

Report to Council



Date: June 11, 2018
File: 1200-70
To: City Manager
From: Ross Soward, Planner Specialist
Subject: Capri-Landmark Urban Centre Plan - Implementation Approach

Recommendation:

THAT Council receives the report from the Planner Specialist, dated June 11, 2018 regarding the implementation strategy for the Capri-Landmark Plan;

AND THAT Council endorses in principle the approach to implementation as described in the report, from the Planner Specialist, dated June 11, 2018 to guide the final phase of the Capri-Landmark Plan process;

AND FURTHER THAT Council directs staff to move forward with landowner consultation on the implementation approach.

Purpose:

To obtain Council's support for the proposed Capri-Landmark Urban Centre Plan implementation approach.

Background:

The *Urban Centres Roadmap* (UCR) affirmed the importance of area plans to support the transformation of Kelowna's five urban centres as vibrant live-work communities. Urban centres directly influence the lives of almost all of our community residents, and in turn, have a substantial impact on the wider environment. Urban environments drive economic development, deliver many public services such as education, healthcare and transportation networks, and foster social connections. Due to the infrastructure deficit and the significant development pressure in the area, Capri-Landmark was identified as the first urban centre where the principles and targets of the *UCR* would be applied to guide the development of an urban centre plan. The Capri-Landmark Urban Centre Plan will be critical in positioning the area for success by directing where future growth will occur and identifying the

necessary infrastructure and amenities to deliver a high quality of life to future residents and workers in this area.

In January 2018, staff presented the Capri-Landmark Preferred Concept Plan (Attachment A). This Concept Plan was developed after extensive community engagement, council direction, as well as the technical analysis of staff and consultants. The Preferred Concept Plan was endorsed in principle by Council, directing staff to build-out the final plan and supporting implementation strategy. The cost and feasibility of the City delivering key parks and transportation infrastructure was identified in the Concept Plan and noted at that time as a priority for additional detailed planning.

Over the last three months, staff refined the proposed infrastructure improvements, confirming the critical amenities such as parks and transportation improvements that will provide a high quality of life within the Capri-Landmark urban centre. Further, staff investigated a range of funding strategies that the City could use to deliver the proposed infrastructure and the potential financial impact of delivering the Plan. Through this work, staff have confirmed that the cost of the proposed infrastructure is commensurate with the share of city-wide growth that is expected to occur here.

The report identifies the following:

- Core infrastructure requirements considered vital to meeting the basic operational needs for the urban centre and to deliver a high quality of life to future residents and workers;
- Preliminary implementation and financing strategy to deliver the endorsed concept plan; and,
- Infrastructure cost comparison for accommodating growth in urban and suburban locations.

Key Infrastructure Improvements

The concept plan that Council endorsed in January 2018 aims to transform the area over time into a complete community with the support of key transportation, parks, and utility improvements. Preliminary cost estimates for these improvements are summarized below.

Project Type	Land Acquisition Costs	Development Costs	Total
Parks & Public Spaces	\$18,500,000	\$17,000,000	\$35,500,000
Transportation	\$18,500,000	\$33,500,000	\$52,000,000
Utility & Infrastructure	TBD	\$7,750,000	\$7,750,000
Total	\$37,000,000	\$58,250,000	\$95,250,000¹

