



2022 ANNUAL REPORT

CITY OF MEDICINE HAT

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CITY COUNCIL



LINNSIE CLARK
Mayor



ROBERT DUMANOWSKI
Councillor



CASSI HIDER
Councillor



ANN MITCHELL
City Manager



DENNIS EGERT
Managing Director / CFO
Corporate Services



BRAD MAYNES
Managing Director
Energy and Infrastructure



DARREN HIRSCH
Councillor



ALLISON KNODEL
Councillor



ANDY MCGROGAN
Councillor



BRIAN STAUTH
Managing Director
Public Services



ROCHELLE PANCOAST
Managing Director
Strategic Management and Analysis



RAMONA ROBINS
Councillor



SHILA SHARPS
Councillor



ALISON VAN DYKE
Councillor



BEN BULLOCK
City Solicitor



ARLENE KARBASHEWSKI
City Clerk

ADMINISTRATION

MAYOR'S MESSAGE

2022 marked Council's first full year in office and saw the release of our 2022-2026 Strategic Plan. This plan is intended to be a living document and will be revisited throughout Council's term, including through the addition of corporate strategic goals that will allow us to measure our progress.

Council's Strategic Plan supports our vision for a resilient and prosperous future for our City, characterized by purposeful growth; and it consists of six interconnected themes to drive our organization into the future: Innovation, Economic Evolution, Service Orientation, Partnerships and Governance, Community Wellness, and Resilience and Sustainability. Unlike most mid-sized cities, Medicine Hat is fortunate to have existing core infrastructure that will support purposeful growth resulting in a more sustainable community. Our participation with Strong Towns' Community Action Lab, as a part of an exclusive pilot, will also offer guiding principles to implement purposeful growth towards this long-term community vision.

This year we also welcomed a new City Manager, Ann Mitchell. She is innovative and collaborative and we look forward to her impact on our organization and relationships in our community into 2023 and beyond.

Our council recognizes that the members of our community are an invaluable resource in the pursuit of building a prosperous place to live and that local government should be a facilitator of community collaboration towards this end. This requires community engagement and ensuring that we are fostering an environment where citizens feel empowered, heard by their government, and connected to their community. Over the next three years, you will see a concerted effort on the part of Council and administration to form deeper lines of communication and create a collaborative atmosphere where we can all work towards a stronger Medicine Hat.

Like many communities across Canada, we are not without our challenges. At the forefront of many people's minds are concerns around affordability and the effects of inflationary pressures on our everyday lives.

We are continually grateful for our local industry and business, as well as the work of our regional and community economic development partners. Council is committed to working with these partners and stakeholders towards our common goal of a robust regional economic development strategy in support of a thriving regional economy.

We are also continually grateful for the amazing level of collaboration of our local social system of care. It is because of this high level of collaboration that our organizations are able to do such great work in Medicine Hat and have amazing impact, however it doesn't mean there isn't more work to be done.

This year has been a whirlwind – full of learning and change. I am truly looking forward to working with our community and regional partners towards our shared goals.



LINNSIE CLARK

Mayor

May 15, 2023



CITY MANAGER'S MESSAGE

We enter 2023 with hope for moving our city forward. While it is apparent that we will be dealing with challenges stemming from the pandemic for some time, 2022 showed us that we are in a better position to face whatever lies ahead for Medicine Hat.

Leading in such times can be demanding and it is critical now more than ever that Council and administration work cohesively as a collective leadership group.

The balance in local government is an amazing system to behold when it is running effectively. The key to any relationship is respect and understanding. As citizens and stakeholders of Medicine Hat, we want your voice and opinions heard. However, we must all keep in mind that the City, just as other municipalities, has finite resources to deliver services to our residents. Often difficult decisions need to be made for the greater good.

The Hierarchy of Citizenship contains three levels of being a good, better, or best citizen:



Volunteer and donate



Be polite and follow the rules



Make your voice heard for change

The city has many platforms for our citizens to engage in and we encourage you to seek these out. Request to speak to your Council on topics that impact you, write to your Councillor and participate in public hearings and elections. Keep in mind that municipal council's role is one of strategic vision setting, while the City Manager oversees the implementation of this vision.

2022 brought us many surprises as well as opportunities. We are continuing to work with our regional partners so that we can deliver municipal services in a more effective manner and attempt to make ourselves more sustainable.

Through the pandemic and beyond the manner in which we manage our workforce has given us the occasion to be innovative. In this ever-changing world of work, leaders must be adaptable. We must be able to pivot.

Staff are continually looking for inventive solutions to provide the services expected from our citizens. We have put in place goals and objectives for the city, and this comes out of Council's overarching strategic plan, "We Have Energy". Council has tough decisions ahead to address the multiple needs of our community and we continue to lobby the higher levels of government to work on solutions. We are fortunate to have both progressive staff and council working extremely collaboratively both internally and with our stakeholders.

Local government is the government closest to the people and we continue to keep our residents and stakeholders top of mind as we move ahead.

ANN MITCHELL

City Manager

May 15, 2023



COMMITTEES

The City's standing committees provide analysis and recommendations to Council.

ADMINISTRATIVE COMMITTEE

Comprised of the administrative heads of the City organization and approves qualified tenders, authorizes initiation of legal proceedings more than \$50,000, recommends policies and programs, and directs the preparation of operating and capital budgets and long-range forecasts for presentation to Council.

ADMINISTRATIVE AND LEGISLATIVE REVIEW COMMITTEE

Focuses on legislation, administration and organization. Council appointees are Councillor Andy McGrogan (Chair), Councillor Allison Knodel (Vice-Chair) and Councillor Ramona Robins.

AUDIT COMMITTEE

Responsible for recommending the appointment of the independent auditor, reviewing the terms of the engagement and overseeing management's responsibilities for financial reporting. Council appointees are Councillor Darren Hirsch (Chair) Councillor Shila Sharps (Vice-Chair) and Councillor Andy McGrogan.

CORPORATE SERVICES COMMITTEE

Focuses on the Corporate Services division, including Corporate Communications, Finance, Human Resources and Information Technology. Council appointees are Councillor Robert Dumanowski (Chair), Councillor Shila Sharps (Vice-Chair) and Councillor Cassi Hider.

ECONOMIC, LAND AND STRATEGIC PLANNING AND DEVELOPMENT COMMITTEE

Focuses on economic development, physical investments and strategic planning, land development and real estate marketing, planning and development services, environment, land and government relations, strategic analysis, and business transformation. Council appointees are Councillor Alison Van Dyke (Chair), Councillor Robert Dumanowski (Vice-Chair) and Councillor Andy McGrogan.

EMERGENCY ADVISORY COMMITTEE

Focuses on critical policy decisions related to emergency preparedness and emergency response. Council appointees are Mayor Linnsie Clark, Councillor Ramona Robins and Councillor Alison Van Dyke.

ENERGY AND INFRASTRUCTURE COMMITTEE

Focuses on electric generation and distribution, environmental utilities, municipal infrastructure, natural gas production and distribution, utilities sustainability, and City facilities and fleet. Council appointees are Councillor Alison Van Dyke (Chair), Councillor Robert Dumanowski (Vice-Chair) and Councillor Andy McGrogan.

PUBLIC SERVICES COMMITTEE

Focuses on recreation, parks and trails, social development, transit services, emergency services, cultural development and event facilities. Council appointees are Councillor Ramona Robins (Chair), Councillor Cassi Hider (Vice-Chair) and Councillor Allison Knodel.

BOARDS

COMMUNITY VIBRANCY ADVISORY BOARD

Focuses on recreation, leisure, culture, arts and social matters in the community. Member responsibilities are found in Bylaw No. 4661. The board will consist of nine members and will meet at least eight times a year. Members are asked to participate in sub-committee work and community activities as well.

ASSESSMENT REVIEW BOARDS

There are two types of assessment review boards that hear property assessment appeals.

Local Assessment Review Board (LARB) hears and decides on complaints against assessments of residential property (three or fewer dwelling units), farmland and tax notices other than property tax notices, or improvement tax notices. **Composite Assessment Review Board (CARB)** hears and decides on complaints against residential property (four or more dwelling units) and non-residential (commercial) property.

MEDICINE HAT PUBLIC LIBRARY BOARD

Responsible for participating in discussion and decision making regarding library policy and expenditures and for all aspects of library operation. Complete roles and responsibilities of a library board member can be found on the Medicine Hat Public Library website. Council appointee is Councillor Ramona Robins.

SUBDIVISION AND DEVELOPMENT APPEAL BOARD

Hears subdivision and development appeals in accordance with provisions of the Municipal Government Act and Bylaw No. 3009. Council appointees are Councillor Cassi Hider and Councillor Robert Dumanowski (alternate).

COMMISSIONS

COMBATIVE SPORTS COMMISSION

Acts in a regulatory capacity for Committee and Council with respect to regulating, governing, and controlling combative sports within Medicine Hat. Bylaw No. 4048 grants the commission the authority to regulate both professional and amateur combative sports (i.e., boxing and mixed martial arts), but the rules and regulations exempt well-established amateur governing bodies (i.e. Alberta Amateur Boxing Association), and provide the Commission the flexibility to exempt other governing bodies if required. The commission continually reviews their bylaw and rules and regulations and makes amendments to modernize and update operating procedures.

MEDICINE HAT POLICE COMMISSION

Provides overall direction through support and guidance to the Chief of Police, ensuring a safe and secure community. Council appointees are Councillor Alison Van Dyke and Councillor Shila Sharps.

MUNICIPAL PLANNING COMMISSION

Duties include exercising development powers and duties on behalf of the City in accordance with the Subdivision and Development Authorities Bylaw and carrying out such other functions and duties as assigned to the commission by Council. Council appointees are Councillor Darren Hirsch (Chair) and Councillor Andy McGrogan

WORKING GROUPS

WORKING GROUP FOR ACCESSIBILITY AND INCLUSION

The Working Group for Accessibility and Inclusion (WGAI) is an advisory body under the City of Medicine Hat's Community Development department. Its primary purpose is to advise and support City departments on issues related to persons with physical, developmental and mental health disabilities. The WGAI recognizes both visible and invisible disabilities. Its goals include equitable participation of persons with disabilities, and ensuring all of the City of Medicine Hat's public facilities, programs and services are accessible and inclusive.

WORKING GROUP FOR HERITAGE RESOURCES

Our city is rich in heritage resources, both public and private. The Heritage Resources Working Group supports the protection of these valuable resources for future generations. Heritage resources include built structures, streetscapes, historical and archeological sites, landscapes, archeological specimens and natural features of heritage and historical significance. The group's mandate is to assist with promoting the conservation, preservation, restoration, retention, and awareness of local heritage resources. This work will be based upon the Province of Alberta's Historical Resources Act - R.S.A. 2000.

EXTERNAL APPOINTMENTS

CHAMBER OF COMMERCE

Councillor Allison Knodel

CIVIC FUNCTIONS

Councillor Allison Knodel

COMMUNITY FUTURES ENTRE-CORP

Managing Director Rochelle Pancoast
(Strategic Management and Analysis)

CYPRESS VIEW FOUNDATION

Councillor Darren Hirsch
Councillor Ramona Robins

FRIENDS OF MEDALTA

Councillor Allison Knodel

HIGHWAY 3 TWINNING ASSOCIATION

Councillor Darren Hirsch

INTERMUNICIPAL COMMITTEE

Councillor Robert Dumanowski
Councillor Shila Sharps

MEDICINE HAT COMMUNITY HOUSING SOCIETY

Councillor Ramona Robins

MEDICINE HAT EXHIBITION AND STAMPEDE

Councillor Andy McGrogan

PALLISER ECONOMIC PARTNERSHIP

Councillor Cassi Hider
Councillor Shila Sharps

REGIONAL DRAINAGE COMMITTEE

Councillor Alison Van Dyke

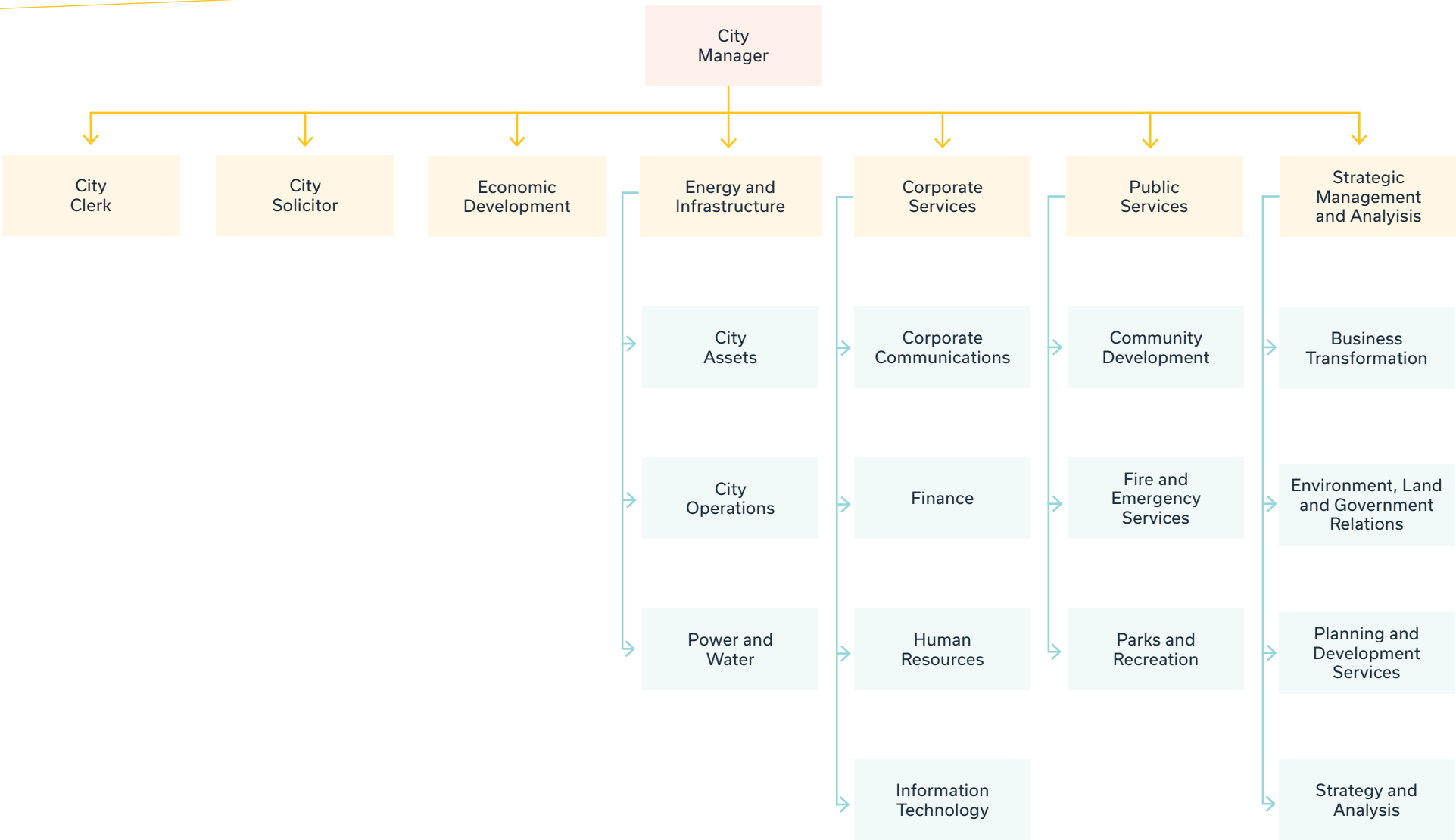
SHORTGRASS LIBRARY SYSTEM

Councillor Alison Van Dyke

TOURISM MEDICINE HAT COMMITTEE

Councillor Cassi Hider

ORGANIZATIONAL STRUCTURE



STRATEGIC PRIORITY #1: INNOVATION

ANALYSIS OF EVACUATION OPTIONS USING ARTIFICIAL INTELLIGENCE

Fire and Emergency Services, with support from City Assets, the Business Transformation Office, and an external artificial intelligence consultant, conducted a simulated artificial intelligence evacuation exercise within the city. This was conducted to evaluate the safest and most effective access and egress configuration within a subdivision prior to actual construction.

