

**Provincial Facilitation Discussions Between the Cavan Monaghan, The County of Peterborough and the City of Peterborough**

**– Option 2 –**

**– Privileged and Confidential–**

**With Response from all parties on Nov. 16/16**

*This document is for discussion purposes only. The contents are a preliminary perspective of staff and have not been discussed with the Councils of the Township and County. Thus this discussion document is meant only for the purpose of discussions with all parties engaging with the provincial facilitator until such time that a proposal may be advanced to the Township and County Councils for their consideration.*

**1. Land areas considered**

This option considers the potential for the three areas, known as the Airport Lands, the Employment Lands and the Residential Lands, to be annexed into the City. This option would provide for the transfer of lands with compensation paid to the Township for lost taxation revenue, asset loss compensation, loss of future taxation revenue through further developments within those lands and compensation for future development of the employment lands.

Profile summary for the land areas being considered is provided below with details provided in Appendix A.

Vacant Residential	52
Vacant Commercial/Industrial	8
Farm Properties	40
Residential (with Residences)	186
Businesses (comm or Ind)	50+

The above residences represent 6% of the total homes in Cavan Monaghan and house approximately 510 people.

The Township taxes generated from this area is presented below and totals \$608,000. Based on the 2016 taxation levy of \$6.298 million, this represents almost 10% of the Townships annual taxation revenue. The Township also generates almost \$700,000 annually in variable revenues such as licenses, permits, fines, penalties/interest on taxes, etc. This area would generate a similar percentage (10%) of these revenues.

## 2. Compensation for the Township

As discussed in prior meetings, the loss of these lands has considerable impact on the Township, both with the loss of various revenues sources but also with the potential loss of residential and employment land development over time and investments in assets. The following provides a summary of the proposed compensation to be considered by the Township.

### A. Taxation Loss

For 2016, the following taxation revenue for the Township is provided below. Annual taxation losses are over \$600,000 and represents 10% of the Township's tax levy. The City's tax rates are higher than the Township's hence, a greater revenue will be received by the City for the transfer of the lands. Details for each land area are provided in Appendix B. The Township would seek compensation for lost annual taxation revenue for a 25-year period.

#### Loss of Taxes based on 2016 Tax Rates

##### *Township/County Taxes for 2016*

Area	Cavan	County	Education	Total
Airport Lands	138,716	73,944	142,737	355,397
Employment Lands	110,166	58,725	75,615	244,506
Residential Lands	359,531	191,652	156,530	707,713
Total	608,413	324,322	374,881	1,307,616

##### *New City Taxes (based on 2016 tax rates)*

Area	City	Education	Total
Airport Lands	307,481	142,737	450,218
Employment Lands	246,083	75,615	321,698
Residential Lands	732,311	156,530	888,841
Total	1,285,875	374,881	1,660,757

Difference	230,350	122,791	-	353,141
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### B. Variable Revenue Loss

The following table presents the variable revenues (i.e. licenses, permits, fines, penalties/interest on taxes, etc.) for the year 2015. The potential loss due to businesses and residents being annexed into the City is expected to be in the \$70,000 range. The Township would seek compensation for lost annual taxation revenue for a 25-year period.

2015 Variable Revenues	\$
Recreation Fees	165,099
Library	8,691
Licences/Permits	171,057
Penalties/Interest on Taxes	160,377
Investment Inome	108,399
Donations	71,382
Total	685,005

### C. Taxation Revenue Loss for Potential Residential Development

As noted in Appendix A, there are over 50 existing vacant residential properties. While some of these properties are within the residential Land area, two-thirds are in the other lands. There are also farm properties which could easily get a severance. The lost opportunity for taxation revenue for these lands should be compensated. Based on the following, the Township would look for \$200,000 annual revenue for 25 years as compensation.

Assessment	500,000
Twp Taxes	3,800
Assume 50 homes	50
Potential Tax Loss over time	190,000

### D. Compensation for Loss of Assets

Within the land areas, the Township owns 13.8 kilometers of roads. The value of the assets (not including bridges, culverts, etc. is approximately \$500,000/km. The following provides for the lost asset value associated with the annexation of these lands. Compensation could be either in a lump sum or based on a simple 25 year repayment (i.e. \$275,000 per year for 25 years).

