



City of
Peterborough

To: Members of the Committee of the Whole

From: Allan Seabrooke, Chief Administrative Officer

Meeting Date: March 6, 2017

Subject: Report CAO17-002
MOU – Securing Employment Lands for the Benefit of the Region

Purpose

A report to outline the terms of a Memorandum of Understanding between the City of Peterborough, the Township of Cavan Monaghan and the County of Peterborough developed under the guidance of the Provincial Land and Development Facilitator in order to secure employment lands, capable of being serviced, for the benefit of the region.

Recommendations

That Council approve the recommendations outlined in Report CAO17-002 dated March 6, 2017, of the Chief Administrative Officer, as follows:

- a) That Report CAO17-002 and the Memorandum of Understanding (MOU) dated December 7, 2016, attached to this report as Exhibit A, be received for information;
- b) That a Public Meeting be held pursuant to Section 173(3) of the **Municipal Act, 2001**, in order to receive public comments on the MOU and the Draft Restructuring Proposal; and
- c) That in preparation for the Public Meeting, staff be directed to prepare a Draft Restructuring Proposal.

Budget and Financial Implications

The recommendations of this report, if endorsed by Council, will ultimately lead to a boundary resolution that requires compensation to the Township of Cavan Monaghan and County of Peterborough of \$74.4 M over 25 years, additional operating and capital costs of \$55 M and tax revenues of \$211.4 M for a net revenue stream of \$82 M. With this information, it is estimated that by Year 8, the additional annual revenues will offset the expected additional annual costs and by Year 16 the accumulated revenues will offset the accumulated costs.

The estimates for capital expenditures are at a very high level with many assumptions being made and exclude any servicing to current properties or major reconstruction of existing roads. An additional area of risk is the unknown consequential impacts that build-out will have on downstream infrastructure. Invariably there will be pipes and related infrastructure within the existing City right of way that will need to be upsized or reconfigured to accommodate the additional growth. The cost of this infrastructure may be factored into development charges. Due to the complexity of the financial implications a detailed analysis is presented in Exhibit B.

Background

For several years the City of Peterborough and the Township of Cavan Monaghan have engaged in discussions of inter-municipal interest. Over the past 3 years in particular the discussions have focused on the need and opportunity to secure employment land, capable of being serviced, for the benefit of the region. Exhibit C provides a detailed rationale for the employment land discussions.

The Involvement of the Provincial Land and Development Facilitator:

On March 12, 2015 the Minister formally appointed the Provincial Land and Development Facilitator to assist the parties develop a local restructuring proposal that benefits all parties. The County of Peterborough was invited by the City and the Township to participate in the negotiations to recognize that a successful restructuring proposal would also require the approval of the County Council.

Pursuant to the Terms of Reference prepared by the Office of the Provincial Land and Development Facilitator each party appointed a negotiating team comprised of municipal staff and/or authorized agents. While the negotiating teams had the authority to develop the foundations of an agreement, the process requires that the Councils of the City, Township and County endorse the negotiated settlement, hold a public meeting, and approve a formal Restructuring Proposal pursuant to the **Municipal Act, 2001** before any adjustment to a municipal boundary can occur.

Under the guidance of the Provincial Land and Development Facilitator the parties established a general framework for economic progress between July and September of 2016. The framework validated that an agreement for inter-municipal cooperation was achievable and formal negotiations took place between October and December of 2016.

A Memorandum of Understanding Has Been Reached:

On December 7, 2016 the negotiations reached a successful conclusion with the execution of a Memorandum of Understanding (MOU), attached to this report as Exhibit A. The MOU is founded on the following principles:

- a) The negotiating teams agreed that there is a shortage of serviced Employment Lands in the region and that the City of Peterborough requires an Employment Land solution to meet its “Places to Grow” employment targets. The Township and County seek to be part of a solution to the Employment Land issue, in the interests of regional economic growth;
- b) The negotiating teams agreed that the inclusion of Residential Lands in a potential boundary adjustment is integral to the resolution of the Employment Land shortage;
- c) The negotiating teams agreed that the Peterborough Airport has been the focus of significant investment by the City of Peterborough in the last decade and that securing the land base of the Airport and environs in the jurisdictional control of the City of Peterborough has been a long-standing expectation of the City;
- d) The negotiating teams agreed that the Employment Lands, Residential Lands and Airport Lands which have been identified in the negotiations presently make a significant financial contribution to the economic health of the Township and County;
- e) The negotiating teams agreed that long term economic incentives, commensurate with the economic loss to both the Township and County which results from a boundary adjustment, is a reasonable expectation; and
- f) The negotiating teams agreed that certainty should be a hallmark of the negotiation and that a guaranteed annual revenue stream over the next 25 years will allow the Township and County to fiscally plan for a future with an adjusted municipal boundary. Certainty also means that the City should not initiate further boundary discussions with the Township for at least 25 years.