CORPORATE SAFETY AWARDS

The Canadian Gas Association's Safety Awards for Excellence (SAFE) mark the achievements of the natural gas industry's efforts to improve health and safety. The City of Medicine Hat received a Corporate Safety Award for Employee Safety in recognition of the City's perfect employee safety scores, and the Corporate Safety Award for Vehicular Safety recognizing the organization's track record for reducing vehicle damages over the past year. The City also received the Michael Mulcahy Award for Excellence and Innovation in Customer Care and Service for maintaining seamless natural gas delivery, operations, and customer service throughout the pandemic with no material impact to customers.

CITIZEN FACING DIGITAL STRATEGY

The City of Medicine Hat continued its commitment to the Citizen Facing Digital Strategy initiated in 2020 by completing three significant milestones in 2022 towards creating a better online experience for customers.

- Staff successfully migrated the Invest Medicine Hat website from a third-party web hosting service to a 'microsite' within the City of Medicine Hat's content management system (CMS) to streamline security and content maintenance while eliminating third-party hosting expenses and operational barriers.
- The first online payment form through the new website and CMS (Assessment Request For Information – Section 300) was launched in February 2022 allowing people to make an online purchase through the City's website without having to link to a different platform or wait to be invoiced for the service.
- Parks and Recreation implemented online booking capability for two of the most frequent rental requests: indoor ice and outdoor kitchens/shelters. In evaluating these two pilot services, staff will work towards more online availability with amenities such as social rooms, meeting rooms, gymnasiums, and fieldhouses in 2023.

COGENERATION UNIT AT BIG MARBLE GO CENTRE

The Municipal Climate Change Action Centre's (MCCAC) Recreation Energy Conservation (REC) program provided approximately \$485,000 toward the installation of a cogeneration, or combined heat and power (CHP) generation, system at Big Marble Go Centre. The unit will generate electricity for the facility from natural gas and use any normally wasted heat from electrical generation to heat the building air and pool water, providing an anticipated utility savings of \$100,000 per year.

DIGITAL PARKING DOWNTOWN

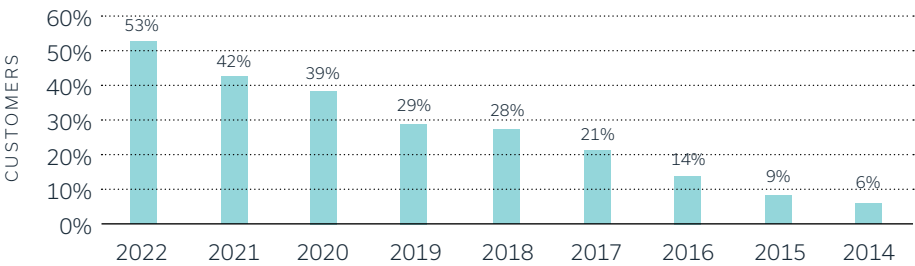
Towne Square adopted downtown's first digital parking service, HotSpot. The easy-to-use mobile app allows customers to pay for parking and top up the meter remotely through their smartphone, receive notifications to avoid tickets, refund unused parking, and more.



STRATEGIC PRIORITY #1: INNOVATION

EBILLING MILESTONE

In February, the City of Medicine Hat celebrated an important milestone as the number of Medicine Hat utility customers who receive paperless electronic bills through eBilling reached 50%. By the end of 2022, that ratio had risen to 53.8% (17,265 customers), representing a savings of \$414,360 per year in printing and mailing expenses.



ED STILES, ALBERTA'S TOP FITNESS TRAINERS

Ed Stiles, local fitness trainer with Big Marble Go Centre, was nominated as one of the 'Top Ten Trainers in Alberta' by Impact Magazine. With 30 years of experience as an exercise physiologist, Stiles has trained clients of all ages and abilities. Clients have ranged from young, emerging athletes to pro athletes, people with cancer, heart disease, new hips and disabilities, as well as people learning to walk again.

EFFICIENT MANAGEMENT AND RENEWAL OF TECHNOLOGY

In 2021, the information technology team launched IT as a Service, a program that consolidated IT budgets from multiple departments to create clear accountability, support cost effective decisions, and reduce costs. The effort includes centralized management of printing, end-user computers, and mobile devices and related plans. The program continued through 2022, resulting in annual savings of \$170,000.

ESRI SPECIAL ACHIEVEMENT IN GIS (SAG) AWARD

The City earned the prestigious ESRI Special Achievement in GIS Award in July 2022 for Strategic GIS Plan and Asset Management. Winners are chosen from thousands of ESRI customer organizations worldwide for outstanding use of geographic information system (GIS) technology. Medicine Hat was the only Canadian city to win in 2022 and the second Albertan company to win in the history of the award.

FROST DEPTH MONITORING STATIONS

Four new frost monitoring stations were added to the City's water infrastructure assets in 2022 for a combined total of six stations across the community. To measure the depth of frozen ground at each station, probes are buried in roadways every half-metre to a maximum of 2.5 metres deep. Units provide data that helps to predict areas that are susceptible to frozen underground lines and can help forecast start dates for construction projects requiring excavation. Better identifying when to trigger the frozen service risk program prevents failure and reduces costs of repairing water lines for both residents and the City. The new stations are located at the intersections of 9 Street NE and 1 Avenue NE, Prospect Drive SW and 2 Avenue SW, 14 Street SW and 8 Avenue SW, and on 21 Street SE across from Crestwood Recreation Centre.

STRATEGIC PRIORITY #1: INNOVATION



GOATS RETURN TO POLICE POINT PARK

Approximately 200 goats returned to Police Point Park for a fourth time since 2020 to control leafy spurge, an invasive weed common in the park, as well as parts of Southern Alberta. This approach of successive browsing depletes the weed of resources, reduces its ability to set seed, and indirectly helps reestablish native plant species.



MEDICINE HAT TRANSIT LAUNCHES MHT GO! CARDS

The MHT Go! electronic fare system was installed on all City transit buses in October, reducing the amount of cash collected and reliance on paper passes. Adding to the convenience of the new payment system, users can manage their card online to add funds, check their account balance, and report a card lost or stolen.

MYMH PORTAL INNOVATIONS

The myMH portal is a web-based login service that is personalized to each user. It is unique to their location by drawing data based on a certain property address. In March 2022, the City launched three new widgets: Assessment Information, Trails Near Me, and Volunteer Opportunities. Each of these widgets makes use of a different method to pull data into one place: integration (to draw in data from the City's assessment software); location-based geographic information system (to populate data based on a location); and content-sharing (to share multiple sources of related information in one place).



RECRUITMENT ATTRACTS TALENT AND NEW RESIDENTS

A new employee recruitment campaign was launched in 2022 with the goal of attracting talent to our organization from outside the city by encouraging qualified prospects to bring their "bright ideas" to Canada's sunniest city. Campaign materials focused on the innovative accomplishments of the City, the advantages of joining the City of Medicine Hat team, and the quality-of-life benefits of living and working in Medicine Hat. The campaign generated a 136% increase in website traffic to the City's career page.

STRATEGIC PRIORITY #1: INNOVATION



PLATINUM JUBILEE MEDAL AWARDED TO CITY EMPLOYEE

Shantel Ottenbreit, a Community Resource Worker with the City of Medicine Hat, was awarded the Queen's Platinum Jubilee Medal for her contributions to aging adults in our community and across Alberta. Through her work at the City and as Chair of the Alberta Elder Abuse Awareness Council, Shantel works to support older adults and advance issues of importance to the aging population.



RIGHT-TURN-ONLY CONVERSION ON DUNMORE ROAD

In November, the right northbound lane on Dunmore Road SE was converted from a combined straight-through/right-turn lane to a dedicated right-turn-only lane onto Spencer Street SE. This modification is an interim measure to better manage traffic flow at the intersection until more permanent upgrades can occur as part of planned rehabilitation to the Kingsway corridor within the next five years.



WATER BOTTLE FILL STATIONS PILOT PROJECT

With the use of regular inventory from environmental utility activities, staff engineered ten prototype water bottle fill stations, at a cost of approximately \$965 each, that connect to fire hydrants to deliver clean drinking water in outdoor public spaces. The pilot saw the equivalent of 118,545 one-litre water bottles filled and used by the community. A survey indicated that 84% of respondents want to see the program continue. Note: Fire hydrants remained fully operational for fire emergencies.

STRATEGIC PRIORITY #2: ECONOMIC EVOLUTION

2022 DEVELOPMENT INCENTIVES

Invest Medicine Hat managed the 2022 Development Incentive Program designed to stimulate investment and support economic growth that would have not otherwise occurred. After success from 2021's program, the Waterfront District Vibrancy Incentive, Waterfront District Housing Incentive, and Infill Incentive continued in 2022. Many local businesses benefited from the program including Poolhouse Cafe and Roastery, DOMAIN CrossFit, McKenzie Drugs, Shut up and Wear it, Sunday Dinner Home Store, The Yard, and more.



CARBON CAPTURE FOR CITY POWER PLANT

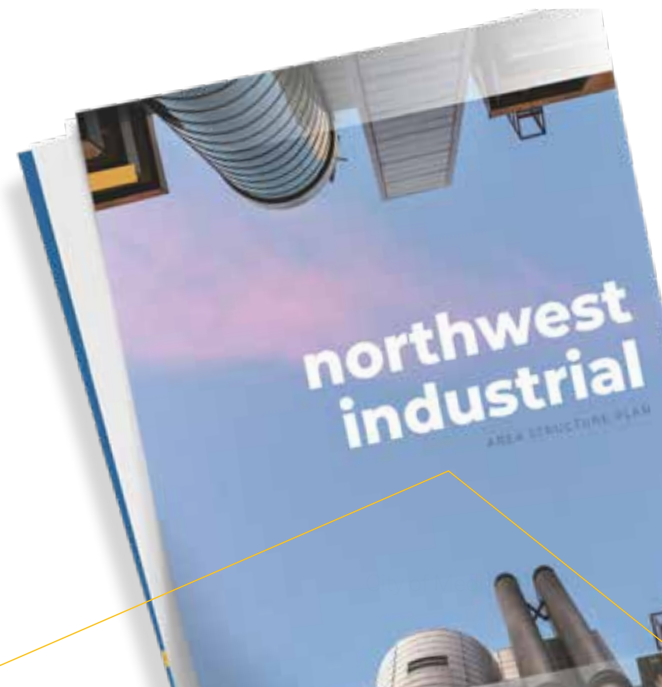
The City of Medicine Hat issued a request for proposal (RFP) for the conceptual design and cost estimation for carbon capture at the City's power generation plant. With this RFP, the City is seeking an engineering contractor to conduct a pre-front end engineering and design study focused on completing a licensor/vendor technology selection process, evaluating reputable technology providers and proven commercial experience for carbon capture, and assessing the feasibility of the project. The City recognizes carbon capture as being an integral part of the long-term solution for achieving global climate objectives and is committed to be an engaged partner in the transition to a sustainable and prosperous future for our community.

ENHANCED GRANT FUNDING APPROACH

The City of Medicine Hat is becoming more competitive in the grant landscape with a new approach to grant identification and application. The approach includes development of streamlined processes for identifying and submitting grant applications related to the City's strategic priority areas and uses consistent techniques to enhance the quality of applications. These efforts are designed to increase the overall grant funding awarded to the City of Medicine Hat by other granting bodies, including the provincial and federal government.

NORTHWEST INDUSTRIAL AREA STRUCTURE PLAN

The Northwest Industrial Area Structure Plan (ASP) was adopted in March 2022 to provide a long-term vision and framework for the future development of approximately 958.7 acres of land (approximately six quarter sections) in northwest Medicine Hat, east of the Town of Redcliff boundary and north of Broadway Ave NW. The Northwest Industrial ASP evolved through consultation with adjacent industries, intermunicipal collaboration, City administration, special outdoor recreation uses (clubs) within the plan area, and the public. Policies and guidelines were developed as a result of the consultation to direct the future outline plan, land use, subdivision and development permit applications, and to help manage overall growth that will collectively shape the future development of the plan area.



STRATEGIC PRIORITY #2: ECONOMIC EVOLUTION

OFF-SITE LEVY UPDATE

In November 2022, the City of Medicine Hat amended its Off-site Levy (OSL) bylaw to strike a balance amongst the City, developers, builders, taxpayers, and ratepayers in terms of their responsibilities relative to the servicing costs of development within the city. The update aligned the bylaw with the 2020 Municipal Development Plan, current City bylaws and council priorities, and changes to provincial legislation and regulations. It also de-coupled the municipal development subsidy (municipal assist) from the framework (with incentivization being managed separately) to create a fair, equitable, and transparent offsite levy framework. Medicine Hat's Off-site Levy bylaw was last updated in 2013.

PROJECT CLEAR HORIZON

In October, the Government of Alberta announced that the City of Medicine Hat's Project Clear Horizon was one of 19 successful applications in the second competition to enable the development of an environmentally safe carbon dioxide storage hub in the region.

Project Clear Horizon will evaluate the potential viability of a carbon capture utilization and storage (CCUS) hub in the general Medicine Hat area. The Clear Horizon Carbon Hub is intended to be structured as an "open" hub whereby local carbon-based industries will be able to sequester their produced carbon. The presence of an "open" hub in the region will sustain and promote economic vitality for the region while achieving significant emissions reductions.

The City will continue its work with the Province of Alberta to further evaluate Project Clear Horizon's suitability for injecting and storing carbon dioxide. Assuming a successful evaluation program, the City will be invited to apply for a sequestration agreement, which will grant the rights to inject carbon dioxide into the allotted pore space and ensure open access to all emitters in the region.

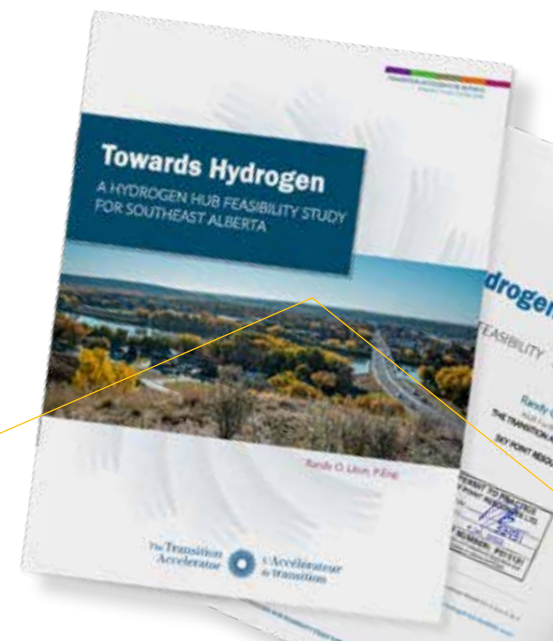
TAX INCENTIVE BYLAW

In July, City Council passed the Tax Incentive Bylaw, providing a clear framework to ensure all development projects are treated in a fair and equitable manner, and creating a level playing field with other municipalities for attracting economic development opportunities in the province of Alberta. The tax incentive bylaw supports the following incentives:

- Brownfield Redevelopment Tax Incentive: will provide financial assistance to non-residential property owners to remediate brownfield sites located within the City of Medicine Hat by providing tax relief for a period of up to five years.
- Non-Residential Tax Incentive: will provide financial assistance to property owners in the City of Medicine Hat to develop large-scale commercial or industrial developments that result in tax assessment growth and job creation.

TOWARDS HYDROGEN FOUNDATIONAL REPORT

In July, the Southeast Alberta Hydrogen Task Force announced the release of its foundational report, Towards Hydrogen: A Hydrogen HUB Feasibility Study for Southeast Alberta, laying out the region's strong potential for significant supply and demand, and a roadmap to implement hydrogen as a major fuel economy in Southeast Alberta. The report identifies the significant strengths and opportunities specific to the Southeast Alberta region, including (but not limited to) high regional demand and its potential to be among the lowest-cost producers of low-carbon intensity hydrogen in North America. The full report can be viewed at www.transitionaccelerator.ca.



STRATEGIC PRIORITY #2: ECONOMIC EVOLUTION

UNIT 17 GRAND OPENING

In May, City officials declared the new simple cycle LM6000 power generation facility – Unit 17 – fully operational at a grand opening ceremony for the engineers, suppliers, contractors, and staff involved in the project. Unit 17, located next to Unit 16 in the city's northwest industrial area, adds an additional 43 MW of generation capacity, bringing Medicine Hat's overall electricity production to 299 MW. The unit ensures "n-1 supply" meaning the City can meet its peak electricity demand if the largest generation unit was to fail. Units 16 and 17 strategically operate on a separate natural gas supply than the main power plant, reducing risk if the main natural gas line were to be compromised.

