

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

Item 8, Report No. 8, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on September 26, 2017.

8 COMMUNITY IMPROVEMENT PLAN APPLICATION FILE CIP.16.002 ENACTMENT OF COMMUNITY IMPROVEMENT PLAN AGREEMENT FOR KPMG TOWER PENGUIN-CALLOWAY (VAUGHAN) INC. WARD 4 - VICINITY OF MILLWAY AVENUE AND PORTAGE PARKWAY

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Chief Financial Officer and City Treasurer, Chief Corporate Initiatives and Intergovernmental Relations and the Director, Financial Planning and Development Finance, Deputy City Treasurer, dated September 20, 2017:

Recommendation

The Chief Financial Officer and City Treasurer, Chief Corporate Initiatives and Intergovernmental Relations and the Director, Financial Planning and Development Finance, Deputy City Treasurer, in consultation with the Deputy City Manager, Planning and Growth Management recommends:

1. THAT Council delegate authority to the Mayor and City Clerk to enter into all necessary Community Improvement Plan (CIP) Agreements related to the Owner's CIP Application for the KPMG office building (File CIP.16.002), in a form satisfactory to the Deputy City Manager, Legal and Human Resources and with content consistent with this and previous reports satisfactory to the Chief Financial Officer and City Treasurer, Chief Corporate Initiatives and Intergovernmental Relations and the Deputy City Manager Planning & Growth Management.

Contribution to Sustainability

Green Directions Vaughan embraces a Sustainability First principle and states that sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities and economic vitality for current and future generations. Under this definition, activities related to economic development for the Vaughan Metropolitan Centre (VMC) contribute to the sustainability of the City.

Economic Impact

As part of the Community Improvement Plan (CIP) for the VMC and Weston Road and Highway 7 Primary Centre, a package of financial incentives has been made available to developers who construct major office buildings over 7,000 m² in size. The package of financial incentives includes Development Charge (DC) grants, 18 month DC deferrals, a Cash in Lieu (CIL) of Parkland exemption and a 10 year Tax Increment Equivalent Grant (TIEG).

With the KPMG office building, the project has in place a DC prepaid agreement with the City, and therefore will not receive the DC grant or the 18 month DC deferral. The incentives received through the 2013 DC by-law review transition measures were equivalent to those of the CIP. The development, however, will be eligible for the CIL of Parkland exemption and the TIEG. CIL of Parkland of \$166,000 has already been paid by the Owner, and subsequently will be refunded once the CIP Agreement is executed.

Communications Plan

The VMC Project Management Team provides regular updates to Council and members of the Senior Management Team (SMT), including City staff through the Moving Forward Newsletter.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

Item 8, Finance Report No. 8 – Page 2

Regular updates about VMC related projects continue to be posted to the City's dedicated webpage at www.vaughan.ca/vmc. As well, the new VMC microsite, myvmc.ca, serves as a digital platform to help raise the profile of the VMC and generate interest and awareness of Vaughan's new downtown.

Purpose

The purpose of this report is to request delegated authority from Council to enable the Mayor and City Clerk to enter into a Community Improvement Plan (CIP) Agreement for the KPMG office building (CIP Application File CIP.16.002), constructed by Penguin-Calloway (Vaughan) Inc. (SmartReit), allowing staff to complete the CIP office incentive application process.

Background - Analysis and Options

In November 2015, the City of Vaughan implemented a CIP in accordance with Section 28 of the *Planning Act* for the VMC and the Weston Road and Highway 7 Primary Centre. As identified in the CIP process flow chart, delegated authority from Council is required to enable the Mayor and City Clerk to enter in to all CIP Agreements for office projects that are eligible for financial incentives under the program's criteria.

Under the CIP Program, major office developments that were previously approved on or after January 1, 2014 prior to implementation of the CIP Program are acknowledged to qualify retroactively to receive the financial incentives that are offered as part of the Program. The objective of the CIP is to create a competitive market for major office development, defined as greater than 7,000 m² (approximately 75,300 ft²). On June 25, 2013, Vaughan Council approved Site Development File DA.12.085 to permit the KPMG office building in the Mobility Hub of the VMC, which is identified as the only major office development in the VMC to qualify for the retroactive portion of the Program.

On June 2, 2016, the Owner formally submitted a CIP Application Form, requesting consideration in the Program. Staff have resolved outstanding matters that pertain to the first tangible CIP proposal under the retroactive eligibility permissions of the Program and the complexities associated with the analysis of the qualified financial incentives that was out of sequence from the standard CIP application process. Upon Council approval of the request for delegated authority, a final CIP Agreement can be executed with the Owner to provide the relevant financial incentives for the KPMG office building.

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

This report is consistent with the priorities set on the Term of Council Service Excellence Strategy Map; facilitate the development of the VMC, attract investment, and create jobs.

Regional Implications

There are no Regional implications as the Region does not have a Community Improvement Plan of their own, and have collected their development charges for this project.