Highlights of the MOU:

The City of Peterborough's inventory of serviced industrial land is exhausted and without additional lands being acquired, the City will be unable to achieve compliance under the Growth Plan for the Greater Golden Horseshoe. The Growth Plan obliges the City to adopt policies and progress to achieve employment and growth targets which requires an availability of serviced land.

The MOU proposes an adjustment to the western boundary of the City including a long-term Employment Lands allocation, the Peterborough Airport, and the natural extension of Residential Lands that can be readily serviced from the City, with an anticipated effective date of January 1, 2018.

The MOU recommends a guaranteed annual payment in quarterly installments to the Township and County for 25 years commencing the anticipated effective date of January 1, 2018. The Township's compensation totals \$2.5M per year. The County's annual compensation is \$475,000.

The Township's total financial compensation package of \$2.5M per year for 25 years is comprised of five main components as follows:

- Replacement of Existing Tax Revenues
- Compensation for Investment made by the Township in Road Assets Transferred to the City
- Sharing of Tax Revenues from Development of Employment Lands
- Annexation Payment from Development of Residential Land
- Incentive Payment for a Timely Single Phase Annexation.

The County's compensation package of \$475,000 per year for 25 years is comprised of two components including replacement of existing tax revenue and compensation for investment made by the County in road assets transferred to the City.

For the City, approximately 45% of the total annual compensation is derived from the taxes generated from existing development within the annexed area. New development within the annexed lands, such as 500 residential units, will cover the other 55%. There will be costs to be borne by the City for garbage collection, winter maintenance and other services within the annexed area in addition to the annual compensation payments to the Township and County.

In addition to annual financial compensation for 25 years, the MOU provides two servicing allocations for the Township and County to grow their taxation base. An Employment Lands allocation recognizes approximately 90 acres west of Elmdale Road including Sysco Foods. Given the importance of securing the future of existing employers, the allocation is viewed to be in the regional interest and thus is released at no cost. The Township and/or users will bear the capital cost for service extensions within the Township as well as pay consumption fees on par with City users. The detail will be outlined in the Restructuring Proposal and implementing legal agreements.

A second servicing allocation provides the Township with a capacity equivalent to 500 single detached residential units and can be deployed in a location of the Township's choosing. The Township will pay for the release of the capacity based on the water and wastewater charges within the prevailing City/PUC Development Charges. In addition the Township and/or users will bear the capital cost for service extensions within the Township as well as pay consumption fees on par with City users. The detail will be outlined in the Restructuring Proposal and implementing legal agreements.

In not all circumstances would the expected development pattern within the lands to be annexed bring municipal services to the future municipal boundary. In order to ease the financial burden on the Township and to take full advantage of the servicing allocations the MOU commits the City to contribute up to \$8M towards the servicing extensions to the future municipal boundary.

For all taxpayers within the annexed area the MOU supports a transition period for any tax increases that may be experienced under the City tax structure. Outside of yearly tax increases experienced by all City properties, those properties in the annexed lands will also be exposed to increased taxes to bring their "Township" taxes in line with comparable properties in the City. This rationalization of taxes will occur over a 10 year phase-in period with equal additional payments of 10 per cent per year.

Financial Discussion re Risk

Exhibit B provides an estimate of the budgetary considerations of the MOU based on the best information that is available at this time.

One area of unknown risk is the consequential impact of development of the annexed lands on the downstream infrastructure. It is not inconceivable that there will be pipes and related infrastructure within the existing City right-of-way that will need to be upsized or reconfigured to accommodate the additional growth from the annexed lands. However, until all of the required studies and modeling are completed there is no good method of accurately estimating what upgrades may be required to the City's existing infrastructure.

Offsetting these potential additional costs outside of what is shown in Exhibit B will be the collection of Development Charges assigned to the new growth. Although growth related

costs for certain segments of the infrastructure can be recovered at very high rates (100%, 90%), there are mitigating circumstances related to the infrastructure improvements being discussed here that would lead to much lower recovery rates.

It is expected that accurately quantifying this risk will take upwards of two years after commencement of the required studies.

