

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 20, 2016**

Item 10, Report No. 9, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on September 20, 2016.

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#### **UPDATE – EASTERN POWER ROYALTIES**

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Chief Financial Officer/City Treasurer and the Director of Financial Planning and Development Finance, dated September 6, 2016:

##### **Recommendation**

The Chief Financial Officer/City Treasurer and the Director of Financial Planning and Development Finance recommend:

1. That this report be received for information purposes.

##### **Contribution to Sustainability**

The Keele Valley Landfill reserve holds funds from the royalties paid by the City of Toronto in accordance with the agreement between the two Cities. The royalties Keele Valley Landfill Reserve is a funding source for beautification efforts in the Maple community.

##### **Economic Impact**

The City has received notification from the City of Toronto that Eastern Power Ltd. has ceased power production at the Keele Valley Landfill site as of December 2015, as per the terms of the original contract with the Metropolitan Corporation (City of Toronto). Cessation of operations has resulted in the termination of royalty revenues received by the City of Toronto. In turn, this has resulted in the termination of the receipt of ten percent of these revenues by the City of Vaughan.

##### **Communications Plan**

The report is available publicly on the Agenda, Minutes & Extract page of the City's website ([www.vaughan.ca](http://www.vaughan.ca)).

##### **Purpose**

To provide an update to Council on the status of electricity production by Eastern Power Ltd. at the Keele Valley Landfill site.

##### **Background - Analysis and Options**

The Metropolitan Corporation (City of Toronto) leased a portion of the Keele Valley Landfill to Eastern Power Ltd. for the construction and operation of a facility for the generation of electricity from landfill gas or sale to Ontario Hydro. The city signed an agreement with the Municipality of Metropolitan Toronto that stated the city was to receive an amount equal to ten percent of the net royalties paid by Eastern Power Ltd. to the Metropolitan Corporation. These royalties were deposited into the Keele Valley Landfill Reserve. The table below shows the royalty payments received since 2010:

Historical Royalties Received						
	2010	2011	2012	2013	2014	2015
Royalties	97,780	95,628	88,262	82,040	77,308	64,409

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 20, 2016**

#### Item 10, Finance Report No. 9 – Page 2

In December of 2015 the City received notification from the City of Toronto that Eastern Power Ltd. would be ceasing production of electricity at the Keele Valley site at the end of 2015 as they had not been able to secure a power purchase agreement with the Ontario Electricity Financial Corporation.

Staff have been advised by the City of Toronto that Eastern Power Ltd. is looking at other potential options. If there is such a proposal brought forward, Toronto staff would have to seek Toronto City Council approval and that of the Ministry of the Environment and Climate Change. City of Vaughan staff would have to seek Council approval of a new agreement between the City of Toronto and the City of Vaughan pertaining to the portion of royalties the City of Vaughan would receive.

At year end December 2015, the balance in the Keele Valley Landfill Reserve after commitments was \$205,649.96.

<b>Keele Valley Landfill Reserve</b>	
December 2015, before commitments	1,623,738.96
Less commitments:	
5961-2-03 Maple Valley Plan 2003	158,200.00
CD-2006-15 Major Mackenzie Drive Streetscapes	234,760.00
DP-9017-10 Major Mack Streetscape Construction	125,115.00
PK-6305-15 North Maple Regional Park Phase 1	900,014.00
Total Commitments	1,418,089.00
December 2015, after commitments	205,649.96

The only funding source for the Keele Valley Landfill Reserve has been the royalty payments. Without these royalty payments, future capital initiatives normally funded by this reserve would need to be funded from an alternate funding source, likely capital from taxation.

Staff will continue to monitor any developments in this area and will provide Council with updates as they become available.

#### **Relationship to Term of Council Service Excellence Strategy Map (2014-2018)**

The report is consistent with the priorities set in the Service Excellence Strategic Initiatives under Operational Performance: Financial Sustainability.

#### **Regional Implications**

Not Applicable

#### **Conclusion**

The City has received notification from the Municipality of Metropolitan Toronto that Eastern Power Ltd. has ceased power production at the Keele Valley Landfill site as of December 2015. Accordingly, the royalties paid pursuant to the agreement with the City will no longer be received.

#### **Attachments**

Not Applicable

#### **Report prepared by:**

Jackie Lee Macchiusi, CPA, CGA  
Senior Manager, Corporate Financial Planning & Analysis

**UPDATE – EASTERN POWER ROYALTIES****Recommendation**

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#### **Report prepared by:**

Jackie Lee Macchiusi, CPA, CGA  
Senior Manager, Corporate Financial Planning & Analysis

Respectfully submitted,

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Laura Mirabella-Siddall, CPA, CA  
Chief Financial Officer/City Treasurer

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Lloyd Noronha, CPA, CMA  
Director, Financial Planning and Development Finance/Deputy City Treasurer