

Memo



Date: February 23, 2011
File: 0705-75
To: City Manager
From: Keith Grayston, Director, Financial Services
Subject: School Site Acquisition Charge

Recommendation:

THAT Council accepts the resolution from the Board of Education of School District No. 23 for the Eligible School Sites Proposal as attached as attachment 1 to the report of the Director, Financial Services dated February 23, 2011;

AND THAT Council direct staff to work with School District No. 23 and the Province in order to allow collection of an administrative charge that recovers the City of Kelowna's cost of collecting the School Site Acquisition Charge;

AND FURTHER THAT the City of Kelowna supports the 2011 SILGA Resolution from the District of West Kelowna attached as attachment 2 to the report of the Director, Financial Services dated February 23, 2011, with regard to an equitable provincial system to collect funding School Site Acquisition Charges or equivalent charges from new developments on First Nation lands should local Boards of Education impose this charge on neighbouring municipalities.

Purpose:

School District No. 23 has initiated the process for establishing a School Site Acquisition Charge (SSAC) and requires Council concurrence prior to implementation. The School District expects that the SSAC will be implemented by April 2011.

Background:

At the Council meeting of September 13, 2010, School District No. 23 was invited to make a presentation with respect to the implementation of a proposed School Site Acquisition Charge. Following that presentation Council adopted the following resolutions:

THAT Council receive, for information, the verbal presentation from School District No. 23 with respect to the School Sites Acquisition Charge;

AND THAT Council directs staff to report back to Council at the September 20, 2010 afternoon Council Meeting regarding the implications of proposed School Sites Acquisition Charge together with the estimated costs of administering the charge.

A school site acquisition charge (SSAC) is imposed for the purpose of providing a portion of the funds needed to pay the capital costs of land required for future school sites. Under section 937 of the Local Government Act the School District may request that the member municipalities collect from each eligible development in the School District a school site acquisition charge. To prepare for the charge an *Eligible School Sites Proposal* for School District #23 was completed in September of 2009. The proposal provided

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an estimate of the total eligible residential units over the ten year period and the land requirement to provide for growth. The School District consulted with the local municipalities impacted by the charge in developing the capital plan and now are requesting support from the member municipalities.

The City raised a number of issues with the School District regarding the proposal. These issues included; the population estimates used, the estimated value of the lands, the municipal administration cost, as well as the exemption provided for First Nations lands.

The population estimates used by the School Board were based on the 2020 OCP as the calculations were made in 2009. Once the 2030 OCP is adopted, the School Board has committed to revisit their population and growth projections with their first update of the program. Similarly, SD 23 has committed to reassess the land costs associated with SSAC once two sites have been acquired or following 24 months. Cost reductions associated with Joint Use Agreements will also be considered.

The SSAC Regulation allows the local government to retain administration fees of \$2,000 per school year as well as 0.1% of the total acquisition charges collected. A staff estimate of the time required for initial set-up and ongoing collection of the charge revealed an average annual cost of \$17,150 to the City of Kelowna. Based upon the regulated administration fee, that would leave a shortfall of \$14,550 per year. For full cost recovery the City would need to receive an administration fee of 2.5% of charges collected along with the \$2,000 annually. The base fee applies "unless a school board and local government agree otherwise". This information has been provided to the School District and staff are working out the details to ensure that the City may recoup the actual costs of administration.

Under current legislation First Nations lands are exempt from collecting the SSAC. The eligible development units within the SD 23 catchment area are used for the calculation of the school site requirements but not for the calculation of the charge per unit. This results in an increased cost to residential units within the bordering municipalities while effectively providing a subsidy to the developments on the First Nations land. A change to the legislation with regard to an equitable provincial system to collect funding for School Site Acquisition Charges or equivalent charges from new developments on First Nation lands or a payment from the Province for those properties that will not currently be charged would match the "Fairness and Equity" principle of the legislation.

The proposed charge averages \$605 per residential unit and varies with the density of the development. The charge is to be collected by the member municipalities at the same time that DCC's are collected.

Internal Circulation:

General Manager, Community Sustainability
Director, Infrastructure Planning

Legal/Statutory Authority:

Local Government Act - Part 26, Division 10.1 Section 937 - School Site Acquisition Charges

Legal/Statutory Procedural Requirements:

A local government that has received a request from the School Board must pass a resolution accepting the proposed school site requirement or respond in writing that the school site requirement proposed is not acceptable and the reason for the objection.