Next Steps and Implementation

If Council endorses the MOU in principle the following actions need to be taken:

1. The Holding of a Public Meeting

The Municipal Act, 2001, in Section 173(3) states that the council of a municipality, before it votes on whether to support or oppose a restructuring proposal, must consult with the public by giving notice of and by holding at least 1 public meeting. In addition, Council may direct that other persons and bodies be consulted.

2. The Preparation of a Restructuring Proposal

While the MOU captures the essential terms of the interests between the City and the Township and the County, the MOU is not in a form that qualifies as a Restructuring Proposal suitable for submission to the Minister of Municipal Affairs pursuant to Section 173(1) of **The Municipal Act, 2001**. Once prepared the Restructuring Proposal will return to each Council, including the County and each Council will give formal evidence of their support for the Restructuring Proposal by passing a by-law.

3. The Preparation of Legal Agreements to Give Effect to the MOU

The MOU contains many long-term financial commitments between the City, Township and County that are unlikely to be articulated in any detail in a Restructuring Proposal. Matters of compensation are not matters of Provincial interest to the same extent an adjustment to a municipal boundary is. Therefore, legal agreement(s) must be prepared to capture the commitments of the MOU including any implementation details that will give clarity to the interpretation of the MOU. The agreements would come into full force and effect with the Minister's approval of the Restructuring Proposal.

4. Council Approval

Following the preparation of the Restructuring Proposal and the legal agreements to implement the MOU, and the holding of the requisite public meeting, a meeting of each council must be held to pass by-laws supporting the Restructuring Proposal and all agreements. It is recommended that the Council meeting be held in May 2017 so that the formal submission of the Restructuring Proposal to the province can be made by the end

of May. This gives the Province six to seven months to review the proposal and approve it by the proposed implementation date of January 1, 2018.

5. First Nations Consultation

Municipalities are expected to consult with Aboriginal peoples on the restructuring proposal. The consultation will include written notification of the proposal and an offer to present the proposal to their respective Councils, which would be initiated following City Council direction.

Summary

The signing of the MOU represents a significant step in the relationship between the City of Peterborough and the Township of Cavan Monaghan. The MOU envisions a long term solution for the shortage of serviced employment lands within the region and a long term resolution of the western City boundary. In return the MOU envisions a compensation package for the Township and County that provides long term financial certainty commensurate with the impacts of a significant boundary adjustment.

Submitted by,

Allan Seabrooke
Chief Administrative Officer

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Attachments:

Exhibit A – Memorandum of Understanding
Exhibit B – Budget and Financial Implications
Exhibit C – Provincial Growth Plan Compliance

Exhibit A
Memorandum of Understanding

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**

<Original Signed By>
Allan Seabrooke

Allan Seabrooke,
Chief Administrative Officer

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

<Original Signed By>
Yvette Hurley

Yvette Hurley
Chief Administrative Officer

**THE CORPORATION OF THE CITY OF
PETERBOROUGH**

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Malcolm Hunt,
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**THE CORPORATION OF THE
TOWNSHIP OF CAVAN MONAGHAN**

