



City of
Peterborough

To: Members of General Committee

From: Sandra Clancy, Chief Administrative Officer

Meeting Date: January 17, 2022

Subject: Options to Consider when Responding to Offer to Establish a Regional Economic Development Strategy Report CAO22-001

Purpose

To offer options, for Council's consideration, to respond to the recent invitation from the Township of Cavan Monaghan to participate in establishing a Regional Economic Development Strategy.

Recommendation

That Council approve the recommendation outlined in Report CAO22-001, dated January 17, 2022, of the Chief Administrative Officer, as follows:

That Report CAO22-001 be received for information.

Budget and Financial Implications

There are no direct Budget and Financial Implications to receiving this report. Depending on the steps that the City takes next there may be significant financial implications to finance the development of employment lands, however, such costs will be the subject of future staff reports as necessary.

Background

This report is in response to the recent motion by the Township of Cavan Monaghan (Township) on December 6, 2021 which was:

- That Council direct staff to draft a letter expressing their congratulations on the adoption of the City of Peterborough's Official Plan and Transportation Master Plan and include the Township's support for, and enthusiasm to participate in establishing and creating a Regional Economic Development Strategy; and
- That the letter be sent to each member of the Council of the City of Peterborough, the County of Peterborough and to the President of Peterborough and the Kawartha Economic Development.

The letter was sent to members of City Council on December 8, 2021 (Letter attached as Appendix A).

Although not of primary importance but to clarify, the Transportation Master Plan (TMP) has not been adopted yet, an update on the TMP and approval of the recommended transportation strategy was provided to Council through Report IPSTR21-018 dated November 8, 2021 and the report, with some amendments, was approved by Council on November 29, 2021.

The Official Plan (OP) was approved on November 29, 2021, through Report IPSPL21-036 dated November 1, 2021.

The following provides a brief historical synopsis of the ongoing discussions that have occurred with the Township and the County to give additional context to the most recent decisions that have been made by the various municipalities.

Previous Council resolutions and Communications regarding Potential Annexation with the Township of Cavan Monaghan

The City of Peterborough (City), the Township and the County of Peterborough (County) have engaged in discussions about the need and opportunity to create serviced employment land for the benefit of the Peterborough region for several years. The discussions included the assistance of a provincial facilitator. In early 2017, a Memorandum of Understanding (MOU) between the three parties was presented to the respective Councils.

Report CAO17-002, dated March 6, 2017, outlined the MOU for Council's consideration. The motion approved by Council at the March 20, 2017 meeting was:

- 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 staff be directed to continue negotiations with the Township of Cavan Monaghan and the County of Peterborough with respect to the MOU;

- c) That the City of Peterborough parameters for future negotiations focus on a compensation model based on balanced cash flow and revenue generated from growth;
- d) That a Public Meeting be held, in order to receive public comments on the draft restructuring proposal;
- e) That staff report back to Council on the results of negotiations with the Township of Cavan Monaghan and the County of Peterborough and potential changes to the cash flow analysis from Report CAO17-002;
- f) When the actual revenues from the Casino become available, staff report to an appropriate Committee of the Whole meeting;
- g) That staff begin formal negotiations with other bordering Townships whose partnership could benefit both parties and the region; and
- h) That, as part of the Official Plan review, staff conduct a land needs assessment.

Cavan Monaghan's Position

On March 17, 2017, The Council of the Township of Cavan Monaghan passed the following resolution:

Whereas Provincial Facilitation successfully concluded on December 7, 2016; therefore, the Council of the Township of Cavan Monaghan will not be directing staff to renegotiate the MOU with the City of Peterborough.

Considering City Council's direction to further negotiate with the Township of Cavan Monaghan and the Township Council's decision not to negotiate, the only alternative was to make a presentation to Township Council and with an amended MOU based on balanced cash flow and revenue generated from growth. In short, the amended cash flow maintained the overall compensation previously agreed to but sought to amend the timing of the payments to align cash flows with development. Accordingly, at the Township Council meeting of April 18, 2017, the City CAO presented an alternative MOU.

The delegation was received for information and in effect Township Council reconfirmed their previous position to not negotiate changes to the MOU with the City of Peterborough.