Transportation

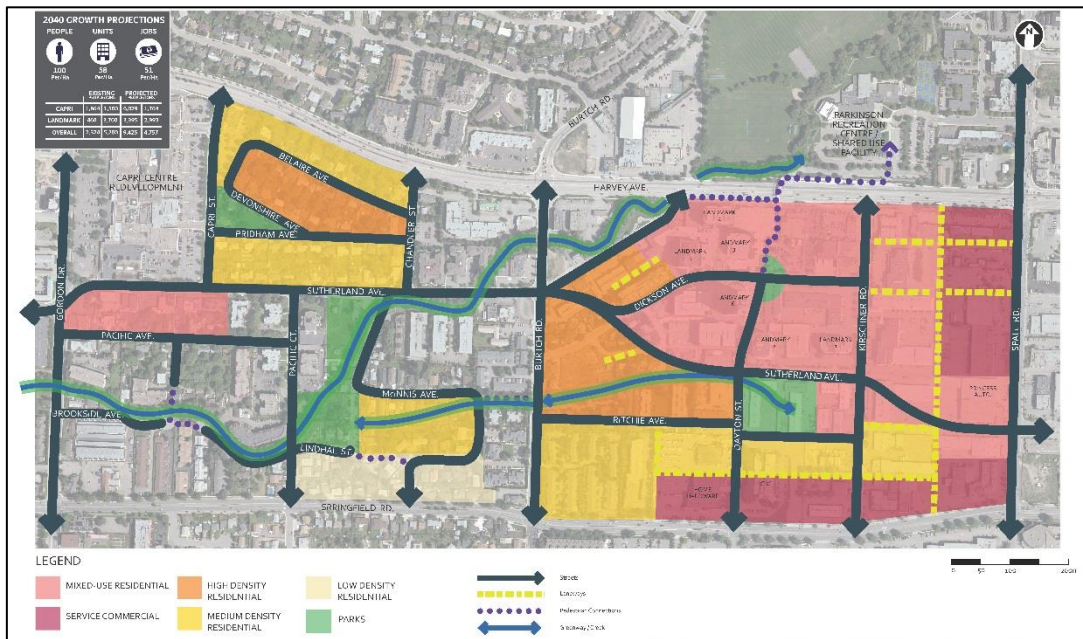
The Plan promotes a mix of land uses and identifies various infrastructure improvements to enhance transportation options in Capri-Landmark and to encourage walking, cycling and transit use.

¹ Included in \$95 million of infrastructure works: Approximately \$10.8 million of projects already identified in the 2030 Infrastructure Plan as well as \$15 million in development-led works.

Key Proposed Transportation Improvements

- Sutherland complete street to enhance east-west connectivity from Gordon to Spall
- Transit access within Landmark area, bringing route 11 with several bus stops to area
- Provide additional access to the pedestrian bridge overpass from Dickson Ave
- Extend Pacific Court through to Springfield Rd to create new north-south vehicular connection, including the closure of a portion of Lindhal St to thru traffic.
- Develop Dickson Ave as a main street to encourage destination for retail / community gathering
- Require sidewalks on all streets in the area
- Improve key intersections to reduce congestion on Burch Rd, Spall Rd, & Gordon Dr

Figure 1: Proposed Transportation Network and Future Land Use



The projected growth for Capri-Landmark accounts for roughly 13 per cent of citywide growth to 2040, while the cost of the proposed transportation improvements to 2040 would equate to roughly 15 per cent of the transportation share of the City's 2030 Infrastructure Plan. The realignment of Sutherland Ave (including land acquisition) accounts for about half of the overall transportation infrastructure costs in the area. The proposed east-west complete street will improve connectivity in the area and make it easier for people to walk, cycle and take transit in the area (shown in Figure 1). At the same time, the Plan proposes improvements at many of the key arterial intersections (Springfield-Gordon, Harvey-Burch, Harvey-Gordon, Springfield-Spall) to reduce vehicle congestion at peak times. Overall, the proposed transportation infrastructure improvements will be critical to support growth and to ensure residents have a range of transportation options within the urban centre.