Financial/Budgetary Considerations:

Collection of this charge results in additional staff time in systems development, explaining to developers what the charge is for, reconciling the fees collected and preparing a payment back to the School Board. The cost of the staff time has been estimated at \$17,150 per year and the intent is to recover this full amount from the charge.

Considerations not applicable to this report:

Existing Policy:

Personnel Implications:

External Agency/Public Comments:

**Community & Media Relations Comments:
Alternate Recommendation:**

Submitted by:

K. Grayston

K. Grayston, Director, Financial Services

Approved for inclusion:



for

P. Macklem, General Manager, Corporate Sustainability

CC: General Manager, Community Sustainability
Director, Infrastructure Planning
Director, Development Services



ATTACHMENT 1.

School Site Acquisition Charge - Eligible School Site Proposal

(attachment)

Recommendation of the Planning and Facilities Committee - May 19, 2010

The Secretary-Treasurer presented the School Site Acquisition Charge - Eligible School Site Proposal. The School Site Acquisition Charge (SSAC) is a charge per new dwelling unit to be paid by residential developers throughout school districts, where justified, to help pay for new school sites needed as a result of new residential development.

The following Resolution be adopted at the May 26, 2010 Public Meeting of the Board of Education:

Main
10P-102

MOVED by Trustee Horning, SECONDED by Trustee Baxter,
Whereas Section 142 of the *School Act* requires that a Board of Education submit a capital plan to the Minister of Education; and

Whereas *Municipal Act* Section 937.4 requires that before a Board of Education submits the capital plan required under *School Act* Section 142 it consult with each local government in the school district and, that the Board of Education and local government make all reasonable efforts to reach agreement on the following:

1. A projection of the number of eligible development units to be authorized over the 10 year period that has been specified by the Minister of Education;
2. The projection of the number of school age children (as defined in the *School Act*) that will be added to the school district as the result of the eligible development units;
3. The approximate size and number of school sites required to accommodate the number of school age children projected as a result of the addition of eligible development units;
4. The approximate location and value of the school sites; and

Whereas the Board of Education of School District No. 23 (Central Okanagan) has consulted with The City of Kelowna, The District of West Kelowna, The District of Lake Country, The Corporation of the District of Peachland, and The Regional District of Central Okanagan;

It is resolved that:

1. Based on information from local government, the Board of Education of School District No. 23 (Central Okanagan) estimates that there will be 16,839 new eligible development units constructed in the school district over the next 10 years;
2. These 16,839 development units will be home to an estimated 3,652 school age children who will attend Central Okanagan School District schools;
3. Although some of the students from new housing will be accommodated in existing schools, the Board of Education expects that five new school sites will be required as the result of this growth in the school district. The sites will be located in the following neighbourhoods: Rutland (Rutland Middle replacement), Upper Mission (new elementary and new middle), Winfield (elementary) and Glenmore (secondary).

4. According to Ministry of Education standards the sites will require 19.1 hectares of land. These sites are expected to be purchased over the next few years and, at current land costs, the land will cost approximately \$40,470,000

The Board discussed the resolution and its requirements to meet with all local governments. The Secretary-Treasurer reported that the local governments had been consulted with throughout the process but that additional meetings may be necessary over the next several months.

The question was called on Motion 10P-102.
CARRIED

ATTACHMENT #2

District of West Kelowna 2011 SILGA Resolution Submission

SCHOOL SITE ACQUISITION CHARGE

District of West Kelowna

WHEREAS a School Site Acquisition Charge under the *Local Government Act* "is imposed under subsection (1) for the purpose of providing funds to assist boards of education to pay the capital costs of meeting eligible school site requirements" in growing school districts;

AND WHEREAS Boards of Education provide education facilities to aboriginal and non-aboriginal residents residing on First Nation lands yet land developments on First Nation lands are not subject to the School Site Acquisition Charge therefore creating an unequal playing field:

THEREFORE BE IT RESOLVED that UBCM lobbies the Ministry of Community, Sport and Cultural Development and the Ministry of Education to establish a fair and equitable provincial system to collect funding for School Site Acquisition Charges or equivalent charges from new developments on First Nation lands should local Boards of Education impose this charge on neighbouring municipalities.