



TOWN OF INGERSOLL
Town Centre

July 18th, 2016

Councillor George Way
Chair South West Oxford Boundary Committee
312915 Dereham Line,
Mt. Elgin, Ontario, Canada
N0J 1N0

Dear Councillor Way

As discussed at the last joint boundary meeting between SWOX and Ingersoll, our team agreed to draft an updated financial proposal for your committee and Council to review, discuss and ultimately provide a response to Ingersoll.

Over the past year there has been very good discussion from our perspective and we believe that we are both working to a realistic agreement, that provides benefits to the two municipalities.

Having looked at other agreements across Ontario, including Woodstock/Blandford-Blenheim, Barrie/Innisfil, Goderich/Central Huron and most recently Brant County/Brantford, we truly believe that the financial offer being presented here is fair and reasonable.

Ingersoll has always approached the discussion with the understanding that the agreement has to provide long term financial benefits to SWOX as well as Ingersoll. This offer does that in our opinion. Ingersoll and SWOX have to ensure that the agreement makes financial sense in the short, medium and long term for both municipalities.

There has been open and frank discussion from both sides, which has been greatly appreciated.

We would ask that you review the offer, ask us any questions that you may have for clarification and be prepared to respond in detail when we get together at our next scheduled meeting on August 12th, 2016.

Here is a brief summary of the offer:



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Present Value Calculation Option

For explanation, the onetime cash offer has been proposed for two different scenarios:

- A. The first is for 6 million dollars which would include the lands discussed to date but would also include Verspeeten trucking and the Tirecraft properties. Or;
- B. The second is for 5 million dollars if those two properties are not included.

Both these versions include a growth component and takes out all of SWOX's risk in relation to CAMI and its future operations, assessment appeals and longevity.

Perpetuity Tax Compensation Option

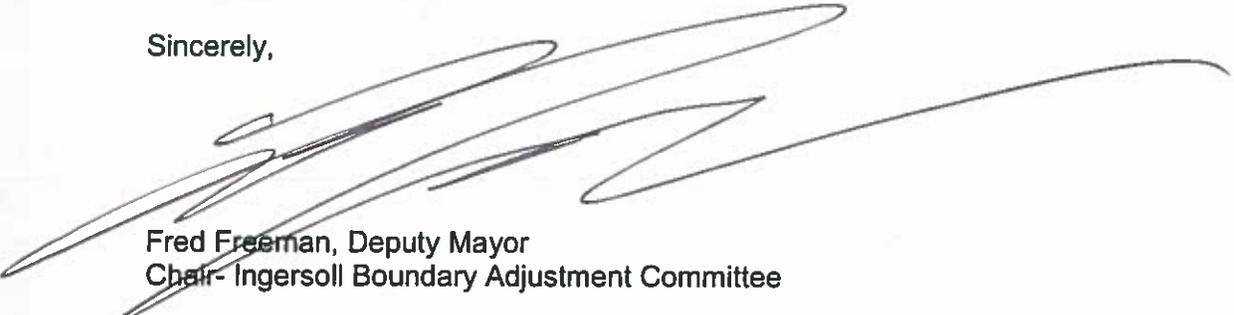
The other option is for a continuation of your existing taxes at date of agreement, plus indexing by the increase of Ingersoll's average tax rate annually. In addition twelve (12) percent of future Ingersoll taxes on the development of Industrial lands, in perpetuity.

Also included is a onetime payment of (\$250) two hundred and fifty dollars, at time of building permit' for each new residential development. This would apply to the lands brought into the Town under the boundary adjustment.

Also the offer to partner on the existing the employment land currently owned by Ingersoll is an acknowledgement of a commitment to shared success.

Please do not hesitate to contact me to provide any further clarification. Both the Town's CAO Bill Tigert and myself would also be more than willing to attend your Council meeting to provide a better understanding of the offer and answer any questions that should arise.

Sincerely,



Fred Freeman, Deputy Mayor
Chair- Ingersoll Boundary Adjustment Committee

- c. Ingersoll Committee Members
- SWOX Committee Members
- SWOX Council Members
- Ingersoll Council Members

Ingersoll Boundary Adjustment Summary Offer

Executive Summary Compensation package:

1. SWOX existing taxes currently levied by SWOX, in perpetuity indexed annually at the average tax rate increase for the Town of Ingersoll. With twelve percent (12%) of Ingersoll taxes billed on all industrial lands, on lands transferred to the Town by SWOX under this agreement once developed, in perpetuity. As well as a onetime lump sum payment of two hundred and fifty (250) dollars for each residential unit constructed. This would be paid annually to SWOX for homes developed on lands transferred to the Town by SWOX under this agreement

Or;

2. Present value calculation paid in full to SWOX as a lump sum payment, calculated to capture existing taxes plus a component for growth, of five million dollars (\$5,000,000).