Parks and Public Space

The other priority that is vital to providing a high quality of life and to transforming this urban centre is the addition of parks and public spaces. As per the City's *Urban Centres Roadmap* principles, investments in park and public spaces will offer a much needed amenity for future residents and

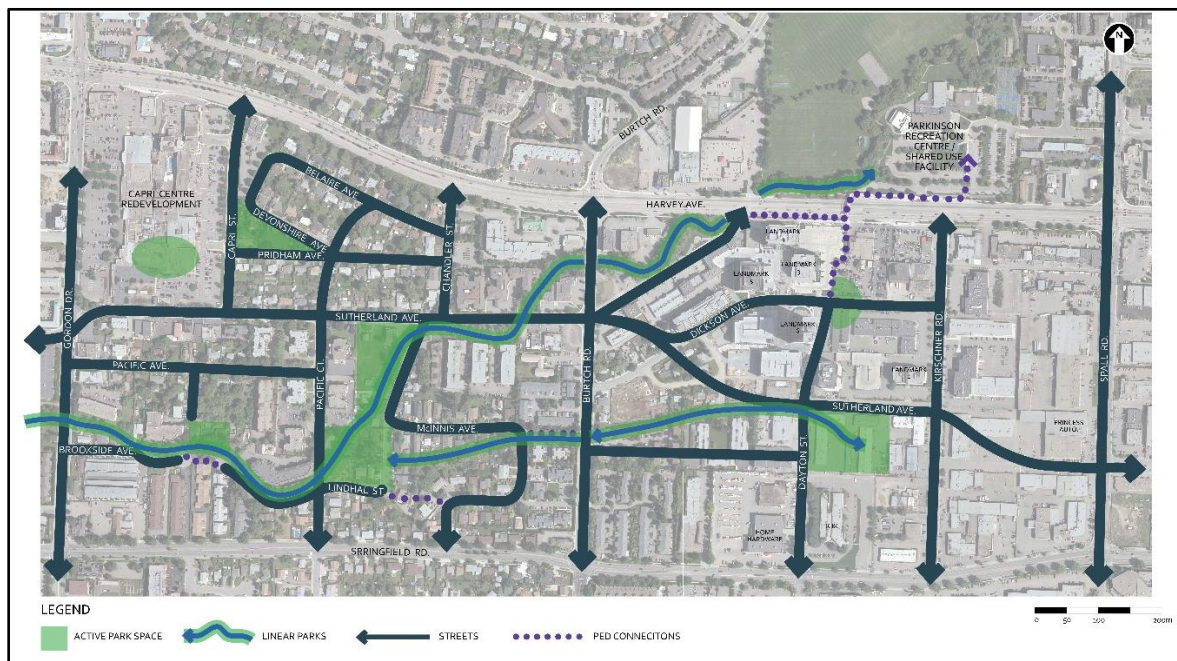
workers and serve as a catalyst to support the transformation of this urban centre. Subsequent to the Council Report in January, staff have refined the park and public spaces implementation strategy for Capri-Landmark to be more flexible and responsive to future opportunities.

Key Proposed Parks and Public Space Improvements

Active Park Name	Type of Project	Park Class	Total Area Proposed (Hectares)
Ritchie Brook Park (Landmark)	New Park	Neighbourhood	1.2 Ha
Brookside	New Park	Neighbourhood	0.30 Ha
Landmark Plaza	New Plaza	Neighbourhood	0.20 Ha
Capri Centre	New Plaza /Rink	Neighbourhood	0.42 Ha
Mary Anne Collinson Memorial	Park Expansion	Neighbourhood	0.41 Ha = (existing + expansion)
Pacific Court Park	Park Expansion	Community	1.7 Ha = (existing + expansion)
Total Active Parks Proposed			4.23 Ha

Based on an estimated 2040 population of 9,425 people - approximately 9.4 Ha of parkland is needed to meet the City’s target² for Community and Neighbourhood Parks (active parks) within Capri-Landmark. The proposed parks and public space plan identifies 4.23 ha and the remaining 5.17 ha may be identified for future acquisitions over the long-term as opportunities arise and funding is made available.

