
DATE: October 5, 2009

REPORT TITLE: **HALTON/PEEL BOUNDARY ADJUSTMENT PROPOSAL (NINTH LINE CORRIDOR)**

FROM: David Szwarc, Chief Administrative Officer

RECOMMENDATION

That payment to the Town of Milton and to the Region of Halton of \$2,060,149 as 62.6185 per cent of compensation for the proposed Ninth Line boundary adjustment, the balance of compensation to be paid by the City of Mississauga, for a total compensation amount of \$3,290,000, as described in the report of the Chief Administrative Officer dated October 5, 2009 titled "Halton/Peel Boundary Adjustment Proposal (Ninth Line Corridor)", be authorized;

And further, that funds be provided from Non-Program Cost Centre NR20003 for the Region's share of the costs.

REPORT HIGHLIGHTS

- The consultant engaged to determine appropriate compensation for the annexation of approximately 400 hectares west of the Ninth Line and east of Highway 407 from Halton to Peel has recommended the amount of \$3.29 million as the amount that Peel and Mississauga collectively should pay to Halton and Milton.
- Staffs of all four municipalities are recommending that their Councils' accept the consultant's recommendations. Milton and Mississauga's Council's have accepted the compensation amounts recommended. Halton Region's Council will consider the recommendations on October 7, 2009.
- That Peel and Mississauga share the obligation to pay Halton and Milton in the same proportion that taxes are shared,- Peel 63%, Mississauga 37%. Mississauga's Council has accepted this sharing formula.

DISCUSSION

1. Background

On January 14, 2009, Council approved a Memorandum of Understanding, executed on March 5, 2009 between the Region, the Regional Municipality of Halton, the Town of Milton and the City of Mississauga to guide the re-alignment of the boundary between Peel and Halton for lands west of the Ninth Line and east of Highway 407, south of Highway 401 and north of Highway 403. This would result in 400 hectares of land now within Halton and Milton being annexed into Peel and Mississauga.

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A joint public meeting was held on September 30 at 7:00 PM in the Council Chambers of the Regional Municipality of Halton in Oakville.

a) Boundary

After reviewing various options, it has been concluded that the most practical boundary line is the centre-line of Highway 407. This will make the Region of Peel responsible for approximately 350 meters of Derry Road and Britannia Road within the area to be annexed as well as the easterly half of the interchanges with Highway 407 and half of the overpass maintenance. This cost has been taken into consideration into the compensation amounts.

b) Compensation

The Memorandum of Understanding called for the engagement of a compensation consultant to analyze and recommend a fair payment by Peel and Mississauga to Halton and Milton for the fiscal impact of losing the 400 hectares of land. Hemson Consulting Ltd. has reviewed the proposal and has recommended that compensation payable to Halton Region should be \$1.29 million and that the amount of \$2 million be paid to the Town of Milton (Hemson's Final Report may be accessed on the Region of Peel website under News/Notices -> Public Notices -> "Proposed Restructuring Annexation of Lands" link).

During the study process, the consultant considered the current taxation losses each municipality would experience as well as the impact of the potential tax revenue after the phase-in of the full assessed values.

The consultant has, in calculating the recommended values, taken into consideration some of the direct costs that Halton would save as a result of shedding responsibility for the maintenance of Ninth Line and the aforementioned sections of Derry Road and Britannia Road.

The consultant had originally attempted to calculate the future taxation revenue that could occur as a result of development that might occur during the period 2010 to 2031, however as a result of a number of uncertainties, concluded that such revenue is too speculative to be included into the compensation package.

The consultant concluded that the fiscal impact to Halton and Milton would be a decline in revenues essentially equal to the taxes those municipalities currently receive from the lands less the cost of providing them with the aforementioned services. The horizon year of 2031 was felt to be appropriate in part because the current and proposed Halton Official Plan did not include any Growth Plan population allocation to these lands within that horizon and because the 21 year term was similar to other annexation settlements in the Province.

c) Regional Share of Compensation

Hemson Consulting was retained to determine the fair amount of compensation payable to Halton and Milton, but was not asked to determine how that amount should be shared between Peel and Mississauga. The consultant was asked to calculate the net loss to Halton and Milton resulting from the boundary adjustment.

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Beginning in 2010, all of the taxation revenue raised from the affected lands would flow to Mississauga and to Peel. The compensation amount could be considered as a discounted net present value pre-payment of future tax benefit to Milton and Halton had the land remained for the next 21 years in Milton and Halton. Peel will experience direct costs as a result of the boundary change for the maintenance of the aforementioned regional roads, waste collection to the 24 properties that have private buildings, an increased contribution to Conservation Halton, ambulance, police, human services and health services costs.

Through negotiations with Mississauga, Peel Staff concluded that the fairest way to share the obligation between the City and the Region was to utilize the sharing percentages used to divide property tax dollars collected in Mississauga. Both staffs agreed to recommend this approach.

It is recommended that the Region's share be funded from Non-program Cost Centre NR20003.

d) Reasons for Proceeding

- i) Highway 407 is a recognizable boundary;
- ii) the lands are functionally related to Mississauga and therefore it is preferable that the land use planning and control be subject to the authority of the City of Mississauga;
- iii) Approximately 10% of the lands are owned by the City;
- iv) Servicing and emergency services for the lands must come from Mississauga/Peel because the distances are too far from the urban part of Milton.

e) Public Meeting

The September 30, 2009 public meeting provided an opportunity for landowners, citizens and agencies to advise the four municipalities of their concerns with respect to the boundary adjustment. The only real issue of concern raised by the public was that the annexation might result in taxes increasing by about 16% because of the differing tax rates between the municipalities.

2. Findings

The proposed boundary adjustment provides the City of Mississauga the opportunity to ensure that any development that might eventually occur on the lands will be compatible with the existing community that has developed on the east side of Ninth Line. When development does occur, it will contribute towards the cost of the municipal services provided by Peel and Mississauga and not to Halton and Milton. Further, some of the lands now owned by the City of Mississauga for storm-water management and other purposes will be within Mississauga's own jurisdiction.

The proposal represents good planning because the land will complete existing communities within Mississauga rather than being isolated pockets of Milton located east of Highway 407.

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3. CONCLUSION

The final compensation amount payable to Halton and Milton, and the proportional share of that amount to be paid by Peel and Mississauga respectively as set out in the recommendation should be endorsed. Another Report will be forwarded to Council soon advising as to the recommendations arising out of the public meeting, if any, and to authorize the details of the annexation including a boundary adjustment agreement, a resolution endorsing the annexation and the proposed Order of the Minister of Municipal Affairs and Housing legally required in order to complete the annexation.

Approved for Submission:



D. Szwarc, Chief Administrative Officer

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