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**THE CORPORATION OF THE COUNTY
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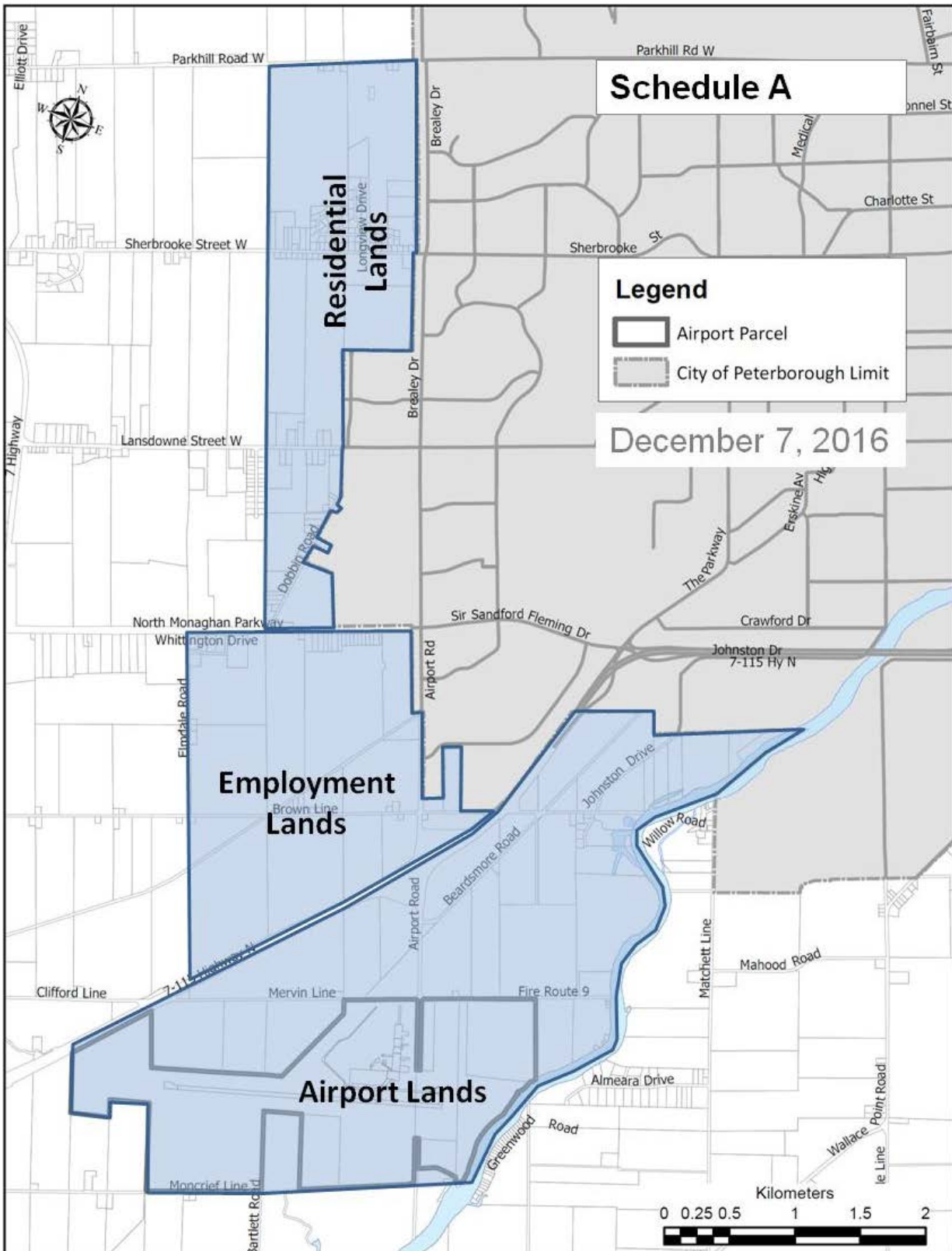


Exhibit B

Budget and Financial Implications

The MOU provides for a guaranteed annual payment payable in quarterly installments to both the Township of Cavan Monaghan and the County of Peterborough for 25 years commencing in 2018 of \$2.5 million and \$475,000 respectively.

Annual costs will be offset by revenues from the existing tax base. Outside of yearly tax increases experienced by all City properties, those properties in the annexed lands will also be exposed to increased taxes to bring their “Township” taxes in line with comparable properties in the City. This rationalization of taxes will occur over a 10-year phase-in period with equal additional payments of 10% per year.

The boundary adjustment will also cause other costs to be incurred within the City’s Operating and Capital Budgets. Chart 1 provides an early estimate of the cash-flow impacts over the 25 years of the agreement, and indicates the net budgetary requirement for each year.

The additional operating and capital estimates are very high level and several major assumptions have been made such as no servicing being provided to current residential properties. In addition, the estimates do not include any major reconstruction of existing roads. The balance of this section provides more detailed information on the operating and capital costs to be incurred.

Incremental Impacts to City Operating and Capital Budgets

The boundary adjustment will cause both immediate and longer term Operating and Capital budget impacts. All will be subject to the normal processes that have been established for procurement, budgetary and reporting purposes. Council should anticipate that existing Capital Budget project priorities will be impacted as the new commitments compete for limited budgetary resources. The extent, to which existing priorities will change, will all depend on the commitments made through the MOU and the priority given to developing the annexed lands. It is acknowledged, however, that the boundary adjustments will also result in new sources of revenue to deal with additional operating and capital costs.

The following discussion highlights the type, time-line, and preliminary estimates of costs that Council should anticipate from various City Divisions:

USD Administration:

- Year 1: Functional Servicing Study - \$450,000
 a) Brealey Drive/ New Arterial Environmental Assessment - \$450,000

Year 2: Amend Sherbrooke Street Environmental Assessment - \$230,000

Year 3: Sewage Pump Station Environmental Assessment - \$240,000

Year 5 Sewage Pump Station Environmental Assessment - \$480,000

Engineering and Infrastructure Planning: the boundary adjustment will increase the City's land mass by approximately 25%. As the lands are built-out, there will be immediate staffing implications associated with development applications, secondary plans, and official plan and consent applications. There will also be both immediate and long term impacts to the asset management infrastructure regime as well.