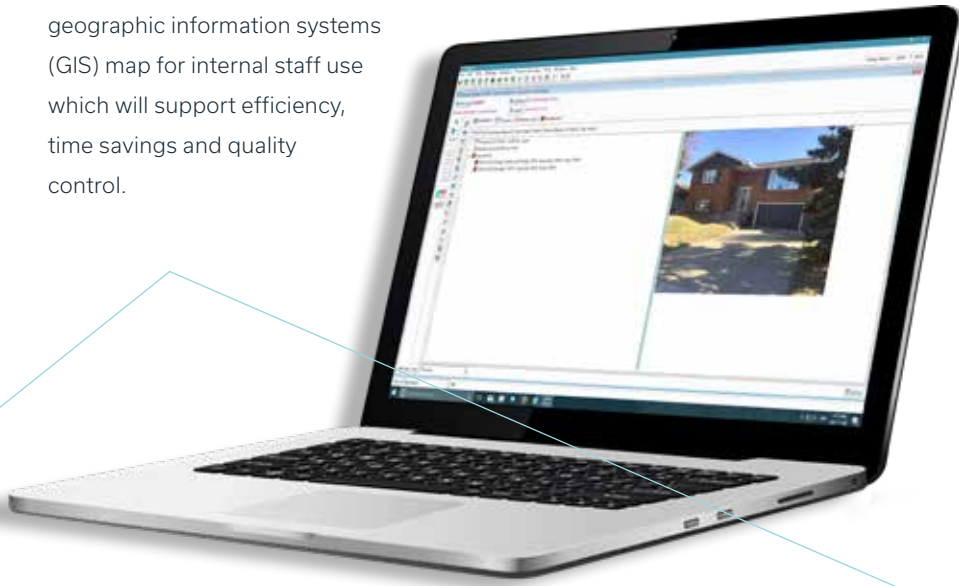
The turbine includes a heat recovery unit that increases efficiency and a selective catalytic reduction system to reduce nitrous oxide emissions to meet airshed and environmental approval requirements. Unit 17 was constructed from start to finish in just under one year, logging 86,442 working hours with no lost time injuries.



STRATEGIC PRIORITY #3: **SERVICE ORIENTATION**

CAMALOT PROPERTY ASSESSMENT SOFTWARE IMPLEMENTATION

The City's four-year transition to a new assessment valuation software neared completion in 2022. Assessors are now able to store property data and easily conduct market analysis within the CAMA lot platform to generate assessment values, eliminating the need for separate spreadsheets and other evaluation tools. CAMA lot integrates with other software tools such as Marshall and Swift costing manual and the Apex sketching software. The sketching software allows assessors to outline structures and automatically calculates the structure areas. In addition, Pictometry, an aerial photo software used across the organization, is linked to each property to visually compare exterior upgrades on a particular parcel of land. The aerial flight photos are taken every two years. Staff look forward to implementing CAMAmap in 2023, which is a visual representation of the assessment attributes onto a digital geographic information systems (GIS) map for internal staff use which will support efficiency, time savings and quality control.



COMMUNITY SURVEY

The City enlisted IPSOS to conduct a community survey targeting Medicine Hat residents aged 18 and older, with the goal of providing City Council and administration reliable data to better understand community sentiment around a variety of City topics, in turn supporting decision making.



The scientific survey was conducted by IPSOS in May of 2022 with a random sampling of 400 telephone surveys. The report indicated that 95% of residents thought their quality of life was good or very good and an overall satisfaction rate of 90% with City services. The full report can be found on the City website at www.medicinehat.ca.



95% rate overall **quality of life** favourable



81% overall **satisfied with municipal government** as a whole



90% overall **satisfied with City services**



91% likely to **recommend as a place to live**



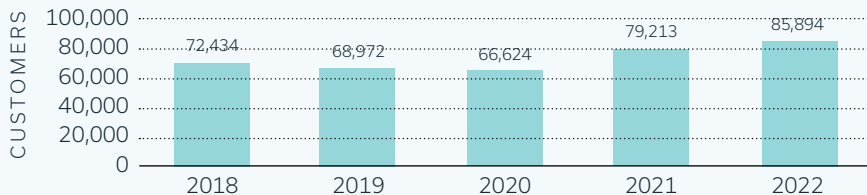
78% say **good value for tax dollars**

STRATEGIC PRIORITY #3: SERVICE ORIENTATION

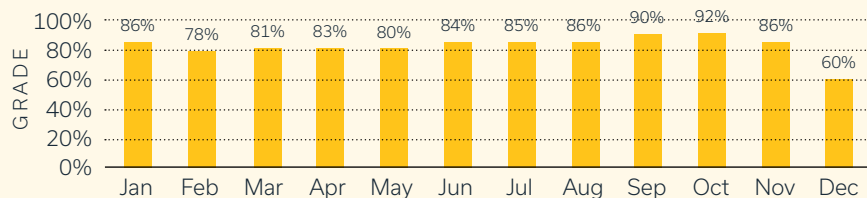
CUSTOMER CARE CALL CENTRE METRICS

The Customer Service Call Centre assisted 85,594 customers in 2022 with a call answering rate of 83% which exceeds the Alberta Utilities Commission (AUC) standard of 70%. The Call Centre achieved a 94% customer satisfaction rate for 2022 from 399 survey respondents, again exceeding the Alberta Utilities Commission (AUC) standard of 75%.

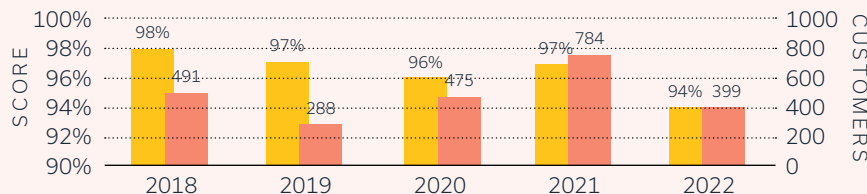
Customer Care and Collections Contacts



Customer Care and Collections Contacts Call Center Grade of Service



Customer Care and Collections Customer Satisfaction Scores



KEEPING RESIDENTS INFORMED

The City's website (www.medicinehat.ca) is the most efficient tool when communicating information to the public. See below for a summary of 2022's visitor traffic.



Website page views
1,785,140



Website visitors
421,799



Total website searches
157,218



Visitors arrivals
62% via **search engine**
22% via **direct URL**
9% via **social media**
7% via **other**



Facebook 2022 reach
598,123 users
(up 10.4% from 2021)

Facebook video views
19,000 minutes

Total page visits
161,129



Top visited pages:
Big Marble Go Centre
Garbage Collection
Careers
Utilities Fixed Rates
Transit



Top search terms:
campground reservations
garbage collection
tot time
careers
utilities fixed rates



STRATEGIC PRIORITY #3: SERVICE ORIENTATION

PERSONALIZED CONVENIENCE WITH THREE NEW MYMH PORTAL WIDGETS

In March 2022, the City launched three new widgets in the myMH Portal. Assessment Information, Trails Near Me, and Volunteer Opportunities are now enabled to provide convenience on this personalized user-login platform.



The **Assessment Information** widget automatically recognizes the property selected in the user's profile and brings up the most recent assessed value of the property, the corresponding tax account number, the year the property was built, and a link to the most recent comparable market sales information in the area. Users can click the property address to be directed to the interactive property assessment map for further information and analysis.



The **Trails Near Me** widget identifies the nearest trails located within 500 metres of the property selected in the user's profile. The widget identifies how far a person would need to walk or travel to access the trail, the length of the trail itself, and the surface material of the trail.



The **Volunteer Opportunities** widget allows direct access to the City's volunteer scheduling system for opportunities at places like Co-op Place and the Esplanade, and also links to an area on the City's website detailing additional volunteer opportunities like Adopt-a-rink, Advisory Boards and Committees, or the Parks and Trails Ambassador program.

PROCUREMENT CONTINUOUS IMPROVEMENT

Seeking to clarify processes and improve efficiencies in City procurements, the City made policy and process changes to reflect industry best practices. A periodic review and update of the procurement and signing authority policies ensures proper and current municipal oversight. The public expects the City of Medicine Hat to receive the best value for money spent for procurement requirements, and the vendor community sees value that comes from consistent application of policies and trade agreements ensuring fair, open and transparent practices.

Significant changes to the procurement policy included adding an invitational competition process that changes the current procurement process for spends between \$10 - \$75K to make the process more flexible, effective and timely; and the spending and commitment authority policy was expanded to provide further clarification on who has spending authority as well as defined authority levels.

STRATEGIC PRIORITY #3: SERVICE ORIENTATION

TRANSIT LAUNCHES MYRIDE TO PROVIDE BETTER DATA FOR RIDERS

Transit users can now track their bus as it moves along its route, much like watching your Skip the Dishes driver enroute to deliver your dinner. This live tracker, called MyRide, replaced the former DoubleMap application, giving riders real time data for arrival times and disruptions to service. This new platform is the foundation on which additional trip planning tools will be built in the future.



TRANSIT USERS BENEFIT FROM LAUNCH OF ELECTRONIC FARE SYSTEM

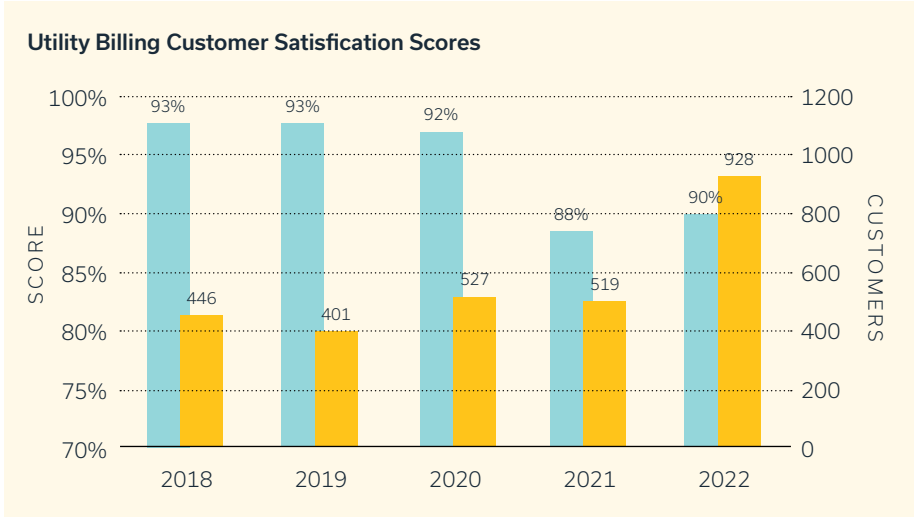
Fast, convenient, and contactless, the new MHT Go! electronic payment cards used by Medicine Hat Transit are available for purchase at several City facilities and partner locations. Riders can use the self-serve online portal to register the card, add funds, and check the account balance. No card? No problem! Download the MHT Go! app on a smartphone to create a QR code to “tap” during your next ride instead.

UTILITY BILL AWARENESS

Recognizing the complexity of utility bills and the challenge that many residents face in understanding their bills, the City of Medicine Hat embarked on an extensive educational campaign to help residents better understand the variety of charges on their utility bill. The campaign included a new webpage (www.medicinehat.ca/utilitybill), social media content, radio interviews and a virtual town hall where top-level administrators responsible for setting utility rates and administering the billing system responded to questions from local ratepayers.

UTILITY BILLING CUSTOMER SATISFACTION STATISTICS

A customer satisfaction survey with 928 responses achieved a 90% satisfaction level, which well exceeds the Alberta Utilities Commission standard of 75%. Overall customer satisfaction was rated on the accuracy and timeliness of utility billing, along with readability and ease of understanding.



STRATEGIC PRIORITY #4: PARTNERSHIPS AND GOVERNANCE

BUDGET DEVELOPMENT 2023 AND 2024

The development of the 2023 and 2024 budgets was a major undertaking for administration throughout 2022, with an extensive process that is informed by each department in the City. Through the budgetary process, the City balances the needs, priorities, and aspirations of the city against revenue sources and fiscal sustainability. The budget includes reinvestments in operations and capital of the City of Medicine Hat and reflects a desire to maintain high levels of service. Supporting Council's strategic priorities and striking a reasonable balance between financial sustainability and organizational health, the budget was approved by City Council in December.

CANADA COMMUNITY REVITALIZATION GRANT FOR TOWNE SQUARE

Medicine Hat's Towne Square project was awarded \$750,000 in grant funding through the federal Canada Community Revitalization Fund. The Government of Canada is specifically investing in community initiatives that revitalize downtown cores and main streets, reinvent outdoor spaces, create green infrastructure and improve accessibility of community spaces.



COMMUNITY FUNDING FRAMEWORK REVIEW

The City underwent public engagement efforts to better understand the needs of the community and how to improve the City's grant programs. Based on reviews and feedback from stakeholders, the updated framework will include three grant streams for the 2023 program: Family and Community Support Services (FCSS) funding, Community Vibrancy (including festivals) and a new stream of community microgrants available to small business, non-profits, and local artists.

KEEPING OUR ORGANIZATION SAFE FROM CYBER-ATTACKS

The cybersecurity team launched a robust online learning tool to educate and equip all staff with the tools they need to prevent ransomware, phishing, social engineering, and other cyber threats that put our organization at risk. October marked Cybersecurity Awareness month, with a friendly interdepartmental challenge designed to engage staff in cybersecurity learning.

EMERGENCY EXERCISE

The City held a full-scale mock emergency exercise in October 2022 to practice and prepare for high-impact emergency incidents involving multiple response agencies. City staff and emergency services, in partnership with Canadian Pacific Railway, Alberta Health Services, Methanex, Medicine Hat Remand Centre, Southeast Alberta Search and Rescue, and other partners, responded in real time to a simulated hazardous materials incident involving a motor vehicle collision with a rail car in the downtown CP Rail yard. Actual resources, including evacuation teams and emergency social services, were deployed to the field under the structure of the incident command system, testing the emergency call-out system, the newly developed GIS evacuation tracking software and mapping system, a test emergency alert, roadway detours, live media relations, and the operation of an incident command post. These full-scale exercises ensure City staff are adequately trained in the event of real disasters and emergencies.

STRATEGIC PRIORITY #4: PARTNERSHIPS AND GOVERNANCE

ENHANCED GOVERNMENT RELATIONS

The City reaffirmed the importance of government relations and began the development of a formal government relations strategy to ensure clarity of priorities and a focused and consistent voice representing the interests of the Medicine Hat Community. The strategy is expected to be complete in 2023.

FACILITATION OF GOVERNMENT OF ALBERTA ELECTRICITY AND NATURAL GAS REBATES

The Government of Alberta's Affordability Action plan included rebates for electricity and natural gas in recognition of fast-rising heating fuel costs and elevated pricing in the electricity market. The initiative required that all energy retailers implement the rebate on a local level, launching the City's systems and billing teams into swift action. The natural gas program provided a rebate if the default rate tariff for natural gas rose above \$6.50 per gigajoule (GJ) between October 1, 2022 and March 31, 2023.

The team prepared for implementation by changing the billing templates, setting up reporting, and adding a credit line for the program onto utility statements. In 2022, the default gas rate did not rise above \$6.50/GJ so the rebate was not triggered. The Government of Alberta provided a \$50 electricity rebate (distributed by local electricity retailers via their utility bill) to Albertans that had consumed electricity within the past calendar year, up to a maximum of 250 megawatt-hours, for each of six months from July to December 2022.

The City's billing team implemented the program by changing billing templates, preparing monthly reporting estimates and true-ups with the Government of Alberta, and added a utility statement credit line. The monthly credit was applied to 32,230 utility accounts through 193,380 payments with a total rebate amount of \$9,669,000.

GRANT FOR COMBINED HEAT AND POWER SYSTEM AT BIG MARBLE GO CENTRE

The Municipal Climate Change Action Centre (MCCAC) continued to show support for Medicine Hat's climate resiliency efforts by awarding \$485,000 to the installation of a cogeneration, or combined heat and power (CHP) generation, system at Big Marble Go Centre through their Recreation Energy Conservation program. The unit will generate electricity for the facility from natural gas and use any heat normally wasted from electrical generation to heat the building air and pool water, saving energy and reducing emissions.

