

Feb 18,2020

M Graves:

In the FAQ there is no mention of revenue sharing of new commercial and industrial lands - In the documents during negotiations it states that new development will be shared at 24% - Is this still part of the negotiated boundary adjustment?

Response:

The FAQ section is intended to answer some of the questions that are expected to be received from the public. It does not include every detail of the agreement. The Agreement will include a provision that SWOX will receive 24% of the net taxes on the new commercial and industrial lands when they are developed and assessed.

In the FAQ there is no mention of the costs of servicing the expanded lands or the estimated revenue that will be foregone to SWOX. What are the estimated costs of servicing the expanded boundary areas.

Response:

As the many staff reports have explained, the taxpayers are not paying for the servicing of the future lands. Development pays for development as in other jurisdictions. Costs of servicing is born by the developers of the lands, not by the taxpayers.

That developer may be a private developer or the municipality itself. For example, in the case of the current industrial park in the Town of Ingersoll, the cost of servicing is divided across the acreage and forms a component of the per acre price that the land is sold for ensuring that the cost of acquiring the land and developing are recouped, it is expected that the land sales will generate more revenue than the costs.

The same would be true if the Town decides, at some point to develop land in the new areas brought into Town, or If a private developer, develops the land. In some cases of private development this leads to sophisticated agreements such as front-ending agreements that allow the developers to recoup a portion of their costs required due to oversizing from developments that take place beyond their development and occur in the future. There are several examples of this already existing in Ingersoll.

In the FAQ it mentions that 449 acres are needed by Ingersoll, for the 20 year growth projection according to the land needs study and yet Ingersoll is looking to expand by 3 times that amount (over 1500 acres). With the reported expense of \$23 million to service the South of the 401 lands with

water and sewage why would Ingersoll be considering such a large expense?

Response:

It is true that the Town requires approximately 450 acres of additional 'gross developable' land (e.g. land area net of environmental features and constraints, existing built properties and other undevelopable areas) to accommodate the forecasted growth for the 20 year planning period, according to the most recent growth needs study undertaken by Hemson. Despite your suggestions that the town doesn't need this land, Provincial policy requires that municipalities ensure sufficient land is available to accommodate their forecasted growth. Although the current planning time horizon set out in Provincial policy is 20 years, the Province has recently proposed that it be extended to 25 years, which would further increase the amount of land that will be required to accommodate the Town's growth.

According to some preliminary calculations undertaken by the planning department, of the approximately 1,360 acres of land that are proposed to be brought into town, roughly 670 acres is comprised of land that is restricted for development (e.g. through natural features, flood prone areas, MDS and other setbacks) or already developed (e.g. CAMI lands and a number of other built residential, commercial and industrial properties). With these exclusions, it is estimated that the remaining 'gross developable' land in the area to be annexed is in the order of 690 acres. It is noted that the actual 'gross developable' land area that would be available for the various planned land uses will need to be confirmed through the required secondary planning process.

Therefore, the intent is that, the Town will end up with approximately the gross developable land area required to appropriately plan for and accommodate the growth for the current 20 year planning period. Further, if the Province increases the planning period to 25 years (as is currently proposed), all of the lands will likely be required to accommodate the forecasted growth for that longer period.

As noted previously in the response, the costs of servicing the lands will be borne by the developer of the lands. Whether this be private or public, the costs of development will be recouped through land sales. It is not anticipated that the lands will develop "all at once" but rather through incremental growth over the 20 – 25 planning horizon.

In the discussions with SWOX, one of their primary concerns was that sufficient lands were incorporated within the agreement to meet the long term needs of Ingersoll. They recognized the need to Ingersoll to grow and prosper, and they did not wish to have to return to boundary adjustments repeatedly to address Ingersoll's 20 year land needs.

These types of negotiations are important time consuming and complex. This last round of negotiations was conducted over five years commencing in 2015. It is anticipated that another 2 to 5 years will be required for the secondary planning

I am also aware that during negotiations SWOX offered to develop the South of the 401 lands in a partnership for industrial development. It would seem that Ingersoll is sharing the revenue but none of the risks or expenses.

Further to that, there is nothing that will prevent SWOX from building dry serviced warehouses or light industrial on their side of the boundary. Water services already extend past the Ingersoll SWOX boundary and sewage also. Given the difficulty is selling unserviced industrial land that the Town of Ingersoll currently owns, and the estimated \$5 million in costs to service those lands on Clark Road, it seems like a significant risk without an agreement to sanitize the lands on our proposed Southern and East and West borders from Commercial or Industrial development. Are there plans to do so?

