

<b>To:</b>	Warden Hicks and Members of Grey County Council
<b>Committee Date:</b>	March 25, 2021
<b>Subject / Report No:</b>	Addendum to PDR-CW-17-20
<b>Title:</b>	Municipal and Growth Boundaries Planning Report Update
<b>Prepared by:</b>	Grey County Planning Staff
<b>Reviewed by:</b>	Randy Scherzer
<b>Lower Tier(s) Affected:</b>	All municipalities within Grey County
<b>Status:</b>	Recommendation adopted by Committee as presented per resolution CW68-21;

## Recommendation

1. That Addendum to Report PDR-CW-17-20 be received for information purposes; and
2. That the Report be shared with member municipalities in Grey County for their information; and
3. That staff be directed to work with member municipalities, neighbouring municipalities, and neighbouring counties on facilitating discussions on future growth and infrastructure needs and the challenges therein where two or more municipal boundaries are involved.

## Executive Summary

Approximately one year ago, County staff sought direction from Council with respect to cross-boundary growth issues, through staff Report PDR-CW-17-20. Staff received direction to begin researching this topic with the goal of reporting back to Council with some next steps and action items.

Since that initial report, Grey County has also initiated a Growth Management Strategy (GMS) update. While the results of the GMS are not yet finalized, the draft findings indicate that Grey is growing more quickly than previously forecast. During this same time period, Hanover has shared work they commissioned indicating their need for further growth, which included cross-boundary research from across the Province. Many other municipalities have also initiated municipal official plan reviews. Chapmans Ice Cream has also indicated their desire to expand their plant across a municipal boundary.

The need for further planning and direction on these growth boundaries is more pertinent than ever. This report summarizes some of the municipal boundary adjustment research across the Province. Recommendations on a workplan for County staff are also provided.

## Background and Discussion

On March 12, 2020 Committee of the Whole supported the recommendation in staff report [PDR-CW-17-20](#) as follows.

1. *That Report PDR-CW-17-20 be received for information purposes;*
2. *That the Report be shared with member municipalities in Grey County for their information;*
3. *That staff be directed to begin working with member municipalities, neighbouring municipalities, and neighbouring counties on identifying future growth and infrastructure needs and the challenges therein where two or more municipal boundaries are involved; and*
4. *That staff bring back a report summarizing findings and recommendations for next steps.*

This recommendation was later endorsed by Council on April 9, 2020.

Early results from the update to the County's GMS indicate that the County has grown more quickly than expected since 2016, and growth in the next 25 years is expected to outpace the projections of the 2018 GMS. This growth is being projected across all nine member municipalities in the County.

To accommodate that projected growth, municipalities and the County will need to ensure that sufficient land and servicing are available.

In the year that has elapsed since the time of the initial report, staff have seen increased interest in growth around joint municipal boundaries. Hanover has continued to examine available land within their own boundaries, as well as looking at examples across the Province of boundary adjustments or shared municipal approaches towards growth. Chapmans Ice Cream recently issued a letter to West Grey, Grey Highlands and Grey County with respect to their intention to expand their plant into West Grey. Other municipalities are also undertaking official plan reviews now, or in the near future. These recent events and review exercises make for a perfect opportunity to discuss this topic further.

## Research on Boundary Adjustments or Shared Service Approaches

County staff completed research to see what other municipalities had done with respect to municipal boundary adjustments to accommodate new growth. The Town of Hanover completed similar research through their consultants. In reviewing Hanover and the County's research there were a variety of different forms of annexation agreements which included some of the following options for compensation:

- phase-in of tax increases for the impacted landowners (e.g. lands going from agricultural to industrial have a phased-in increase over a period of 10 years),
- annual or lump sum payments between municipalities based on a per hectare/acre basis over a set period of time,

- one-time payments between municipalities based on each new residential building permit issued in the expansion lands,
- covering all direct costs of the annexation paid for by the benefitting municipality,
- on-going tax compensation for lost revenue (either in perpetuity or for a set period of time),
- shared tax revenues for the expansion lands based on a percentage of the tax increase, or
- purchase of infrastructure at market value.