City Council response

Through Report CAO17-005, dated May 8, 2017, the City CAO reported back to Council on the township's position. City Council approved the following motion on May 15, 2017:

- a) That the CAO be directed to send a letter requesting the Province take action on the issue of a boundary adjustment between the City of Peterborough and the Township of Cavan Monaghan, to facilitate the City meeting its requirements under the Growth Plan for the Greater Golden Horseshoe, given that a mutually agreeable solution has been unable to be reached despite extensive negotiations;
- b) That the Province be informed that City Council considers the total amount to be paid to the Township and County to be too high;
- c) That a copy of the letter be e-mailed to Council; and
- d) That staff be directed to explore all other alternative development arrangements within the City boundaries including potential conversion of presently zoned residential land to employment land.

The response received from the Province was that they were willing to consider a boundary adjustment but only if supported by all three parties. The Minister offered the services of the facilitator for one more day.

Amendments to the original MOU were developed and a subsequent meeting was held on November 27, 2017 with the provincial facilitator. At this meeting, high level principles for a boundary adjustment settlement were discussed and established. However, the parties felt that the timelines required to complete the negotiations were such that both the provincial election in June 2018 and the municipal election in October 2018 were impediments. It was decided that staff would continue to work through the details of a future agreement with the intention of a report coming forward in 2019.

Direction from Township of Cavan Monaghan in 2019

On March 4, 2019, the Township of Cavan Monaghan approved the following motions:

- That the Township of Cavan Monaghan is not interested in participating in any discussions regarding annexation with the City of Peterborough;
- That Council directs Township Staff to work together with the City of Peterborough and the County of Peterborough to review cross border servicing options that will support future employment for this region.

Activity in 2019 and 2020

As per Council's direction, further conversation and research occurred regarding other options for employment lands. The Land Needs Assessment process of the OP update was helping to determine specific employment land needs and availability, but changes to the methodology and planning horizon introduced by the Province resulted in this exercise taking longer than expected.

Meanwhile pressure continued to mount with Peterborough and the Kawartha Economic Development (PKED) continuing to have interest for serviced business lands from potential developers and this increased even more after March 2020 due to COVID-19. Cavan Monaghan holds the lands that appear to be the most sought after because of its proximity to Highway 115 and 407. There is an engaged developer that owns significant land that is willing to work with the City to develop employment lands. The downside was that there is a lack of a willing Township partner/negotiator and/or their financial expectations, based on the previous proposal, may still be unacceptable to City Council.

With previous Council motions still on the books, the Mayor sent a letter on November 6, 2020, on behalf of City Council, clarifying the City's position to negotiate to facilitate additional employment and residential lands but that a boundary adjustment must be part of those discussions. The letter is attached as Appendix B.

The response from the Township of Cavan Monaghan, sent on January 7, 2021, is attached as Appendix C. The response was the same as in March 2019, with further comment that there was no new motion from the City, no discussions had taken place, and no corresponding /studies (ie Land Needs Study) provided.

Despite other activity, the motion of City Council to continue negotiations with the Township of Cavan Monaghan was still active, to which the Mayor referred to in her letter and was asking for future discussions to take place. At that point, the City did not have the final Land Needs Assessment from the OP process, but were asking, once again, to negotiate.

The City did not formally respond to the January 7, 2021 letter. A follow up request was sent on November 4, 2021 seeking a response to the request to work in collaboration together on mutually agreeable solutions for employment. Assuming that this request has now been superseded by the December 6, 2021 request and/or is basically the same request, City Council could consider referencing both in its response.

City Land Needs Assessment – May 3, 2021 Report

In early 2021, confirmation was received from the Province regarding the approach Planning Staff was taking in completion of the Land Needs Assessment. City Report IPSPL21-016, dated May 3, 2021, attached as Appendix D, provided an update on the Land Needs Assessment to City Council and requested that the OP be finalized based on focusing land use designations on lands within the City's boundary at that point in time. The key points regarding the OP process and the impacts if the alternative scenario of waiting for annexation was sought were:

- Significant consultation had been sought;
- The OP was a foundational document with many implications for future development in the municipality including cultural, environmental, heritage, etc.

- The Province's methodology included completing a Land Needs Assessment within a municipal boundary to accommodate the goals of the Growth Plan and having to identify Excess lands;
- The impacts of pausing the process to re-visit annexation would result in a pause of many major projects and subsequent bodies or work such as the Transportation Master Plan, East Side Transportation Study, Transit Route Review, Cycling Master Plan, North End Municipal Class Environmental Assessment, Zoning By-law Amendment and several Secondary Planning exercises;
- If the pause was too long, further consultation would be necessary.

