

This **MEMORANDUM OF UNDERSTANDING** dated December 7, 2016

BETWEEN:

THE CORPORATION OF THE CITY OF PETERBOROUGH
(the "City")

and

THE CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN
(the "Township")

and

THE CORPORATION OF THE COUNTY OF PETERBOROUGH
(the "County")

Preamble:

All parties agree to seek a mutual consensus on this Memorandum of Understanding that will primarily secure serviced employment lands for the benefit of the region.

The negotiating teams for the City, Township and County support the terms below. It is acknowledged that a triple majority of Councils is required in order for the proposed annexation process to commence.

The purpose of this Memorandum of Understanding is to outline the mutual agreements that represent a local solution, as envisioned by *The Municipal Act, 2001*.

1. The Proposed Annexation

The parties agree to a single phase proposed annexation as depicted on Schedule A with an effective date of January 1, 2018.

2. Term of Compensation Proposal

The City agrees to a compensation program commencing the effective date of proposed annexation that will provide guaranteed annual funding paid on a quarterly basis to the Township and the County for a period of 25 years.

3. No Further Annexations

The City agrees that the proposed annexation will satisfy the land needed from the Township beyond the planning horizon of 2041. Accordingly, the City agrees to initiate no further boundary adjustments involving Cavan Monaghan until at least 2041.

4. Tax Replacement Compensation

Based on the calculations of the Township the 2016 tax loss for the Township and County represented by the proposed annexed lands is \$608,413 and \$324,322 respectively. The Township has indicated that variable revenue loss within the proposed annexation area is estimated to be \$70,000 per year. The parties agree that the same lands, due to their proximity to the City, would support additional growth that would otherwise directly benefit the Township if the opportunity was not lost due to proposed annexation.

The City will make an annual payment to the Township of \$815,000 per year for 25 years as a full and complete offset to tax loss, variable revenue loss and opportunity loss.

The City will make an annual payment to the County of \$325,000 per year for 25 years as a full and complete offset to tax loss.

5. Compensation for Loss of Assets

The City agrees to compensate the Township and County for municipal assets built by the Township or County within the proposed annexed area based upon its depreciated value. The parties agree that the depreciated value of roads will be 66% of replacement costs.

There are 12.2 kilometres of Township roads within the proposed annexed area. The Township has placed a replacement value of \$500,000/km on Township roads. 12.2 kilometres, at an agreed depreciated value of \$330,000/km is approximately \$4,025,000. The City will pay the Township \$165,000 per year for 25 years as compensation for transferred assets.

There are 7.8 kilometres of County roads (which includes 1 County bridge) within the proposed annexed area. The County has placed a replacement value of \$700,000/km on County Roads. Based on a similar calculation as the Township, the depreciated value of the roads is approximately \$3.6 million. The City will pay the County \$150,000 per year for 25 years as compensation for transferred assets.

6. Township Participation in Employment Lands Tax Revenues

The City will annually share 20% of the municipal portion of the tax revenues with the Township from Employment Lands that are forecasted to be developed over the next 25 years (estimated to be 225 acres). The estimated tax generation for 225 acres of fully serviced employment land would be approximately \$2,100,000 annually. The City will pay the Township \$420,000 annually for 25 years to acknowledge the Township's agreement to allow the proposed annexation to proceed and Employment Lands to be created.

7. Township Participation in Residential Lands Revenues

The City will provide an annual Annexation Payment of \$300,000 for 25 years to allow the Township to receive revenues from new development in the Residential Lands.

8. Incentive Payment

The parties agree that time is of the essence. As an incentive to the Township to reach a timely conclusion to the negotiations the City agrees to provide an additional annual payment of \$800,000 for 25 years to the Township in order to reach a monetary total of \$2.5 million annually for a period of 25 years.

9. Servicing Allocations

A – Sysco, Existing Businesses and Potential Other Employment Development Lands

The City will release servicing capacity of 58 litres per second peak flow (water and wastewater) to permit the servicing of Sysco Foods and other employment opportunities west of Sysco and south of North Monaghan Parkway (estimated area of 90 acres to be established). The City will not charge the Township for the release of water and wastewater service capacities to service these Township properties.