Figure 2: Proposed Parks & Public Space Network



Currently there exists 0.9 Ha of existing park space at Pacific Court Park and Mary-Ann Collinson Park. The proposed park plan illustrated in Figure 2 will increase this total to 4.23 Ha for this area. Given the

² City of Kelowna, Parkland Acquisition Guidelines 2.2 hectares for every 1,000 residents.

cost to acquire land and the logistics involved with multiple landowners, staff recognize that achieving the current City-wide target will be challenging. In order to provide further park and recreation opportunities in the immediate neighbourhood, the parks plan proposes the following strategies to augment the core active parkland in the area:

- Develop parks and open spaces in the area to a high standard/quality to reflect increased density and intensive use that is expected within this urban centre.
- Integrate two linear parks (Mill Creek & Ritchie Brook) to provide a safe and contiguous pedestrian connection to amenities as well as enhancing drainage and stormwater management.
- Develop Active Transportation Corridors and main streets that can also function as public spaces for residents and workers.
- Allocate Parkland Acquisition DCCs in a flexible and opportunistic manner, responding to where growth and redevelopment occurs in the urban centre.
- Promote privately developed publicly accessible amenity spaces through major development application review.

In addition, the City maintains a large Recreation-level park immediately to the north of the Landmark area in which the rebuilding of the aging Parkinson Recreation Centre and potential School District partnership will create an opportunity to refresh the outdoor spaces and provide new park and recreation amenities that will serve this urban centre.

Funding and Implementation Approach

Over the last several months, staff investigated the viability of delivering the infrastructure improvements and arrived at a recommended funding approach for Plan implementation, which has been founded on the following financial planning principles:

- Establish fees and charges where those who benefit the most from future infrastructure improvements are expected to contribute the greatest (area funding tool)
- Limit funding strategies that create a disincentive for future development in Capri-Landmark
- Promote fairness and equity for all development through funding strategies
- Utilize funding tools that will ensure viability of the long-term plan goals
- Encourage tools that provide flexibility for long-term urban centre planning and revitalization

Based on these principles, the City's DCC program (20-Year Servicing Plan) is recommended as the primary funding tool to deliver the proposed infrastructure. The parkland acquisition projects, transportation works and utility improvements would all be considered for inclusion in the 20-Year Servicing Plan / Infrastructure Plan. All DCC projects added to the 20-Year Servicing Plan would also have a corresponding taxation assist.

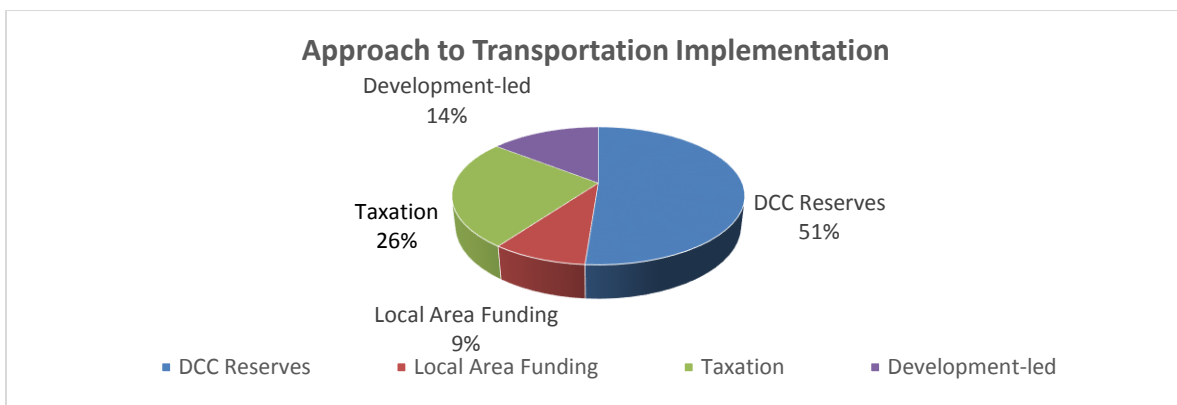
Staff are also recommending that a local area funding tool (e.g.: area-specific DCC) be investigated through the 20-Year Servicing Plan update to ensure local landowners who benefit the most pay their fair share of infrastructure improvements. In addition, the Plan will rely on development-led

improvements related to transportation, parks and utilities that will be secured through the rezoning of key parcels.