Conclusion

Based on a review of the CIP Application for the KPMG office building (File CIP.16.002), the development meets the terms and conditions of the Community Improvement Project Areas By-law 176-2015 and CIP By-law 177-2015. As such, a final CIP Agreement can be executed upon Council's direction to delegate authority to the Mayor and City Clerk to enter into all necessary CIP Agreements related to SmartReit's CIP Application for the KPMG office building.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

Item 8, Finance Report No. 8 – Page 3

Report prepared by:

Mike Launslager, Economic Development Officer, ext. 8472

Stephen Lue, Senior Planner, Development Planning, ext. 8210

Nelson Pereira, Senior Financial Analyst, Development Finance, ext. 8393

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

**COMMUNITY IMPROVEMENT PLAN APPLICATION FILE CIP.16.002
ENACTMENT OF COMMUNITY IMPROVEMENT PLAN AGREEMENT FOR KPMG TOWER
PENGUIN-CALLOWAY (VAUGHAN) INC.
WARD 4 - VICINITY OF MILLWAY AVENUE AND PORTAGE PARKWAY**

Recommendation

The Chief Financial Officer and City Treasurer, Chief Corporate Initiatives and Intergovernmental Relations and the Director, Financial Planning and Development Finance, Deputy City Treasurer, in consultation with the Deputy City Manager, Planning and Growth Management recommends:

1. THAT Council delegate authority to the Mayor and City Clerk to enter into all necessary Community Improvement Plan (CIP) Agreements related to the Owner's CIP Application for the KPMG office building (File CIP.16.002), in a form satisfactory to the Deputy City Manager, Legal and Human Resources and with content consistent with this and previous reports satisfactory to the Chief Financial Officer and City Treasurer, Chief Corporate Initiatives and Intergovernmental Relations and the Deputy City Manager Planning & Growth Management.

Contribution to Sustainability

Green Directions Vaughan embraces a Sustainability First principle and states that sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities and economic vitality for current and future generations. Under this definition, activities related to economic development for the Vaughan Metropolitan Centre (VMC) contribute to the sustainability of the City.

Economic Impact

As part of the Community Improvement Plan (CIP) for the VMC and Weston Road and Highway 7 Primary Centre, a package of financial incentives has been made available to developers who construct major office buildings over 7,000 m² in size. The package of financial incentives includes Development Charge (DC) grants, 18 month DC deferrals, a Cash in Lieu (CIL) of Parkland exemption and a 10 year Tax Increment Equivalent Grant (TIEG).

With the KPMG office building, the project has in place a DC prepaid agreement with the City, and therefore will not receive the DC grant or the 18 month DC deferral. The incentives received through the 2013 DC by-law review transition measures were equivalent to those of the CIP. The development, however, will be eligible for the CIL of Parkland exemption and the TIEG. CIL of Parkland of \$166,000 has already been paid by the Owner, and subsequently will be refunded once the CIP Agreement is executed.

Communications Plan

The VMC Project Management Team provides regular updates to Council and members of the Senior Management Team (SMT), including City staff through the Moving Forward Newsletter. Regular updates about VMC related projects continue to be posted to the City's dedicated webpage at www.vaughan.ca/vmc. As well, the new VMC microsite, myvmc.ca, serves as a digital platform to help raise the profile of the VMC and generate interest and awareness of Vaughan's new downtown.

Purpose

The purpose of this report is to request delegated authority from Council to enable the Mayor and City Clerk to enter into a Community Improvement Plan (CIP) Agreement for the KPMG office building (CIP Application File CIP.16.002), constructed by Penguin-Calloway (Vaughan) Inc. (SmartReit), allowing staff to complete the CIP office incentive application process.

Background - Analysis and Options

In November 2015, the City of Vaughan implemented a CIP in accordance with Section 28 of the *Planning Act* for the VMC and the Weston Road and Highway 7 Primary Centre. As identified in the CIP process flow chart, delegated authority from Council is required to enable the Mayor and City Clerk to enter in to all CIP Agreements for office projects that are eligible for financial incentives under the program's criteria.

Under the CIP Program, major office developments that were previously approved on or after January 1, 2014 prior to implementation of the CIP Program are acknowledged to qualify retroactively to receive the financial incentives that are offered as part of the Program. The objective of the CIP is to create a competitive market for major office development, defined as greater than 7,000 m² (approximately 75,300 ft²). On June 25, 2013, Vaughan Council approved Site Development File DA.12.085 to permit the KPMG office building in the Mobility Hub of the VMC, which is identified as the only major office development in the VMC to qualify for the retroactive portion of the Program.

On June 2, 2016, the Owner formally submitted a CIP Application Form, requesting consideration in the Program. Staff have resolved outstanding matters that pertain to the first tangible CIP proposal under the retroactive eligibility permissions of the Program and the complexities associated with the analysis of the qualified financial incentives that was out of sequence from the standard CIP application process. Upon Council approval of the request for delegated authority, a final CIP Agreement can be executed with the Owner to provide the relevant financial incentives for the KPMG office building.

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

This report is consistent with the priorities set on the Term of Council Service Excellence Strategy Map; facilitate the development of the VMC, attract investment, and create jobs.

Regional Implications

There are no Regional implications as the Region does not have a Community Improvement Plan of their own, and have collected their development charges for this project.

Conclusion

Based on a review of the CIP Application for the KPMG office building (File CIP.16.002), the development meets the terms and conditions of the Community Improvement Project Areas By-law 176-2015 and CIP By-law 177-2015. As such, a final CIP Agreement can be executed upon Council's direction to delegate authority to the Mayor and City Clerk to enter into all necessary CIP Agreements related to SmartReit's CIP Application for the KPMG office building.

Report prepared by:

Mike Launslager, Economic Development Officer, ext. 8472
Stephen Lue, Senior Planner, Development Planning, ext. 8210
Nelson Pereira, Senior Financial Analyst, Development Finance, ext. 8393

Respectfully submitted,

LAURA MIRABELLA-SIDDALL
Chief Financial Officer
City Treasurer

TIM SIMMONDS
Chief Corporate Initiatives and
Intergovernmental Relations

LLOYD NORONHA
Director, Financial Planning and Development Finance
Deputy City Treasurer