You are mistaken. An industrial development partnership was something the Town of Ingersoll offered SWOX during the boundary discussions. SWOX did not wish to partner in the development of an industrial park. Ingersoll did want to share some of the risks with SWOX in exchange for a larger share of the taxes to be generated, however SWOX declined this proposal.

Given that the Municipal Act requires them to agree to the boundary adjustment, and therefore they are in a better bargaining position, and given that there have been other agreements in Oxford County of a similar nature (providing current taxation in perpetuity, giving 24% of industrial and commercial) SWOX choose to acquire those revenues rather than finance a development and recoup those costs (and potentially more) later.

Your understanding of the Provincial Policy Statement and County Official Plan is incorrect, it is not true that SWOX can simply build dry serviced warehouses or light industrial on their side of the boundary. For such development to be permitted an Official Plan amendment would be required. It is very unlikely that such an amendment that in effect creates a new settlement would be supported as it would set the stage for non-agricultural development outside of an urban settlement boundary which is not supported by the County Official Plan nor supported by the Provincial Policy Statement. It should also be noted that the Province of Ontario closely monitors and discourages this type of development. Further to this, the Province has final approval authority on the creation of new settlements and boundary expansions.

You assertion that it is difficult to sell un-serviced industrial land is an over simplification. As you are well aware there have been a number of ideas on the use of the lands. At one point a solar farm was explored. For a number of years the land was marketed as an entire block with the hope that one large development would not need an internal public road network or servicing. It has only been in the last two years that the Town has moved to developing and industrial subdivision providing the servicing and recouping the development cost through the land sales. It is not know where you have your estimate of five million for servicing originates. The Town's estimates are between 3 and 3.5 million. The true costs will not be known until the work is tendered and constructed. As a green field development it is hoped that this will reduce the costs.

FAQ also does not include the MDS setbacks for livestock operations and how many acres are currently sanitized from residential development. BellCamp being an industrial facility also affects the setbacks for residential development and in negotiations it was mentioned they are looking to

expand. Are any of the estimated 558+ houses at risk of not being developed?

As stated above, there are a number of development restrictions that may affect portions of the land being brought into Town, including MDS and other setback requirements. The specific nature and extent of those restrictions and how they are to be addressed will need to be determined through the subsequent secondary planning process that will be required to re-designate the annexed lands for settlement purposes. .

The intent is that the Town will end up with sufficient developable land to ensure we can accommodate the additional 558+ residential dwelling units that are forecasted to be required over the 20 year planning period (e.g. in addition to the units that can be accommodated with the existing Town boundary). It should also be noted that residential units does not simply mean single detached homes. The agreement requires that the residential development average 11 units per acre. In comparison this is significantly higher, than what our neighbours in Zorra are proposing with the redevelopment of the former Maple Leaf lands. To achieve these densities a mix of housing options will be demanded resulting in higher intensification than the Town has seen in the past.

Until specific properties bring forward applications to change their existing operations it is impossible to speculate on what might or might not happen.

The FAQ seem to be focused on how the expansion will affect SWOX residents. Will a similar Ingersoll focused FAQ be circulated and a public meeting held in Ingersoll before Ingersoll council votes on going forward with this proposed boundary adjustment?

The impact of the boundary adjustment will be mostly felt by the residents of SWOX as they are the property owners that will feel the most direct impacts of the boundary adjustment over the short term. The FAQ is mostly written to address their concerns. This is a very similar process to what had been done, and learned in previous boundary adjustments in the County.

The effect to the residents of Ingersoll will be less direct. The Town will ensure that is in compliance with legislation. The anticipated costs to the Town will be realized over the long term, with offsetting growth in assessment, taxes and jobs.

There have been several assessment adjustments with the large industrial property that straddles the western boundary of Ingersoll and SWOX. These reassessments have been disputed by the Town of Ingersoll and it is my understanding that Oxford County and SWOX are also not in agreement with the reassessments and the judgements had not been paid to the property owner. It has been reported that the difference is significant. Has the reassessment dispute been settled and compensation has been given? If not,

will SWOX be the one that returns any moneys owing from past or future reassessments up to the eventual boundary adjustment?

This is not correct, there have not been assessment adjustments with the shared large industrial entity noted. It is factually correct to say that there are ongoing assessment appeals before the Assessment Review Board of Ontario. There has been no determination or judgement to date on the outstanding appeals.

Assessment appeals are between the tax payer and the MPAC (Municipal Property Assessment Corporation) who is the party responsible for determining the assessment on the property. The Town, SWOX and the County are all third parties to this appeal as ultimately any changes to the assessment will impact the taxes calculated and collected for the property. Matters between taxpayers and MPAC before the ARB are confidential in nature.