Road Lengths	Kms
Airport Lands	5.4
Employment Lands	5.2
Residential Lands	3.2
Total	13.8
Cost/Km	500,000
Asset Value	6,900,000

### E. Annexation Payment

The City offered a payment for the residential lands portion of the annexation. The offer provided for a dollar amount per unit for a 20-year period. As we understand, the lands will potentially yield 4,500 units. As was discussed, the transfer of the lands provides no guarantees as to how quickly the City can and will proceed with the lands. The Township would there request a guaranteed payment of either a lump sum or payment over a 25-year period. Based on the noted offer and the comments above, the following calculation is provided.

Unit Type	Units	Compensation per Unit (\$)	\$
Singles (60%)	2,700	2,000	5,400,000
Multiples (20%)	900	1,700	1,530,000
Apartments (20%)	900	1,200	1,080,000
Total Units	4,500		8,010,000
Annual Payment based on 25 Years			320,400

#### F. Payment for Employment Lands

The City has offered 20% of the potential taxation revenues to be derived from the development of these lands. From the information provided, the land area would provide the equivalent of 3 Industrial Parks the size of Major Bennet Industrial Park. The annual taxation revenues for this park are approximately \$1.5 million per year. Hence the potential annual City taxation revenue to be experienced over time is \$4.5 million (3 x \$1.5 million). The corresponding contribution to the Township is \$900,000 per year (i.e. 20% of \$4.5 million). As was discussed, the transfer of the lands provides no guarantees as to how quickly the City can and will proceed to develop the lands. The Township would there request a guaranteed payment for the full amount over a 25-year period.

#### Summary of Offer Made by the City

##### *Summary of Township Compensation Request and City Offer*

Compensation Item	Annual Payment over 25 Years		
	Township Request	City Offer	Difference
A. Taxation Loss	608,413		
B. Variable Revenue Loss	70,000		
C. Taxation Revenue Loss for Potential Residential Development	190,000		
D. Compensation for Loss of Assets	275,000		
E. Annexation Payment	320,400		
F. Payment for Employment Lands	900,000		
Total	2,363,813	2,300,000	(63,813)

### **3. County Related Compensation**

Preliminary comments have been received from the County and are included herein to ensure all related matters are presented in one document. The County has requested the following:

- As noted in Section A, the loss of taxation revenue to the County is \$324,300 annually. Similar to the Township, the County would seek compensation for lost annual taxation revenue for a 25-year period.

- As per Section D, the County will lose 7.8 km of County roads. At \$433,000/km for a rural County road, the County would seek compensation of \$3,377,400.00 plus \$1 million for the Lockie Bridge for a combined total of \$4,377,400.00.
- As per Section E, the County would seek a similar payment as the Township based on the following:

Unit Type	Units	Compensation per Unit (\$)	\$
Singles (60%)	2,700	400	1,080,000
Multiples (20%)	900	340	306,000
Apartments (20%)	900	240	216,000
Total Units	4,500		1,602,000
Annual Payment based on 25 Years			64,080

- As per Section F, the County would wish to receive similar compensation as the Township however they would ask for 5% of the potential taxation revenues (vs. the Township's 20%) to be derived from the development of the employment lands.

#### Summary of Offer Made by the City

##### *Summary of County Compensation Request and City Offer*

Compensation Item	Annual Payment over 25 Years		
	County Request	City Offer	Difference
A. Taxation Loss			
D. Compensation for Loss of Assets			
E. Annexation Payment			
F. Payment for Employment Lands			
Total	500,000.00	455,000.00	(45,000.00)

#### **4. Items agreed on November 16 – addition costing required**

- City Agrees to a single-phase annexation which includes the Residential, Employment and the Airport lands (Map should be attached and lands identified)  
Township to be paid \$2.3M annually  
County to be paid \$500,000 annually
- City accepts fixed annual funding (noted above) over 25 years
- The City will initiate no further boundary adjustments involving Cavan Monaghan until 2041
- Residential taxation increases will be capped at a 10% increase for the first year and will escalate in 10% increments over a 10 year period

- The City will extend municipal services to Elmdale Road capable of servicing Sysco Foods and other lands within the area. (Map to be attached) (timelines needs to be discussed and cost confirmed?)
- City will provide servicing allocation (W/WW) for equivalent of 500 units for the purpose of providing full municipal services to the Fraserville area – (timelines for both sanitary and water and the extent of the City's infrastructure to be confirmed including costing). Question: present status of the Airport EA City to review. (Map to be attached)

Township requested to forward this draft document on to the City for review and update.

Further discussion required.

