

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 21, 2017

Item 8, Report No. 10, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on November 21, 2017, as follows:

By approving the recommendation contained in the report of the Chief Financial Officer and City Treasurer and the Director, Financial Planning & Development Finance and Deputy City Treasurer, dated November 6, 2017; and

By receiving the following Communications:

- C2** ***Mr. Michael Federico, Vitanova, Rutherford Road, Woodbridge, dated November 14, 2017;***
C5 ***Chief Financial Officer and City Treasurer, Director of Financial Planning and Development Finance, City Solicitor, and Acting Director, Legal Services, dated November 16, 2017; and***
C7 ***Mr. Richard Lorello, dated November 21, 2017.***

Councillor Carella declared an interest with respect to this matter as he is the Corporate Secretary for the not-for-profit organization which owns the property known as 6299 Rutherford Road, which leases to the Vitanova Foundation, and did not take part in the discussion or vote on the matter.

8 DEVELOPMENT CHARGES REQUEST FOR DEFERRAL – THE VITANOVA FOUNDATION

The Finance, Administration and Audit Committee recommends:

- 1) That consideration of this matter be deferred to the Council meeting of November 21, 2017 to allow staff to report back regarding the history of deferred development charges relating to this site;**
- 2) That staff report back to Council regarding the matters raised by the deputant; and**
- 3) That the deputation of Mr. Richard Lorello, Treelawn Boulevard, Kleinburg, be received.**

Recommendation

The Chief Financial Officer and City Treasurer and Director, Financial Planning & Development Finance and Deputy City Treasurer in consultation with the City Solicitor recommend:

1. That the application from The Vitanova Foundation for deferral of Development Charges be dealt with as an exception to the City Wide Development Charge Deferral Policy; and
2. That Council delegate authority to the Chief Financial Officer and City Treasurer to execute a Development Charge Deferral Agreement with The Vitanova Foundation and Vitanova Shelter Corporation to defer the City of Vaughan's Development Charges in a form satisfactory to the City Solicitor.

Contribution to Sustainability

The Vitanova Foundation provides key services to the general public by providing shelter and addiction services to individuals and their families. While this is not a service performed by the municipality it still contributes to the sustainability of key social and health services to Vaughan residents.

Economic Impact

The estimated City of Vaughan Development Charges (DCs) in the amount of \$11,338 would be deferred until the date the facility ceases to operate as a shelter and addiction services centre.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 21, 2017

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This is not seen as a significant impact to the City's overall DC collections and associated capital program.

Communications Plan

This report will be available through the public agenda process and no additional communication plan is recommended.

Purpose

To address the request from The Vitanova Foundation to defer DCs for the proposed Chapel at the Vitanova Shelter.

Background - Analysis and Options

A request for deferral of DCs was received from The Vitanova Foundation, who is leasing the proposed 1-storey 200 square metre chapel on lands owned by the Vitanova Shelter Corporation. The Foundation operates the shelter and provides programs to individuals of all backgrounds who seek assistance in recovering from substance use, abuse and addiction. The proposed chapel is intended to better meet the spiritual need of the Foundation's clients who reside at the shelter. The lands are on the south side of Rutherford Road and west of Regional Road 27 and are the subject of Site Plan application DA.16.102.

The Vitanova Foundation is a registered non-profit organization providing services that are available to the general public.

In 2005, Council adopted a City Wide DCs Deferral Policy ("the Policy") setting out the qualifying criteria enabling all qualified applicants to receive deferral of the City of Vaughan's City Wide DCs.

Deferral for services/uses provided by the City of Vaughan or the Regional Municipality of York or any local board thereof may be considered under the policy. Addiction services and other services provided by The Vitanova Foundation facility are services provided for or funded by the Province of Ontario. Provincial services were excluded from the Policy, however Staff are of the opinion that the spirit of the Policy would suggest that such services should be considered for DC deferrals. Staff are therefore recommending that an exception to the Policy be approved. Staff will consider including Provincial services in the next review and update of the Development Charge Deferral Policy planned in 2018.