The boundary adjustment agreement does acknowledge the impact on taxation from a large taxpayer and will incorporate the appropriated clauses to ensure that any reassessment and impact on tax levies will be dealt with by the Municipality with jurisdiction during the time period of the appeal.

In a report to council - The CAO for the Town of Ingersoll reported that new residential assessments are not usually revenue positive on an ongoing basis. Meaning the cost of services to the residential class exceeds the revenue gained.

Given that 24% of CAMI property tax assessment revenue is going to SWOX as well as potentially any future new commercial or industrial development and the existing SWOX property taxes will go to SWOX, and that the higher Ingersoll property tax rates will be phased in, is there an estimated break even point when the taxes paid by the properties within the new boundary area will meet the service costs for that area?

For clarity the CAO has stated that based on numerous studies conducted over the last 50 years, residential growth is revenue neutral at best over the long term. With asset management plans identifying replacement costs make this more recognizable.

The estimated break-even point would be a difficult matter to forecast as it would depend on services provided including all services. Future choices, such as recreation services and other service levels would impact that calculation and therefore, make it virtually impossible to predict when that break-even will occur. For the Town of Ingersoll, we are required to maintain the 20 year supply of developable lands and given its diminishing supply of immediate and long term industrial and residential lands we must negotiate with a rural township, who must agree with the Town's demonstrated need for lands. As a result, Ingersoll is trying to comply with Provincial policy by ensuring that a supply of developable lands exist within its corporate boundaries for proper long range planning. Also, a good mix of taxation, residential, commercial, industrial eases the burden for all taxpayers, which is what Ingersoll is trying to provide.

Again since development costs are anticipated to be borne by the developer, whether residential, commercial or industrial it is anticipated that the boundary adjustment will provide growth opportunities and benefits in assessment, taxes and jobs for the Town. Providing new employment opportunities for the community and housing options for residents and employers looking for a labour force.

Has there been a financial analysis on the impact of servicing the 401 by the Ingersoll fire department and the cost of road grading and snow removal etc. for the expanded road network (Equipment or personnel) . Exclusive of road improvement costs which are unlikely to be determined at this time?

In previous reports provided to Council at regular meetings the Fire department and other departments have made it clear that the services can be provided for the area with minimal impact.

Fire services to the 401 are provided at least at cost recovery, the Province provides more than adequate funding to compensate for the additional expense. The Fire Chief has stated this to Council. Staff have also anticipated that all other maintenance services and can be provided with minimal cost implications.

Given that on a \$250,000 assessment a resident in Ingersoll pays \$3728.70 and the same assessment in SWOX is \$2624.58 (including Education and County) and that on a \$10 million assessment for large industrial is over \$478,000 in Ingersoll versus \$373,000+ and the significant costs of municipal infrastructure improvements required for developing the new lands, will there be an increase in property taxes due to the boundary adjustment and if so, how much will the current and new ratepayers be expected to pay.

Again, your understanding of development is incorrect. The costs of servicing is not borne by taxpayers it is borne by the developers. The one immediate cost associated with the boundary adjustment will be the compensation paid to SWOX for the estimated 558 residential units (11 units per acre). This expense is estimated to be \$137,000.00. This would represent less than one percent of the current tax levy.

Given that Zorra Township has almost 1,000 housing units in the planning stages and the significantly lower taxes in Zorra for serviced residential units, has there been any consideration for a scaled back version of a boundary adjustment with SWOX?

The fact that Zorra Township has growth opportunities is great, Ingersoll congratulates them. The fact that they are being proactive in developing lands left vacant when a large industrial use left them is commendable. It is clear that Zorra wants to preserve farm land, that has been made abundantly clear to Ingersoll, but no one should fault them for developing the areas within their settlement areas

growing and prospering. It is understood that this development will serve a different segment of the market than those lands in Ingersoll.

However this growth in one neighbouring municipality does not forestall good planning and growth for our own community. Growth is intended to bring jobs, add to the commercial options within the community, and provide housing options to meet the diverse needs within the Town. Bring people to work in the jobs, maintain our schools within the community and provide the demand to support community services like our hospital.

This appears to be an oversimplified view of the demand for developable land. Although Zorra residents may pay less tax, they also receive less service. For example, the Town of Ingersoll fire service provides a better service than most and therefore resident's household insurance rates are lower than household insurance rates in rural areas.

Also, proximity to recreation services, hospital and other health services make the Town an attractive option for many residents, which is why the Town is experiencing significant growth and running out of land, which requires boundary adjustment

Thank You in Advance

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