GRANT FOR ELECTRIC VEHICLE CHARGERS

The City of Medicine Hat successfully applied to participate in the SouthGrow Electric Vehicle Charging Program delivered by the Municipal Climate Change Action Centre, receiving nearly \$70,000 in funding towards acquiring and installing electric vehicle (EV) charging stations in Medicine Hat's downtown core. The funding will support two Level 2 chargers (total of four connectors) in Towne Square and one Level 3 Fast Charger at the Esplanade Arts and Heritage Centre's surface parking lot. This effort reflects the City's commitment to energy transition and the federal Emissions Reduction Plan.



STRATEGIC PRIORITY #4: PARTNERSHIPS AND GOVERNANCE

INVESTING IN CANADA INFRASTRUCTURE PROGRAM

In August 2020, the federal government announced the new COVID-19 Resilience Funding Stream under the existing Investing in Canada Infrastructure Program (ICIP). The federal and provincial government adjusted previous ICIP parameters in response to COVID 19, allowing municipalities to choose whether to continue to use their approved funding for eligible projects under the original Public Transit Stream, or to reallocate for projects that would stimulate local construction and support economic recovery from the pandemic.

The City of Medicine Hat chose to reallocate \$10.9 million of the eligible \$13.4 million ICIP funds towards COVID-19 Resilience Stream and in October 2020, City Council approved 13 projects for submission. The City was successful in securing funding. Eligible project types included retrofits, repairs and upgrades for municipal buildings, COVID-19 response infrastructure, active transportation infrastructure (parks, trails, foot bridges, bike lanes, and multi-use paths), and disaster mitigation and adaptation. The criteria also specified that construction must start no later than September 30, 2021 and conclude by the end of 2021.



ATHLETIC BALL PARK UPGRADES

Amount received: **\$2,240,000**



PEDESTRIAN CYCLING TRAIL DEVELOPMENT AND REHABILITATION

Amount received: **\$1,080,000**

Please note, not all ICIP projects are listed here.

INVESTING IN EMPLOYEE WELL-BEING

A full-scale employee engagement survey was delivered to City's employees (approximately 1,200) to measure satisfaction and engagement. Survey feedback was combined with focus group data to determine three areas of focus. Leadership is currently implementing action plans to improve organizational culture, support employee mental health, and increase visibility of senior leadership.

KINSMEN SPONSOR FREE FAMILY SWIMMING

To celebrate the summer, the Kinsmen Club of Medicine Hat sponsored free family swims at Hill Pool and Strathcona Pool for the entirety of the 2022 summer swim season.

LAND DONATION FOR AFFORDABLE HOUSING DEVELOPMENT

City Council approved land donation at 1482 5 Avenue S.E. to Medicine Hat Housing Society to build a new, 40-unit affordable housing complex in central Medicine Hat. The approval of the land donation for the construction of a new affordable housing complex is an important step towards addressing the growing need for affordable housing.



STRATEGIC PRIORITY #4: PARTNERSHIPS AND GOVERNANCE

MUNICIPAL STIMULUS PROJECT COMPLETION

In the summer of 2020, the Government of Alberta announced the Municipal Stimulus Program (MSP) in response to the COVID-19 pandemic to stimulate the economy through job growth and red tape reduction. Municipalities could submit up to five projects for consideration that met the following criteria:

- Meets fund objectives (sustain and create local jobs, enhance provincial competitiveness and productivity, position communities to participate in future economic growth, reduce municipal red tape to promote job-creating private sector investment)
- Project will not lead to operational funding requirements/ increased property taxes
- Project would not have gone forward without MSP
- Funds must be expended by December 31, 2021

The City of Medicine Hat received approval to proceed with the five projects as submitted. Total provincial funding to Medicine Hat was \$7,519,659.



BMX TRACK UPGRADES

Amount
received: **\$500,000**



GAS CITY CAMPGROUND CONSTRUCTION

Amount
received: **\$1,319,659**



MULTI-COURT PICKLEBALL FACILITY

Amount
received: **\$2,000,000**



MULTI-USE TRAIL DEVELOPMENT AND EXTENSION

Amount
received: **\$1,700,000**



TOWNE SQUARE REDEVELOPMENT OF 603 FIRST STREET SE

Amount
received: **\$2,000,000**

STRATEGIC PRIORITY #4: PARTNERSHIPS AND GOVERNANCE



PARKS AND RECREATION ENGAGEMENT EFFORTS

In 2022, Parks and Recreation focused a number of public engagement efforts, gathering community feedback to help inform strategies and projects identified in the Parks and Recreation Master Plan.

- A public engagement process for a new playground at Big Marble Go Centre was used to determine what would replace the playground that had been removed for the construction of the Pickleball Court facility.
- Individual feedback was gathered and focus groups were conducted in developing a draft off-leash policy for on/off leash areas
- Specific stakeholders and public groups contributed to planning for future concepts at South Ridge Community Park, Strathcona's Destination Park, Kin Coulee, Police Point Park, Central, and Ranchlands Parks.
- Residents of Medicine Hat participated in the Alberta Recreation Survey, the data for which will become available in mid-2023.

PARTNERSHIP WITH GRASSLANDS NATURALIST TO REMOVE BUCKTHORN

Members of Grasslands Naturalists and Parks and Recreation continued to remove Common Buckthorn (*Rhamnus cathartica*) in Police Point Park. The shrub can grow as large as a mature tree and is native to Europe and Asia. Here in Alberta, it is a prohibited noxious weed capable of outcompeting native species and negatively impacting biodiversity.

YMCA PARTNERS WITH CITY TO OFFER SWIMMING AMID ANNUAL POOL CLOSURES

During the temporary facility closure of Crestwood Rec Centre in July, the City and the YMCA of Medicine Hat partnered to ensure continued recreational opportunities, including indoor swimming throughout the summer. The YMCA honoured Crestwood memberships at both their downtown and South Ridge locations during the closure. This included access to the weights and cardio machines, group fitness classes, as well as the pool for lane swimming.



STRATEGIC PRIORITY #5: COMMUNITY WELLNESS

ADOPT-A-TREE PROGRAM

The Adopt-a-tree program encourages property owners residing along boulevards that are home to City trees to assist in maintaining their health by watering them. Residents who adopt a tree will support the well-being of our urban canopy and help prevent diseases such as Dutch Elm Disease. The City launched the program in 2022 with 25 locations. The goal is to have 200 residents signed on for the 2023 season.

CELEBRATING OUR COMMUNITY

To encourage more positivity online, the City launched a social media effort to celebrate the many beautiful sights in Medicine Hat. Residents were encouraged to submit their favorite photos of Medicine Hat for the chance to be featured on City social media platforms and the community response was overwhelmingly positive. Nearly 100 submissions were received and many were featured on Facebook and Instagram, generating over 550,000 impressions and more than 8,000 likes and reactions.

CENOTAPH DESIGNATION

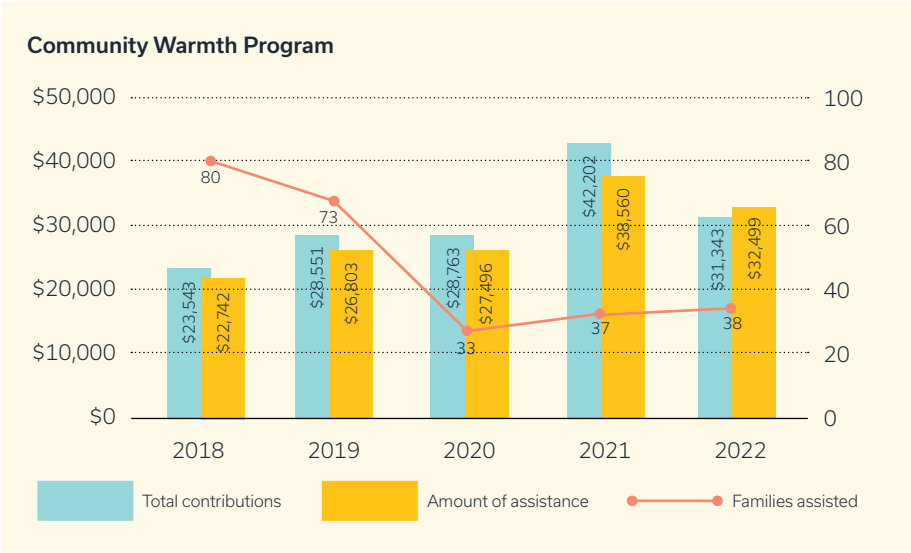
The Medicine Hat Cenotaph celebrated its 100-year anniversary on May 24 and was designated as a Municipal Historic Resource in July. The designation is a significant step in preserving this historical asset for the community and allows the City to maintain, restore and repair the Cenotaph; add additional names and inscriptions; and commemorate the Cenotaph through the installation of historical signs and displays.



COMMUNITY WARMTH

Since 2010, the Community Warmth program, administered by the Salvation Army, has assisted utility customers who struggle to pay their utility bills and are facing disconnection. The program relies on the willingness of Medicine Hat residents to provide monetary support for others in need. The City of Medicine Hat supports the program by providing a convenient, cost-effective mechanism for customers to donate by adding a pre-designated contribution, in increments of \$1, to participant's utility payment each month.

In 2022, the Community Warmth program helped 38 families pay their utility bills for a total of \$32,499. Since the program began in 2010, 577 families have been assisted through community donations and an additional 518 families received Community Warmth support through a \$900,000 COVID-19 assistance package approved by City Council in 2020. For more information, visit www.medicinehat.ca/communitywarmth.



STRATEGIC PRIORITY #5: COMMUNITY WELLNESS

CO-OP PLACE LANDSCAPING

Co-op Place underwent several upgrades this year to enhance the user experience and improve its accessibility. One of the significant upgrades was the landscaping work, which aimed to enhance the aesthetic appeal of the surroundings and create a more welcoming environment for guests. Another important upgrade was the installation of a new pedestrian walkway, which greatly improved the connectivity between the venue and the parking lot. These improvements serve as an example of how thoughtful design and infrastructure upgrades can contribute to creating more livable and sustainable communities.

CYCLE GUILD PARTNERSHIP

The Cycle Guild of Medicine Hat collects donated bicycles with an aim to refurbish and provide them to organizations or persons in need in Medicine Hat. In August 2022, the City of Medicine Hat partnered with the Cycle Guild to donate bicycles brought to the Waste Management Facility that would have otherwise been recycled through the diversion program. By October 2022, the Cycle Guild had retrieved and refurbished nearly 60 bicycles from the Waste Management Facility and donated them to organizations such as Saamis Immigration, the Mustard Seed, the Phoenix Safe House, and the local youth shelter, as well as individuals who had directly contacted the Cycle Guild.

E-SCOOTER PILOT

In May 2022, City Council approved a one-year electric scooter (e-scooter) pilot program with Bird Canada. Similar to car and bike sharing technology, shared e-scooters are GPS-enabled and can be rented using Bird Canada's smartphone app. This initiative aims to provide an alternative mode of transportation that is efficient, convenient, and environmentally friendly.



EARTH DAY COMMUNITY CLEANUP

To celebrate Earth Day in April, the City launched a week-long community initiative aimed at promoting environmental stewardship and community engagement. During this period, residents from all neighborhoods came together to participate in a litter cleanup campaign with the goal of making our city cleaner. The event aimed to raise awareness about the importance of proper waste management, and to encourage residents to take a proactive approach in preserving the environment.

ENHANCING SAFETY ON OUR TRAILS

To continue promoting positive trail etiquette and safety along the Heritage Trail Network, a yellow line was painted along the South Ridge PUL Trail, as well as three blind corners throughout the trail system. The yellow line enhances safety by reminding trail users to keep to the right unless passing others.

STRATEGIC PRIORITY #5: COMMUNITY WELLNESS

FAIR ENTRY AND RELIEF OPTIONS FOR THE COMMUNITY'S MOST VULNERABLE

Recognizing that many in the community were facing financial challenges due to rising costs of goods and services, City Council approved enhancements to the Fair Entry program which helps low-income families and individuals in Medicine Hat afford popular city programs. The changes to the program included:

- Savings of 75%, up to \$200 annually per person, for regular-priced recreation program and admissions at Big Marble Go Centre, Crestwood Recreation Centre and outdoor pools.
- An additional \$300 credit per household to eligible Fair Entry customers, applied as a credit to utility accounts as a \$50 credit in January, February, March, July, August and September 2023.
- Savings of 75%, up to \$200 annually per person, for reduced rates on educational programs directly provided by staff of the Esplanade.
- Savings of 75% on monthly transit passes, to an annual maximum of \$630 per person.

To be eligible for the Fair Entry program, residents must meet the Low-Income Cut-Off set by the federal government. Apply to the Fair Entry program on the City's website.

FIRE CHIEF FOR A DAY

Medicine Hat Fire and Emergency Services welcomed a new (temporary) chief, when 'Fire Chief for a Day' contest winner and Grade 6 student, Asher Melanson, took over. Asher started his day with a firetruck ride, followed by a visit to Station No. 2 where he participated in drills with the station's day crew and learned about fire prevention, detection and control methods.



GAS CITY CAMPGROUND AND COMFORT CABINS

The 2021 Municipal Stimulus Program provided funding for the Gas City Campground, allowing for significant upgrades to the site's infrastructure and amenities. With \$1.3M in funding, the campground was able to complete the conversion of all remaining un-serviced sites to 30-amp full-service and added two, 540 sq. ft 'Comfort Cabins'. The new cabins were highly anticipated by visitors, and upon their opening in 2022, were occupied over 70% during the regular camping season.

NORTHEAST CRESCENT HEIGHTS SKATE SPOT OPENING

2022 saw the long-awaited ribbon cutting for the NECH Skate Spot, an installation of an informal skateboarding area within the 300 block of 8 Street NE. This pilot project is the second of its kind in the city and is aimed at designating low-conflict zones for skateboarding, creating a safe space for skateboarders and pedestrians alike. This community project was the result of a collaboration between the Medicine Hat Skateboard Association and multiple third-party donors.

STRATEGIC PRIORITY #5: COMMUNITY WELLNESS

PROJECT HOPE

Project Hope began with students at River Heights Elementary School, reflecting on and answering questions about big and important topics including kindness, safety, love, and hope. With the goal of starting a larger community conversation, the City created the Project Hope campaign as a continuation of the Connecting Community initiative. Campaign materials were shared broadly in the form of social media posts, videos, and graphics installed on transit buses, schools, and City buildings.



REOPENING OF RECREATION FACILITIES

In December 2021, City Council approved the reopening of Crestwood Recreation Centre and Moose Recreation Centre for early 2022. To reopen, both facilities required work to ensure they met safety and quality standards. The concrete ice slab inside the Moose Recreation Centre was replaced and Crestwood required the start-up of mechanical systems to ensure proper working condition to fill the pool. Crestwood Recreation Centre reopened in February 2022, and the Moose Recreation Centre reopened in October.

SARATOGA DOG PARK TREE PLANTING

In May, work to plant 20 trees and install irrigation infrastructure at Saratoga Dog Park took place to provide shade for dog owners and their pets, as well as improve the area aesthetics.

SKATEBOARDS RETURN TO DOWNTOWN

A skateboarding bylaw that prohibited skateboarding in the downtown core, in place for the past 18 years, was repealed to pave the way for the e-scooter pilot program and support the evolving active transportation landscape.

SPORTS WALL OF FAME

In January 2022 City Council approved the nomination and induction of William Lauder to the Medicine Hat Sports Wall of Fame. Known as the "Father of Boxing in Medicine Hat", Lauder was posthumously inducted for his local contributions to the sport, and for claiming several titles including 'Lightweight Champion of Scotland'. The Sports Wall of Fame is located at Big Marble Go Centre and is meant to recognize outstanding individuals and teams who have contributed significantly to sports in the community. The Wall of Fame aims to honour past, and present sports-related individuals and teams, inspire future generations, and celebrate Medicine Hat's rich history in sports achievements.



