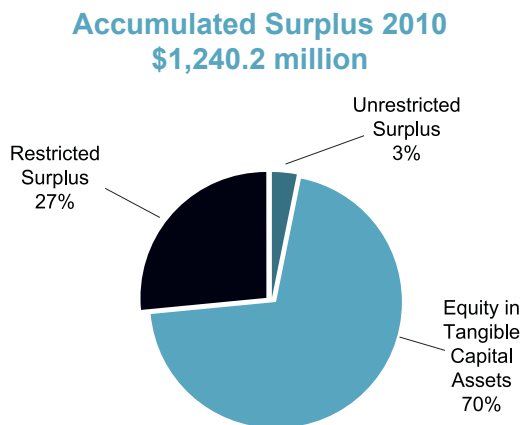
Expenses

Expenses for General Government operations increased by \$11.5 million over 2009, and were \$0.4 million lower than budget. Wages and benefits increased by \$5.4 million over 2009 due to new positions required to meet growth demands in the community and contract settlements. Expenses for the Gas Utility were \$32.0 million lower than budget as a result of decreased gas purchases due to lower gas price and decreased royalty expenses as a result of lower gas prices.

Expenses for Land and Properties were less than the budget by \$7.4 million due to the slowdown in subdivision development.

Accumulated Surplus

The Accumulated surplus on the Consolidated Statement of Operations represents the total change in all fund and equity balances for the City of Medicine Hat. During 2010 the consolidated fund and equity balances increased by \$11.0 million to \$1,240.2 million. The increase is primarily a result of the earnings and activities of the Energy Division. Of the total \$1,240.2 million in accumulated surplus, \$39.3 million is unrestricted.



There is \$22.7 million set aside for previously approved capital expenditures that were incomplete at year end. \$306.1 million is set aside for future capital expenditures in various reserves. There are six major reserves: the Gas Depletion Reserve (\$192 million), which is intended for future acquiring, exploring for and developing natural gas reserves; the Electric Facility and Equipment Reserve (\$23.2 million), which is to provide funding for replacement of depreciated assets and investment in new Electric Utility assets; the Natures Best Reserve (\$4.3 million), for investment in alternative energy and education;

the Community Capital Reserve (\$47.6 million), for funding of tax side community facilities and equipment; the Fleet Replacement Reserve (\$4.0 million); and the Infrastructure Reserve (\$25.7 million). The last two reserves are used to fund fleet purchases and future municipal infrastructure improvements, thereby reducing debenture-borrowing requirements.

The remaining \$872.1 million of accumulated surplus is the City's equity in its physical assets.

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows provides information of the sources and uses of cash during the period. In 2010, operating activities generated \$130.7 million in cash flow, compared to \$159.2 million in 2009. The reduction from 2009 is primarily a result of lower natural gas prices and lower electric commodity prices in the utilities.

Cash used by capital activities was \$68.8 million compared to \$133.7 million in 2009. The significant capital expenses in 2010: \$7.3 million for roads in new subdivisions, upgrades to existing roads and bridge rehabilitation; \$1.5 million for Park infrastructure; \$4.6 million for building and equipment infrastructures; \$6.2 million for mobile equipment; an additional \$3.4 million for the completion of construction of the LM6000 combustion turbine #15; \$4.5 million for the substantial completion of the power boiler; \$1.2 million for the new administration building at the power plant; and \$8.3 million for improvements to water, sewer and solid waste systems. Additionally, the Natural Gas & Petroleum Resources capital program for 2010 was \$27.3 million.

Cash used by investing activities was \$54.3 million during the year compared to \$39.4 million in 2009. This is a result of the cash remaining for investing after operating, capital, and financing activities during the year.

Cash applied to financing activities was \$1.2 million in 2010 compared to \$19.3 million of cash provided for financing activities in 2009. Debt issued in 2010 was \$15.6 million including \$3.0 million related to the power boiler; \$1.1 million related to the new administration building at the power plant; and \$1.4 million related to gas main replacements and gas regulating stations, and \$9.0 million for the acquisition of water, sewer, and solid waste capital improvements. Debt principal repaid in 2010 totaled \$16.8 million compared to \$20.4 million in 2009.

As a result, cash and equivalents at the end of the year increased by \$6.5 million from 2009.