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

Support to The Vitanova Foundation relates to the Council Priority of "Ensuring the safety and well-being of citizens". It will provide key social and health services to Vaughan residents through its provincially funded mandate.

Regional Implications

Per past practice, it is expected that York Region will follow the City's lead and provide a deferral on Regional DCs estimated at \$38,532.

Conclusion

Staff recommends that the application for deferral of DCs from The Vitanova Foundation be dealt with as a specific exception to the City's Policy.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 21, 2017

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Attachments

1- Development Charge Deferral Request – The Vitanova Foundation

Report prepared by:

Terry Liuni, Manager, Development Finance, Ext. 8354

Councillor Carella declared an interest with respect to this matter as he is the Corporate Secretary for the not-for-profit organization which owns the property known as 6299 Rutherford Road, which leases to the Vitanova Foundation, and did not take part in the discussion or vote on the matter.

(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.)



VITANOVA

c <u>2</u>
Communication
COUNCIL: <u>Nov 21/17</u>
FAA Rpt. No. <u>10</u> Item <u>8</u>

November 14, 2017

Mayor and Members of Council
City of Vaughan
2141 Major Mackenzie Drive
Vaughan, Ontario L6A 1T1

Dear Mayor and Members of Council:

Re: Finance, Administration & Audit Committee, November 6, 2017, Item 8
Development Charges Request for Deferral – The Vitanova Foundation

I write to you in my capacity as chair of The Vitanova Foundation (the "Foundation") and as a director of the Vitanova Shelter Corporation (the "Shelter"), on whose board I sit as a representative of the Foundation. It has come to my attention that questions relating to both the Foundation and Shelter have been raised publicly, to which questions I am responding on behalf of both.

1. *Does the Vitanova Shelter Corporation receive lease payments from The Vitanova Foundation?*

Yes. The Shelter, an Ontario not-for-profit corporation, owns the lands known municipally as 6299 Rutherford Road. It in turn leases the property to the Foundation, another not-for-profit corporation and a registered Canadian charity as well. The latter pays monthly rent to the former, which payments are recorded by the Foundation's auditors in their annual financial statements as part of the Foundation's overall occupancy costs. In short, the Shelter and Foundation relate to each other as landlord and tenant.

2. *Do directors of the Shelter receive any financial benefit from the Shelter?*

No. I have been connected with these corporations since 1999 and at no time has any director received any financial compensation or benefit from either corporation, though minor expenses of a reasonable nature have been reimbursed by the Foundation from time to time. The Shelter board is less active than that of the Foundation, leading me to suspect that no Shelter director has ever been reimbursed for any expense whatsoever. In any event, my understanding is that directors of not-for-profit corporations are expected to be volunteers, and indeed may be required to be so in law.

3. *Have development charges been paid previously?*

The Shelter has owned the property since 1995, when it was purchased from the original owner. We believe the building was constructed sometime during the 1970's, which would suggest that if there were any municipal charges other than a building permit they were in the form of a lot levy. We assume such levy was paid at the time as we have never heard to the contrary from the city nor was any claim registered on title for non-payment of such charge. As well, no development charges have been levied against the property since the Shelter became the owner/landlord.

Should you have any other questions, please feel free to contact me at your convenience.

Yours truly,

Michael Federico
Chair

Since 1987

Helping put lives back together again

Copy: City Clerk
City Solicitor
City Treasurer
Integrity Commissioner

The Vitanova Foundation
6299 Rutherford Road Woodbridge
Ontario Canada L4L 1A7
Telephone: (905) 850-3690
Toronto Line: (416) 744-8940
Facsimile: (905) 850-3835
E-mail: info@vitanova.ca
Website: www.vitanova.ca

a member of



United Way
of York Region



c <u>5</u>	
Communication	
COUNCIL:	<u>Nov 21/17</u>
FAA Rpt. No.	<u>10</u> Item <u>8</u>

DATE: NOVEMBER 16, 2017

TO: MAYOR AND MEMBERS OF COUNCIL

FROM: LAURA MIRABELLA-SIDDALL, CHIEF FINANCIAL OFFICER AND CITY TREASURER
LLOYD NORONHA, DIRECTOR, FINANCIAL PLANNING AND DEVELOPMENT FINANCE
CLAUDIA STORTO, CITY SOLICITOR
MICHAEL, TOSHAKOVSKI, ACTING DIRECTOR, LEGAL SERVICES

