

# Memo



**Date:** October 27, 2010  
**File:** 0220-02  
**To:** City Manager  
**From:** R. Cleveland, Director, Infrastructure Planning  
**Subject:** 2030 - 20-year Servicing Plan and Financing Strategy - PARKS Policies  
(SR 181502 & SR 181504)

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## Recommendation:

THAT Council supports the following draft policies regarding parks to guide development of the 20-year Servicing Plan and Financing Strategy as it pertains to the current *draft* 2030 OCP being forwarded for input:

- The standard for active parkland acquisition (city-wide, district recreation, community, and neighbourhood) will remain at 2.2ha/1000 population growth;
- Neighbourhood Park construction as defined in provincial legislation will be included in Development Cost Charges (DCC);
- Commercial development (but not institutional or industrial) will be charged a park DCC.

AND THAT Council directs staff to report back to Council with input from the public and the development community.

## Purpose:

During an in-camera meeting of Council on October 25, 2010, Council requested that staff bring all park policy issues with respect to the 2030 20-year Servicing Plan and Financing Strategy to a regular morning meeting of Council and further resolved:

“THAT staff report back to Council with a scenario wherein a developer develops a neighbourhood park during the development phase (similar to Kettle Valley scenario)” (SR 181502); and

“THAT staff report back to Council with the proposed 2030 Parks Scenarios (2010) at the present rate and the implications to the DCCs and property taxes.” (SR 181504)

## Background:

A 20-year Servicing Plan and Financing Strategy is being developed to support the draft 2030 OCP. This Plan identifies the infrastructure necessary to support the proposed growth and establishes the cost (Development Cost Charge = DCC) to be paid by developers. The current DCC program pays for water distribution, wastewater trunks, wastewater treatment, parkland acquisition and roads that result from growth. Several policy issues arise that require Council direction:

1. How much active parkland should be acquired per capita?
2. Should parkland construction be paid for by development?
3. Should commercial development contribute to the parks program?
4. Should any of the DCC program be paid through increasing taxes rather than increasing the DCC rates

A handwritten signature in black ink, appearing to be the name of the author, R. Cleveland.

### How much active parkland should be acquired per capita?

The anticipated growth of 43,044 people in the 2010-2030 time frame, and the current active parkland standard of 2.2ha/1000 population growth, results in a calculated parkland acquisition requirement of 94.6ha. Of this, specific sites for 75.45 hectares of land have been previously approved by current and past Councils. Active parks include the following types: city-wide (e.g. Stuart), community (e.g. Ben Lee), neighbourhood (e.g. Davie Park) and recreational (e.g. Mission Recreation Park).

Several years ago the Parks Task Force recommended that consideration be given to increase the active park standard to 3.0 hectares/1000 population growth. The following points help frame the issue:

- Kelowna's current 2.2ha/1000 standard is one of the lowest among BC municipalities, excepting Victoria at 2.15 ha/1000; the National Parks & Recreation Association (US & Canada) recommends a standard of 4.0ha/1000;
- The current active parkland supply is 2.35ha/1000; the average supply among BC municipalities is 2.5ha/1000 (BC Recreation & Parks Association 2006 survey);
- BC's goal, consistent with UN goals on biodiversity, is for 12% of land to be publically owned green space; Kelowna's supply of active parks, linear parks, natural areas, regional parks and school grounds accounts for 7.6% of the total land within the City;
- The functions to be supported through active parks are increasing and include dog parks, mountain bike parks, community gardens, and venues for increasing numbers of sports (e.g. pickle ball), divisions by gender and age, and others.

Staff examined the implications of applying the 3.0ha/1000 standard to the incremental growth anticipated between 2020 and 2030. It was recognized that the 2.2 standard had already been applied to the 20-year Servicing Plan and Financing Strategy associated with the 2020 OCP. The additional parkland required was calculated at 8.6ha. Based on an anticipated growth of 19,952 residential units over the next 20 years, and the current average cost of parkland, this change in standard results in a \$22.5M increase to the parkland acquisition program. This is roughly equivalent to a \$1000/single family residential unit (19% increase) to the Parkland Acquisition DCC unit rate.

The other alternative is to reduce the standard. The conclusions of the OK Futures sustainability study indicated that green space was the public amenity that was the most important to residents. A statistically valid survey conducted in association with the draft 2030 OCP asked "If you had \$100 to spend on parks acquisition, how would you allocate your money?" The top two answers among the 422 responses were:

- 26%: waterfront parks/beaches
- 23%: linear parks/trails (note that these are not purchased through DCC contributions)

Although staff acknowledge that more parkland would be nice to have, staff suggest that it is more important to have parkland that is easily accessible, is on the waterfront when possible, and is developed to a high quality so that parks are intensively used and support a broad range of activities. In addition, recognizing the downturn in the development industry, staff is sensitive to the need to maintain the overall DCC rate at the current levels. Therefore staff recommends that the parkland acquisition standard remains the same and that new locations fulfill the following selection criteria:

1. The locations are relevant to the projected OCP growth areas with a concentration on the urban 'Hour-Glass' area of the City.