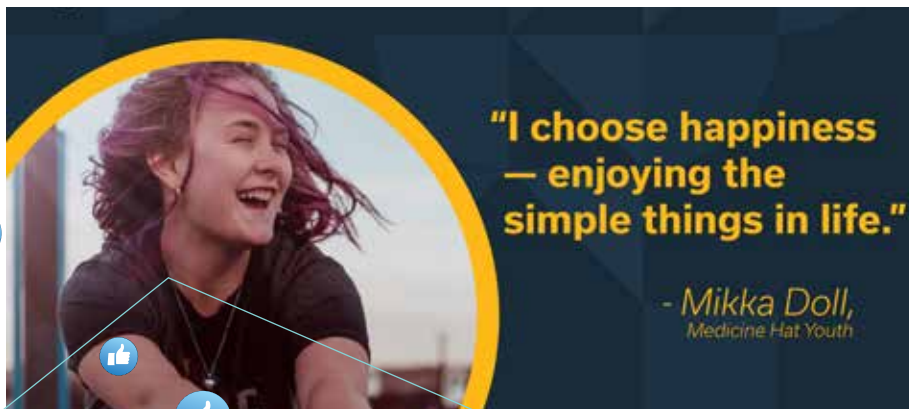
STRATEGIC PRIORITY #5: COMMUNITY WELLNESS

SUPPORT FOR UKRAINIAN EVACUEES AND REFUGEES

The City supported Hatters Help Ukraine, a group of volunteers, community charities, and local service organizations working collaboratively to welcome displaced Ukrainians to Medicine Hat. The City provided free transit monthly passes and 31-day passes for Big Marble Go Centre and Crestwood Pool for three months to any government-assisted refugees settling in Medicine Hat within the previous 12 months through the Government of Canada Immigration, Refugees and Citizenship Program, as well as Ukrainian evacuees settling temporarily in Medicine Hat as part of the Government of Canada's Canada-Ukraine Authorization for Emergency Travel program.

SUPPORTING A POSITIVE COMMUNITY

To support community well-being, the City launched a campaign to encourage positive conversation and interactions, particularly online. The "Choose" campaign ran throughout 2022 aiming to build optimism and positivity through the community using testimonials and stories of local residents.



TOGETHER AGAIN

After the challenging times of the pandemic, the City welcomed back several events that helped bring the community together in 2022. These events included the Together Again street festival, Art in Motion, Big Marble Go Centre Family Day, World Cup Showing at Esplanade, Cirque du Soliel, Sawyer Brown and Lonestar, and many others!

The Together Again street festival, which saw approximately ten thousand people in attendance, was a particularly noteworthy event. It provided diverse opportunities for all ages to come together and gather for a collective experience. The festival featured a variety of activities and entertainment, including live music from Canadian headliners and local performers, food trucks, street entertainers, a local market, story-gathering, and a dining experience on the historic Finlay bridge.

The Together Again Story Collection Project, a representation of the collective community memory of the COVID-19 pandemic years, can be found online at www.esplanade.ca/.

STRATEGIC PRIORITY #5: COMMUNITY WELLNESS



TRAIL ETIQUETTE CAMPAIGN

The city's Heritage Trail Network is made up of multi-use trails that span more than 155 kilometres. Used by joggers, walkers, families and their children, cyclists, and our four-legged friends, it is important that everyone understands proper trail etiquette and feels safe. The trail etiquette campaign - coined 'Share the Trails' - was created to encourage everyone to be courteous when using the trails so that people of all ages and abilities can enjoy this outdoor amenity in our community safely. A variety of tools and messages were used including vinyl sidewalk stickers, television promotions, and online videos to kindly remind patrons to stay alert and safe.

TRANSPORTATION SAFETY INITIATIVES

Based on current transportation industry standards and best engineering practices, the City improved several crosswalk locations to include enhanced signage, rectangular rapid flashing beacons (RRFBs), as well as 'elephant feet' road markings to sustain a safe travelling environment for all users, including motorists, pedestrians, and cyclists. The improvements occurred at Division Avenue and 14 Street NW (the existing crosswalk was upgraded with larger signage and reflective poles), 3 Street NW near River Ridge Seniors Village (crews installed RRFBs at the crossing location), South Ridge Drive and 46 Street SE (the existing crosswalk was upgraded with larger signage and reflective poles) and Carry Drive SE (elephant feet road markings were incorporated in the trail crossings along Carry Drive SE denoting locations where cyclists are not required to dismount when crossing the roadway).

TRUTH AND RECONCILIATION EFFORTS

In July, the Truth and Reconciliation Recommendations Committee brought forward the Walking the Path to Truth and Reconciliation: 2022-2025. The document recommends actions the City of Medicine Hat can take over a multi-year period to promote reconciliation and build stronger relationships between the City and Indigenous peoples. Staff developed a plan outlining steps, milestones and resources required to implement the recommendations.

The City's first actions from the report will be to review and update the Statement of Acknowledgement, and to work with the University of Alberta on the return and reburial of ancestral remains.



STRATEGIC PRIORITY #6: RESILIENCE AND SUSTAINABILITY

ACCELERATED ABANDONMENT OF UNECONOMIC GAS WELLS

Progress on the City's gas well abandonment phase advanced through 2022 with no lost-time injuries or accidents. The City began the abandonment program in 2019 with 4,752 licensed wells. Since that time, nearly 25% (1,099 wells) were divested; 465 wells have received reclamation certificates; 2,342 wells have been abandoned and are undergoing reclamation; 204 are not operating and await abandonment; and 642 wells remain operating. The majority of the operating wells are in the northeast portion of the historic Medicine Hat gas field and are expected to remain economic for eight to ten more years.

ADOPT-A-RINK

A team of community volunteers manages the 14 outdoor rink locations every winter. The resident volunteers are supplied with shovels and hoses, training, and snow removal support from the Parks and Recreation City crews. Their responsibilities include building and maintaining the ice, as well as flooding and shoveling when necessary. Ryan Davidson, a resident of the SE Hill neighborhood, is one of the local Hatter residents who has participated in the 'Adopt-a-rink' program for the past 20 years. He takes great pride in maintaining the ice at the Kiwanis Central Park outdoor rink.



ANNUAL ROADWAY OVERLAY PROGRAM

Each year, select roads are planned for resurfacing in the City's capital budget based on the priority identified within a comprehensive asset management plan. Work involved removing the top layer of asphalt and replacing with a new asphalt surface. In 2022, preservation of the following existing roadways occurred during the \$2 million overlay program:

- Parkview Drive NE from Altawana Drive NE to 12 Street NE
- Altawana Drive NE between Parkview Drive NE and the Maple Avenue Bridge
- Sage Road SE from Southridge Drive SE to Stratton Way SE
- Strachan Road SE from 13 Avenue SE to Strachan Bay SE

BRIER PARK GRAVITY BYPASS PHASE 3

Phase 3 of a multi-year project to install a new sanitary sewer trunkline in Riverside began in 2022 as part of the long-term sewer management strategy. This phase will continue into 2023, replacing portions of an existing sanitary trunk main to significantly increase its capacity and accommodate long-term growth in the northwest quadrant of the City (Box Springs, Brier Park, Redcliff). To minimize disruption and coordinate resources, the City installed a new gas main along 1 Avenue NW during the ongoing construction.

STRATEGIC PRIORITY #6: RESILIENCE AND SUSTAINABILITY

CARRY DRIVE SE REHABILITATION WITH LEFT TURN REFUGE LANES

A long span of Carry Drive SE from the top of Scholten Hill to the Cameron Road SE intersection underwent an extensive \$3.2 million rejuvenation in four phases through 2022. Work began in July to remove and rebuild the subsurface in some sections and the entire pavement surface; upgrade the curve and intersections at Southview Drive SE and Ross Glen Drive SE; remove and replace damaged concrete surfaces where necessary; and add and replace damaged storm water infrastructure. Concrete medians and left-turn refuge lanes were added to protect drivers turning across lanes on the busy route without blocking cars coming from behind. The project concluded with line painting and landscape restoration later in the fall.

CONSTRUCTION START ON RESIDUALS MANAGEMENT FACILITY AT THE WATER TREATMENT PLANT

The City of Medicine Hat mobilized construction on a \$29.5 million Residuals Management Facility (RMF) at Medicine Hat's Water Treatment Plant in October 2022. Engineering design and site prep is complete, perimeter fencing is erected around the worksite, and much of the major equipment is ordered with plans to break ground in April 2023. In response to Alberta Environment and Protected Areas' (formerly Alberta Environment and Parks) modified province-wide requirements for "Approval to Operate" a water treatment plant, the City of Medicine Hat approved budget for design and construction of the RMF in 2018 to limit the amount of solids discharged into the river through the water treatment process to the regulated 25 milligrams per litre or below. The facility must be operational by 2024.



CONSTRUCTION ON WEST BOUNDARY ROAD NW

In 2022, the City completed the final phase of West Boundary Road NW upgrades that began in 2016 by addressing the work zone north of Highway 1 to Box Springs Boulevard NW. The entire project from start (2016) to finish (2022) cost \$2.8 million.

CORPORATE SPACE MANAGEMENT OPTIMIZATION

With the expansion and upgrade of the city-owned property at 533 1 Street SE and the strategic relocation of various staff departments, the City was able to vacate the offices at 505 1 Street SE and 102-556 4 Street SE, eliminating the last of the City's leased corporate spaces, saving nearly \$215,000 in lease payments and operating expenses per year.

STRATEGIC PRIORITY #6: RESILIENCE AND SUSTAINABILITY

ELECTRIC DISTRIBUTION UPGRADES

In addition to the major effort to repair more than 80 power poles, two substations and multiple transmission lines from the July windstorm, electric crews concentrated on two main electric infrastructure projects in 2022. Workers replaced 850 metres of underground electric cables and three transformers in the Crestwood neighbourhood on Craven Place SE. The project addressed 'end of life' infrastructure and cost \$325,000. A second 'end of life' project in the electric asset mix offered the opportunity to reroute the MH-50L electricity transmission line and reconfigure its connection to Substation 2 (MHS-2) near Box Springs Road NW. The \$384,000 project used assemblies large enough to facilitate future line upgrades.

FIRE HARDENING ON ELECTRICAL TRANSMISSION SYSTEM

As part of a deliberate fire hardening project to protect critical electricity infrastructure in the city's driest environments, 622 wooden transmission poles were wrapped with an inert mesh that expands and provides a thermal barrier in the event of fire. The first phase of this multi-year project cost \$130,000. Future phases of the project will focus on finishing the remaining transmission poles and then move to high-risk distribution system structures.



GAS DISTRIBUTION UPGRADES

Two significant projects on the City's gas distribution infrastructure took shape in 2022 to ensure continued safe and reliable supply of natural gas to homes and businesses. Approximately 1,000 metres of low-pressure gas main was replaced in the Norwood neighbourhood for roughly \$431,000 in the first two phases of a multi-year project that will continue into 2023. In Redcliff, the City of Medicine Hat installed 480 metres of six-inch steel gas main at a cost of nearly \$500,000 in the area of 5 Street NW to optimize capacity of the main feeder line. This work used a combination of directional underground drilling and open excavation.

STRATEGIC PRIORITY #6: RESILIENCE AND SUSTAINABILITY

HAT SMART

HAT Smart is a popular, award-winning environmental initiative, mandated to educate consumers and promote energy conservation and renewable energy initiatives. HAT Smart benefits residential customers and is funded by high-consumption electric and gas residential utility customers through an Environmental Conservation Charge.



In 2022, elements of past HAT Smart initiatives were combined into a total of four separate incentives (Existing Homes, New Homes, EnerGuide Home Evaluations and Scratch and Win) to streamline the application process. The City dispersed \$205,069 in 560 separate rebates for energy-efficient residential home improvements as follows:

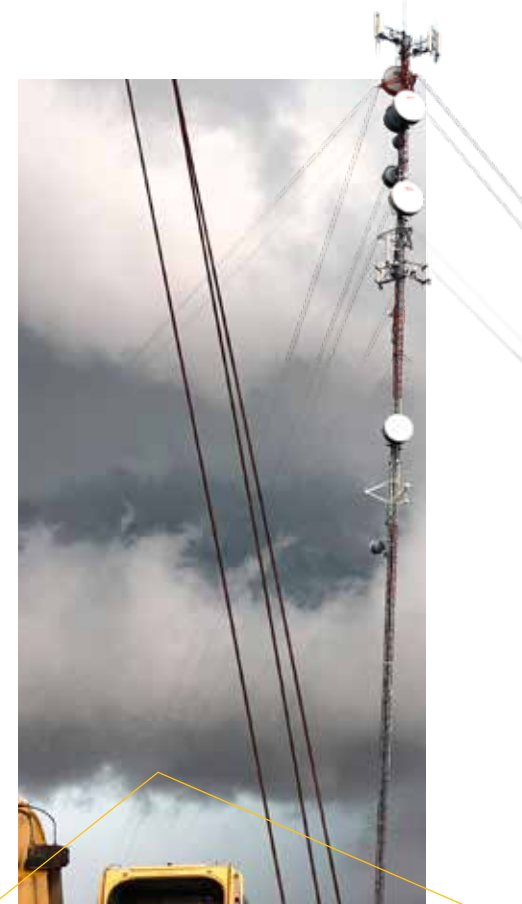
Existing Homes Categories	# of rebates	Funding paid	# of rebates	Total paid
Insulation	40	\$21,485		
Windows/Doors	52	\$49,725		
Furnace	11	\$3,500		
Air Conditioning	3	\$1,050		
Tankless Water Heater	1	\$500		
HRV/ERV	1	\$1,000		
Solar	17	\$16,328		
Total Existing Homes Incentive			106	\$93,588
New Homes Incentive			14	\$20,165
EnerGuide Home Evaluations			150	\$60,000
Scratch and Win			290	\$31,316
Total			560	\$205,069

HILLSIDE CEMETERY UPGRADES

During the spring of 2022, the process of upgrading irrigation infrastructure at Hillside Cemetery continued. This project has been divided into three phases, with the work starting in 2020. Phase three was initiated in 2022 and is projected to conclude in 2023. The total project cost is \$1,374,156.

JULY WINDSTORM RESPONSE

Medicine Hat experienced a severe weather event in July where high winds and heavy rains caused power outages and damage to the City's electric transmission and distribution system, including downed power lines and poles, as well as damage to property throughout Cypress County and Redcliff. The City initiated an Incident Command Post early in the response phase, and in collaboration with neighbouring municipalities was able to expedite response activities, including restoring power to thousands of customers. This response relied on individuals and organizations to clearly understand emergency response roles and responsibilities. Through Environment and Climate Change Canada, the incident was later re-classified as an EF-2 tornado.



STRATEGIC PRIORITY #6: RESILIENCE AND SUSTAINABILITY

KIN COULEE STAIRS

The aging stairs at Kin Coulee Park were replaced in 2021, and in 2022, additional work occurred to connect the stairs with the Medicine Hat College pedestrian walkway. This step was taken to enhance the accessibility and usability of the area. The total project cost was \$42,807.

KIN COULEE TUNNEL UPGRADES

In order to mitigate seasonal flooding and ice accumulation, the sidewalk within the Kin Coulee TCH tunnel was raised through construction work that finished in May 2022. This modification has transformed the walkway into a year-round usable path. The total project cost was \$99,800.



LEINWEBER PARK IRRIGATION

Construction to replace aging irrigation lines at Leinweber Park began in June. The project also included the planting and establishment of fescue grass areas to reduce water consumption and decrease overall operational maintenance costs. The total project cost was \$1,294,718.

LEINWEBER POND GOLDFISH AND KOI POPULATION CONTROL

Goldfish and koi are non-native species and are considered invasive because of the adverse effects they can have in areas like retention ponds, where they can create an unbalanced and unhealthy ecosystem.

A professional biologist sprayed a licensed pesticide over Leinweber Pond to control the goldfish and koi population in August. This pesticide targets the species without causing harm to the pond or other species and wildlife. Residents were reminded of appropriate options to consider when they are no longer able to care for a pet fish.

STRATEGIC PRIORITY #6: RESILIENCE AND SUSTAINABILITY



MONARCH THEATRE PRESERVATION

The City released an expression of interest in January, inviting interested individuals or groups to submit their proposals for the Monarch Theatre to maximize its potential as a valuable historic landmark. In November, Council directed administration to issue a request for proposals which will be posted in early 2023.

The Monarch Theatre, which is designated as a Municipal Heritage Resource, is the oldest operational movie theatre in Western Canada. It has undergone significant improvements in recent times, such as the addition of new seating, a fully digital projection system, and upgraded HVAC systems. The Monarch is a purpose-built theatre that is over a century old and holds great historical significance.

NEW ENERGY PLANS APPROVED FOR 2023

In November the City announced new energy pricing plans for electricity and natural gas to offer more choice for customers, better align with offers available elsewhere in the province, and manage risk to protect the City's historical and current investment in commodity production assets. The new options involved both fixed and variable 12-month contracts, along with the monthly non-contract default regulated rate option (RRO). Staff embarked upon an extensive communications campaign to educate commodity consumers about the new options available on January 1, 2023, creating an influx of inquiries for support through the Customer Care and Billing team late in the year.

