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FOR INQUIRIES: PLEASE QUOTE ITEM & REPORT NO.

June 30, 2006

Mr. Denis Kelly, Regional Clerk
The Regional Municipality of York
17250 Yonge Street, Box 147
Newmarket, ON
L3Y 6Z1

Dear Mr. Kelly:

RE: DEVELOPMENT CHARGES ACT REFORM

I am writing to advise you that Vaughan Council, at its meeting held on June 26, 2006, adopted the following resolution:

Whereas the last update of the Development Charges Act 1997 was nine (9) years ago;

Whereas the current Development Charges Act does not permit the collection of development charges to fund growth related capital costs for the following services which were previously eligible under the old Act;

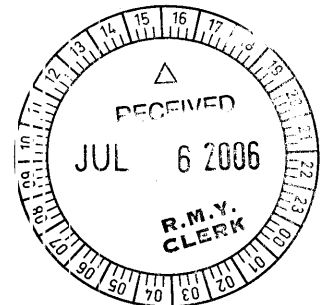
- * Hospitals;
- * Headquarters for municipal administration;
- * Computer equipment;
- * Cultural facilities such as museums, theatres and art galleries; and
- * Waste management services.

Whereas the current Development Charges Act requires a mandatory 10% reduction in the charge for growth related "soft services" such as community centres, libraries and parks;

Whereas the requirement in the current Development Charges Act to collect based on the average service level over the previous 10 years is too restrictive and creates practical calculation and implementation issues;

Whereas the current Development Charges Act doesn't adequately provide for solutions to meet the challenges of growth that evolve over time (i.e. Transportation through subways and forms of higher order transit);

Whereas the Province indicated to the Municipal Finance Officers' Association of Ontario (MFOA) in August 2005 that a review of the Development Charges Act would begin in the near future; and



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Whereas the growth related capital costs are significant, growth continues to occur and growth should pay for growth;

NOW THEREFORE BE IT RESOLVED that the Council of the City of Vaughan requests the Province of Ontario to immediately commence a consultative process with the municipal and development sectors to revise the Development Charges Act to address the issues noted above and other concerns that may be raised by the municipal sector;

AND THAT this resolution be forwarded to the Honourable Dalton McGuinty, the Premier of Ontario, the Honourable Greg Sorbara, Minister of Finance, the Honourable John Gerretsen, Minister of Municipal Affairs and Housing, Mario G. Racco, MPP, Mr. Dan Cowin, Executive Director of the MFOA and to all municipalities within Ontario with a population greater than 50,000.

Attached for your information is **Item 1, Report No. 37**, of the Committee of the Whole regarding this matter.

Sincerely,



J. D. Leach
City Clerk

Attachment:
Extract

JDL/pa

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 26, 2006

Item 1, Report No. 37, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on June 26, 2006.

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DEVELOPMENT CHARGES ACT REFORM

The Committee of the Whole recommends approval of the recommendation contained in the following report of Mayor Di Biase, dated June 19, 2006:

Recommendation

Mayor Michael Di Biase recommends:

That the following resolution with respect to reforms to the Development Charges Act be approved;

Whereas the last update of the Development Charges Act 1997 was nine (9) years ago;

Whereas the current Development Charges Act does not permit the collection of development charges to fund growth related capital costs for the following services which were previously eligible under the old Act;

- * Hospitals;
- * Headquarters for municipal administration;
- * Computer equipment;
- * Cultural facilities such as museums, theatres and art galleries; and
- * Waste management services.

Whereas the current Development Charges Act requires a mandatory 10% reduction in the charge for growth related "soft services" such as community centres, libraries and parks;

Whereas the requirement in the current Development Charges Act to collect based on the average service level over the previous 10 years is too restrictive and creates practical calculation and implementation issues;

Whereas the current Development Charges Act doesn't adequately provide for solutions to meet the challenges of growth that evolve over time (i.e. Transportation through subways and forms of higher order transit);

Whereas the Province indicated to the Municipal Finance Officers' Association of Ontario (MFOA) in August 2005 that a review of the Development Charges Act would begin in the near future; and

Whereas the growth related capital costs are significant, growth continues to occur and growth should pay for growth;

NOW THEREFORE BE IT RESOLVED that the Council of the City of Vaughan requests the Province of Ontario to immediately commence a consultative process with the municipal and development sectors to revise the Development Charges Act to address the issues noted above and other concerns that may be raised by the municipal sector;

AND THAT this resolution be forwarded to the Honourable Dalton McGuinty, the Premier of Ontario, the Honourable Greg Sorbara, Minister of Finance, the Honourable John Gerretsen, Minister of Municipal Affairs and Housing, Mario G. Racco, MPP, Mr. Dan Cowin, Executive Director of the MFOA and to all municipalities within Ontario with a population greater than 50,000.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 26, 2006

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Economic Impact

There is no economic impact as a result of this report, however there continues to be a significant impact to existing taxpayers under the current legislation.

Purpose

To raise awareness regarding municipal concerns with the current Development Charge Legislation.

Background - Analysis and Options

The Development Charges Act (DCA) was last updated in 1997. There were a number of changes to the legislation at that time. The result of many of the changes was to reduce the amount of the growth related capital costs that could be included in the development charge. The exclusion of these costs did not diminish the need for the service. Consequently more pressure has been placed on property taxes to raise the required funding and growth is not paying for growth.

There is a significant amount of growth occurring now, significant tax dollars are required for the repair and replacement of existing infrastructure and property tax payers are increasingly concerned with property tax increases. It is time for a review of the DCA with the objective that growth should pay for growth.

Conclusion

Staff recommend that the Province commence a review of the Development Charges Act as soon as possible.

Attachments

None