2. When growth occurs in an urban infill area, parkland selections increase the size of existing parks to increase the functions that can be supported at one place and improve the quality of these destinations. In addition this reduces the Operations and Maintenance costs on a per hectare basis, and has the potential to reduce capital costs by making more intensive use of existing infrastructure.
3. Provides all residents in the urban core access to a park within a 5 minute walk (400 meters).
4. Emphasizes waterfront park acquisitions for the City-wide park type.

The average estimated cost of selected park land in Kelowna has increased about 12% since the last DCC rate review (2009) where land prices of un-acquired properties were retained at 2007 values. The proposed increase to the DCC rate for parks remains at about 8%. At this time, this increase has been balanced by savings in other parts of the DCC program.

#### **Should parkland construction be paid for by development?**

In Kelowna, the DCC contribution is used for parkland acquisition only. Parkland currently remains undeveloped until the park can be constructed using either taxation or external grants and contributions. Many consider it important to have the parks constructed as the land is acquired, especially in new green-field subdivisions.

Provincial DCC legislation allows municipalities to charge for specific parkland development improvements including fencing, landscaping, drainage and irrigation, trails, rest-rooms, changing rooms, playgrounds and playing field equipment. Park features such as roadways, parking, lighting, and furnishing are not eligible.

Kelowna has not used this authority, but rather focused on land acquisition while it remains available at lower prices and less intensive development. It is known that as cities mature, they are able to acquire less and less land for park; the supply becomes fixed. The City always has the opportunity to develop or re-develop parkland over the long term, but is decreasingly less able to afford the acquisition of parkland in the urban areas.

There are several approaches to having neighbourhood and community parks constructed faster, recognizing that recreation and city-wide parks are for the benefit of both new and existing users and are less appropriate expenses for the DCC program:

1. Increase the park DCCs for the construction of neighbourhood and community parks. Many BC municipalities include park construction in their DCC program including: Surrey, Richmond, Victoria, Burnaby, North Vancouver, Port Coquitlam, and West Kelowna. For Kelowna represents an increase of 8% to the Park DCC rate or approximately \$450/single family residential unit.
2. Reduce the parkland acquisition standard to provide room in the existing DCC rate to add construction without increasing the DCC rate. As argued above, reducing the parkland acquisition standard is not recommended because Kelowna already has one of the lowest standards in the province. Both Vernon and Penticton have a 4.0ha/1000 people standard (based on the same types of parks). Public consultation over the past few years has revealed that residents, however, support the idea of concentrating on park acquisition as a strategic priority and understand the ultimate limitations of acquiring land in urban areas as a city matures. To facilitate understanding and consolidate public support, this approach could be emphasized in the 2030 OCP as a policy statement.

3. Increase the tax contribution to cover a portion of the construction costs of parks. The current tax contribution includes a “tax assist” for the overall program of 8%, and an additional 4.7% tax contribution to support reduced rates for infill units and secondary suites. Provincial legislation states that the “tax assist” factor needs to be between min. 1% and max. 99%. Many BC municipalities use 1% for the assist factor. Since park construction is currently paid through taxes (and grants) on a discretionary basis, this option only makes this allocation of tax non-discretionary. There are currently many unfunded liabilities in competition for taxation, therefore this option is not recommended.
4. Require that developers construct parks in new subdivisions. This has been done in Kelowna previously when the developer has volunteer given some tax contribution. It could be argued that the need for a neighbourhood park is directly attributable to the developer’s subdivision who benefits when the park is fully developed for potential residents. Generally it is fairer to charge all developers a DCC which can be spent on any neighbourhood park construction. Those developers that can construct the park themselves can be awarded a credit against the DCC charge.
5. Alter the portfolio of lands to exchange some of the planned waterfront lands for less expensive lands and use the unspent funding for all planned neighbourhood park development. This ensures that everyone has a developed park within walking distance, with no increase to the DCC rate or to taxation.

Staff has analyzed option 5. By reducing the investment in waterfront land by about 50%, it is possible to generate a surplus (without changing the DCC rate) that is sufficient to pay for all neighborhood park construction planned over the next 20 years.

Staff recommends that the portfolio of waterfront parklands be revised with less expensive lands to generate a surplus for park construction.

This applies to the following neighbourhood parks currently in the 20 year plan: Upper Village Park (Glenmore), Secluded Lane Park (Glenmore), Band Road Park (Black Mountain), Kirschner Park (Black Mountain), The Ponds Neighbourhood Park #1 (Southwest Mission), Elliot Avenue Park (Central), Burne Avenue Park (Central), Prospect at Black Mountain Park (Black Mountain), Marshall Street Park (Central) Wilson Avenue Park (Central), Hepner Park (Glenmore), Landrover Park (Glenmore), University South Neighbourhood Park (Hwy#97), Tower Ranch Neighbourhood Park #1 (Hwy#97), Tower Ranch Neighbourhood Park #2 (Hwy#97), The Ponds Neighbourhood Park #2 (Southwest Mission), The Ponds Neighbourhood Park #3 (Southwest Mission), Gerstmar Park (Rutland), Ballou Park (Glenmore), Fraser Lake Park (Southwest Mission), Martin Park (Central), Eagle Ridge Park (Glenmore), Pacific Court Park (Central) Tonn Mountain Park (Glenmore) and an additional 2.08 ha of miscellaneous Neighbourhood parks for a total of over 24 parks totaling 15.83ha.