Or;

Present value calculation paid in full to SWOX as a lump sum payment, calculated to capture existing taxes plus a component for growth, of six million dollars (\$ 6,000,000) if the Verspeeten Cartage and Tirecraft lands are included.

Note: Both of these foregoing scenarios transfers all future risk in dealing with the ongoing operations of CAMI, the eventual mothballing of the site as well as the ongoing assessment appeals from CAMI to the Town of Ingersoll.

3. No additional development density requirements outside of approved planning requirements. No provisions for financial penalties.
4. No additional energy efficiency requirements beyond the requirements of Ontario Building Code. No provision for financial penalties.
5. No employment density requirements, or financial penalty provisions.
6. No developmental time line requirement or associated financial penalties.
7. The shared development of the current Town owned lands designated for development on a 55/45 split (Ingersoll/SWOX). The shared venture would include all costs including acquisition, engineering, design, development, marketing and future maintenance. However, Ingersoll would be solely responsible for the timing of engineering, development, design and construction of the property as lands will remain solely under Ingersoll's jurisdiction. Ingersoll would expect SWOX's assistance in the marketing of the lands as it will provide benefits to both. Future tax revenues would be split on the aforementioned cost shared basis.

Density Requirements and Cost Sharing Residential Development

As discussed are part of the public planning process with requirements both stipulated by the Provincial Policy Statements and the County of Oxford Official Plan.

Since developer's have the right and the ability to challenge planning decisions at the Ontario Municipal Board, the Town of Ingersoll can only commit to its best efforts to meet the average development densities that are established within the Official Plan.

The Town will not agree to any conditions that would impose financial penalties on the ratepayers of Ingersoll, outside of its legislative authority to demand.

Residential development in and of itself does not pay for itself. There have been many studies conducted over the years across Ontario and Canada that clearly demonstrate that residential development is a cost negative reality.

It is unfeasible to pay a portion of the taxes that are developed for residential uses beyond the existing taxes currently paid to SWOX from their existing tax base. To add to that burden an additional burden of 12% plus for residential development is financially unsustainable for Ingersoll.

It is the new residents that place the demands for fire protection, policing, infrastructure and soft services that are expensive and do not lend themselves to cost recovery. To share in this already negative revenue resource is not viable in the long term for the Town.

Combining that with a density target and penalties as suggested by the SWOX compensation request is not financially viable for Ingersoll.

Ingersoll believes that there is already sufficient controls both in the Provincial Policy Statements and the County Official Plan to regulate reasonable levels of development. To **add another layer** of requirements would negatively impact development proposals within the Town making alternative opportunities in neighbouring communities more attractive.

The market dictates what densities will be developed. In reality the municipality has only marginal control of timing of future development. The municipality will not be buying the land, and the current property owners may wish to continue on with their current status for many years. Farmers may wish to continue farm operations for decades into the future. The timing of sales to potential developers and the planning changes and justification needed are long term endeavours that Ingersoll cannot fully control.

Realistically Ingersoll can only demand the densities that are prescribed under the County Official Plan. To require higher densities would most likely expose the Town to appeals to the Ontario Municipal Board, with very little chance of defending such a position.

Energy Efficiency Requirements:

SWOX has requested that the lands that move into Ingersoll that are developed for residential uses will only include dwellings that meet an energy efficiency rating of 50 KW or less per square meter per year, and incorporate passive house design requirement to be determined by the Township.

The Town is obligated to administer the Ontario Building Code (OBC). As such it is not in a position to dictate and demand construction at levels higher than what is specified in the OBC. Therefore it cannot agree to any conditions that would incur a financial liability on the ratepayers of Ingersoll for failing to meet a higher energy efficiency level than required by code.

As the Province moves forward in creating new requirements for higher levels of efficiency in home construction, the Town will follow in any legislated changes.

Ingersoll cannot accept the requirement that SWOX would have the ability to determine the Passive House design requirements for the Town. All parties would agree that each should respect each other's jurisdiction and authority.

Penalties for failing to meet these unsupported requirements cannot be agreed to by Ingersoll.

Development Timeline:

SWOX has indicated that it wishes to see lands develop within a specified timeframe, failing to do so would incur financial penalties on the Town.