As part of the technical analysis, staff completed a modelling exercise (Attachment C) to understand the financial impact of the proposed infrastructure on the current Infrastructure and 20-Year Servicing Plans. A summary of this modelling exercise is provided below, highlighting the financial impacts associated with the proposed transportation, utility and parks projects.

Implementation Approach for Transportation

Based on staff's analysis, the total cost to implement the identified transportation infrastructure improvements is \$52.5 million and is estimated to be completed by 2040. Of this total, \$36.7 million falls under the 2030 timeframe and represents 11% of the City's current 2030 Infrastructure Plan. The chart below shows the share of funding sources to deliver the proposed transportation improvements.



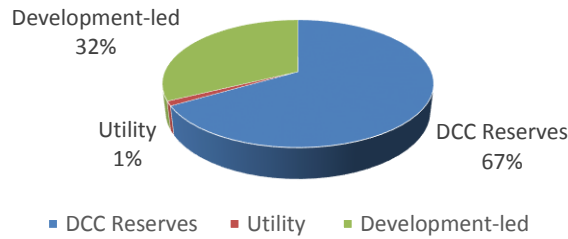
Under this proposed approach, the taxation impact is estimated at \$14.2 million, while another \$7.6 million is assumed to be development-led works triggered as individual re-zonings occur.

If Council approves the described funding approach and the Plan is approved, the projects would then be considered for inclusion in the updated 20-Year Servicing Plan / 2040 Infrastructure Plan in 2019. Due to the scale of improvements proposed, the addition of the Capri-Landmark projects would require additional taxation funding via the removal of lower priority projects in the current Infrastructure Plan or by reviewing the City's approach to taxation assists and DCC rates. Each project would be subject to the annual capital planning process, and Council would need to prioritize Capri-Landmark amongst all the other capital projects for implementation to occur.

Implementation Approach for Water & Wastewater

The proposed water and wastewater utility improvements are estimated at \$1.7 million and \$5.7 million respectively and is estimated to be completed by 2040. This would result in a corresponding 2030 Infrastructure Plan impact of \$1.7 million or a 2% increase for Water. \$3.96 million of the \$5.7 million in Wastewater projects fall in the 2030 timeline and translates to an increase of 3% to the 2030 Infrastructure Plan for Wastewater. The total utility impact for both water and wastewater would be \$0.06 million dollars. Staff have identified roughly \$1.7 million in wastewater improvements that are development-led that would be triggered by the Capri Centre redevelopment.

Approach to Water & Wastewater Implementation



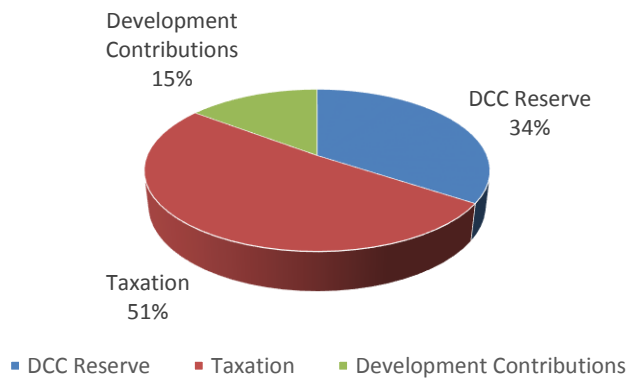
If Council approves the described funding approach and the Plan is approved, the proposed utility improvements would be considered for inclusion in the updated 20-Year Servicing Plan / 2040 Infrastructure Plan in 2019/20. The improvements would have a nominal impact on utility rates, and would result in a small increase in DCC rates with new projects added to the 20-Year Servicing Plan.

