PARKS – POLICY

Nov 1, 2010; 20-year Servicing Plan & Financing Strategy

AGENDA- 2030 SERVICING PLAN & FINANCING STRATEGY: PARK POLICY

- Context
- Policy Questions
  - How much land per capita?
  - Construction paid by development?
  - Commercial development contributes?
  - Taxation contribution to Park program?
- DCC Unit Cost Scenarios

LEGISLATIVE CONTEXT FOR DCC

OCP

- Establishes Overall Vision of Best mid-size City
- Manages Growth, impacts Zoning Bylaw

DCC

- Evaluates growth impact on public infrastructure
- Sets Development Costs Charges (DCC)

Do It!

- Capital Plans
- Subdivision, Development & Servicing Bylaw

CAPITAL PLANNING ELEMENTS

Capital Plans (1, 10, 20yr)		
Preserve Existing Infrastructure (Asset Mgmt Plan)	**DCC Growth Infrastructure** (20-year Servicing Plan & Financing Strategy-Bylaw 9095)	**Non DCC + Level of Service** maintenance-improvement

20-year Servicing Plan is just part of the larger whole

WHO PAYS FOR WHAT?

Financing Source	Pays For:
Development Cost Charges paid in part by developer	New Water, Wastewater Trunks, Wastewater Treatment, Park Land Acquisition,& Road infrastructure required to increase system capacity to accommodate growth
Taxation	Operation, maintenance, capital upgrades and eventual replacement of all DCC infrastructure, AND Acquisition, operation, maintenance, capital upgrades and replacement of: • Park construction, linear parks, natural areas • Non DCC local roads and highway urbanization • All buildings (operations, community protection, recreation)

Every DCC acquisition becomes an increased on-going burden to taxation.
As a city matures, the burden on taxation grows.

KEY OCP GOALS FOR INFRASTRUCTURE

- Support urban densification and the intensified use of existing infrastructure
- Increase environmental, economic, social, cultural benefits of urban growth: high Quality of Life and Creative City
- Achieve financial sustainability = affordability

MODELING ASSUMPTIONS

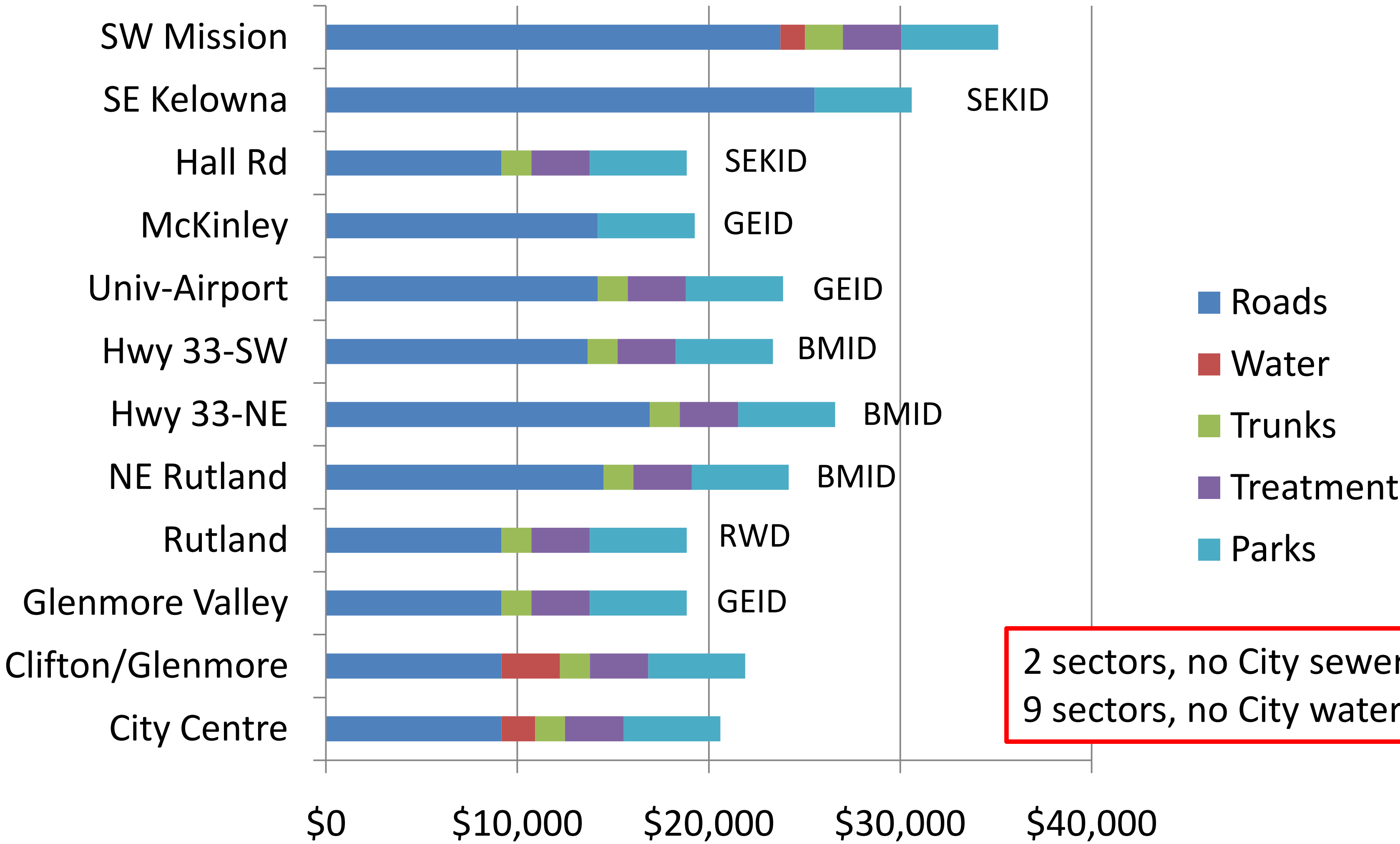
- Unit cost rates for project cost calculations have gone down (mostly); provided to UDI
  - Roads -9.5%
  - Utilities -13.6%
  - Parks land +12%
- System modeling and data base continues to grow more sophisticated (better risk management, differentiation & resilience)