SWOX has restated that the Town agrees to develop lands in a timely and productive manner. SWOX has requested that Ingersoll will achieve full development of the boundary adjustment lands within 25 years. On this chart below, targets for development have been established by SWOX. Failure to meet these targets will result in the proposed values being remitted to the Township:

Years	Target Development	Representation of Total Town Tax Levy (2015 Figure= \$2,867,118.56)	Total Remitted to the Township if Target not Met
0-5 years		\$ 0.00	0.00
6-10 years	25%	\$ 716,779.64	25% of shortfall
11-15 years	50%	\$ 1,433,559.28	50% of shortfall
16-20 years	75%	\$ 2,150,338.92	75% of shortfall
21-25 years	100%	\$ 2,867,118.56	100% of shortfall

*** Ingersoll total area is 3,187 acres. 2015 Tax Levy for Town purposes is \$13,206,442.00. Annexation lands total acreage is 691.79 acres, which would represent a 21.71% increase in total Town acreage. $13,206,442 \times 21.71\% = \$2,867,118.56$**

As of 2014 the Town of Ingersoll had approximately a fourteen (14) year supply of residential lands, based on historic development. The Town is optimistic that growth will accelerate and the need for land will be sooner than fourteen (14) years.

Currently the Town should be maintaining a 20 year supply, according to the Provincial Policy Statements, and realistically it could take 5 years or more to bring land from current designation to residential designations. Which could well mean that the Town would be in a position to have only half or less of its required inventory available for development.

The 2014 County inventory also indicated that the Town is currently deficient in its employment lands by approximately 165 acres. There is an immediate need to bring more lands on and move them to market readiness.

Ingersoll will not agree to any boundary adjustment agreement that sets a hard deadline for development and imposes financial penalties if they are not realized. Ingersoll has pledged to make SWOX financially better off with any boundary adjustment, but cannot consider such a financial risk to the Town's taxpayers on future development. Ingersoll will not expose its ratepayers to a penalty on arbitrary timelines that it does not have the power to control.

Ingersoll reminds SWOX that boundary adjustments do not convey ownership of any lands into the Town's possession. It is outside of the Council's powers to regulate the timing of future development. Imposing an unenforceable timeline would inappropriately bind future councils to unguaranteed results and significant financial penalties.

Farm Land/Vacant Developed into Commercial/Industrial Land:

SWOX has proposed that once land that is currently farm land or vacant land is developed into commercial or industrial use land, the Town will pay the Township 24% of the Town's share of the Ingersoll tax rate levied in each year, in perpetuity.

SWOX has requested that Ingersoll shall ensure that the land is developed to maximize employment density, meeting a target of 12 jobs/net acre. Failure to meet this density targets will result in a penalty being forwarded to the Township of 2% per job or portion thereof/net acre of Ingersoll tax rate, for areas where the employment density is less than 12 jobs per net acre serves as an example.

This chart serves as an example the compensation arrangement for employment density:

Employment Density	Percentage of Ingersoll Tax Rate Payable to the Township
12 or more jobs/net acre	24%
11.00-11.99 jobs/net acre	26%
10.00-10.99 jobs/net acre	28%
9.00-9.99 jobs/net acre	30%
8.00-8.99 jobs/net acre	32%

Ingersoll cannot agree to these proposed requirements. The maximum Ingersoll is willing to share is twelve (12) percent of its future taxes on industrial lands. To share more than this level is financially unsustainable for Ingersoll.

Attracting economic development is a highly competitive activity between municipalities. It would be counterproductive for Ingersoll to exclude prospective development for fear of incurring penalties for failing to meet jobs/acre requirements.

Often industries grow and expand over time, beginning with few employees and adding to their workforces over time. Also warehousing and distribution terminals as well as trucking terminals bring needed assessment growth but do not necessarily add significant employee numbers when starting up.

Partnership on Industrial Lands:

SWOX has requested that the Town support the creation of a SWOX Industrial Park in this term of council through cooperation in cross border servicing to whatever extent is required through the full process including the Official Plan amendment.

The Town currently has 110 acres of land bounded by Clark Road to the North, Harris Street (119) to the east and 401 to the South.

The Town has heard the need of SWOX to find new sources of revenue and an ability to grow its tax base.

For a number of reasons the Town cannot support the development of an Industrial Park by SWOX in close proximity to the settlement area of Ingersoll. These reasons have been discussed at length. It would not be supported by the Provincial Policy Statement nor the County Official Plan. However there is an option that the Town would consider:

The shared development of the current Town owned lands designated for development is proposed. If SWOX wished to partner with Ingersoll on the joint development of this property, there would be a possibility of moving forward under separate agreement.

Currently the Town has approximately 3.5 - 4 million dollars invested in the property through acquisition costs. It is estimated that it will cost between 2 – 5 million dollars to develop the property to market fully.

SWOX is invited to participate in the shared development of the current Town owned lands designated for development on a 55/45 split (Ingersoll/SWOX).

The shared venture would include all costs including acquisition, design, development, marketing and future maintenance. However, Ingersoll would be solely responsible for the timing of development, design and construction of the property as the lands will remain solely under Ingersoll's jurisdiction.

Ingersoll would require SWOX's assistance in the marketing of the lands as it will provide benefits to both. Future tax revenues would be split on the aforementioned cost shared basis.