However, the Report also explained that the best practice planning scenario would be to expand Major Bennett Park to the southwest of the City including the Airport and that this could still be pursued and documents refreshed at a later date.

The deadline for submitting the OP to the Province is July 1, 2022. In May 2021, if there had been an indication that successful negotiations could be accomplished with the Township, that pause could have been made. But all indications were, especially with the recent invitation extended by the Mayor to the Township, that no discussion would be fruitful.

Draft OP Distributed – October 4, 2021

Through Report IPSPL21-035, dated October 4, 2021, the draft OP, after years of work was distributed to City Council and stakeholders. The recipients would have one month to review the document before a follow up report and some final amendments would be distributed to Council on November 1, 2021 through Report IPSPL21-036.

OP Discussion – November 1, 2021

The General Committee on November 1, 2021 was the required Public Meeting under the Planning Act for delegations to comment on the OP and for Council to consider the Plan.

County Request for Support and Involvement in MOU for Annexed Lands

On November 17, 2021, the County passed a motion (letter of November 18, 2021 quoting the motion is attached as Appendix E), effectively asking the city to defer its approval of the OP and offering to negotiate a Memorandum of Understanding with the City and Township for specific lands identified that could be annexed into the City as employment lands. Although there was a Township Council meeting on November 15, 2021, the motion to the County came directly from the Mayor of the Township, not the Township Council, which is unusual.

OP approved by City Council on November 29, 2021

City Council approved the OP on November 29, 2021 but did make an amendment to agree to negotiate further with the Township and the County. The motion was almost identical to the County except for replacing 'that it must be included in a new OP' with 'it would be included in an amendment to the OP'. The vote by City Council was 6 – 5 in favour. The opinions expressed by Councillors included:

- City Council was excited to negotiate with the Township and County regarding the annexed lands;
- The OP was a foundational, over arching document that had a long history and commitment from stakeholders and the community and needed to be approved;
- The City had received two letters from the Province stating that the July 1, 2022 date was not negotiable;
- Both potential annexation and the OP are documents that require considerable consultation with stakeholders and the public. There was insufficient time to work out an annexation “deal”, consult publicly, receive approval from the Province of the annexation, update the City OP and consult on changes resulting from an annexation and submit for July 1, 2022. However, the OP could be approved by Council, submitted to the Province and meanwhile, the three parties could negotiate, consult and send the annexation proposal to the Province for approval. If the Province approved the annexation, the OP could be amended accordingly.

Although not sought before the County approval, one might have expected Mayor McFadden to move a motion at the Township Council meeting on December 6, 2021 for the Township to agree to negotiate regarding the 110 hectares of land. He did not do this. Instead, the Township stated its “enthusiasm to participate in establishing and creating a Regional Economic Development Strategy.”

Options

It would be appropriate for the City to further respond to the current “offer” from the Township. At the time of writing this report, there has been no further motion from the County since November 17, 2021. While there are variations, the key options that City Council might consider are:

1. Agree to participate in a Regional Economic Development (ED) Strategy;
2. Repeat the request specifically to the Township to participate in a conversation that includes a boundary adjustment;
3. Do Nothing;

4. Submit a request to the Province requesting that they extend the City boundary into the Township.

Discussion

The following are some points to consider for the four options.

1. Regional Economic Development Strategy

Should Council wish to pursue a Regional Economic Development Strategy, an appropriate motion would be as follows:

That City staff respond to the Township of Cavan Monaghan that it is interested in establishing and creating a Regional Economic Development Strategy which would include working in collaboration on mutually agreeable solutions for employment.

The City has submitted its OP identifying Excess Lands for Community Uses, including residential, that should be investigated as possibilities to become Employment Lands because there are existing lands within the current City limit that meet the criteria for becoming Employment Lands. The approach used by the City complied with the Province's deadline for submitting the OP. As the Upper Tier municipality, it is the County Official Plan that identifies Settlement Areas in the County where future growth is to occur in order to meet its growth targets. The lands in the Township directly west of the City are not identified as a Settlement Area.

A Regional ED Strategy would be worthwhile if the region had a supply of serviced and un-serviced employment lands and the "strategy" was how to market them, which ones to service first, etc. To this end, the City and the County already participate in regional economic development through PKED.

If a Regional ED Strategy is to consider cross border servicing between the City and the Township, this would not necessarily meet the Provincial Growth Plan or growth targets of the City or the Township. The City would still have an obligation to meet its targets within the City municipal boundary.