An area of risk is the unknown consequential impacts that build-out will have on downstream infrastructure. Invariably there will be pipes and related infrastructure within existing City right-of-way that will need to be upsized or reconfigured to accommodate the additional growth.

The MOU commits the City to contribute up to \$8 M for two Servicing Allocations for the Township and County to grow their taxation base. The funds will be used to extend existing services within the City to the future municipal boundary. Given the time required for the applicable studies to be completed, design and necessary approvals, it is anticipated that construction could take place as early as years 4-7. Any costs incurred over and above the \$8 M would be the responsibility of the Township. The Township would also be responsible for costs incurred on Township land to access the City infrastructure.

Along with the two new servicing allocations provided for in the MOU, any growth in terms of volume or magnitude of the Engineering and Construction Capital Budget will necessitate the requirement for additional staff resources. The staffing cost would not have an Operating Budget impact per se, as staffing costs are historically included within the Capital Budget project costs.

Waste Management: recycling collection and processing, blue boxes, composters and related materials – approximately \$10,000 per year

Environmental Protection: additional operational costs will be incurred at the Waste Water Treatment Plant as soon as the sanitary sewage collection system is expanded. There will also be other, more substantive capital costs in future years (five years plus) and may include equipment for collection services (flush, clean, CCTV), Equipment truck (confined spaces, signage), new Vactor truck, and new camera truck.

Transportation:

Traffic / TDM / Parking – signage (one-time cost of \$32,000), railway crossings, annual pavement markings and traffic counts – approximately \$46,850 per year plus 0.8 staff FTE - \$68,600

Transit – Options will be presented to Council on various levels of service that could be provided to the annexed areas. For instance, options could include:

- Option 1: Full Service to Airport - TransCab to Other Areas: Capital one-time cost - \$587,500, ongoing net Operating budget impact - \$557,100
- Option 2: TransCab Service to Airport and Other Areas: Capital one-time cost – \$0, ongoing net Operating budget impact - \$111,300

Public Works: Road related activity and associated overheads including: winter control, pavement services, street cleaning, right-of-way services, drainage, grass cutting and garbage collection - \$177,700 annually plus normal inflationary costs. Over time, as the area is built out, additional staff will be required.

City/County Weighted Assessment – preliminary estimates indicate that the resulting shift in assessment from the County to the City will change the County/City weighted assessment by 0.05% to City 46.0% (45.5%) / County 54.0 (54.5%). Based on the City's current Consolidated Municipal Service Management Agreement with the County (2014 – 2018), the impacted service areas, which are based on the prior years weighted assessments, are Housing and Provincial Offences Office. Based on 2017 revenues and expenses, the relatively nominal assessment change will cause the City to otherwise fund \$8,600 more of the Housing Budget, and receive an estimated \$6,700 more of the net revenues from the Provincial Offences Office.

Police Services – under the existing tri-party agreement with the Township of Cavan Monaghan, the City and the Peterborough Police Services Board, the City provides policing services to the Township on a contracted, fee for service basis.

Whether or not the fee changes as a result of a reduced geographic area and somewhat smaller population base will be the result of future discussions among the parties. No assumptions have been made in this report as to how the current financial arrangements could change.

Fire Protection – the new annexed lands can be serviced from Station 3 on Clonsilla Avenue with current equipment and staff resources. Airport lands are currently serviced by the City. The Automatic Aid Agreement with the Township and City will be adjusted to reflect the new annexed lands.

Social Services – the cost share for Ontario Works Administration and Children Services are both based on percentage of Ontario Works cases and child care spaces in the

City/County. As a result of the boundary adjustment, there would be an increase to the City for both. The cost is expected to be in the range of \$20,000 per year.

Recreation – in the short term, Recreation would ideally be looking at acquiring 50 – 100 acres of table land for future sport field, recreation development. In the longer term, recreation would also look to enhance neighbourhood parks – say three to four at \$60,000 per, through the Community Assistance Fund.

Growth Projections – The establishment of revenue projections for growth in the residential and employment lands is based on an assumption of 150 housing starts and development of 10 acres of employment lands per year.