RE: FINANCE, ADMINISTRATION AND AUDIT COMMITTEE – November 6, 2017

DEVELOPMENT CHARGES REQUEST FOR DEFERRAL – THE VITANOVA FOUNDATION

Purpose

The purpose of this communication is to provide historical information, as it relates to Development Charges, for the Vitanova Foundation property located at 6299 Rutherford Road as well as to address a deputant's question regarding the financial particulars of the Foundation raised at the November 6, 2017 Finance, Administration and Audit Committee meeting.

Background

At the November 6, 2017 meeting of the Finance, Administration and Audit Committee, Members of Council directed staff to provide further contextual information regarding the history of Development Charges paid or Deferred on the subject property. Staff have reviewed the development history of the property and can confirm that there have been no previous Development Charges assessed for the property.

In 1976 a building permit was issued for the development of a residential dwelling. This timing predates the Development Charges Act and while there may have been "lot levies" paid at that time under the old lot levy regime, there is no data available on such payments.

The property was converted to the existing institutional use in 1995. This conversion did not result in Development Charges owing.

Since then, building permits have been issued for minor works that included, interior alteration and additions to the garage that would not have attracted Development Charges.

Following the Finance, Administration and Audit Committee meeting, a communication dated November 14, 2017 was received from the Vitanova Foundation. This communication addresses the question posed by the deputant at the meeting regarding payments made from the Foundation to the Vitanova Shelter Corporation and financial benefits received by the Shelter's directors. Further inquiries regarding the Foundation's financial particulars may be directed to the Foundation or the Federal Charities Directorate.



memorandum

Conclusion

The addition of the chapel at 6299 Rutherford Road is the first development on the site that required assessment of Development Charges and staff continue to recommend that a deferral is appropriate.

Respectfully submitted,



on BEHALL OF

Laura Mirabella-Siddall
Chief Financial Officer and City Treasurer



Lloyd Noronha
Director of Financial Planning and Development
Finance and Deputy City Treasurer



Claudia Storto
City Solicitor

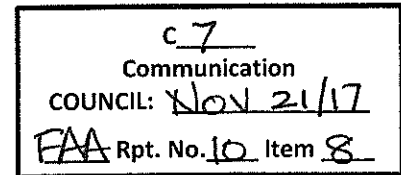


per

Michael Toshakovski
Acting Director, Legal Services

Subject: FW: Vitanova Shelters Correspondence, Re: Report 10 Item 8 Development Charges Request for Deferral - Vitanova Foundation

Importance: High



From: Richard Lorello [mailto:rlorello@rogers.com]

Sent: Tuesday, November 21, 2017 7:03 AM

To: Bevilacqua, Maurizio <Maurizio.Bevilacqua@vaughan.ca>; Iafrate, Marilyn <Marilyn.Iafrate@vaughan.ca>; Carella, Tony <Tony.Carella@vaughan.ca>; DeFrancesca, Rosanna <Rosanna.DeFrancesca@vaughan.ca>; Racco, Sandra <Sandra.Racco@vaughan.ca>; Shefman, Alan <Alan.Shefman@vaughan.ca>; Ferri, Mario <Mario.Ferri@vaughan.ca>; Rosati, Gino <Gino.Rosati@vaughan.ca>; Singh, Sunder <Sunder.Singh@vaughan.ca>

Cc: Kostopoulos, Daniel <Daniel.Kostopoulos@vaughan.ca>; Craig, Suzanne <Suzanne.Craig@vaughan.ca>; McEwan, Barbara <Barbara.McEwan@vaughan.ca>; Noor Javed <njaved@thestar.ca>; Tim Kelly <tkelly@yrmg.com>

Subject: Vitanova Shelters Correspondence, Re: Report 10 Item 8 Development Charges Request for Deferral - Vitanova Foundation

Good morning Ms. McEwan

Please post this correspondence with respect to the item in the subject matter for November 21 1pm Council meeting.

