

**M.D. of Opportunity No. 17**  
**LAND POLICY**

TITLE:                               **LEASING OF LAND**

EFFECTIVE DATE:               **SEPTEMBER 20, 2017**

POLICY NUMBER:               **L.6**

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**Purpose of Policy:**

This Policy sets out guidelines, rates and conditions with respect to the leasing of land for commercial, industrial, recreational, institutional and agricultural or for other general public purposes.

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**POLICY STATEMENTS:**

**A. LEASING OF LAND**

1. Land which the municipality owns and is not planning to develop or use in the short or long term may be leased for commercial, industrial, recreational, institutional, agricultural, or public purposes subject to the following conditions:
  - a) Every application shall be accompanied by a non-refundable application fee of \$150.00;
  - b) The lease shall be for a fixed term not to exceed five (5) years as approved by Council; lease extension requests may be reviewed and approved by Council;
  - c) Oil and gas sites and leases within the Municipal District hamlet boundaries of Red Earth Creek, Wabasca, Calling Lake and Sandy Lake are not permitted in order to minimize the loss of use and adverse effect on MD titled and serviced land that results from well set-back requirements and unknown environmental impacts of concentrating wells and facilities in these populated communities.
  - d) The proposed use of the leased property must conform to the Land Use Bylaw and Area Structure Plan.

**2. OIL & GAS INDUSTRY LEASES:**

- a) Term of Lease for Oil & Gas Producers:
  - (i) This lease is for a term of twenty-five (25) years and will be renewed at the discretion of the landowner.
- b) Assignment, Merger & Acquisition:

- (i) This lease shall not be assigned or sublet to another oil and gas producer without the prior written consent of the Municipal District.
- (ii) The Municipal District must be notified by registered mail of any merger or acquisition within sixty (60) days of the effective date of change.
- (iii) Failure to comply with condition 2(b)(i) or 2(b)(ii) will result in the compensation to be reviewed to count for the increase in adverse effect at the next annual compensation review.

c) Terms and conditions of issuing new surface leases shall be as follows:

- (i) An administrative fee of \$2,000 prior to issuance of a new lease;
- (ii) Payment of all arrears as calculated from last payment to new lease date at the current MD surface lease rental for oil and gas activity;
- (iii) A new anniversary date for the lease will be established at the start of the new lease, when all arrears and administrative fees are paid;
- (iv) The MD may require the lessee to provide environmental impact studies or install and monitor piezometers (ground water testing wells) in conjunction with a short term lease renewal in order to confirm environmental status in the vicinity of the lease land. On determination of acceptable environmental conditions, a longer term lease may be issued;
- (v) A standard clause to be included in any new surface lease will indicate that there is an annual fee of \$500 in addition to annual rental to cover the cost of MD staff or consultants for monitoring and inspection fees for lease conditions on site;
- (vi) For all new surface leases, the MD will develop the following agreements:
  - ❖ Alberta Surface Lease (Oil and Gas Wells),
  - ❖ Alberta Right of Way (Lease Road to Oil and Gas Site),
  - ❖ Utility Right of Way (Agreement for Pipeline).

All new developed agreements may be reviewed by an appropriate law firm with experience in these matters.

Any new leases will contain clauses (iv) and (v) above.

## **B. BASIC LEASE RATES**

1. Leasing rates for commercial, industrial, recreational, institutional and agricultural leases shall be 12% of fair market value per annum or as negotiated (whichever is greater).

2. Leasing rates for public use, community use or non-profit organizations shall be a minimum of 1% of appraised market value per annum or as negotiated and determined by Council.
3. Grazing lease rates for livestock (horses or cattle) shall be \$30.00 per acre with the conditions below:
  - a) The land shall be used only for grazing purposes;
  - b) No building construction or tree removal shall be permitted unless limited approval has been authorized by the development authority with the exception of a fence and an animal shelter.
  - c) Grazing livestock shall be permitted on areas of land in compliance with the Land Use Bylaw;
  - d) Grazing areas must be fenced in and kept in the rear of the property to prevent direct visibility and for safety purposes;
  - e) Any costs associated with the grazing of livestock shall be the responsibility of the owner/developer.
  - f) The owner/developer shall be responsible for any other problems associated with the grazing of livestock;
  - g) The grazing of livestock shall not be permitted on areas or parcels of land containing an airstrip area throughout the municipality.
4. Haying permits for seasonal hay removal may be issued administratively on a first come first serve basis annually; this opportunity shall be advertised in March of each year.
5. Utility Right of Way lease rates shall be calculated at a rate of \$500 per kilometer with a minimum charge of \$250 with the conditions below:
  - a) Utility right of ways are only to be used for public utilities;
  - b) The utility must be buried at least 3' deep and no more than 5' deep;
  - c) Horizontal and vertical pipe bends are not permitted, unless it is required to remain parallel to the road;
  - d) Signs are to be erected by the installer alerting people to the buried utility;

- e) The installer must contact the Manager of Transportation two working days before construction starts;
- f) The installer must be registered with Alberta One Call.

### **C. CONDITIONS OF LEASES**

1. Where the lease exceeds a term of one year, the interest of the lessee will be subject to assessment and taxation in accordance with the Municipal Government Act.
2. Where applicable the lessee is responsible for paying all utility charges levied against the leased property during the period of the lease.
3. Lease fees shall be paid annually in advance. Taxes and utility charges shall be paid within three months of their being levied.
4. Applications for lease must be made separately on a form approved by the municipality.
5. A lease may be assigned with the approval of the Council. An assignment shall not be approved until all annual fees and taxes with respect to the land are paid in full.

### **D. CANCELLATION OF LEASES**

1. The municipality may cancel a lease if the lessee requests such cancellation.
2. The leased land is not being used for the purpose for which it was leased.
3. The lease was issued in error.
4. The lease or the land described is not held by the lessee for their sole use and benefit.
5. The lessee has failed to pay lease fees, taxes, rates or outgoings lawfully levied against their interest under the lease, or any other money payable under the lease when it is due.
6. The lessee has failed to comply with the terms and conditions of the lease.
7. The land is required for development by the MD at which time the lessor will give thirty (30) days notice to the lessee.

### **E. RECLAMATION OF LEASED LAND**

- 1. The lessee, prior to termination of the lease, shall restore the leased land to a clean and orderly state to the satisfaction of the municipality.
- 2. Where the lessee fails to clean up the leased land, the lessee shall be responsible for all costs incurred by the municipality in restoring said leased land to a satisfactory state.
- 3. If the lessee chooses not to remove buildings and other improvements prior to termination of the lease, all such buildings and improvements become the property of the municipality and the municipality at its sole discretion may dispose of the buildings and improvements in whatever manner it sees fit. The municipality reserves the right to determine whether or not compensation should be paid and the amount of compensation to be paid.
- 4. Where the municipality determines that it has an immediate need for land it has leased, it may withdraw all or any part of the land from the lease. The lessee will be given adequate notice and reasonable time to remove any buildings or improvements. Compensation for such removal shall be negotiated between the lessee and the municipality.

**APPROVED: March 30, 2011 – MOTION 0158-2011-17MDC**  
**AMENDED: December 14, 2011 – MOTION 0690-2011-17MDC**  
**AMENDED: April 11, 2012 – MOTION 0191-2012-17MDC**  
**AMENDED: January 28, 2015 - MOTION 0053-2015-17MDC**  
**AMENDED: April 26, 2017 – MOTION 0203-2017-MDC**  
**AMENDED: September 20, 2017 – MOTION 0483-2017-17MDC**