CHART 1 - CITY CASHFLOW PRELIMINARY ESTIMATES
2018 - 2042

Ref		Total	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Year 6 2023	Year 7 2024	Year 8 2025	Year 9 2026	Year 10 2027	Year 11 2028	Year 12 2029	Year 13 2030	Year 14 2031	Year 15 2032
1	Expense																
2	Township																
3	Tax Replacement	20,375,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000
4	Transferred Assets	4,125,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000
5	Employment Land Participation	10,500,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000
6	Annexation Payment (Residential Lands)	7,500,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
7	Incentive Payment	20,000,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
8		62,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
9	County																
10	Tax Replacement	8,125,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
11	Transferred Assets	3,750,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
		11,875,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000
12	City - USD Operating																
13	Engineering & Construction	3,708,000	118,000	120,000	122,000	123,000	125,000	128,000	130,000	133,000	135,000	138,000	141,000	144,000	147,000	149,000	152,000
14	Public Works	5,318,000	178,000	178,000	178,000	178,000	179,000	182,000	186,000	190,000	193,000	197,000	201,000	205,000	209,000	214,000	218,000
15	Transportation	6,901,000	207,000	239,000	230,000	231,000	232,000	237,000	242,000	247,000	252,000	257,000	262,000	267,000	272,000	278,000	283,000
16	Environmental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Waste Management	332,000	9,000	9,000	11,000	11,000	11,000	12,000	12,000	12,000	12,000	12,000	13,000	13,000	13,000	14,000	14,000
18	Adm	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Total USD	16,259,000	512,000	546,000	541,000	543,000	547,000	559,000	570,000	582,000	592,000	604,000	617,000	629,000	641,000	655,000	667,000
20	Community Services - Operating																
21	Child care	640,000	20,000	20,000	21,000	21,000	22,000	22,000	23,000	23,000	23,000	24,000	24,000	25,000	25,000	26,000	26,000
22	Total CS	640,000	20,000	20,000	21,000	21,000	22,000	22,000	23,000	23,000	23,000	24,000	24,000	25,000	25,000	26,000	26,000
23	Housing - Operating																
24	City/County cost share	276,000	9,000	9,000	9,000	9,000	9,000	9,000	10,000	10,000	10,000	10,000	10,000	11,000	11,000	11,000	11,000
25	Total Housing	276,000	9,000	9,000	9,000	9,000	9,000	9,000	10,000	10,000	10,000	10,000	10,000	11,000	11,000	11,000	11,000
26	POA																
27	City/County revenue sharing	-215,000	-7,000	-7,000	-7,000	-7,000	-7,000	-7,000	-8,000	-8,000	-8,000	-8,000	-8,000	-8,000	-8,000	-9,000	-9,000
28	Total POA	-215,000	-7,000	-7,000	-7,000	-7,000	-7,000	-7,000	-8,000	-8,000	-8,000	-8,000	-8,000	-8,000	-8,000	-9,000	-9,000
29	Total Costs	91,335,000	3,509,000	3,543,000	3,539,000	3,541,000	3,546,000	3,558,000	3,570,000	3,582,000	3,592,000	3,605,000	3,618,000	3,632,000	3,644,000	3,658,000	3,670,000
30	Revenue																
31	Property Taxation																
32	Existing Tax base - City tax rates	-37,520,000	-1,394,000	-1,406,000	-1,412,000	-1,419,000	-1,427,000	-1,436,000	-1,444,000	-1,453,000	-1,462,000	-1,471,000	-1,480,000	-1,489,000	-1,498,000	-1,508,000	-1,517,000
33	Phase-in tax adjustment	1,755,000	351,000	312,000	273,000	234,000	195,000	156,000	117,000	78,000	39,000	0	0	0	0	0	0
34	New Growth	-175,611,000	0	0	-540,000	-1,095,000	-1,661,000	-2,240,000	-2,831,000	-3,435,000	-4,053,000	-4,683,000	-5,326,000	-5,982,000	-6,652,000	-7,335,000	-8,032,000
35	Total Revenues	-211,376,000	-1,043,000	-1,094,000	-1,679,000	-2,280,000	-2,893,000	-3,520,000	-4,158,000	-4,810,000	-5,476,000	-6,154,000	-6,806,000	-7,471,000	-8,150,000	-8,843,000	-9,549,000
36	Net Operating cashflow	-120,041,000	2,466,000	2,449,000	1,860,000	1,261,000	653,000	38,000	-588,000	-1,228,000	-1,884,000	-2,549,000	-3,188,000	-3,839,000	-4,506,000	-5,185,000	-5,879,000
37	Capital Expenditures	31,686,000	1,120,000	680,000	699,000	468,000	1,993,000	1,100,000	1,122,000	1,144,000	1,167,000	1,191,000	1,214,000	1,239,000	1,264,000	1,289,000	1,315,000
38	Development Charges revenue	-1,742,000	-600,000	-77,000	-240,000	0	-825,000	0	0	0	0	0	0	0	0	0	0
39	Servicing allocations	8,000,000	0	0	0	2,000,000	2,000,000	2,000,000	2,000,000	0	0	0	0	0	0	0	0
40	Total Capital Cash flow	37,944,000	520,000	603,000	459,000	2,468,000	3,168,000	3,100,000	3,122,000	1,144,000	1,167,000	1,191,000	1,214,000	1,239,000	1,264,000	1,289,000	1,315,000
41	Annual Cash flow	-82,097,000	2,986,000	3,052,000	2,319,000	3,729,000	3,821,000	3,138,000	2,534,000	-84,000	-717,000	-1,358,000	-1,974,000	-2,600,000	-3,242,000	-3,896,000	-4,564,000
42	Cummulative Cash flow		2,986,000	6,038,000	8,357,000	12,086,000	15,907,000	19,045,000	21,579,000	21,495,000	20,778,000	19,420,000	17,446,000	14,846,000	11,604,000	7,708,000	3,144,000

