
City of Kelowna
MEMORANDUM

DATE: September 23, 2003
File No: 3150-20

TO: City Manager

FROM: Director of Financial Services
Director of Works & Utilities
Director of Parks & Leisure Services

RE: **20 YEAR SERVICING PLAN AND FINANCING STRATEGY**

RECOMMENDATION:

THAT Council receive staff information regarding the public and stakeholder consultation process of the 20 Year Servicing Plan and Financing Strategy, including the 'Public and Stakeholder Input' document dated July, 2003;

AND THAT Council approve proposed changes for inclusion into the draft 20 Year Servicing Plan and Financing Strategy as detailed in Appendix "A";

AND THAT Council direct staff to prepare an amendment to consolidated Development Cost Charge Bylaw #7728 for first 3 readings at the October 6, 2003 Council meeting with a bylaw effective date of February 1, 2004.

BACKGROUND AND COMMENTS:

On May 12, 2003, Council received the draft 20 Year Servicing Plan and Financing Strategy document and authorized staff to seek stakeholder input into the draft plan and report back following that feedback. The process for obtaining feedback included:

- Public Presentation of the Plan
 - A letter advising of a presentation of the Plan on May 28, 2003 was forwarded to area developers, neighbourhood associations, engineering firms and other known stakeholders in the community. An "Overview" and "Questions and Answers Guide" were included with the letter
 - Advertisements for the general public in the Daily Courier advising of the May 28, 2003 presentation
 - The presentation was attended by about 12 people, mainly developers
- Posting of the entire Plan, Overview and Questions and Answers Guide on the City's website

- An email address and phone line for questions or comments on the Plan. The City received no feedback through either of these methods of communication

City staff requested that all submissions, questions and comments be received by June 20, 2003. This timeline was extended to July 18, 2003 in recognition of the difficulty that stakeholder groups have in coordinating a consolidated response. Submissions were received from the following:

- Urban Development Institute – Kelowna Chapter
- Canadian Home Builders' Association of Kelowna
- South Mission Developers
- Mike Jacobs, Emil Anderson Construction

There were also questions raised at the May 28th presentation and a comment recorded from Luke Stack, Society of Hope. All submissions, questions and comments were consolidated into a "Public and Stakeholder Input" document which was prepared for an Open House held on July 29, 2003 at the Ramada Lodge Hotel. A copy of this document is attached. Letters regarding the Open House were sent to the original mailing group and advertisements were again placed in the Daily Courier newspaper.

The purpose of the Open House was to review and discuss City staff's response to each of the submissions. Attendance of about 14 people was almost exclusively from the development industry. Interested public and stakeholders have been advised that revisions to the document were made as a result of the input process and that staff would be seeking Council adoption of the 20 Year Servicing Plan and Financing Strategy on September 29, 2003.

There are a number of changes recommended as a result of the consultation process and these are summarized in Appendix "A" attached. A summary of existing, draft and revised Development Cost Charge rates by growth area of the City are included for each development type in Appendix "B".

City staff are confident that the two major initiatives included in this Plan will encourage development through:

- Integration of the Storm Drainage DCC into the Roads program will simplify application of charges and results in significantly lower Industrial DCC's.
- Introduction of the Density Gradient methodology will encourage, through lower per unit DCC's for higher density projects, a more compact urban form, a highlighted objective in the 2020 OCP.

The City's consultant and staff have been sensitive to the concerns of the development industry regarding project costs included in the preparation of this Plan. Current DCC rates are generally based on costs developed upwards of 7 years ago. The recommended DCC rates are either lower or slightly higher for 9 of the 12 growth areas. An increase in rates for the University/Airport area, McKinley and South Mission are a direct result of road servicing requirements within their sector.

Representatives from the development industry, should they be in attendance, may wish to address Council regarding their reaction to the City's position on the submissions in relation to the Plan and DCC bylaw rates.

Paul Macklem
Director of Financial
Services

John Vos
Director of Works &
Utilities

David Graham
Director of Parks &
Leisure Services

Attach.

c.c. Director of Planning and Corporate Services

APPENDIX A

Summary of Changes to Draft Servicing Plan

All of the changes to the draft servicing plan relate to the Arterial Roads Program. Detailed changes to the individual roads are described in the response to questions in the “Public and Stakeholder Input” document.

1. Changes for selected projects include reductions in drainage ditching quantities and prices, import topsoil quantities and general clearing & grubbing quantities. This resulted in a decrease of \$1.5 million to the total project cost with a decrease of \$1.3 million to the total DCC amount.
2. Many projects were increased due to the cost of relocating existing utility poles. The original cost estimate of \$1,000 has been increased to \$2,500 per pole. The effect on the total project cost is an increase of \$1.94 million with an increase to the DCC total of \$1.1 million.
3. A change was made to Gordon 1 and Gordon 2 to reflect a boundary change between the portion within the South Mission sector and the portion outside of the sector boundary. The dollar impact was a \$3.7 million reduction to Gordon 1 offset by an equal increase to Gordon 2.
4. A significant reduction was made to costs for Lakeshore Road 1C in the amount of \$1.4 million. The ‘Draft’ cost was premised on an incorrect length of roadway for the section of road from Vintage Terrace to Barnaby Road.
5. Casorso 1 was changed from a 2 lane (2013 Plan) to a four lane in the draft 2020 Plan, all allocated to Sector B. This has been revised so that the portion of costs (44%) reflecting the additional 2 lanes is now allocated to Sector I. The impact on the DCC’s in dollar terms is a decrease of \$435,000 to Sector B with a corresponding increase to Sector I. This results in a DCC rate increase of \$17 to Roads Sector I and a decrease of \$104 to Roads Sector B.
6. With the cancellation of the storm drainage DCC and the increased drainage component incorporated into the Roads service under the 2020 Plan, the remaining Drainage Reserve balance of \$1.9 million has been added to the Inner City Roads Sector I carry over amount. This results in a decrease of \$73 in the Sector I Roads DCC rate.
7. A total of \$60,000 in Developer Construct funding was added to Lakeshore 1C (\$40,000) and Lakeshore 2 (\$20,000) for developments fronting these roads that will be required to make road improvements.
8. The method of calculating the Dilworth Land Use Contract taxation requirement was changed. Previously only the number of units in Sector I was used in the pro-ration formula. This revision uses the total numbers of units in all Sectors as they all contribute to Sector I. The net effect is a truer reflection of revenue loss due to the LUC units that are not required to pay DCC’s. This calculation change makes the Arterial Roads model consistent with the treatment of the other servicing area models.