PRINCE STREET SE REHABILITATION

A \$700,000 project to rehabilitate Prince Street SE between Maple Avenue SE and North Railway Street SE included the removal of the asphalt surface, replacement of the storm system, upgrading of the road structure, and installation of new concrete curb, gutter, sidewalk and final paving. Line painting and minor landscaping rehab will continue into 2023.



STRATEGIC PRIORITY #6: RESILIENCE AND SUSTAINABILITY

REHABILITATION OF SAAMIS ARCHAEOLOGICAL TRAIL

Improvements were made in September, repairing the path's alignment and addressing erosion in susceptible areas to restore the trail's condition. Total cost was \$61,620.

RIVER FLATS SANITARY SEWER REPLACEMENTS

The City began a major capital upgrade to water mains, sanitary sewer, and storm infrastructure in Medicine Hat's River Flats neighbourhood. The project on Balmoral Street SE, Ash Avenue SE and a portion of Allowance Avenue SE is expected to cost more than \$3 million and continue into 2023. Work addressed underground pipe that in some cases was more than a century old. Some infrastructure was too deteriorated to take advantage of newer, less intrusive repair methods and had to be dug up and replaced.

SARATOGA TRAIL DRAINAGE WORK

Maintenance work began on a section of Saratoga Trail to enhance the drainage system and tackle ice accumulation issues on the pathway, which pose a risk to trail users during sub-zero temperatures. The project will be completed in 2023 with a total cost of \$226,301.



STRATHCONA ISLAND PARK BRIDGE IMPROVEMENTS

The bridge at Strathcona Island Park, which links the parking area to the boat launch, has undergone maintenance as part of the bridge strengthening initiative to enhance its operational efficiency. Partial funding from the 'Trans Canada Trail Care Grant Program' was provided. The total project cost was \$59,920.

URBAN GAS WELL MANAGEMENT

Residents within Medicine Hat's municipal boundaries were treated to unfamiliar sights early in 2022 when the City began downhole abandonment of uneconomic urban gas wells in four City parks: Somerset Park (Southlands), Chartwell Park (Southlands), Spruce Park (Hamptons) and Saamis Rotary Park (Saamis Heights). The work involved large equipment including coil tubing units, pressure trucks, service trucks, and in the case of the Saamis Rotary Park – a wireline unit and service rig. Work on an operating well in Terrace Park occurred in February to repair a malfunctioning valve on the wellhead.

STRATEGIC PRIORITY #6: RESILIENCE AND SUSTAINABILITY

WATER, SEWER AND STORM SEWER REHABILITATION

As part of the City's ongoing strategy to address aging critical infrastructure, the City invested approximately \$5.8 million to repair or replace water and sanitary sewer mains in 2022. To take advantage of the synergies of scope and location of the work, and to avoid multiple disruptions in the areas, other City departments coordinated to perform work on underground gas, electric and storm sewer infrastructure, as well as surface roadway improvements at the same time:

- 6 Street SE sewer repair: \$1,114,740
- 6 Street SW water and sanitary sewer replacement: \$1,910,961
- Kensington water interconnection: \$351,543
- Purmal Lift Station sanitary pipe repair: \$255,943
- Sanitary Sewer spot repairs (various areas): \$244,792

Several areas of deteriorated sanitary sewer main were rehabilitated with cured in place pipe (CIPP) sanitary sewer lining technology. The innovative method consists of draining and cleaning the existing pipe, inserting an epoxy liner through the sewer system between two manholes, and then curing it in place with steam. CIPP lining allows full restoration of a sewer trunk without having to excavate and expose the piping.

- College Avenue SE: \$447,514
- 4 Avenue SW and Robertson Way SW: \$202,417
- Dundee Street SE: \$136,783
- 7 Avenue SW: \$133,534
- Balmoral Street SE: \$273,403
- Carry Drive, Cameron Road, Ross Glen Road: \$466,435
- London Avenue SE and Industrial Avenue SE: \$85,492
- 6 Avenue SE: \$26,158
- Connaught Drive SW: \$17,146
- 12 Street SE/Spencer Street connection: \$104,516



CHIEF FINANCIAL OFFICER'S INTRODUCTION

I am pleased to submit the City of Medicine Hat consolidated financial statements for the fiscal year ended December 31, 2022. KPMG LLP has audited these financial statements and provided an unqualified audit opinion in their report dated April 4, 2023.

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

- protection to its citizens (fire, police and bylaw services, 9-1-1 communications, community development services)
- parks, recreation and culture activities
- road, bridge, sidewalk and trail maintenance
- city planning and development

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

- water, sewer and solid waste management
- land and property development and business support development
- integrated commodity related businesses including natural gas exploration, production and procurement as well as electric generation
- natural gas and electric distribution services

The financial statements bring together the financial results of these activities. In doing so, the City is responsible for both accuracy of the data and 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, and compares how financial resources were used compared to budgets and past financial performance.

The purpose of the financial report is to present readers with clear insight on the financial results for the City for the fiscal year ended December 31, 2022. City administration strives to ensure that this report presents fairly the financial position of this City

DENNIS EGERT

**Chief Financial Officer and
Managing Director**

Corporate Services

May 15, 2023



GFOA AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Canadian Award for Financial Reporting to the City of Medicine Hat for its Annual Financial Report for the fiscal year ended December 31, 2021, for the twentieth year in a row. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.



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

RISK MANAGEMENT

This section of the report details 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.

ENTERPRISE RISK MANAGEMENT

In 2021 the City engaged a consultant to support the development and implementation of an Enterprise Risk Management (ERM) framework. The ERM framework is the guiding document that defines the methodology, process and the related roles and responsibilities. It will support strong and well-informed governance decision making and ensure that enterprise risks are identified, assessed and mitigated to an acceptable level. The implementation is progressing resulting in a framework, a risk register, and approved risk action plans which will be incorporated into the strategic planning process.

OPERATIONAL RISK MANAGEMENT

As a result of continued premium rate increases over the past few years, the City undertook a third-party review of its insurance program that included recommendations to self-insure certain components of the City's insurance program in order to reduce overall costs while remaining within the City's risk tolerance. The insurance program continues to provide insurance coverage for the majority of the City's major losses that involve third party property damage or bodily injury and/or property damage to City property (buildings/equipment/vehicles), contributing to long term sustainability of City assets. To accommodate self-insuring certain components of the insurance program, a formal insurance reserve was established (included within the operating reserve) to mitigate future large insurance claims.

RISK MANAGEMENT

TREASURY MANAGEMENT

Portfolio investments are comprised of investments in qualifying instruments as defined in the City's Investment Policy #0167. In 2015, the City was included by Municipal Affairs in the Major Cities Investment Regulation, which provides access to a broader range of investment opportunities, including publicly traded shares of companies. The regulation expands the investment opportunities for the City's financial reserve funds.

In 2021, the City engaged a consultant to perform a review of its investment portfolio with the objective of assessing the appropriateness of the current asset mix policy and exploring alternative asset mixes while maintaining an appropriate balance between return and risk. The recommendation was to transition the City's investment portfolio from significant fixed income exposure to a more diverse portfolio including fixed income, equities and alternative investments. This new portfolio has been structured to achieve the City's overall long-term objectives of optimizing investment returns through the investment cycle while maintaining an appropriate level of risk; generating sufficient investment return to cover annual net spending; capital preservation; as well as conforming to all provincial statutes and regulations governing the investment of municipal funds.

The new investment portfolio is well diversified and includes internally managed portfolios consisting of investments in money market instruments and bonds as well as external investment portfolios managed by third party investment managers:

- Addenda Capital
- Alberta Investment Management Corp
- Arrow Street Capital
- Brookfield Asset Management
- Connor Clark and Lunn
- Manulife Investment Management
- Igneo Infrastructure Partners
- JP Morgan Asset Management
- Mesirow
- Phillips Hager and North

These portfolios consist of fixed income securities, Canadian and foreign equities and alternative investments. These funds are invested in assets permitted by the Major Cities Investment Regulation.

Investment performance is evaluated against to market benchmarks that are replicable, measurable and fair comparisons to the portfolios being measured. The treasury team meets to review the investment portfolio and quarterly activity. A treasury report, complete with performance indicators, is compiled tri-annually 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 securely. 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.



RISK MANAGEMENT

PUBLIC SAFETY

Medicine Hat Police Service continues to keep pace with community growth and the demand for services from residents. The use of technology, equipment and continued training and development of police service personnel ensures public and officer safety.

Fire Services provides life and property protection to the community through rapid response to fire or rescue emergency, and natural or man-made disasters. They provide community inspections, education and safety programs and preplanning for disasters and emergencies. Fire Services monitors growth patterns and recommends changes and 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 the 9-1-1 Communications Centre, serving as a single point of contact for allocation of emergency and essential services to the residents of Medicine Hat, Redcliff, County of Forty Mile, Foremost, and Bow Island, a regional population of approximately 77,000 residents. The aim is to maintain a level of service that meets or exceeds industry standards with respect to call answer times, prioritization and overall protocol compliance.

ENVIRONMENTAL

The Environmental, Land and Government Relations department provides corporate support and ensures regulatory compliance with regard to environmental matters. The department completes the regulatory activities (including the administration of Environmental Management Policy #0148), 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 focusing on both compliance and proactive excellence in matters of environmental stewardship.

MARKET COMMODITY PRICES

The City's revenues are affected by changes in market spot prices for natural gas and oil production and electric generation. The City engages in certain hedging activities to mitigate the impact to revenue from market price changes. Hedging Policy #0159 provides the framework for guiding this risk management activity at the City. This policy outlines a set of triggers that guide hedging activities for each business unit. The hedge programs are designed for the specific requirement and constraints of Medicine Hat and focus on stabilizing the cost of commodities and/or revenues, maintaining reliable supplies for operations/sales, and mitigating financial risk exposure to the City.

MANAGEMENT REPORTING AND CONTROL

The following section describes the planning, reporting and audit process.

OUR GOVERNANCE BUSINESS CYCLE



STRATEGIC PLANNING AND BUDGETING

City Council developed a strategic plan highlighting priorities, strategies, goals and key results for the planning period 2019-2022. Based on the direction set out in the strategic plan, four-year departmental business plans are prepared. These business plans communicate each department's alignment with the strategic plan and identify:

- the core services/programs of the department and key performance indicators,
- departmental primary customers,
- significant risks and trends faced by the department, including mitigation plans,
- strategic objectives, rationale, indicators of success and action plans of the department.

Budget guidelines and high-level financial projections are developed. Based on these guidelines and departmental business plans, departments develop their budget requests. City Council has approved the adoption of a four-year operating budget and a four-year capital budget with a six-year projection.

The Administrative Committee reviews departmental budgets and when satisfied that budgets are aligned with the business plans, the budget recommendation is presented for City Council approval. The operating budget lays out the revenues and expenses for the planning periods that will be required to deliver City services to residents.

A ten-year capital plan is developed for all departments. The capital plans identify proposed capital project expenditures and their corresponding sources of funding.

For the 2019-2022 budget period, the City employed a capital ranking process for the tax supported departments. This process is intended to ensure that capital funding is allocated to the projects that will provide the highest value and benefit to the municipality.

ACCOUNTING

The City of Medicine Hat manages the accounting function in five core divisions: Corporate Services, Public Services, Strategic Management and Analysis, Energy and Infrastructure, Invest Medicine Hat, as well as Medicine Hat Police Services (which is administered through the Police Act). Each division is responsible for managing the delivery of services in accordance with the resources allocated. All divisions share a common accounting and reporting system. Financial and accounting services are administered under the direction of the Managing Director of Corporate Services and delivered to each division based on requirements.

MANAGEMENT REPORTING AND CONTROL

AUDITING

The Municipal Government Act requires municipal councils to appoint an independent auditor. KPMG LLP was awarded a one-year Audit Contract in 2020 with a year-to-year extension through 2024, subject to City Council's annual reappointment of auditors. City council approved KPMG LLP's appointment for the 2022 audit.

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.

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 progress is reported to the Audit Committee throughout the year on a tri-annual basis. These progress updates examine financial performance relative to approved budgets and forecast updates.



FINANCIAL HIGHLIGHTS

FINANCIAL TREND SUMMARY

The financial data displayed on the following pages provides an overview of key financial information over the past two years. Readers should review this report in conjunction with the accompanying Consolidated Financial Statements and Note Disclosures located on the City's website at: <https://www.medicinehat.ca/government/publications-plans-reports/financial-reports>.

In 2022 the City experienced higher annual surplus despite the external pressures stemming from rising inflation, ongoing impacts from COVID-19, the Government of Alberta reduction in municipal funding and continued market volatility impacting commodity prices and investment returns. The higher surplus is primarily due to increased revenues as a result of higher electric commodity prices and the reversal of prior years' gas asset impairments as a result of the increase in provable and probable reserves and the increase in current and forward market commodity prices.

In 2022 the City's municipal budget anticipated a \$9 million gap which was funded through financial reserves to achieve a balanced budget. The 2022 actual municipal deficit was \$17.9 million, which required an additional transfer of \$8.9 million from reserves to fund the deficit. The City continues to focus its efforts on identifying strategic opportunities including revenue growth, cost containment, service level adjustments, and leveraging technology and digital innovation to reduce its reliance on reserves to achieve a balanced budget.

As a result of the declining gas and oil commodity prices over the past few years, the City decided to accelerate the abandonment and reclamation of its uneconomic oil and gas properties. The budgeted cost of the program is expected to be \$125 million to be financed through a combination of working capital (\$45 million) and debenture borrowing (\$80 million). As of year-end 2022 the accelerated abandonment program

is virtually complete with almost 1,800 wells fully abandoned and under reclamation. Technical and logistical issues continue to be examined for the remaining wells in the program and abandonment will occur as these issues are resolved. The program ensures the City is fostering the wellbeing of the environment by safely meeting end of life obligations for its energy development activities.

The Public Sector Accounting Standards (PSAS) is silent on the treatment of resource properties. In order to better reflect the operations of oil and gas properties and to provide more financial transparency, the City uses International Financial Reporting Standards (IFRS) to account for its oil and gas assets.

FINANCIAL HIGHLIGHTS

Consolidated Financial Position (in thousands of dollars)	2022	2021
Assets	\$ 791,421	\$ 668,430
Liabilities	\$ 802,831	\$ 831,561
Net financial debt	\$ (11,410)	\$ (163,131)
Non-financial assets	\$ 43,180	\$ 67,257
Net tangible capital assets	\$ 1,422,663	\$ 1,389,183
Total non-financial assets	\$ 1,465,843	\$ 1,456,440
Accumulated surplus	\$ 1,454,433	\$ 1,293,309

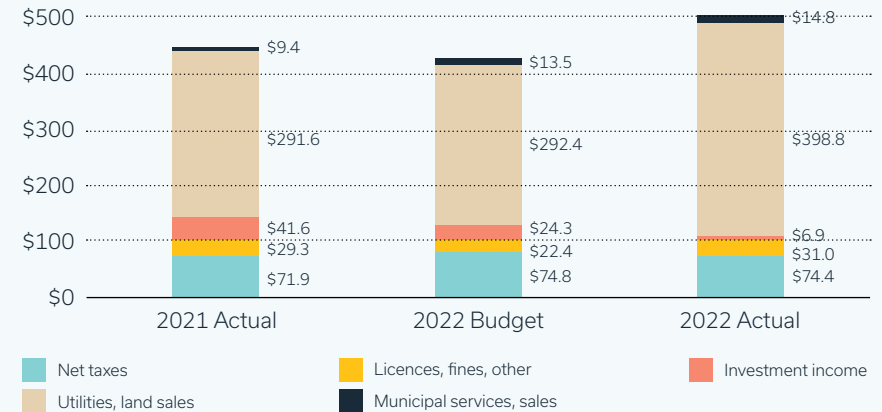
2022 Operating Results (in thousands of dollars)	Revenue	Expenses	Annual Surplus
General Fund	\$275,536	\$220,602	\$54,934
Utilities	\$ 514,269	\$ 446,606	\$ 67,663
Consolidation adjustments	\$ (263,870)	\$ (266,676)	\$ 2,806
Subtotal	\$ 525,935	\$ 400,532	\$ 125,403
Capital contributions and grants	\$ 35,721	-	\$ 35,721
Total	\$ 561,656	\$ 400,532	\$ 161,124

FINANCIAL SUMMARY

In 2022 financial assets increased at a higher rate than financial liabilities resulting in a significant decrease in net financial debt of \$151.7 million from 2021. The increase in assets was due to an increase in financial investments as a result of higher contributions from our integrated commodity business. Liability decreases were a result of a decrease in asset retirement obligations due to cost estimate changes and the accelerated abandonment program.