**Based on Discussions at November 16, 2016**

**Appendix A**  
**Property Profile by Area**

Property Code	Description	Airport Lands	Employment Lands	Residential Lands	Total
100	Vacant residential land not on water *	15	5	16	36
102	Conservation Authority Land	1	0	0	1
105	Vacant commercial land *	0	0	1	1
106	Vacant industrial land *	4	1	2	7
110	Vacant residential/recreational land on water *	7	0	0	7
130	Non-buildable land (walkways, buffer/berm, storm water management pond, etc.)	1	0	0	1
200	Farm property without any buildings/structures	3	1	2	6
201	Farm with residence - with or without secondary structures; no farm outbuildings	1	0	0	1
210	Farm without residence - with secondary structures; with farm outbuildings	0	0	1	1
211	Farm with residence - with or without secondary structures; with farm outbuildings	4	3	4	11
221	Farm with residence - with commercial/industrial operation	0	3	0	3
260	Vacant residential/commercial/industrial land, owned by a non-farmer with a portion being farmed	3	2	4	9
261	Land owned by a non-farmer improved with a non-farm residence with a portion being farmed	2	9	2	13
262	Land owned by a farmer improved with a non-farm residence with a portion being farmed	4	0	0	4
301	Single-family detached (not on water)	9	33	118	160
303	Residence with a commercial unit	2	2	0	4
304	Residence with a commercial/industrial use building	6	0	2	8
313	Single-family detached on water	3	0	0	3
322	Semi-detached with both units under one ownership	0	1	2	3
333	Residential property with three self-contained units *	0	0	1	1
391	Seasonal/recreational dwelling - first tier on water	3	0	0	3
395	Seasonal/recreational dwelling - not located on water	1	0	0	1
400	Small office building, generally single tenant or owner-occupied under 7,500 square feet	0	1	0	1
410	Retail – one storey, generally under 10,000 square feet	0	0	5	5
421	Specialty automotive shop/auto repair/collision service/car or truck wash	0	0	1	1
422	Auto dealership	0	0	3	3
482	Surface parking lot - used in conjunction with another property	0	0	1	1
492	Marina - located on waterfront - defined as a commercial facility for the maintenance, storage, service and/or sale of watercraft	5	0	0	5
520	Standard industrial properties not specifically identified by other Industrial Property Codes	0	2	0	2
540	Other industrial (all other types not specifically defined)	0	3	0	3
605	School (elementary or secondary, including private)	0	0	1	1
700	Place of worship - with a clergy residence	0	0	2	2
739	Local government airport	3	0	0	3
	<b>Total</b>	<b>77</b>	<b>66</b>	<b>168</b>	<b>311</b>

## Appendix B

### 2016 Taxation Revenue by Area



Airport lands

Type	Cavan	County	Subtotal	Education	Total
Farm	965	514	1,480	289	1,769
Residential	65,341	34,831	100,172	19,105	119,277
Commercial	3,822	2,037	5,859	5,927	11,785
Industrial	68,588	36,562	105,149	117,416	222,566
Total	138,716	73,944	212,660	142,737	355,397

City Equivalent Taxes	City	Education	Total
Farm	1,930	289	2,219
Residential	130,645	19,105	149,750
Commercial	11,130	5,927	17,056
Industrial	163,777	117,416	281,193
Total	307,481	142,737	450,218

Difference (City less Twp/Cnty)	94,821	-	94,821
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Employment lands

Type	Cavan	County	Subtotal	Education	Total
Farm	2,407	1,283	3,690	721	4,411
Residential	75,497	40,245	115,742	22,622	138,364
Commercial	25,336	13,506	38,842	43,373	82,215
Industrial	6,925	3,692	10,617	8,898	19,515
Total	110,166	58,725	168,891	75,615	244,506

City Equivalent Taxes	City	Education	Total
Farm	4,813	721	5,534
Residential	150,951	22,622	173,573
Commercial	73,783	43,373	117,157
Industrial	16,537	8,898	25,435
Total	246,083	75,615	321,698

Difference (City less Twp/Cnty)	77,192	-	77,192
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Residential lands

Type	Cavan	County	Subtotal	Education	Total
Farm	2,145	1,143	3,288	643	3,931
Residential	324,020	172,723	496,742	98,922	595,664
Commercial	950	507	1,457	1,472	2,929
Industrial	32,416	17,280	49,696	55,493	105,189
Total	359,531	191,652	551,183	156,530	707,713

City Equivalent Taxes	City	Education	Total
Farm	4,288	643	4,931
Residential	647,851	98,922	746,773
Commercial	2,768	1,472	4,240
Industrial	77,404	55,493	132,897
Total	732,311	156,530	888,841

Difference (City less Twp/Cnty)	181,128	-	181,128
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