**Should commercial development contribute to the parks program?**

Parkland acquisition DCCs, unlike all other DCC rates, are charged to residential units only. In discussing the merits for charging DCCs for parkland to non-residential uses, the *Development Cost Charge Best Practices Guide* by the BC Ministry of Community and Regional Development states:

“Some have argued that only residential development creates a need for park and open space, therefore commercial, industrial and institutional land uses should not be charged parkland DCCs. Others believe that parks and other amenities form part of the attractiveness that cause

business to locate in a particular municipality, therefore non-residential land-uses should contribute to the costs of these facilities. In addition, employees can enjoy the use of parks during lunch hours and breaks. Sometimes, companies sponsor employee sports teams which utilize civic park facilities. Ultimately, the assessment of the need for and enjoyment of park and open space by the different land uses must be justified (p.2.13).”

It can be argued that commercial property owners benefit from parks in any of several ways:

1. Hotel guests are often coming, in part, to enjoy Kelowna’s parks, especially waterfront parks. The ‘hotel tax’ is not available for park infrastructure.
2. Commercial properties usually have employees or customers that are park users. The City of Kelowna is in the business of building sustainable prosperity and economic health. This depends on attracting the young talent cohort; a group of young professionals that are measurably attracted to working near public places in distinctive high intensity/high density downtowns that reinforce the connection to nature and place. These people choose to locate where there is a high public park/place amenity, a point reinforced by the Conference Board of Canada, Richard Florida, Joseph Cortwright and others.
3. Mixed-use Commercial/Residential Development is a symbiotic relationship that is attracted to areas that are in close proximity to work, shopping, services and public amenities including parks. Local governments, in building cities, have always been in the business of improving public health which is intimately related to the integration of natural ecologies and urban living in restorative biophilic complete communities. At a conference of the BC Landscape Society in Kelowna on October 16, 2010, Prof. Patrick Mooney, Acting Chair, UBC Landscape Program arguing for the central role of parks in complete communities stated that “ultimately what is needed is places where the experience of one’s home place leads to a love to that home place”. In 2010 Peter Harnik wrote in “Urban Green, Innovative Parks for Resurgent Cities” “the shortage of urban parks and people places - is the critical impediment to strengthening our city and reducing urban sprawl.”

The practice of charging commercial development a Parkland Acquisition DCC is done throughout the province including: Surrey, Richmond, Victoria, Burnaby, North Vancouver, Port Coquitlam, and others.

Staff recommends that commercial development pay applicable Park DCC rates. The impact is about \$18/square meter, depending on the position taken on the other policy questions. The equivalent dwelling unit formula used in this case is the same currently applied to the calculation of road DCCs.

**Should any of the DCC program be paid through increasing taxes rather than increasing the DCC rates?**

The three policy recommendations, (acquisition standard of 2.2ha/1000 at current land prices, adjust portfolio to include neighborhood park construction, and charge commercial development) increases the current rate of \$5,069/single family residential unit to \$5,481/single family residential unit. This is an 8% increase.

If taxation were to be considered to finance the three policy issues, the following taxation increases would occur:

Description	Total Tax Increase	Approx Property Tax Increase
Achieve 2.2ha/1000 standard, include construction, charge commercial development BUT maintain DCC rate at \$5,069/unit	\$8.9M	0.45%
Achieve 2.2ha/1000 standard, include construction, BUT do NOT charge commercial development AND maintain DCC rate at \$5,069/unit	14.3M	0.71%
Achieve 2.2ha/1000 standard and charge commercial development BUT do not include construction in the DCC rate and maintain DCC rate at \$5,069	Nil	0%
Achieve current program (with no park construction, with no charge to commercial development, and no change to 2.2ha/1000 standard) BUT maintain DCC rate at \$5069/unit	\$4.6M	0.23%

It is recommended that the DCC's be increased to achieve the policy objectives and that taxation does not further subsidize development.

Next Steps

These policy issues will be referred to UDI for comment and review. The new parkland acquisition requirements will be referred to the 2030 OCP consultation process with the proposed property acquisitions shown on the Future Land Use Map.

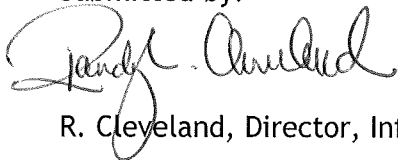
**Internal Circulation:**

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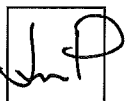
**Considerations not applicable to this report:**

- Legal/Statutory Authority:
- Legal/Statutory Procedural Requirements:
- Existing Policy:
- Financial/Budgetary Considerations:
- Personnel Implications:
- External Agency/Public Comments:
- Community & Media Relations Comments:
- Alternate Recommendation:

Submitted by:



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