The above examples came from boundary adjustments proposed or approved within the past 5 – 10 years.

Where services were being extended from one municipality to another (e.g. extending water/sewer pipes), the most common forms of compensation appeared to be;

- extension in exchange for lands or money, or
- payment of all capital costs by the receiving municipality and/or landowners, with the water/sewer services being billed at a higher rate than users pay in the host municipality (e.g. users in the benefitting municipality pay 1.5 or 2 times the water / sewer rates than those in the municipality that owns and maintains the treatment plants).

Other agreements have been reached on shared municipal services such as recreation facilities, municipal staff, policing, etc.

As part of this research County staff also had the opportunity to chat with staff from the Ministry of Municipal Affairs and Housing.

The above compensation options demonstrate innovative approaches to addressing cross-boundary growth management challenges that result in ‘win-win’ solutions. There is not a ‘one-size fits all’ option that will work for each cross-boundary growth management challenge and therefore it will be important for the municipalities to assess the various options and determine which solution will work best to create the ‘win-win’ scenario. Ultimately, the County wants to ensure that all of our settlement areas are able to thrive and that all options are explored to be able to properly plan for the future growth and development of our settlement areas.

## Opportunities and Challenges

The two biggest challenges to this type of work would be;

- a) an unwilling municipality e.g. municipality ‘A’ wants to grow into municipality ‘B’, but municipality ‘B’ is unwilling to engage in discussions, or
- b) concerns from private landowners e.g. a farm does not want their land brought into the settlement area boundary as they wish to keep farming.

With respect to item (a), County staff cannot force municipalities to speak with one another on this topic. However, County staff hope to be able to share mutually beneficial examples from shared service agreements or municipal annexations wherein it can be demonstrated that both municipalities and the County benefit (e.g. using some of the compensation agreements discussed above). County staff would hope to facilitate discussions to arrive at a fair agreement between all parties. Where municipalities still refuse to engage in discussions, a municipality

may have the option of exploring an ‘un-friendly’ annexation request or looking at other options to accommodate growth.

County staff recognize that neighbouring municipalities may have different priorities. From a County perspective we want to ensure that all our designated settlements are able to continue to grow and thrive with properly planned growth and development. If a common beneficial solution cannot be arrived at between municipalities, it may result in inequities for the future growth and development opportunities within settlement areas across the County. However, where a mutually beneficial solution can be reached, it has the ability to benefit all parties.

In some cases, impacted landowners stand to see an increase in their property values or development potential as a result of either servicing extensions or boundary adjustments. However, with respect to item (b) above, landowner engagement and dialogue will be crucial throughout the process, as it pertains to proposed service extensions or boundary adjustments. In reading through other examples across the Province, landowner concern was often characterized into the following categories:

- what will the costs of servicing be, and will landowners be required to connect to servicing,
- will taxes increase,
- land use compatibility (i.e. new homes next to existing farms),
- why is growth needed here, and why can it not go elsewhere,
- no desire to be part of a settlement area,
- loss of municipal identity, or
- fear of expropriation.

In some cases, the above concerns will not be able to be addressed. There are times when the most logical location for growth will mean that an existing landowner is impacted, whether it be via servicing or road extensions, having ‘new neighbours’, or in a ‘worst-case scenario’ via an expropriation (e.g. to extend a road or servicing connection).

Some of the items above can be allayed through honest and open communication to landowners at all stages of the process. In other cases, there are guiding policies or legislation governing how such change is assessed and approved (e.g. the Environmental Assessment process for road or servicing extensions, or a Comprehensive Review process for a boundary expansion). With respect to evaluating impacts to agricultural lands, the Provincial Policy Statement and the County Official Plan requires evaluation of alternative locations through a comprehensive review including; that the lands do not comprise specialty crop areas, that there are no reasonable alternatives which avoid prime agricultural areas, and that there are no reasonable alternatives on lower priority agricultural lands.