RESPONSIBILITY FOR FINANCIAL REPORTING

MANAGEMENT'S REPORT

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

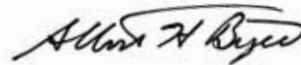
The consolidated financial statements are prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. They necessarily include some amounts that are based on the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

Management has developed and maintains an extensive system of internal controls that provide reasonable assurance that all transactions are appropriately authorized, that assets are properly accounted for and safeguarded, that all transactions are accurately recorded and that financial records are reliable for preparation of financial statements. As well, it is the policy of the City to maintain the highest standard of ethics in all its activities.

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



Chief Administrative Officer



Commissioner of Corporate Services

April 18, 2011

NOTE

The information presented in these summarized financial statements is consistent with the audited consolidated financial statements of the City of Medicine Hat for the year ended December 31, 2010. The notes which accompanied the audited consolidated financial statements have been condensed for the summarized financial statements and are limited to this note which outlines the framework which the summarized financial statements have been prepared. The summarized financial statements have been prepared in using the Canadian Public Sector Accounting Standards, but do not contain certain disclosures required under those standards and as such the reading of these summarized financial statements is not a substitute for reading the audited financial statements. The audited consolidated financial statements of the City of Medicine Hat are available on the City's website or upon request from the City.

CONSOLIDATED

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at December 31, 2010 (in thousands of dollars)

	2010	2009	2008 Restated
Financial assets			
Cash and temporary investments	\$ 62,586	\$ 38,447	\$ 26,582
Accounts receivable (net of allowances)	41,933	45,659	48,085
Advances to subsidiary	13,419	14,911	15,945
Investments, loans & advances	381,630	343,547	309,604
Land held for resale	13,020	13,823	14,225
Inventories for resale	175	160	4,646
Deposits	348	8,445	3,461
Total financial assets	513,111	464,992	422,548
Liabilities			
Bank indebtedness	-	-	2,188
Trade accounts payable	21,344	24,042	19,888
Accrued liabilities	19,010	20,344	21,898
Liability in subsidiary	2,114	4,113	4,853
Deferred revenue	55,655	37,694	34,786
Long term debt - Alberta Capital Finance Authority	215,033	215,920	194,443
Other long term debt	-	269	270
Other long term liabilities	125,236	121,617	91,348
Total liabilities	438,392	423,999	369,674
Net financial assets	74,719	40,993	52,874
Non-financial assets			
Inventories for consumption	15,023	16,558	17,069
Prepaid assets	1,906	1,614	1,388
Land held for future development	8,904	8,070	7,837
Long lived assets	52,563	60,085	36,804
Tangible capital assets	1,087,097	1,101,874	1,073,369
Total non-financial assets	1,165,493	1,188,201	1,136,467

CONSOLIDATED

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (UNAUDITED)

For the year ended December 31, 2010 (in thousands of dollars)

	2010 Budget (Unaudited)	2010	2009	2008 Restated
Excess (shortfall) of revenue over expenses	\$ 82,928	\$ 11,018	\$ 39,853	\$ 114,639
Acquisition of tangible capital assets	(30,993)	(77,181)	(110,697)	(104,657)
Contributed tangible capital assets	(28,402)	(1,585)	(6,019)	(9,868)
Amortization of tangible capital assets	80,019	91,311	87,454	89,695
Loss on disposal of tangible capital assets	-	1,396	442	613
Proceeds from sale of tangible capital assets	-	836	314	720
	103,552	25,795	11,347	91,142
Acquisition of inventories and supplies	-	(5,488)	(6,159)	(8,997)
Acquisition of land held for future development	-	(834)	(233)	(336)
Acquisition of prepaid assets	-	(3,113)	(2,802)	(2,966)
Decrease (increase) in long lived assets	-	7,522	(23,281)	6,718
Consumption of inventories and supplies	-	7,023	6,671	7,425
Use of prepaid assets	-	2,821	2,576	2,609
	-	7,931	(23,228)	4,453
Increase (decrease) in net financial assets	103,552	33,726	(11,881)	95,595
Net financial assets (debt), beginning of year	40,993	40,993	52,874	(42,721)
Net financial assets, end of year	\$ 144,545	\$ 74,719	\$ 40,993	\$ 52,874