Good morning Mayor and Members of Council

I have reviewed the correspondence submitted by Mr. Federico, who wrote in his capacity of Chair of Vitanova Foundation and as a director of Vitanova Shelter's Corporation. As a matter of public record, Councillor Carella is also listed as a director and secretary of Vitanova Shelters Corporation. See Mr. Federico correspondence in the link below.

https://www.vaughan.ca/council/minutes_agendas/Communications/CL1121_17_C2.pdf

While I appreciate Mr. Federico's response, I believe that he could have been more forthcoming with more detailed financial information such as income statements and financial expenses showing exactly the monthly lease payment paid by Vitanova Foundation to Vitanova Shelters Corporation or whether or not, for example, Councillor Carella spouse draws any form of compensation from Vitanova Foundation. Mr. Federico states that Vitanova Shelters Corporation is a not-for-profit corporation. This could have be easily verified by Mr. Federico if he would have provided a profit / loss financial statement for Vitanova Shelters Corporation which would reflect Vitanova Shelters Corporation financial position.

As you are aware, Vitanova Foundation raises funds in part, through events hosted and organized by land development corporations and/or general contractors. Several members of council past and present have attended those same events. Those same land development corporations and/or general contractors have come before past terms and the current term of Vaughan Council seeking approval for their development applications and Councillor Carella has participated in at least some of those meetings.

Unfortunately Mr. Federico's correspondence does not address the fundamental issue of concern. The fundamental issue of concern that I and others have, is with the position this puts Councillor Carella in and his objectivity, specifically with the appearance of potential conflict of interest when he participates or votes on those development applications where the applicants have raised or are raising funds for Vitanova Foundations. That said, I am asking Vaughan Council in cooperation with the Vaughan Integrity Commissioner's office to address this concern.

Nevertheless Mr. Federico's correspondence confirms the following;

1. Vitanova Shelters Corporation is the property owner of 6299 Rutherford Road where Vitanova Foundation operates
2. There is and has for some time, existed a landlord / tenant relationship between Vitanova Shelters Corporation Vitanova Foundation.
3. Vitanova Foundation pays an undisclosed amount of monthly rent / lease to Vitanova Shelters Corporation
4. Vitanova Foundation's rent / lease payments to Vitanova Shelter Corporation are recorded by Vitanova Foundation's auditors in their CRA annual financial statements as part of the Foundation's overall occupancy costs. Albeit, the specific dollar amounts for lease payments were not provided.

Vitanova Foundation's online CRA financial filings confirm that occupancy costs were recorded as follows.

1. \$267,262 for year end 2016
2. \$248,984 for year end 2015
3. \$256,227 for year end 2014
4. \$232,220 for year end 2013
5. \$242,707 for year end 2012

Are we to assume that all or part of the occupancy costs filed by Vitanova Foundation to the CRA are in fact payments to Vitanova Shelters Corporation in the form of lease payments and / or management / administration fees?

Similar to the action taken by Councillor Ferri on a matter to do with his son, I would also request that a legal opinion be obtained by Councillor Carella or by the Integrity Commissioner's Office through the Ontario Superior Court of Justice on whether or not there is an issue with Councillor Carella's role and position with Vitanova Shelters Corporation. The primary issue of concern, is whether Councillor Carella has a deemed pecuniary interest under the MCIA which may preclude him from participating in matters in which land development applicants who host, organize or raise funds for Vitanova Foundation, who in turn pays occupancy costs to Vitanova Shelters Corporation where Councillor Carella is a director and secretary are relevant, or whether this deemed pecuniary interest is "so remote or insignificant" that it is exempted under s.4(k) of the MCIA.

Should Councillor Carella decline or refuse to seek the opinion / advice of the Ontario Superior Court of Justice, I would ask that the Integrity Commissioner's Office consider seeking the same.

This would help to alleviate any concern. See Canlii link of similar action taken by Councillor Ferri below.