With respect to servicing extensions or boundary adjustments County staff see two possible categories of requests;

1. A private landowner seeks to extend a boundary or servicing for their development proposal (e.g. Chapmans Ice Cream seeks to expand their plant into lands in West Grey), or
2. A municipality flags a land shortage to meet their growth needs for a settlement area, and desires to expand into or work with their neighbouring municipality.

In some cases, item # 1 above can very much be a 'one-off' or even reactive basis, and the level of review and study may be scoped to the nature of the proposal. For item # 2, staff see this as a pro-active scenario where the County and municipalities impacted can begin discussions early, such that solutions can be reached in advance of land shortages.

## Proposed Work Plan

At this preliminary stage, should Council provide direction to continue to move forward, the proposed workplan will require the following steps in scenarios where a municipality flags a land shortage to meet their growth needs.

1. Completing the update to the County's Growth Management Strategy and implementing the new growth numbers through an amendment to the County Official Plan. Estimated completion would be Quarter 2 or 3 of 2021.
2. Set up individual meetings with each of the nine member municipalities to discuss their growth forecasts, available land supply, and existing / proposed servicing capacities. Estimated completion would be Quarter 3 of 2021, subject to municipal availability.
3. Where identified land shortages, desired boundary adjustments, or servicing extensions are requested, determine what study is required to document the need and examine alternatives.
4. Where a municipality has already initiated a study, or discussions with their neighbours, County still will assist in the process, study, and/or discussions.
5. Simultaneous to item # 3, set up joint meetings between impacted municipalities and County staff to discuss partnership opportunities. Estimated completion would be Quarter 3 or 4 of 2021. Compensation agreements could be discussed, but would ultimately need to be agreed upon by the partner municipalities, conditional upon approval of the project.
6. Should the municipalities decide to move forward after steps 3 and 4 above, develop a communications strategy between the two municipalities and impacted landowners. Frequently asked questions (FAQs) and other guidance documents should be made available to landowners. County staff could assist with the facilitation and public engagement processes.
7. The municipalities would complete any further detailed study, Environmental Assessment, etc. for the servicing expansion or boundary adjustment.
8. Following steps 5 and 6, should a municipal boundary adjustment be supported, a request for restructuring agreement would need to be made to the Province for approval.
9. Following approval of step 7, planning documents such as official plans and zoning by-laws would need to be amended for the newly added or removed lands. Lands can only be designated for future growth within the planning horizon (e.g. 25 year horizon).

In step 5 above, should the municipalities not be willing to meet or discuss options, County staff will not be able compel such discussions. At that stage, additional options or priorities may have to be evaluated by all parties.

Where a private landowner seeks to extend a boundary or servicing for their development proposal, it would be necessary to consider the scope of the request and set the workplan accordingly. Where it is an isolated request with little chance of further need for land or

servicing expansion, the request can be processed on a one-off basis, which may include having the landowner initiate/lead the process.

However, where a request is made that has the potential to generate additional requests for land or servicing expansion, it may be necessary to consider it under a framework similar to the above (steps 1 – 9) at a municipal/County level, rather than as a privately initiated 'one-off' request. Having municipalities lead the study and expansion process may prove beneficial in these instances versus having it done via a private developer. In some cases, said requests may need to be phased or implemented on a longer-term basis.

## Legal and Legislated Requirements

Various pieces of legislation such as the *Planning Act*, and the *Municipal Act*, govern both settlement area and municipal boundaries respectively. The Provincial Policy Statement provides further policy guidance on this topic. There are also policies in Recolour Grey, as well as in municipal official plans, that will need to be considered in moving forward here. Staff can work with municipalities, within the confines of the current legislative and policy framework, to explore opportunities and solutions to cross-boundary growth and development.

## Financial and Resource Implications

There are no anticipated financial, staffing or resource considerations associated with this report at this time. Should the need for additional resources, or unbudgeted expenses arise, further reporting will be brought back to County Council.

## Relevant Consultation

- ☒ Internal: Planning, Economic Development, Transportation Services, CAO, Legal Services
- ☒ External: Member municipalities, Provincial staff, neighbouring municipalities, landowners and developers

## Appendices and Attachments

[PDR-CW-17-20 Municipal and Growth Boundaries Planning Report](#)