CHART 1 - CITY CASHFLOW PRELIMINARY ESTIMATES
2018 - 2042

Ref		Year 16 2033	Year 17 2034	Year 18 2035	Year 19 2036	Year 20 2037	Year 21 2038	Year 22 2039	Year 23 2040	Year 24 2041	Year 25 2042
1	Expense										
2	Township										
3	Tax Replacement	815,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000	815,000
4	Transferred Assets	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000
5	Employment Land Participation	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000
6	Annexation Payment (Residential Lands)	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
7	Incentive Payment	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
8		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
9	County										
10	Tax Replacement	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
11	Transferred Assets	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
		475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000
12	City - USD Operating										
13	Engineering & Construction	155,000	159,000	162,000	165,000	168,000	172,000	175,000	179,000	182,000	186,000
14	Public Works	222,000	227,000	231,000	236,000	240,000	245,000	250,000	255,000	260,000	266,000
15	Transportation	289,000	295,000	301,000	307,000	313,000	319,000	325,000	332,000	339,000	345,000
16	Environmental	0	0	0	0	0	0	0	0	0	0
17	Waste Management	14,000	14,000	15,000	15,000	15,000	16,000	16,000	16,000	16,000	17,000
18	Adm	0	0	0	0	0	0	0	0	0	0
19	Total USD	680,000	695,000	709,000	723,000	736,000	752,000	766,000	782,000	797,000	814,000
20	Community Services - Operating										
21	Child care	27,000	27,000	28,000	29,000	29,000	30,000	30,000	31,000	32,000	32,000
22	Total CS	27,000	27,000	28,000	29,000	29,000	30,000	30,000	31,000	32,000	32,000
23	Housing - Operating										
24	City/County cost share	12,000	12,000	12,000	12,000	13,000	13,000	13,000	13,000	14,000	14,000
25	Total Housing	12,000	12,000	12,000	12,000	13,000	13,000	13,000	13,000	14,000	14,000
26	POA										
27	City/County revenue sharing	-9,000	-9,000	-9,000	-10,000	-10,000	-10,000	-10,000	-10,000	-11,000	-11,000
28	Total POA	-9,000	-9,000	-9,000	-10,000	-10,000	-10,000	-10,000	-10,000	-11,000	-11,000
29	Total Costs	3,685,000	3,700,000	3,715,000	3,729,000	3,743,000	3,760,000	3,774,000	3,791,000	3,807,000	3,824,000
30	Revenue										
31	Property Taxation										
32	Existing Tax base - City tax rates	-1,527,000	-1,536,000	-1,546,000	-1,555,000	-1,565,000	-1,575,000	-1,585,000	-1,595,000	-1,605,000	-1,615,000
33	Phase-in tax adjustment	0	0	0	0	0	0	0	0	0	0
34	New Growth	-8,743,000	-9,468,000	-10,206,000	-10,959,000	-11,726,000	-12,508,000	-13,304,000	-14,114,000	-14,939,000	-15,779,000
35	Total Revenues	-10,270,000	-11,004,000	-11,752,000	-12,514,000	-13,291,000	-14,083,000	-14,889,000	-15,709,000	-16,544,000	-17,394,000
36	Net Operating cashflow	-6,585,000	-7,304,000	-8,037,000	-8,785,000	-9,548,000	-10,323,000	-11,115,000	-11,918,000	-12,737,000	-13,570,000
37	Capital Expenditures	1,341,000	1,368,000	1,395,000	1,423,000	1,451,000	1,480,000	1,510,000	1,540,000	1,571,000	1,602,000
38	Development Charges revenue	0	0	0	0	0	0	0	0	0	0
39	Servicing allocations	0	0	0	0	0	0	0	0	0	0
40	Total Capital Cash flow	1,341,000	1,368,000	1,395,000	1,423,000	1,451,000	1,480,000	1,510,000	1,540,000	1,571,000	1,602,000
41	Annual Cash flow	-5,244,000	-5,936,000	-6,642,000	-7,362,000	-8,097,000	-8,843,000	-9,605,000	-10,378,000	-11,166,000	-11,968,000
42	Cummulative Cash flow	-2,100,000	-8,036,000	-14,678,000	-22,040,000	-30,137,000	-38,980,000	-48,585,000	-58,963,000	-70,129,000	-82,097,000

