

**DEVELOPMENT CHARGE DEFERRAL REQUEST
DONGARA PELLET PLANT LP**

WARD 2

Recommendation

The City Manager and the Commissioner of Finance/City Treasurer in consultation with the Director of Legal Services and the Director of Reserves and Investments, recommends:

1. That the City of Vaughan take a similar position with respect to the deferral of the City's development charges as the Region of York determines appropriate in response to the request received from Dongara Pellet Plant LP for the deferral of Regional development charges, and
2. That this report be forwarded to the Regional Clerk.

Contribution to Sustainability

Together, York Region and Dongara will achieve diversion of up to \$100,000 tonnes of waste per year.

Economic Impact

Dongara paid \$132,483.68 for City development charges prior to the issuance of the building permit for the facility. Deferral would result in a refund of approximately 50% of this amount.

Communications Plan

The Region of York and Dongara Pellet Plant representatives will be advised of Council's decision.

Purpose

The purpose of this report is to advise the Region of York that the City of Vaughan will take a similar position with respect to the deferral of the City's development charges as the Region of York determines appropriate in response to the request received from Dongara Pellet Plant LP for the deferral of Regional development charges.

Background - Analysis and Options

In June 2007, the City entered into a ground lease with Dongara Pellet Factory Inc. for a parcel of land at the northeast intersection of Highway 27 and Highway 407 for the purposes of building a waste management facility.

In October 2008, Dongara requested the Region of York exempt all or part of the Regional Development Charges paid for the plant under the municipal capital facilities provisions of the Municipal Act. The Region of York entered into an agreement with Dongara to provide waste management services for 100,000 tonnes of residual waste annually. The plant has been operating for approximately a year and a half. The Region's agreement is for 50 per cent (50%) of the capacity of the plant under a 20 year contract.

Section 110 of the Municipal Act allows for the creation of municipal capital facilities. Section 110 (7) provides:

“Despite the Development Charges Act, 1997, the council of a municipality may exempt from the payment of all or part of the development charges imposed by the municipality under that Act land or a portion of it on which municipal capital facilities are or will be located that,

(a) is the subject of an agreement under subsection (1);

(b) is owned or leased by a person who has entered an agreement to provide facilities under subsection (1); and

(c) is entirely occupied and used or intended for use for a service or function that may be provided by a municipality. 2006, c. 19, Sched. O, s. 3 (2).”

Regulation 603/06 Section 2(1) defines the services that qualify for possible exemption and they include:

“7. Municipal facilities for the collection and management of waste and garbage”.

The Dongara facility would meet the required definition as an eligible type of service.

On October 23, 2008, Regional staff recommended that Regional Council consider a deferral of the regional development charges, as the Region would only utilize a portion of the facility and the Regional agreement does not extend for the full life of the facility. This report was deferred by Regional Council on the same date. Staff’s understanding is that, at the time, there was a question regarding the City of Vaughan’s position on this matter.

The land is in the ownership of the City and the City of Vaughan suggests the following conditions be applied if a deferral of Regional development charges is approved:

1. Deferral would be limited to the percentage of the plant capacity for which the Region has contracted;
2. The agreement be registered on title;
3. In accordance with the terms of the contract, the deferral would be executed only after the Region is actively and successfully using the facility;
4. The deferred charges would become payable upon any change in use or ownership;
5. The deferred charges would become payable on the expiry or termination of the Region’s contract with the facility for any reason;
6. Should the Region’s capacity usage of the facility drop below it’s existing percentage that portion of the deferred development charges would become payable immediately; and
7. The proponent pays for the costs of preparing and registering the necessary agreement(s).

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council.

Regional Implications

The Region of York is the main service provider relating to the request from Dongara Pellet Plant, and the City will proceed based on the Region’s decision.

Conclusion

Staff recommends that the City of Vaughan take a similar position with respect to the deferral of the City's development charges as the Region of York determines appropriate in response to the request received from Dongara Pellet Plant LP for the deferral of Regional development charges.

Attachments

None

Report prepared by:

Heather Wilson
Director of Legal Services
Ext. 8389

Respectfully submitted,

Clayton D. Harris, CA
City Manager

Barbara Cribbett, CMA
Commissioner of Finance/City Treasurer