CONSOLIDATED

STATEMENT OF OPERATIONS (UNAUDITED)

For the year ended December 31, 2010 (in thousands of dollars)

	2010 Budget (Unaudited)	2010	2009	2008 Restated
REVENUE				
Net municipal taxes	\$ 45,179	\$ 44,428	\$ 41,769	\$ 38,853
Sale of services				
General Government	8,930	9,237	8,240	7,932
Gas	172,145	100,858	104,662	171,152
Electric	103,739	76,109	69,993	77,978
Water	13,834	12,549	13,205	11,587
Sewer	11,200	10,750	10,080	9,964
Solid Waste	7,625	7,589	7,557	6,760
Land and Properties	14,090	9,566	11,480	18,286
Other income				
Investment income	15,574	14,792	13,365	11,426
Investment in subsidiary	100	1,999	740	1,352
Licenses, fines and penalties	6,601	6,126	5,905	6,842
Insurance recovery	84	755	189	248
Development levies	2,005	1,430	1,966	3,194
Charitable gifts	-	2,500	2,000	4,000
Government transfers for operating	4,734	6,075	4,795	4,362
Other	-	14,171	11,680	20,566
Total revenue	405,840	318,934	307,626	394,502
EXPENSES				
General Government	120,411	118,618	107,079	98,893
Gas	140,796	122,340	122,940	147,933
Electric	54,051	53,682	41,289	36,224
Energy Sustainability	223	1,967	921	659
Water	10,221	9,413	8,410	8,941
Sewer	8,831	8,914	8,257	8,538
Solid Waste	5,850	4,931	3,993	5,190
Land and Properties	9,509	2,151	2,254	5,945
Total expenses	349,892	322,016	295,143	312,323
Excess (shortfall) of revenue over expenses				
- before other	55,948	(3,082)	12,483	82,179
Other				
Contributed assets	955	1,585	6,019	9,868
Government transfers for capital	26,025	12,515	21,351	22,592
Total other	26,980	14,100	27,370	32,460
Excess of revenue over expenses	82,928	11,018	39,853	114,639
Accumulated surplus, beginning of year	1,229,194	1,229,194	1,189,341	1,074,702
Accumulated surplus, end of year	\$1,312,122	\$1,240,212	\$1,229,194	\$1,189,341

CONSOLIDATED

STATEMENT OF CASH FLOWS (UNAUDITED)

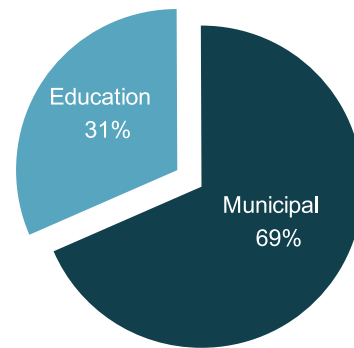
For the year ended December 31, 2010 (in thousands of dollars)