<https://www.canlii.org/en/on/onsc/doc/2015/2015onsc4047/2015onsc4047.html?searchUrlHash=AAA-AAQAFZmVycmkAAAAAAQ&resultIndex=62>

I therefore request that Council defer its decision to grant Vitanova Shelters Corporation the requested deferral of the development charges, pending a review of more detailed financial information of Vitanova Shelters Corporation and an opinion from the Ontario Superior Court of Justice.

Sincerely
Richard T. Lorello

FINANCE, ADMINISTRATION AND AUDIT COMMITTEE – NOVEMBER 6, 2017

DEVELOPMENT CHARGES REQUEST FOR DEFERRAL – THE VITANOVA FOUNDATION

Recommendation

The Chief Financial Officer and City Treasurer and Director, Financial Planning & Development Finance and Deputy City Treasurer in consultation with the City Solicitor recommend:

1. That the application from The Vitanova Foundation for deferral of Development Charges be dealt with as an exception to the City Wide Development Charge Deferral Policy; and
2. That Council delegate authority to the Chief Financial Officer and City Treasurer to execute a Development Charge Deferral Agreement with The Vitanova Foundation and Vitanova Shelter Corporation to defer the City of Vaughan's Development Charges in a form satisfactory to the City Solicitor.

Contribution to Sustainability

The Vitanova Foundation provides key services to the general public by providing shelter and addiction services to individuals and their families. While this is not a service performed by the municipality it still contributes to the sustainability of key social and health services to Vaughan residents.

Economic Impact

The estimated City of Vaughan Development Charges (DCs) in the amount of \$11,338 would be deferred until the date the facility ceases to operate as a shelter and addiction services centre. This is not seen as a significant impact to the City's overall DC collections and associated capital program.

Communications Plan

This report will be available through the public agenda process and no additional communication plan is recommended.

Purpose

To address the request from The Vitanova Foundation to defer DCs for the proposed Chapel at the Vitanova Shelter.

Background - Analysis and Options

A request for deferral of DCs was received from The Vitanova Foundation, who is leasing the proposed 1-storey 200 square metre chapel on lands owned by the Vitanova Shelter Corporation. The Foundation operates the shelter and provides programs to individuals of all backgrounds who seek assistance in recovering from substance use, abuse and addiction. The proposed chapel is intended to better meet the spiritual need of the Foundation's clients who reside at the shelter. The lands are on the south side of Rutherford Road and west of Regional Road 27 and are the subject of Site Plan application DA.16.102.

The Vitanova Foundation is a registered non-profit organization providing services that are available to the general public.

In 2005, Council adopted a City Wide DCs Deferral Policy (“the Policy”) setting out the qualifying criteria enabling all qualified applicants to receive deferral of the City of Vaughan’s City Wide DCs.

Deferral for services/uses provided by the City of Vaughan or the Regional Municipality of York or any local board thereof may be considered under the policy. Addiction services and other services provided by The Vitanova Foundation facility are services provided for or funded by the Province of Ontario. Provincial services were excluded from the Policy, however Staff are of the opinion that the spirit of the Policy would suggest that such services should be considered for DC deferrals. Staff are therefore recommending that an exception to the Policy be approved. Staff will consider including Provincial services in the next review and update of the Development Charge Deferral Policy planned in 2018.

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

Support to The Vitanova Foundation relates to the Council Priority of “Ensuring the safety and well-being of citizens”. It will provide key social and health services to Vaughan residents through its provincially funded mandate.

Regional Implications

Per past practice, it is expected that York Region will follow the City’s lead and provide a deferral on Regional DCs estimated at \$38,532.

Conclusion

Staff recommends that the application for deferral of DCs from The Vitanova Foundation be dealt with as a specific exception to the City’s Policy.

Attachments

1- Development Charge Deferral Request – The Vitanova Foundation

Report prepared by:

Terry Liuni, Manager, Development Finance, Ext. 8354

Respectfully submitted,

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

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



VITANOVA

April 26, 2017

Laura Mirabella-Siddall
Chief Financial Officer & Treasurer
City of Vaughan
2141 Major Mackenzie Drive
Vaughan, Ontario L6A 1T1

Dear Ms. Mirabella-Siddall,

Re: Request for Deferral of Development Charges

I am writing to request that the City of Vaughan enter into a deferral of development charges agreement in conjunction with the application for a building permit by the Vitanova Shelter Corporation ("VSC"), to allow for the construction of a small chapel and meditation space on the property owned by the VSC and leased to The Vitanova Foundation ("the Foundation"). The purpose of the proposed chapel is to better meet the spiritual needs of the Foundation's clients who reside at the shelter on the premises, while participating in the Foundation's day program of recovery from substance use, abuse or addiction.