Implementation Approach for Parkland Acquisition & Development

The park acquisition and park development components of the park infrastructure program are broken out separately. The total parkland acquisition costs are estimated at \$18.5 million. The proposed park acquisition projects would have a 2030 impact of \$7.0 million on the Infrastructure Plan.³ The park acquisitions would have a minor taxation impact of \$0.7 million. The Parkland Development component of the plan is estimated at \$17 million, which would need to be funded via taxation and added to the Infrastructure Plan, representing a significant impact to the overall park development program.

Note: park development funding options are currently under review, which may have a positive impact on the timing and funding sources for this component of the area infrastructure.

Approach to Park Development & Acquisition



³ The current DCC program already includes approximately \$6 million of parkland dedication within the proposed Capri-Landmark Plan. These projects could be prioritized before the 2040 DCC Program update.

If Council approves the described funding approach and the Plan is approved, the park acquisition and development projects would be considered for inclusion in the updated 20-Year Servicing Plan / 2040 Infrastructure Plan in 2019/20. Staff has also assumed some dedication of linear park space to support the implementation of the Plan as re-zonings occur.

From a park development perspective, the identified projects would need to be prioritized over other projects, for inclusion in the Infrastructure Plan. Under today's current park development funding model, the park development component of the Plan will require a large amount of taxation, highlighting the challenges with developing parks solely on taxation funding. Accordingly, the park development component of the Plan will require Council to prioritize Capri-Landmark over other park development projects.

Overall Impact– DCC Fees (20-Year Servicing Plan) Transportation, Water and Wastewater

Adding the identified transportation, water and wastewater projects to the 20-year Servicing Plan will require an adjustment to the City's DCC rates. The transportation component of the Plan would require the largest adjustment to the DCC program, adding roughly 16% to the 2030 program. For this reason, staff are proposing a local area funding tool (e.g. Area DCC) be investigated to finance local transportation improvements, ensuring local landowners pay a larger proportion of improvements that they benefit from. Water and Wastewater both represent a smaller impact with an increase to the DCC program of 6% and 9% respectively. Based on this preliminary analysis (summarized in the table below), the cost per unit would increase approximately 7 % for residential DCC rates. This analysis demonstrates the DCC program (20-Year Servicing Plan) is a viable strategy for delivering key improvements, resulting in a minor impact to DCC rates in the core area.

2030 DCC Rate Impact⁴

DCC Service Area	Residential 1	Residential 2	Residential 3	Residential 4
Inner City Current Rate	\$11,161	\$9,976	\$7,064	\$6,521
South Mission Current Rate	\$37,770	\$35,073	\$26,507	\$25,245
North of Inner City / Glenmore Current Rate	\$25,565	\$22,841	\$17,790	\$16,744
Inner City With Capri-Landmark Projects (7% increase)	\$11,924 (+\$763)	\$10,653 (+\$677)	\$7,546 (+\$482)	\$6,960 (+\$439)

⁴ To understand the potential impact of the 2030 interim Plan implementation, staff have estimated the increase to the DCC rates by adding the Capri-Landmark transportation, water and wastewater projects to the 20-year servicing plan. This analysis also assumes roughly 1,400 new units of growth above the growth accounted for in the 2030 20-Year Servicing Plan.

Near-term implementation strategy

Technical analysis has shown that the first phase of Sutherland Ave (Burtch Rd to Dayton St) and intersection improvements at Burtch Rd and Harvey Ave will be needed to support further re-zonings in the Landmark area. The implementation approach described above demonstrates that the City is able to deliver the key infrastructure improvements through existing funding strategies, including the 20-Year Servicing Plan / Infrastructure Plan. However, it will take time to update the 20-Year Servicing Plan and to gather the required funds for these projects, highlighting the challenges associated with completing the first phase of Sutherland Avenue in the next five years. Consequently, the development community may want a more rapid implementation of transportation improvements to open up additional redevelopment potential in Landmark.