CHALLENGES

OCP	RES UNITS	% CHANGE
2020	22,458	N/A
2030	16,203	-27.9%

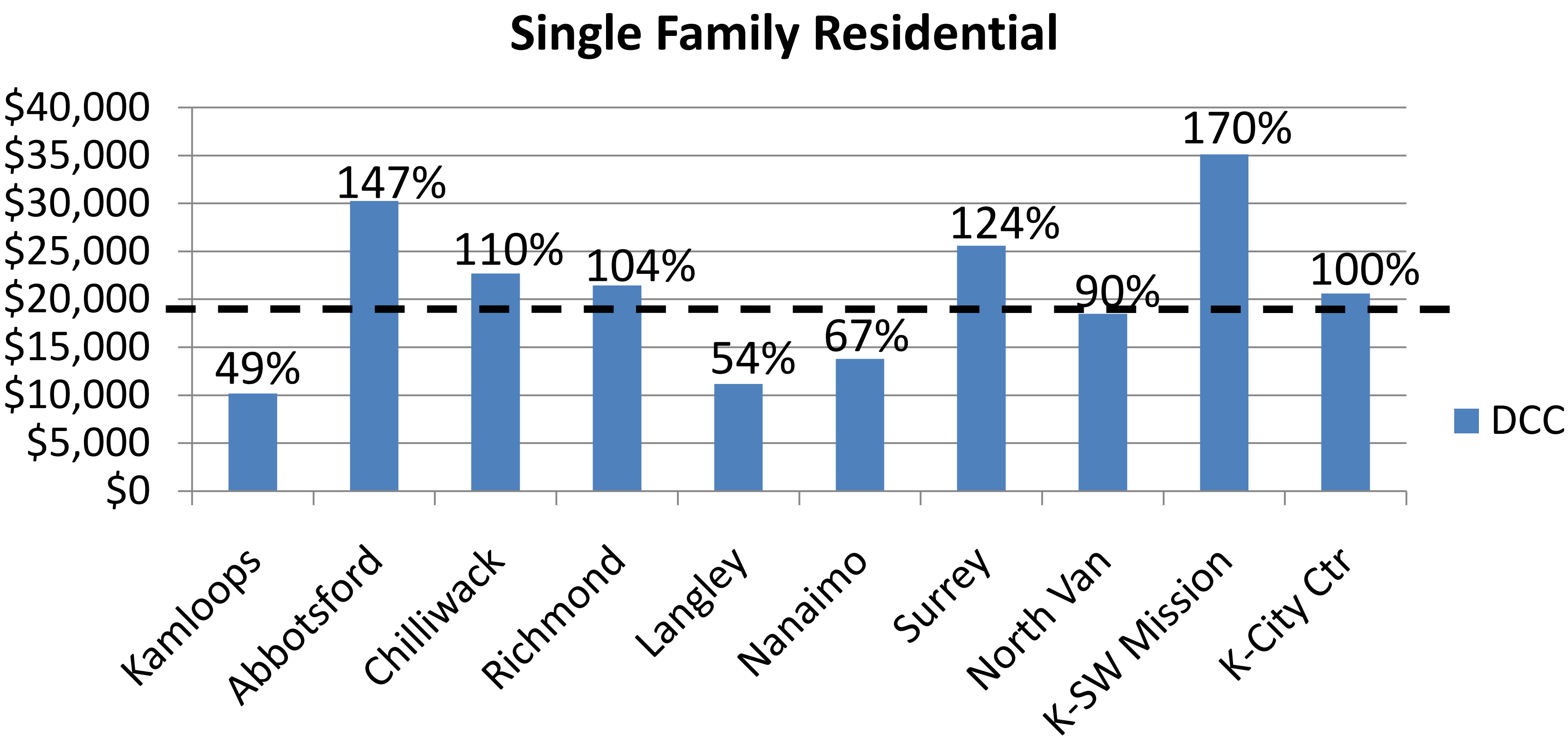
1. Growth triggers full increment build out solutions, BUT burden may be shouldered by fewer units in slower economy
2. Calibrating new models & new user data
3. Level of service standards (water quality, regulatory environment, parks)
4. Customer behaviour change (water conservation, modal split, water pollution)
5. Affordability