As we understand the City of Vaughan's policy in this regard, the qualifying criteria---to determine whether an applicant is eligible for a deferral of development charges---fall into two categories, the second being "Deferral for services/uses provided by the City of Vaughan or the Regional Municipality of York or any local board thereof", assuming the applicant meets all three of the listed criteria (in *italics* below). In these regards I note:

1. *A non-profit corporation*

Both the owner of the property (VSC) and the Foundation are not-for-profit corporations chartered by the Province of Ontario. As well, the Foundation is a registered Canadian charity (Reg. no. 124239054 RR0001) in good standing with the Canada Revenue Agency, which granted such status in 1989. It has been providing addiction recovery-related services to individuals, families and the community-at-large, at no charge, since 1987.

2. *Service/uses that would otherwise be provided by the City of Vaughan (other than seniors housing) or the Regional Municipality of York or any local board thereof;*

Since 1987

Helping put lives back together again

The Vitanova Foundation
6299 Rutherford Road Woodbridge
Ontario Canada L4L 1A7
Telephone: (905) 850-3690
Toronto Line: (416) 744-8940
Facsimile: (905) 850-3835
E-mail: info@vitanova.ca
Website: www.vitanova.ca

The Foundation operates a 28-bed shelter on site---24-hours a day, 365 days of the year---for individuals who are otherwise homeless or at immediate risk or threat of becoming homeless in connection with their substance use, abuse or addiction. All of these individuals participate in the Foundation's addiction day treatment program. Most all of them participate in group sessions devoted to spirituality as a means of solidifying recovery, and a high percentage attend religious services when held on site.

It is important to note that the first three mentions in The Vitanova Foundation's list of organizational values are diversity, inclusivity and equity. Our shelter is open to individuals of all backgrounds who seek assistance in recovering from substance use, abuse, and addiction. Over the course of our thirty year history we have served individual and families from just about every ethno-cultural background, without regard to race, creed, colour, immigration status, sexual orientation, etc. Our services are always without charge.

The Vitanova Foundation's model of recovery is not limited to 21 or 28 days. Rather, clients participate for as long as they need to complete the individualized treatment program developed by them in consultation with our staff prior to admission. As the average client attends for 90 days, well over one hundred homeless clients are served over the course of the year. And because our treatment program addresses the root causes of both substance use, abuse, or addiction and homelessness, the vast majority of those who are housed at our shelter no longer need shelter services once discharged. Our doors are not of the revolving kind.

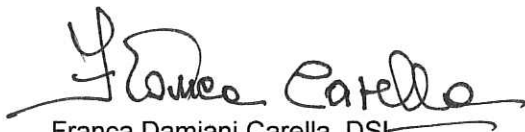
Because Vitanova's shelter is strongly supported by the local community, it does not seek nor require financial support from the Region of York, as, we understand, other shelters across York Region may. Thus, it is reasonable to conclude, that Vitanova's shelter reduces significantly the overall demand for shelter beds across York Region, without needing taxpayers' support. Indeed, the number of "shelter-bed spaces" it contributes annually is 10,220 (28 beds x 365 nights).

3. *Lands are owned by the non-profit organization or are leased lands where the land owner has consented to register the deferral agreement on title and agrees to pay the deferred amount, if required;*

Again, the owner of the property in question is a not-for-profit corporation that leases the lands to another not-for-profit corporation, which is a charity as well. The owner has agreed to the registering of a deferral agreement on title, and to pay the deferral amount, if required.

We would appreciate your assistance in effecting this request.

Yours truly,

A handwritten signature in black ink, appearing to read 'Franca Carella', with a stylized flourish at the end.

Franca Damiani Carella, DSL
Founder & Executive Director