The Township and businesses will be responsible for the capital costs to extend services from the future municipal boundary at Elmdale Road. All users of the City services in the Township will be required to pay the City the same water and wastewater user fees or calculated equivalent (to ensure the Township users pay the same as the City users).

B - 500 Single Detached Unit Equivalent Servicing Allocation

The City will provide the Township with a servicing allocation equivalent to 500 single detached residential units (40 litres per second peak flow) for the Township to use in a location of its choice.

The Township will be required to pay the prevailing water DC and the sanitary sewer component of the City's DC as well as bear the capital cost to bring the service from its terminus in the City to the Township's location of choice. In regards to non-residential DCs, the City agrees to enter into a delayed payment agreements as development proceeds, the terms of which will be defined in a legal agreement. All users of the City services in the Township will be required to pay the City the same water and wastewater user fees or calculated equivalent (to ensure the Township users pay the same as the City users).

C. City Capital Contribution Towards Extending/Expanding Water and Wastewater Services to City/Township Boundary

The City will contribute \$8 million towards incremental construction costs of City water and wastewater servicing noted in A and B above, to the boundary of the City and Township that would otherwise not benefit the City. This contribution relates specifically to construction costs and does not include costs for design, Environmental Assessment, public consultation and approval process, servicing plans, (i.e. soft costs) etc. The City and Township agree to consult on any water and wastewater master plan, environmental assessment, and major construction work to service proposed annexed lands.

10. Capping of Tax Increase to Property Owners Subject to Proposed Annexation

The City will provide transition capping to mitigate the increase that Township tax-payers may experience as City tax-payers following proposed annexation as follows:

For assessed properties the tax **increase** that may be experienced in the first year of proposed annexation will be capped at 10% and escalate in 10% increments until the full rate is achieved in year 10.

11. Implementation

- a) The City and Township will convene a joint meeting of both Councils to seek endorsement of this Memorandum of Understanding no later than February 24, 2017.
- b) On the basis that the Councils of the City and Township endorse this Memorandum of Understanding, the City, Township and County will each hold the requisite public meeting pursuant to the *Municipal Act, 2001*, and pass the requisite by-laws to give evidence of its support for the Restructuring Proposal. The parties agree that this obligation will be completed by April 14, 2017.

- c) The parties agree to work cooperatively to complete the submission of the Restructuring Proposal to the Ministry of Municipal Affairs no later than April 28, 2017.
- d) The parties will develop a joint media release and communications strategy for the restructuring proposal.
- e) Where a proposed municipal boundary follows a road allowance the road allowance will be included in the boundary adjustment.

12. Summary of the 25 Year Compensation Proposal

Annual Compensation	Township	County
Tax Replacement	\$815,000	\$325,000
Transferred Assets	\$165,000	\$150,000
Employment Land Participation	\$420,000	NA
Annexation Payment	\$300,000	NA
Incentive Payment	\$800,000	NA
Annual Financial Total	\$2,500,000	\$475,000

13. Summary of Assessment Protection/Enhancement Opportunity

Access to City Services

Employment Capacity Allocation for 90 acres (58 litres per second) of development land west of Elmdale Road.

General Capacity Allocation equivalent to 500 residential units (40 litres per second) for the Township to release in its location of choice.

The negotiating parties agree to support and recommend this Memorandum of Understanding to their respective councils.

**THE CORPORATION OF THE
CITY OF PETERBOROUGH**

**THE CORPORATION OF THE
TOWNSHIP OF CAVAN MONAGHAN**

<Original Signed By>
Allan Seabrooke

<Original Signed By>
Yvette Hurley

Allan Seabrooke,
Chief Administrative Officer

Yvette Hurley
Chief Administrative Officer

**THE CORPORATION OF THE CITY OF
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Malcolm Hunt

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