Exhibit C

Provincial Growth Plan Compliance

Under the Growth Plan for the Greater Golden Horseshoe, 2016 (the Growth Plan), the City of Peterborough is obliged to adopt policies and programs to implement the Plan. The Plan establishes density and growth distribution objectives as well as population and employment targets for the City and all municipalities in the Greater Golden Horseshoe (GGH). Over the life of the Plan, the Province will monitor the performance of GGH municipalities including the City's compliance with the population and employment targets.

In order to achieve compliance, Sections 2.2.2.1 and 2.2.6.1 of the Growth Plan require the City to provide an adequate inventory of land to support the growth targets established by the Province.

In 2012 the Province amended Schedule 3 of the Growth Plan which establishes the population and employment growth targets throughout the Greater Golden Horseshoe. In addition to adding 10 years to the forecast period (from 2031 to 2041) the new targets begin shifting the burden of growth within the GGH in the final 10 years of the forecast period to the outer ring municipalities, including Peterborough. As a result, the employment forecast for the City has moved from 42,000 jobs in 2031 to 52,000 jobs in 2031 and 58,000 jobs in 2041. This represents an increase of 38% over the Growth Plan's original forecast horizon and an increase of 17,000 jobs from the Growth Plan's 2011 employment target for Peterborough.

By the end of 2017 the City of Peterborough's inventory of serviced industrial land is expected to be exhausted based on committed or anticipated sales. While the City is currently investing significantly in the Trent Research and Innovation Park, this employment area will have market appeal to a narrow range of employment uses that seek a strong affiliation with Trent University. Furthermore, the size of the Research Park at 85 acres is limited and is only 50% of the area of Major Bennett Industrial Park. The Research Park will assist the City to reach the employment targets; however, it is far from being the answer to the employment growth targets.

All employment growth counts towards the Growth Plan target and therefore other initiatives such as the promotion of major office development in the Central Area, growth in the entertainment and hospitality sector, and the steady growth of major public sector employers such as Trent, Fleming and PRHC are all important contributors but will only make up a share of the 17,000 employment increase expected under the Growth Plan between 2011 and the year 2041.

Based on Statistics Canada data the 2011 **actual** employment in the City of Peterborough was 45,635, including “no fixed place of work employment” and “work at home employment”. This indicates that the City had exceeded the 2011 target of 41,000 under the Growth Plan leaving approximately 12,000 new jobs to be accommodated to 2041. Reserving a proportionate share of “no fixed place of work employment” and “work at home employment” growth during the forecast period to 2041, and recognizing that a share of the City’s employment growth will be achieved through intensification in existing employment areas, such as the Central Area, a more conservative estimate of employment land required by the City is to support approximately 7,000 jobs in traditional manufacturing, service industrial and warehousing activities.

Based on historical Peterborough development trends in the City’s industrial parks 7,000 jobs will require 800 acres of developable lands after netting out the small existing land supply already in the City. The Employment Lands included within the proposed annexation have a gross area of 1,010 acres; however, given the environmental constraints impacting large areas of the land base the developable land base is reduced to approximately 600 acres.

The proposed annexation will allow the airport to contribute to the employment targets of the City, as well.

The inclusion of the Employment Lands and Airport Lands within the City is required for the City to be compliant with the Provincial Growth Plan to 2041.