To support a more rapid implementation of the Plan, the City has identified the option of a Development Works Agreement (DWA) with a developer for the construction of phase 1 of the realignment of Sutherland Ave (Burtch to Dayton). A DWA would require the developer to build the identified "works" (e.g. Sutherland Ave realignment phase 1), with the developer being repaid for part or all of their costs from other developers in the area (based on the agreement). Any parcel that benefits from said works who later comes forward to redevelop their parcel would be required to contribute the specified charge at the time of building permit. The City would collect the funds (specified charges) and pay the developer once per calendar year any monies collected. Overall, this tool would provide an option for a major landowner who is motivated to advance the implementation of the Plan to accelerate the infrastructure works required to allow for redevelopment in Landmark.

Comparing Costs (Urban vs Suburban)

The *Urban Centres Roadmap* affirmed the City's commitment to focusing investment and growth within the City's five urban centres as a strategy to support long-term environment and economic sustainability. In isolation, the infrastructure costs of the Capri-Landmark plan appear significant. However, it is important to look at the costs in relation to the costs of accommodating similar growth in other parts of the City. For example, when a large suburban development comes forward, the full capital costs to service the growth are not often discussed. In these cases, the developer pays a large percentage of the upfront costs for transportation and utilities to support the proposed development, recovering the costs through the sale of each individual home or lot. The financial impact to the City for these suburban development projects is largely the long-term maintenance and future replacement (lifecycle costs) of the infrastructure, in addition to other operating costs not funded through development (fire, policing, bylaws, transit, infrastructure maintenance and renewal, etc.). For the Capri-Landmark Plan, the City is leading the process and in an effort to be transparent and to test the viability of plan implementation, a full breakdown of the overall capital costs to support the concept plan has been provided.

The financial impacts of the proposed plan are better understood by comparing the costs of accommodating growth in Capri-Landmark with the costs of accommodating a similar level of growth in a suburban location. This comparison (below) highlights the relative cost savings of accommodating 10,000 residents in Capri-Landmark as opposed to a suburban location (see attachment B for more

detail). Based on staff’s technical analysis, using the Province’s *Community Lifecycle Infrastructure Costing (CLIC) Tool*, the cost savings of focusing growth in the urban centre are significant. The capital costs to accommodate roughly half (5,000 residents) in a suburban / greenfield location would be two to three times more for each house or unit. At the same time, there are other major public costs associated with suburban development, be it the loss of farmland, naturalized lands, higher GHGs, as well as adverse health impacts associated with car dependent sprawl development.

CLIC Infrastructure Costs for Greenfield (suburban/peripheral) Development	CLIC Infrastructure Costs for Infill (urban centre/core) Development
Upfront Capital Costs: \$30,000- \$35,000 per unit	Upfront Capital Costs: \$7,000-\$15,000 per unit
Annual Lifecycle infrastructure costs: \$2,500 per unit	Annual Lifecycle infrastructure costs: \$1,100 per unit

This comparison shows there are substantial benefits associated with focusing growth through infill as opposed to accommodating similar growth in a suburban location. These cost-savings are one of several reasons the City’s growth management strategy focuses on densifying the city’s five urban centres. In the context of the Capri-Landmark Plan, much of the basic network infrastructure (utilities & transportation) are already in place, but a deficit does exist in terms of infrastructure and amenities due to the Service Commercial legacy of the area and the development of the Landmark Office towers under the Land Use Contract. Therefore, to accommodate 7,000 additional residents the plan has identified long-term infrastructure needs (transportation, parks, and utilities) and an implementation strategy to deliver the services and amenities to position the area for success. The identified infrastructure costs are not minimal; but, when the costs are reviewed in relation to building in outlying areas of the city, the Capri-Landmark Plan represents an extremely cost-effective approach for accommodating growth.