	2010	2009	2008 Restated
Net inflow (outflow) of cash related to the following activities:			
Operating			
Excess of revenues over expenses	\$ 11,018	\$ 39,853	\$ 114,639
Non-cash items included in excess (shortfall) of revenues over expenses:			
Amortization of tangible capital assets	91,311	87,454	89,695
Loss on disposal of tangible capital assets	1,396	442	613
Developers contribution of tangible capital assets	(1,585)	(6,019)	(9,868)
Income from subsidiary	(1,999)	(740)	(1,352)
Non-cash changes to operations (net change):			
Decrease (increase) in accounts receivable	3,726	2,426	(544)
Decrease (increase) in inventories for resale	(15)	4,486	(2,058)
Decrease (increase) in land held for resale	803	402	(2,549)
Decrease (increase) in land held for future development	(834)	(233)	(336)
Decrease (increase) in inventories for consumption	1,535	511	(1,572)
Decrease (increase) in deposits	8,097	(4,984)	(1,541)
Decrease (increase) in prepaid assets	(292)	(226)	(357)
Increase (decrease) in accounts payable and accrued liabilities	(4,032)	2,600	(2,218)
Increase (decrease) in deferred revenue	17,961	2,908	15,166
Increase (decrease) in other long term liabilities	3,619	30,270	6,564
Cash provided by operating transactions	130,709	159,150	204,282
Capital			
Acquisition of tangible capital assets	(77,181)	(110,697)	(104,657)
Proceeds from sale of tangible capital assets	836	314	720
Decrease (increase) in long lived assets	7,522	(23,282)	6,718
Cash applied to capital transactions	(68,823)	(133,665)	(97,219)
Investing			
Decrease (increase) in restricted cash & temporary investments	(17,682)	(6,496)	(12,652)
Decrease (increase) in investments, loans & advances	(38,083)	(33,943)	(90,861)
Decrease in advances to subsidiary	1,492	1,034	2,071
Cash applied to investing transactions	(54,273)	(39,405)	(101,442)
Financing			
Debt issued and assumed	15,644	39,639	16,373
Short term debt repaid	-	(2,188)	(5,740)
Long term debt repaid	(16,800)	(18,162)	(16,912)
Cash provided by (applied to) financing transactions	(1,156)	19,289	(6,279)
Change in cash and equivalents during the year	6,457	5,369	(658)
Cash and cash equivalents, beginning of year	5,488	119	777
Cash and cash equivalents, end of year	\$ 11,945	\$ 5,488	\$ 119
Cash consists of the following:			
Cash	\$ 62,586	\$ 38,447	\$ 26,582
Less: restricted portion of cash and temporary investments	(50,641)	(32,959)	(24,275)
Bank indebtedness	-	-	(2,188)
Total	\$ 11,945	\$ 5,488	\$ 119

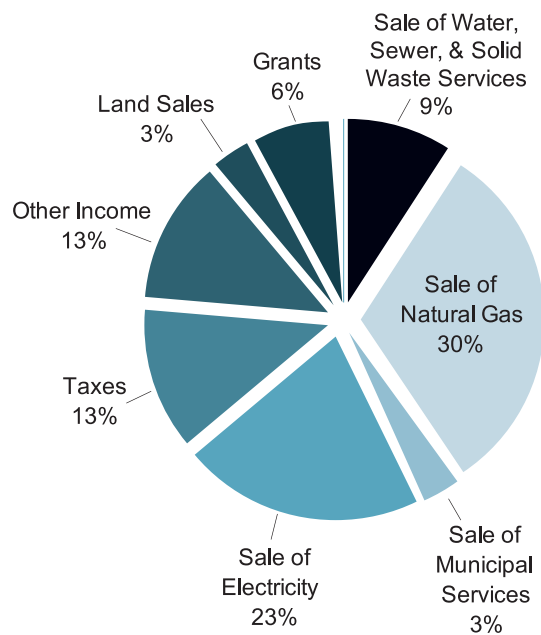
FINANCIAL SYNOPSIS 2010

OPERATING ACTIVITIES

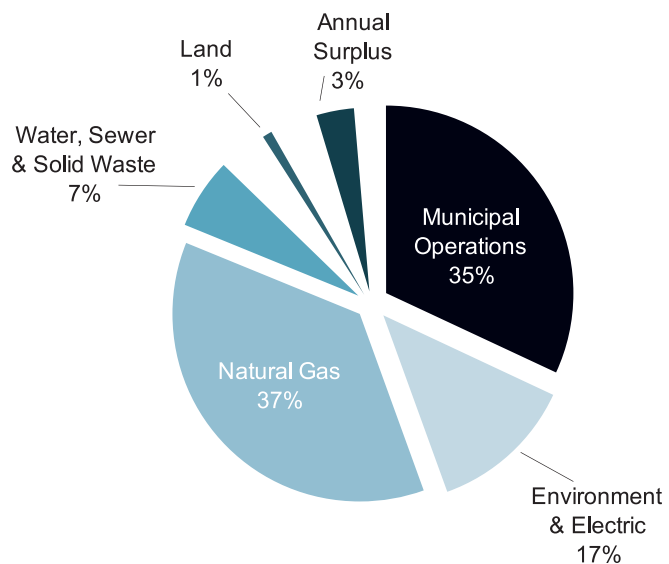
Where our Tax Dollars Went in 2010
Education / Municipal Property Tax



Where the Money Comes From
\$333 Million



Where the Money Goes
\$335 Million





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

The 2010 City of Medicine Hat Annual Report was prepared and produced by the
City of Medicine Hat Corporate Communications and Finance Departments.



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