KELOWNA DCC RATE SECTORS(RES 1)



2 sectors, no City sewer
9 sectors, no City water

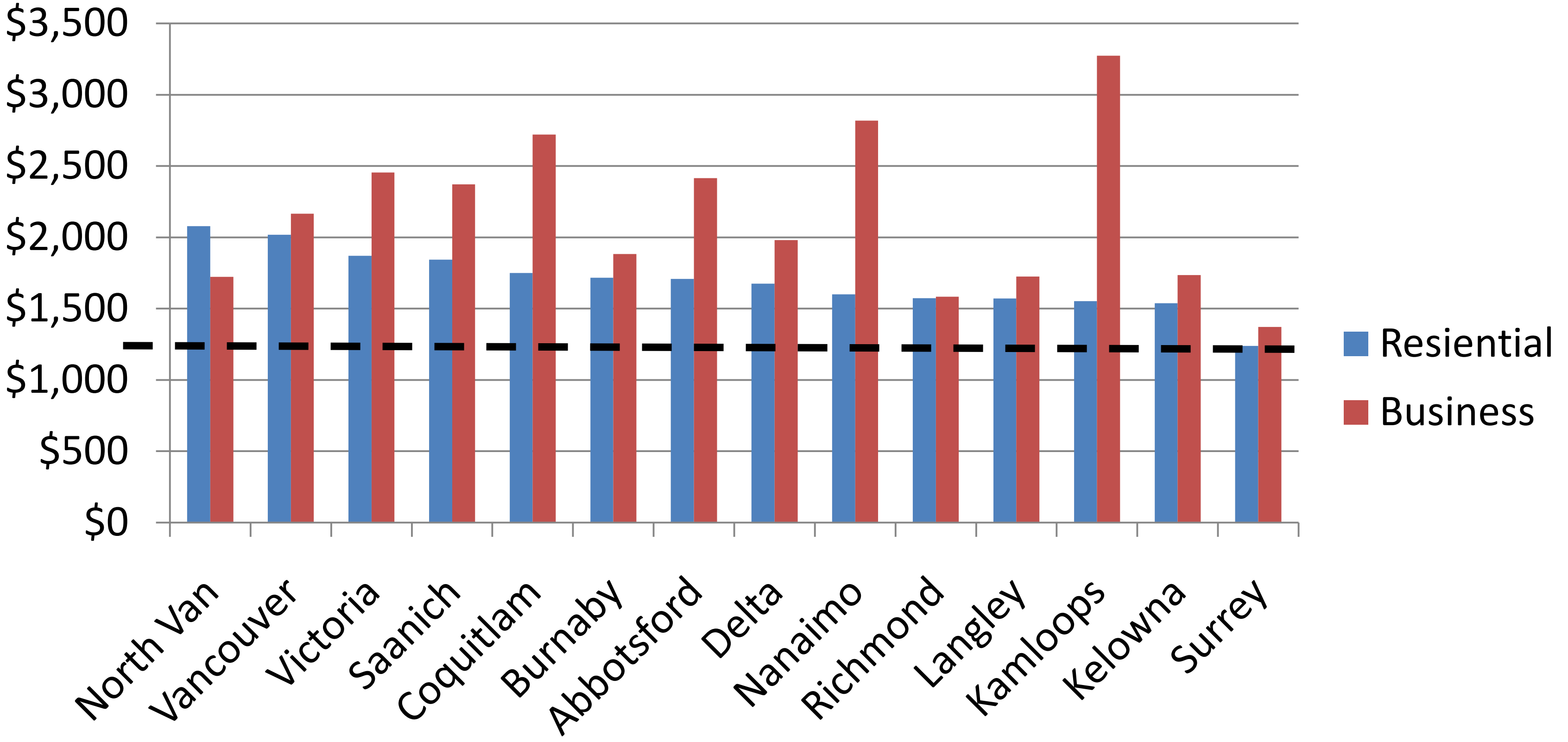
DCC RATES - JULY 2010



Percentages reflect rates relative to Kelowna-South-West Mission as base-line

TAX: 2009 AVG.HOUSE,2008 BUSINESS ($200K)

BC COMMUNITIES>75,000 POPULATION



Kelowna is 13th lowest for residential and 10th lowest for business tax

ACTIVE PARKLAND ACQUISITION STANDARD

- Standards: current at 2.2ha/1000 growth
  - NPRA recommends 4.0ha
- Growth: 43,044 people to 2010-30=94.6ha
- Supply: 2.35ha/1000 + 0.6ha linear park
  - BC avg. 2.5ha/1000; declines with maturity
  - 7.6% of Kelowna land in greenspace
- Demands: increasing functions (dogs, bikes, gardens) + demographic segmentation

ACQUISITION RECOMMENDATION

- Options:
  - Increase to 2.4ha costs $22.5M ($1000/ unit, 19%), or sensitive to development
  - <u>Maintain status quo</u>: 2.2ha/1000 growth
- Location criteria
  - Relate to projected growth, esp. urban core
  - Enlarge existing for quality, intensity, diversity
  - Urban residence within 400m walk
  - City-wide parks to emphasize waterfront

PARK CONSTRUCTION: USE CITY LANDS

- Now paid thru taxation/grants, not DCC
- Precedents for DCC charge: Surrey, Richmond, Victoria, Burnaby, N.Van, P.Coquitlan, W. Kelowna
- Options:
  - Increase DCC rates
  - Reduce standard from 2.2 to create room in existing DCC
  - Increase tax contribution (now 8% assist; many municipalities at 1%)
  - Developers build
  - Re-balance land portfolio to create room in existing DCC

PARK CONSTRUCTION: RECOMMENDATION

- Reduce waterfront acquisitions to create room to construct neighbourhood parks