Should Council not wish to pursue a Regional Economic Development Strategy at this time, an appropriate motion would be as follows:

That City staff respond to the Township of Cavan Monaghan that it does not wish to establish and create a Regional Economic Development Strategy, which would include working in collaboration on mutually agreeable solutions for employment, at this time, until the City has moved further along in establishing vacant serviced employment lands.

2. Request the Township to meet to Negotiate a Boundary Adjustment

Asking, yet again, for the Township to consider a boundary adjustment does not appear to be worthwhile. As outlined above, the City has asked several times and cannot find a local solution. The latest request by Mayor McFadden appeared to be an offer that would, at least, satisfy a very current need for certain lands that make the most sense to service as Employment lands with owners that are agreeable to such a venture. However, the offer was contingent on City Council deferring the approval of their long awaited OP which accomplished many other things beyond the identification of employment lands. It was also an offer to negotiate with very limited information provided and details of what Mayor McFadden was looking for in exchange for the annexation of the land was unknown.

Ultimately, City Council opted for a solution that achieved both compliance with the Provincial timeline and demonstrated they were still very willing to meet with the County and Township for further discussions.

Should Council wish to request the Township to meet once again to negotiate a boundary adjustment, an appropriate motion would be as follows:

That City staff notify the Township of the City's willingness to meet with the purpose of discussing a boundary adjustment.

3. Doing nothing

Doing nothing does not move this situation forward. The City/City Council remains willing to return to the negotiating table to work with the Township and County on annexation to create new serviced employment lands.

The City's new OP does not change the City's willingness to return to the negotiating table.

The City needs more employment lands to meet its Growth Plan targets. Businesses want to come to this region. Existing businesses want to expand and move to larger facilities. We must continue to try to find a resolution to be able to offer them serviced land for their benefit as well as all City taxpayers.

The new OP can only deal with land within the City's current boundaries. If the City and Township successfully negotiate an annexation deal to add new employment lands, the OP would be amended to reflect the new boundaries incorporating the new employment lands.

4. Submit a Request to the Province

It has long been expected that a further boundary adjustment would be likely in the west end of the City. From a planning and servicing perspective, the City is well positioned. However, when updating the OP, the City found itself in the position of needing to plan for Employment Lands based on provincial projections and having overall Excess Lands within the City boundary. Based on this situation, the new OP designated potential excess residential lands to employment lands where deemed appropriate. The City believes this to be a workable solution to address the city's employment land needs.

However, from a long-term planning perspective, this is not optimal. The better option for the City and region is to annex the lands to the west of the City where servicing is positioned and the land owners are agreeable to developing employment land.

The Township has once again demonstrated a lack of willingness to find a local solution to do this. The Mayor of Peterborough repeated the City's request to the Township in a letter in November 2020. In May of 2021 when the Land Needs Assessment report went to City Council, it was well known the dilemma that the City found itself in.

There are examples where the Province has enacted legislation to transfer land from one municipality to another. Council may wish to consider writing a further letter to the Province reconfirming the submission of the OP which has a workable solution for employment land but requesting their assistance toward a boundary adjustment of the Township's land for a more optimal solution.

Should Council wish to submit a request to the Province to transfer land from the Township to the City, an appropriate motion would be as follows:

That the CAO send a letter requesting the Province take action on the issue of a boundary adjustment between the City of Peterborough and the Township of Cavan Monaghan, acknowledging the employment land submission in the OP and its rationale for making the request which would better facilitate the City meeting its employment land requirements under the Growth Plan for the Greater Golden Horseshoe, and doing so given that a mutually agreeable solution has been unable to be reached despite extensive negotiations.

If City Council chooses to move a motion to initiate Option 1, 2 of 4, it may also be appropriate for it to invite the County to also initiate a similar motion at their County Council meeting.

Summary

The City is faced with another request from the Township of Cavan Monaghan to work on a Regional Economic Development Strategy without any consideration of having a boundary adjustment for lands or the airport be part of the strategy.

Submitted by,

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Attachments:

Appendix A - Letter from Township, Response to Adoption of OP; 2021-12-08
Appendix B - Letter from Mayor Therrien to Township, Land Discussions; 2020-11-06
Appendix C - Letter from Township, Response to City (Land Discussions); 2021-01-07
Appendix D - OP and Land Needs Assessment Update Report IPSPL21-016;2021-05-03
Appendix E – Letter from County; Response to City Official Plan; 2021-11-18