Moreover, the significant growth proposed for the area is anticipated to generate substantial revenues for the City. A high level estimate shows that the 4,000 new units projected for Capri-Landmark could translate into roughly \$1.3 billion dollars of private sector investment.⁵ The proposed infrastructure improvements (\$95 million dollars) represent only 7 per cent of the private sector investment anticipated by 2040.⁶ At the same time, the build-out of the urban centre could produce roughly \$80 million dollars in development cost charge fees to fund infrastructure improvements. These estimates reinforce the robust business case for encouraging growth within Capri-Landmark. The future success of the urban centre is dependent upon attracting a significant number of future residents to the area,

⁵Assuming the majority of new units will be multi-family units and using the average costs for an apartment / condo unit of \$325,000 per unit.

⁶ Based on technical analysis using the Community Lifecycle Infrastructure Costing (CLIC) Tool

requiring leadership from the City to deliver the parks and transportation improvements needed to provide a high quality of life to future residents and workers.

Conclusion & Next Steps

The infrastructure improvements identified are vital to the success of the revitalization of the urban centre, reinforcing that a defined approach for delivering the infrastructure is fundamental to the success of the plan and the City's growth strategy. A clear approach for financing key improvements will allow the Plan to be implemented gradually with significant leadership roles for both the City and the development community. With a strong vision and implementation strategy in place, each redevelopment proposal can contribute to advancing the success of this Urban Centre.

The technical analysis demonstrates the cost of the proposed infrastructure is commensurate with the amount of growth projected for the area (7,000 new residents = 13% of future citywide growth). The analysis also reinforces that the City is able to deliver the proposed improvements largely using the existing funding strategies, recognizing that there is a sizable taxation impact (\$32 million) associated with the proposed Plan. The taxation component will require the reprioritizing of other existing projects or a change in funding practices with respect to taxation assist. For this reason, Staff continue to see value in exploring a new local area funding tool (e.g.: area-specific DCC) or other strategies that could reduce the burden on taxation for local improvements and ensure the local landowners who benefit the most, pay their fair share.

The analysis has also reinforced that the Infrastructure Plan and 20-Year Servicing Plan are viable options to deliver the proposed infrastructure. These programs are fully subscribed, therefore adding new projects to these programs will require the removal of other, lower priority projects or the expansion of the overall program. The forthcoming update of the Infrastructure Plan and 20-Year Servicing Plan will require tough decisions by Council to prioritize Capri-Landmark infrastructure ahead of projects currently in the City's Infrastructure Plan. However, investing in Capri-Landmark represents a cost-effective approach as the build-out of the urban centres simultaneously advances a range of City goals related to healthy communities, sustainable transportation, economic development, as well as environmental and fiscal sustainability, reinforcing the strong case for prioritizing Capri-Landmark in future capital planning processes.

Subject to Council approval of the proposed implementation approach, staff will move forward with consultation with landowners in the Capri-Landmark area on the plan direction, proposed funding approach and the potential of introducing an area funding tool through the 2019 20-Year Servicing Plan review. Concurrently, Staff will complete final plan refinement and analysis to prepare the final plan report as well as bylaw amendments for zoning and future land use updates. Staff anticipate the next Council report to present the final plan document for Council endorsement later this summer.

Internal Circulations

Divisional Director, Community Planning and Real Estate
Department Manager, Policy & Planning
Department Manager, Community Planning
Manager, Urban Planning
Manager, Financial Planning

Manager, Integrated Transportation Department Manager
Transportation Engineer Planning & Development
Design Technician, Utility Planning
Communications Advisor
Manager, Infrastructure Engineering
Manager, Development Engineering
Manager, Parks & Buildings Planning

Submitted by:
Ross Soward, Planner Specialist

Approved for inclusion:



James Moore, Manager of Long Range Policy & Planning

Attachments

- Attachment A – Preferred Concept Plan
- Attachment B – CLIC Cost Comparison Estimates
- Attachment C – Financial Impacts Modeling Exercise Summary