- 8% rate increase, about $300/unit (avg. land costs up 12% since last adjustment)
- Reallocates $9.8M for construction of equivalent to 24 neighbourhood parks by 2030

POTENTIAL PARKS CONSTRUCTED

- Upper Village
- Secluded Lane
- Band Road
- Kirschner
- Ponds #1-#3
- Elliot Ave
- Burne Ave
- Prospect @ Black Mt
- Marshall St
- Wilson Ave
- Hepner
- University South
- Gerstmar
- Ballou
- Fraser Lake
- Martin
- Eagle Ridge
- Pacific Court
- Tonn Mountain
- Misc

COMMERCIAL DEVELOPMENT CONTRIBUTES?

- Currently only residential pays
- Precedents for DCC charge: Surrey, Richmond, Victoria, Burnaby, N.Van, P. Coquitlam, etc.
- Commercial benefits from parks
  - Hotel guest
  - Business employees
  - Talent cohort immigration magnet
  - Mixed use complete community symbiosis
- Impact: $18/m²

MORE TAX RATHER THAN DCC INCREASE?

Policy recommendations for 2030 20-year plan:

- **Maintain 2.2 ha/1000 growth** (status quo)
- **Include *neighbourhood* park construction**
- **Include commercial development charge** (933 unit equivalent growth)

Increases current Residential 1 rate of $5,069/unit by 8% to $5,481/unit

Policy Package maintaining current DCC rate: $5,069/unit and compensating for extra costs through taxation	Cost Incr.	Tax Incr.
2.2ha. + Construction + Commercial charge	**$8.9M**	**0.5%**
2.2ha + Construction BUT no Commercial	**$14.3M**	**0.7%**
2.2ha + Commercial BUT no Construction	**$Nil**	**0.0%**
2.2ha BUT no Construction and no Commercial	**$4.6M**	**0.2%**

Total current tax contribution to current DCC parks program now over 12%

City of Kelowna

QUESTIONS & COMMENTS

parks