In 2022, the annual surplus was \$161.1 million primarily due to higher electric commodity prices. Capital contributions and grants represent funding used for various capital projects such as: flood mitigation projects; campground upgrades; Towne Square development; Athletic Ball Park enhancements; Pickle Ball Courts; building rehabilitations, pedestrian trails and bridge rehabilitation, and sidewalk, roads and storm sewer rehabilitation.

Revenues (in millions of dollars)

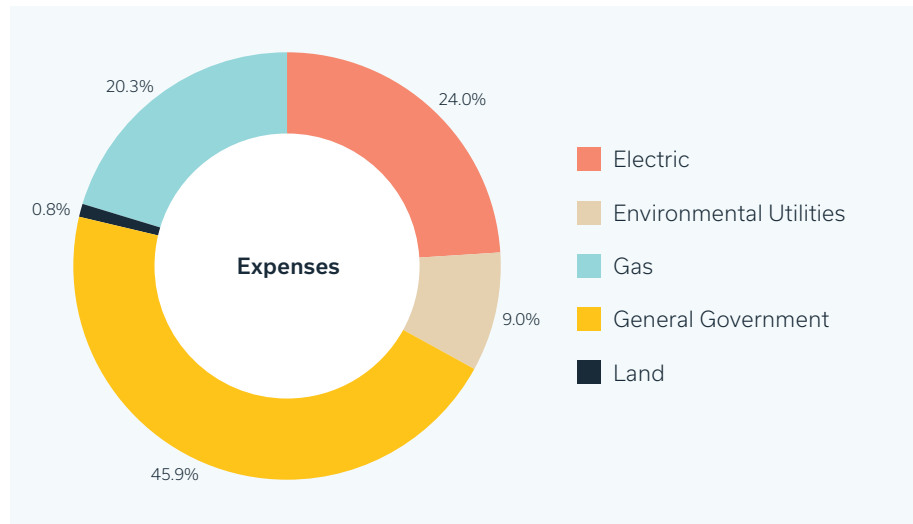


REVENUES

Revenue before capital contributions and grants was \$98.5 million higher than budget (\$525.9 million versus budget of \$427.4 million). This is mainly due to utilities and land sales revenues being higher than budget by \$106.4 million as a result of higher electric revenues of \$115.2 million related to higher commodity prices. This is offset by lower land sales of \$5.9 million primarily due to lower lot sales and lower than budget investment income of \$17.3 million as a result of financial impacts from the War on Ukraine and destabilized markets as well as higher inflation rates.

Revenues in 2022 are higher than 2021 revenues by \$82.1 million primarily due to higher electric commodity prices offset by lower investment income.

FINANCIAL HIGHLIGHTS



EXPENSES

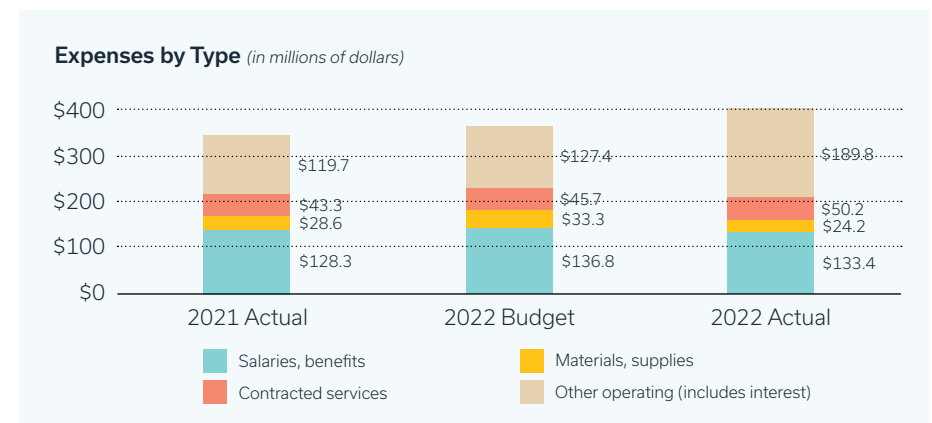
Overall, the City operating expenses for the year were \$28.2 million less than budget mainly due to the reversal of prior years' impairments recognized on gas assets, offset by higher purchases of gas to meet consumption demand and an increase in electric production variable expenses related to increased sales in the market.

2022 expenses are less than 2021 expenses by \$19.5 million primarily due to the reversal of prior years' gas asset impairments offset by higher purchases of gas to meet demand consumption.

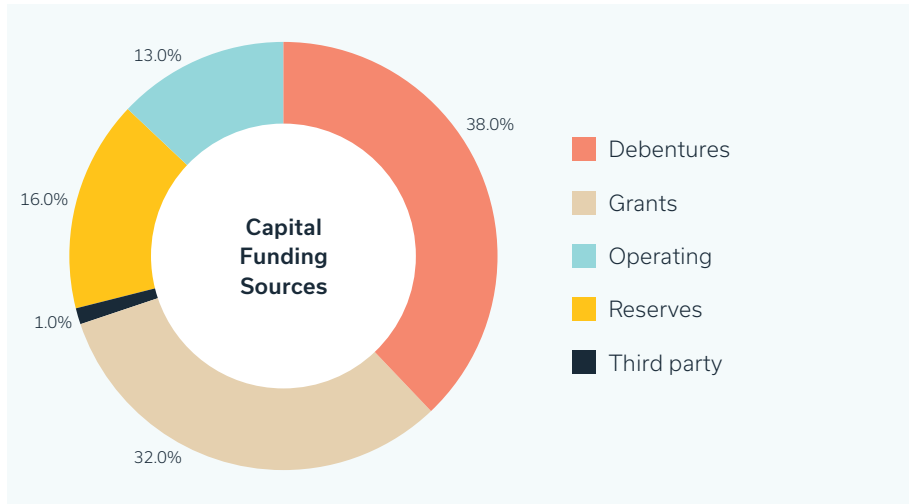
EXPENSES BY TYPE

The Consolidated Schedule of Expenses by Object details 2022 actual (\$400.5 million) and budget (\$428.7 million) by expense type. The chart below excludes non-cash items such as amortization, impairments, and disposal expenses of \$2.9 million (2022 budget of \$85.5 million). Variances from budget for salaries and benefits is primarily related to positional vacancies as a result of the 2021 corporate restructuring. Contracted services is higher than budget as a result of unbudgeted fees paid to external investment managers, and higher box office fees as a result of bigger shows at Co-op Place and the Esplanade. Materials and supplies are less than budget due to purchasing less electricity from the power purchase agreement. Variances from budget for other operating expenses are due to higher purchases of gas to meet consumption demand and an increase in electric production variable expenses related to increased sales in the market.

The 2022 actual expenses by type are higher than 2021 primarily due to higher gas purchases to meet consumption demand and an increase in electric production variable expenses related to increased sales in the market.



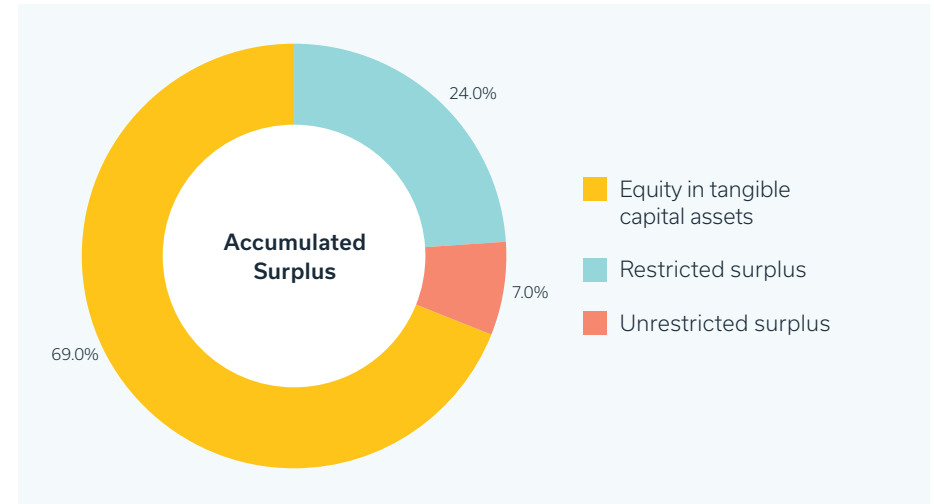
FINANCIAL HIGHLIGHTS



2022 CAPITAL EXPENDITURES

The City's approved 2022 budget for capital items was \$79.1 million. Actual capital expenditures for the year were \$76.3 million plus contributions from developers of \$0.1 million. The current year expenditures include \$48.9 million for projects carried forward from previous budget years.

The 2022 capital expenditures were funded by grants received from the Province of Alberta and the Federal Government of Canada, as well as reserves, operating funds, debenture borrowing, and third-party contributions.



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 2022, the consolidated fund and equity balances increased by \$161.1 million to \$1,454.4 million.

\$97.1 million of the accumulated surplus is unrestricted. This unrestricted amount is used as working capital to fund day to day operating activities of the City. The restricted amount is \$353.2 million and is largely dedicated to capital activities of the organization.

Equity in the City's tangible capital assets increased by \$21.2 million to \$1,004.1 million this year as a result of an increase in City assets and reversal of prior years' impairment, offset by accumulated amortization and debt.

FINANCIAL HIGHLIGHTS

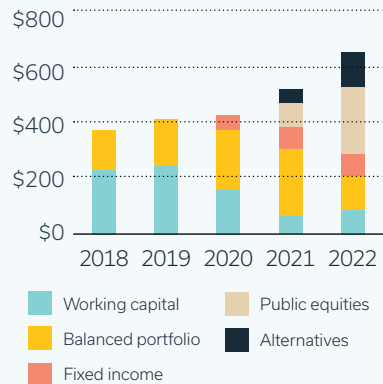
INVESTMENTS

Investments, loans and advances increased \$130.5 million from 2021 to \$637.9 million largely due to higher contributions from our integrated commodity business.

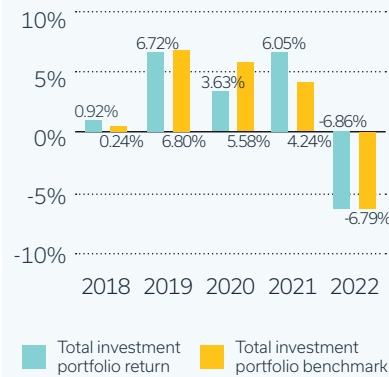
The City of Medicine Hat generated a total investment portfolio return of -6.86% for the year ended December 31, 2022, slightly below the corresponding benchmark of -6.79%. The lower returns in 2022 are a result of the financial impacts from the War on Ukraine and destabilized markets as well as higher inflation rates.

In 2021, the City approved an update to the Investment Policy to include a new strategic asset allocation consisting of public equities, fixed income, working capital, and alternatives. It is expected that the new investment portfolio asset allocation will earn an average nominal return of 5.5% annually measured over a rolling five-year period. The transition to the new asset allocation is a long-term strategy to optimize the risk-return ratio for the City.

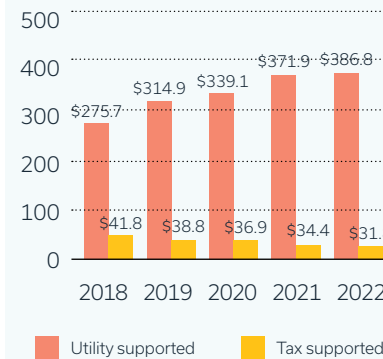
Summary of Investment Holdings
(in millions of dollars)



Total Investment Portfolio Overview
Portfolio return vs. benchmark



Long-term Debt
(in millions of dollars)



City's Debt Levels
(in millions of dollars)

2022	
Debt limit	\$ 1,051.9
Actual total debt	\$ 465.1 44%
Amount under limit	\$ 586.8
Debt servicing limit	\$ 184.1
Actual debt servicing	\$ 41.7 23%
Amount under limit	\$ 142.4

LONG-TERM DEBT

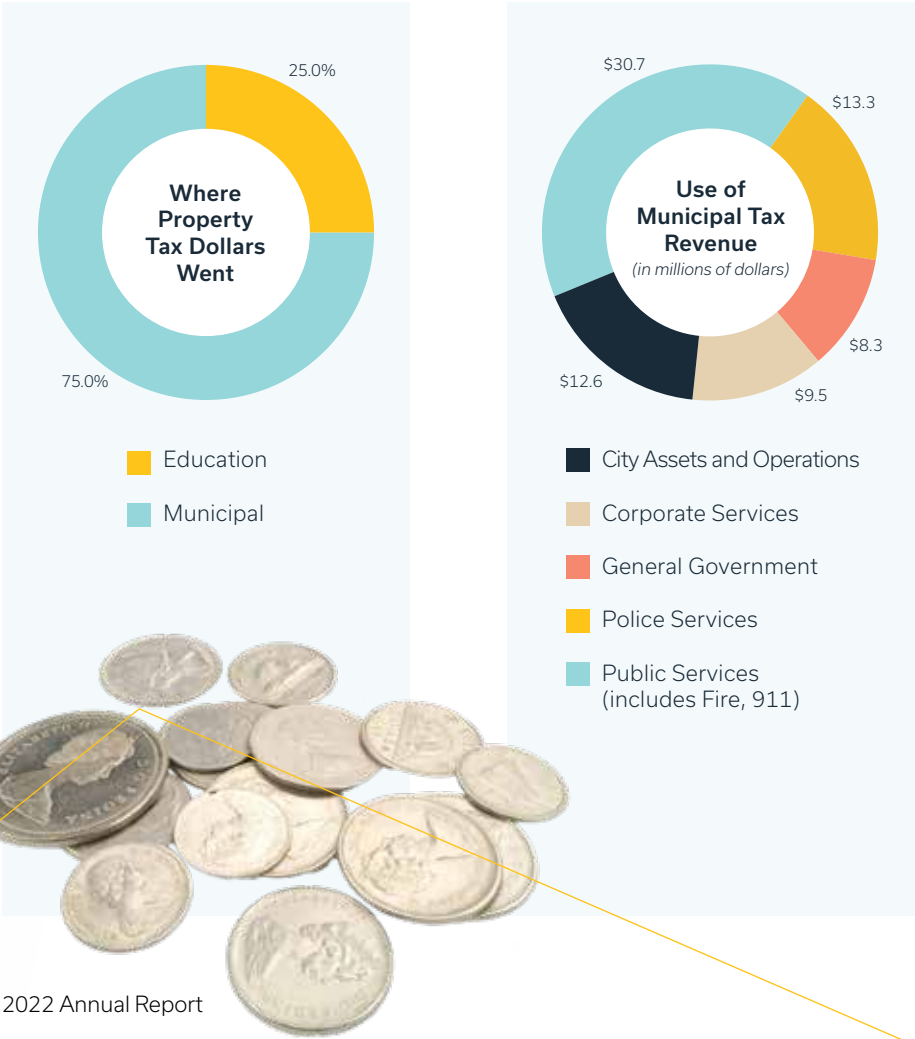
During 2022, total long-term debt increased \$12.2 million to \$418.6 million with debt principal repayments of \$29.5 million being offset by new debt issued of \$41.7 million. New debt represents \$1.9 million for improvements to general government assets, \$17.1 million related to environmental utility assets, \$20.4 million related to electric utility assets, and \$2.3 million related to gas utility assets.

The Minister of Municipal Affairs has prescribed limits for total debt and debt servicing for municipalities in the province. The debt limit is defined as two times revenue, net of government transfers, and debt servicing is limited to 35% of revenue, net of capital government transfers. For the purpose of these calculations, actual total debt includes long and short-term debt as well as loan guarantees in the amount of \$1.1 million and letters of credit issued of \$45.4 million.

FINANCIAL HIGHLIGHTS

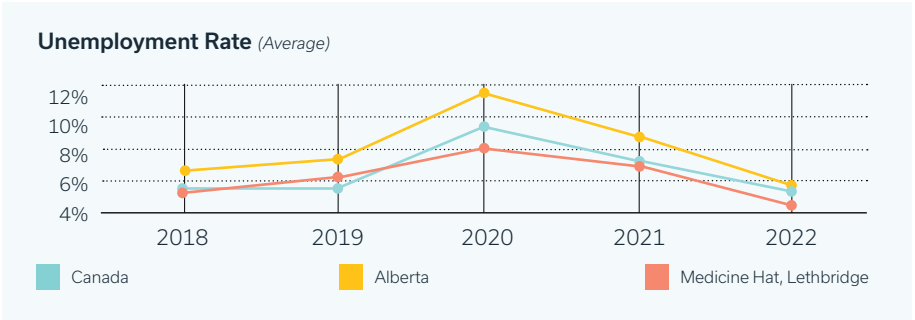
USE OF MUNICIPAL TAX REVENUE

Net municipal property tax revenue of \$74.4 million is used to fund the consolidated general fund operating expenses of \$183.9 million. Other revenue sources mainly include investment interest, sales, government grants, fees and permits.



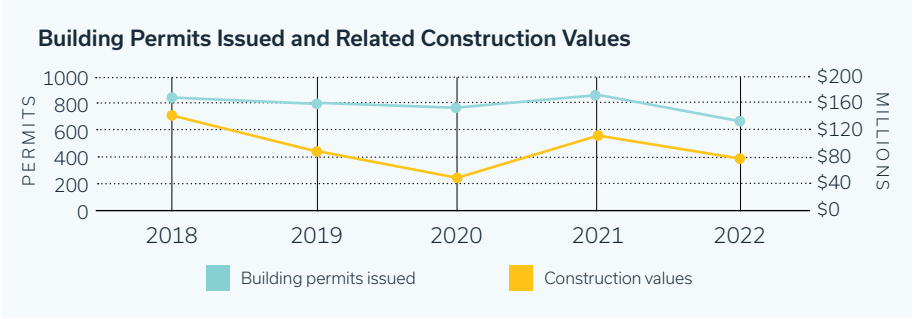
ECONOMIC INDICATORS

The combined 2022 unemployment rate for Medicine Hat and Lethbridge areas was 2.8%, while 2021's average was 4.6%. Alberta's 2022 unemployment rate was 5.8% compared to Canada's 5.3%. The decreases are primarily due to easing of COVID-19 restrictions.



NUMBER OF BUILDING PERMITS ISSUED AND RELATED CONSTRUCTION VALUES

In 2022, the number of building permits issued decreased to 662 primarily due to a decrease in new development. The related estimated value of construction in 2022 also saw a decrease from prior year to \$76.0 million due to lower construction values.



FINANCIAL HIGHLIGHTS

NATURAL GAS

Natural gas prices showed an upward trend in 2022, however started to decline in December 2022 and early 2023 as result of the warmer winter in North America and Europe. This resulted in the demand for Liquid Natural Gas (LNG) to decline significantly causing an oversupplied market similar to pre 2021 and Russia / Ukraine conflict. Prices could continue in a downward trend as indicators show supply outpacing demand in the near future with the potential economic recession as well as more renewable electric generation sources coming online.

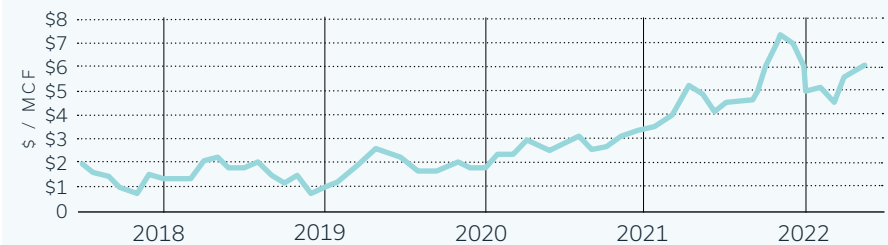
OIL

Oil prices declined to below the levels seen before the Russian/Ukrainian conflict. However, Russia is still able to get volumes to market and the market is in balance for supply demand which has resulted in less volatility. City of Medicine Hat has limited oil exposure at this time as there are only two remaining oil wells in service as the Manyberries field is currently in the abandonment and reclamation stage.

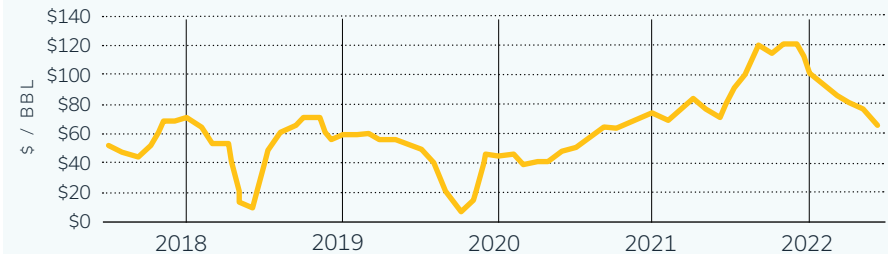
ELECTRICITY

Power prices in 2022 settled at higher levels than 2021 which set the record price since the market was deregulated in 1996. Market volatility remained high due to coal-fired generators transitioning to natural gas or being mothballed as well as limited replacement of baseload generation. Renewables have replaced some of the coal fired generation capacity however only on an intermittent basis thereby still contributing to volatility in the market. The increased carbon cost and economic withholding in the market have also contributed to higher pool prices. The market outlook continues to be volatile as the supply/demand balance remains tight.

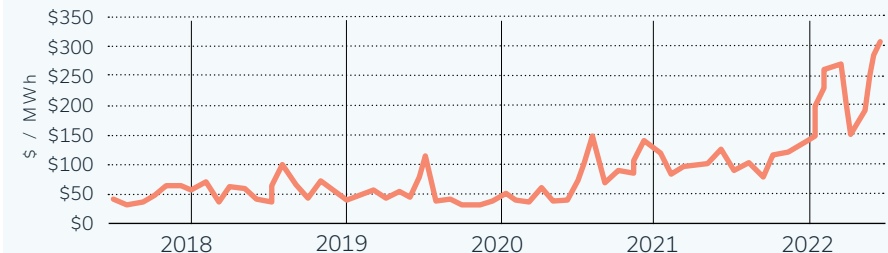
Natural Gas Historical Market Commodity Price (@AECO)



Western Canadian Select Historical Market Commodity Price (\$/BBL)

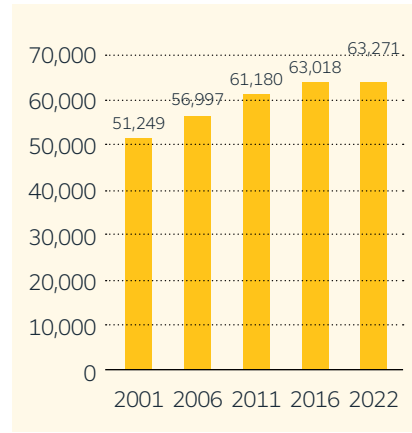


Alberta Electric System Operator (AESO) Power Price



DEMOGRAPHICS

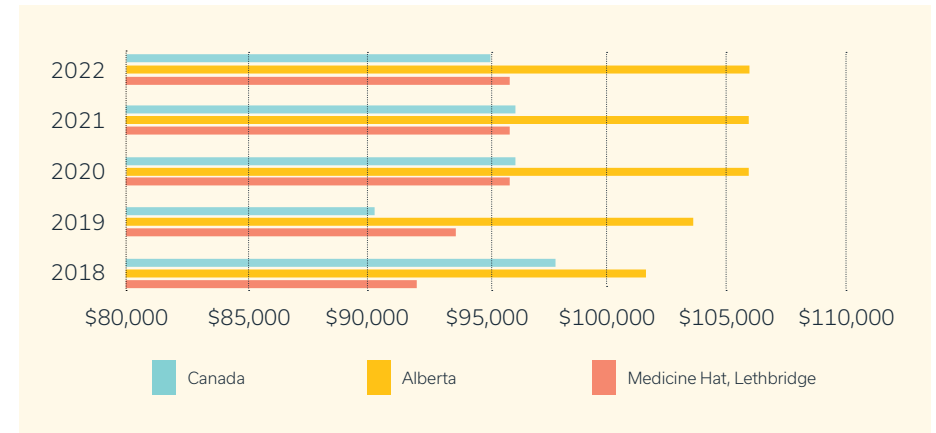
POPULATION



POPULATION AGE

	Medicine Hat	Alberta	Canada
0-14	10,635	809,640	6,012,795
15-24	7,075	498,505	4,215,230
25-34	7,420	598,725	4,940,345
35-44	8,555	646,610	4,910,750
45-54	7,330	540,540	4,672,520
55-64	8,985	539,390	5,218,910
65-79	9,775	486,680	5,319,491
80+	3,496	142,535	1,701,940
Total	63,271	4,262,635	36,991,981

HOUSEHOLD MEDIAN INCOMES



Note: Figures for 2021 and 2022 reflect total income figures for 2020 as data is not yet available.

LARGEST CORPORATE TAX PAYERS IN MEDICINE HAT

Aurora Sun (2105657 Alberta Ltd)
Boulevard Real Estate Equities Ltd
Canadian Tire Properties Inc
Cancarb Limited
Chinook Village Housing Society
Development Corporation
Medicine Hat Mall Inc
Skyline Retail Real Estate Holdings Inc
South Country Co-op Limited
Wal-Mart Canada Corp

LARGEST EMPLOYERS IN MEDICINE HAT

Canadian Pacific Railway
City of Medicine Hat
Goodyear
Medicine Hat College
Medicine Hat Regional Hospital
Medicine Hat School District
Province of Alberta
South Country Co-op (all locations)
The Real Canadian Superstore
Wal-Mart

CITY OF MEDICINE HAT PERMANENTLY ESTABLISHED POSITIONS

	2018	2019	2020	2021	2022
General Government	41	37	36	24	26
Corporate Services	178	191	201	149	155
Public Services	275	275	275	257	256
Police	151	150	150	148	154
Invest Medicine Hat	6	6	9	8	8
Strategy Management and Analysis	15	20	20	79	86
Energy and Infrastructure	337	325	313	359	365
Development and Infrastructure	89	83	83	-	-
Total permanent positions	1,092	1,087	1,087	1,024	1,050

Note: As part of the 2021 organizational restructuring, Development and Infrastructure departments were relocated to Energy and Infrastructure and Strategy Management and Analysis.

FINANCIAL STATEMENTS

As at December 31, 2022 (in thousands of dollars)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

	2022	2021
Assets	\$ 791,421	\$ 668,430
Liabilities	\$ 802,831	\$ 831,561
Net financial debt	\$ (11,410)	\$ (163,131)
Non-financial assets	\$ 43,180	\$ 67,257
Net tangible capital assets	\$ 1,422,663	\$ 1,389,183
Total non-financial assets	\$ 1,465,843	\$ 1,456,440
Accumulated surplus	\$ 1,454,433	\$ 1,293,309

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT (unaudited)

	2022 Budget	2022	2021
Annual surplus	\$ 20,569	\$ 161,124	\$ 55,503
Acquisition of tangible capital assets	\$ (127,922)	\$ (76,309)	\$ (101,495)
Amortization/Disposal of tangible capital assets	\$ 89,725	\$ 69,343	\$ 79,107
	\$ (17,628)	\$ 154,158	\$ 33,115
Acquisition/consumption of inventories and supplies	\$ (1,303)	\$ (1,303)	\$ 874
Net acquisition of land held for future development	\$ (543)	\$ (1,320)	\$ 3,124
Acquisition/consumption of prepaid assets	\$ 186	\$ 186	\$ (954)
	\$ (1,660)	\$ (2,437)	\$ 3,044
Increase (decrease) in net financial debt	\$ (19,288)	\$ 151,721	\$ 36,159
Net financial debt, beginning of year	\$ (163,131)	\$ (163,131)	\$ (199,290)
Net financial debt, end of year	\$ (182,419)	\$ (11,410)	\$ (163,131)

CONSOLIDATED STATEMENT OF OPERATIONS (unaudited)

	2022 Budget	2022	2021
Revenue	\$ 427,391	\$ 525,935	\$ 443,818
Expenses	\$ 428,731	\$ 400,532	\$ 419,965
Surplus (deficiency) of revenue over expenses			\$ 23,853
- before other revenue	\$ (1,340)	\$ 125,403	
Other revenue			\$ 31,650
Capital contributions and grants	\$ 21,909	\$ 35,721	\$ 55,503
Annual surplus	\$ 20,569	\$ 161,124	\$ 1,237,806
Accumulated Surplus (beginning of year)	\$ 1,293,309	\$ 1,293,309	\$ 1,293,309
Accumulated Surplus (end of year)	\$ 1,313,878	\$ 1,454,433	

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

Net inflow (outflow) of cash related to the following activities:	2022	2021
Operating		
Annual surplus	\$ 161,124	\$ 55,503
Non-cash items included in annual surplus	\$ 5,217	\$ 93,527
Non-cash items relating to capital and investing activities	\$ 64,003	\$ (14,907)
Non-cash changes to operations (net change)	\$ (59,732)	\$ 34,402
Cash provided by operating transactions	\$ 170,612	\$ 168,525
Cash applied to capital transactions	\$ (76,186)	\$ (101,008)
Cash provided by (used by) investing transactions	\$ (130,508)	\$ (92,581)
Cash provided by (used by) financing transactions	\$ 12,266	\$ 30,244
Change in cash and equivalents during the year	\$ (23,816)	\$ 5,180
Cash and cash equivalents, beginning of year	\$ 68,004	\$ 62,824
Cash and cash equivalents, end of year	\$ 44,188	\$ 68,004

TERMS AND DEFINITIONS

ACCUMULATED SURPLUS

The amount by which all assets (financial and non-financial) exceed all liabilities. An accumulated surplus indicates that the municipality has net resources that can be used to provide future services.

AMORTIZATION OF TANGIBLE CAPITAL ASSETS

A way of representing, for accounting purposes, how capital assets decline in value over time due to wear and obsolescence.

ANNUAL DEFICIT

Expenses exceed the revenues.

ANNUAL SURPLUS

Excess of revenues over expenses.

The annual surplus or deficit shows whether the revenues raised in the year were sufficient to cover the year's costs.

CASH EQUIVALENTS

Includes unrestricted cash in the bank and short term (90 days or less) investments. Cash is restricted when an external agency requires cash to be used for a specified purpose.

IMPAIRMENTS

Expenses recorded to reduce the value of assets when the assets are worth less on the market than the carrying value listed on the company's balance sheet. Reversal of impairments or recoveries are recorded when factors or circumstances that triggered the original impairment have changed.

LOSS (GAIN) ON DISPOSAL OF TANGIBLE CAPITAL ASSETS

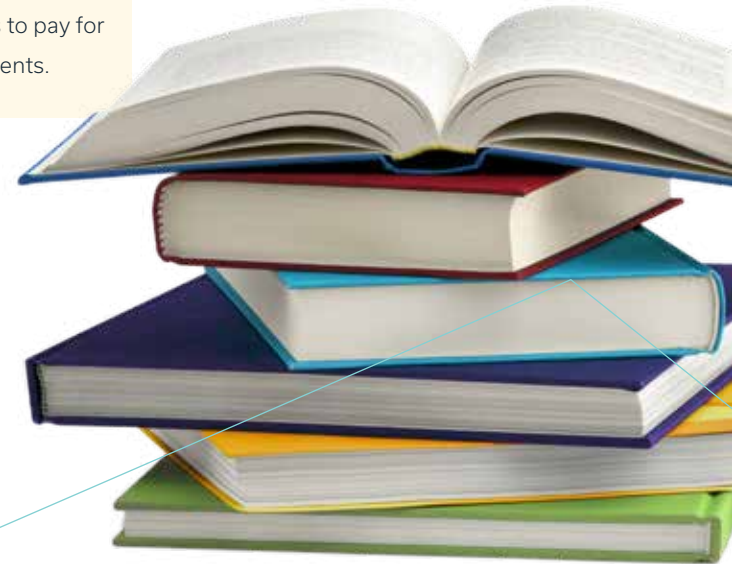
Reflects the difference between the net proceeds on disposal of a tangible capital asset and the net carrying amount of that asset. If the net carrying amount is higher than (less than) the net proceeds on disposal, there is a loss (gain) on disposal.

NET FINANCIAL ASSETS

When the financial assets are greater than the municipality's liabilities. A net financial asset position indicates that the municipality has the necessary financial resources on hand for future operations.

NET FINANCIAL DEBT

When the financial assets are less than the municipality's liabilities. A net financial debt position indicates that the municipality requires future revenues to pay for past transactions and events.



CITY OF MEDICINE HAT

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