

Park Development Funding Program

Parks and Buildings Planning

June 2019



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Executive Summary

In 2018 Council received the **Park Funding Report**, which presented several options to work towards keeping park development in pace with growth. Council directed staff to investigate, prepare, and report back on Option 2 of that report, including drafting:

- Parks development DCC
- Commercial/industrial parks DCC
- Linear parks acquisition DCC
- Reduction of the DCC taxation assist
- Infrastructure levy
- Parks revenues
- Shift from acquisition to development

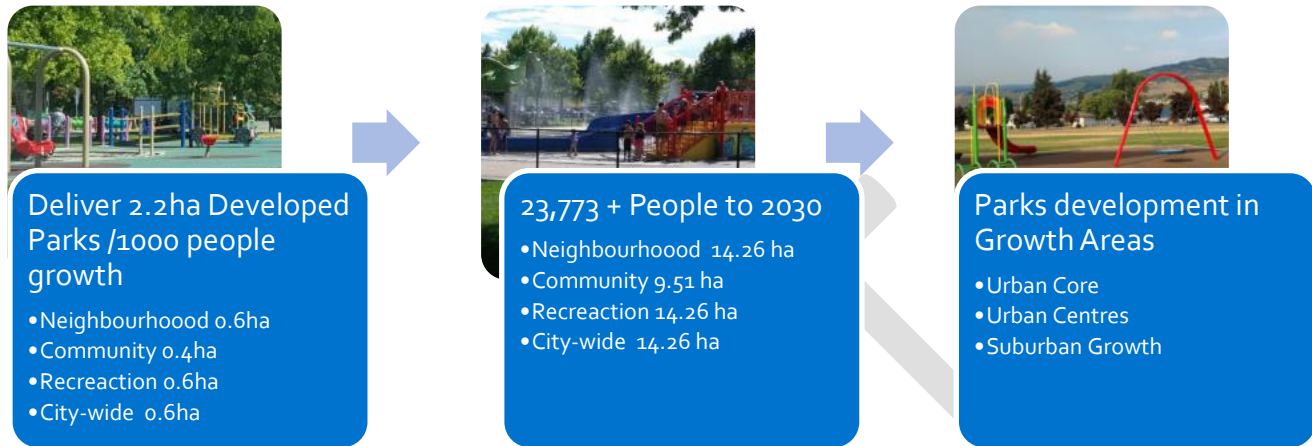
In addition, Council asked staff to review potential taxation capital funding shifts from parks acquisition funding to parks development funding; and engage with the public and key stakeholders on the above. This report delivers the results of the investigation.

The **Parks Development Funding Program** has been identified based on existing City policy and documents including the Park Development Report (May 2017), Park Funding Strategy (June 2018), Council Priorities 2019 – 2022, and the Official Community Plan, amongst several others.

Parks development costs **eligible for recovery** through DCC are set out in the Local Government Act and Best Practices Guide and they only include providing fencing, landscaping, drainage and irrigation, trails, restrooms, changing rooms and playground and playing field equipment on park land. The analysis identified the eligible and ineligible cost for each parks project.

Growth projections are based on the existing 20 Year Servicing Plan & Financing Strategy, and pro-rated for the remaining 10 years of growth from January 1, 2020 to January 1, 2030. This results in 10,806 equivalent units of growth (where one unit is equivalent to one single detached dwelling), and a population equivalent of 23,773 people.

The **projected amount of parks development needed to supply growth**, in accordance with the OCP Park Standard, in terms of hectare of land covered in park facilities is set out in the figure below:



Similar to Parks Acquisition DCCs, 100% of the Parks Development DCC Program is required to serve growth.

The City has acquired about **50 km** of **priority linear parks** over the years, and about **5.85 km** of additional corridor length still needs to be acquired to complete the corridors. Completion of these corridors will go a long way towards meeting the linear park needs of growth. The estimated cost to acquire these linear parks is just over **\$10 million**.

The estimated **costs to develop the parks** to meet the needs of growth over the next 10 years is about **\$120 million**. Because of the Municipal Assist amounts and significant portions that are not eligible for cost recovery through DCCs (e.g. parking lots, sport courts, baseball diamonds, tennis courts, artificial turf fields) about **\$77 million** can be recovered through DCCs and **\$43 million needs** to be provided by the City and paid through other means such as property taxation, including the Infrastructure Levy, and parks revenues.

The report presents three alternative implementation strategies for Council's consideration. The strategies include **DCCs for various types of parks**, and each strategy is compared to each other and the existing park acquisition DCC in the table below. Under Model A, the resulting DCCs for a residential unit increases from the existing **\$7,142** per unit to **\$14,526**; under Model B the charges increase to **\$12,635**; and with Model C the rate starts at **\$11,384 in year 1** and rises to **\$14,526 by year 3**. Model B is paired with an acquisition of 5% parkland at subdivision, currently not undertaken by the City. Model D is a combined approach with both staggered implementation and the 5% Parkland Dedication. Under Model D the rate starts at **\$9,411 in year 1** and rises to **\$12,635 by year 3**.

		Current Parks DCC	Model A - Full implementation	Model B - With 5% parkland dedication	Model C - Staggered implementation	Model D - Staggered plus 5% dedication	2040 OCP DCC update (2021)
Parkland Acquisition							
Existing DCCs	<i>Neighbourhood</i>	✓	✓	X	✓	X	
	<i>Community</i>	✓	✓	✓	✓	✓	
	<i>Recreation</i>	✓	✓	✓	✓	✓	
	<i>City-wide</i>	✓	✓	✓	✓	✓	
New Linear Parkland Acquisition DCCs			✓	✓	✓	✓	
New Commercial/Industrial Acquisition DCCs			Yr 2 ✓	Yr 2 ✓	Yr 2 ✓	Yr 2 ✓	✓
5% Parkland dedication			X	✓	X	✓	
Reduce taxation assist to 1% + 3.4%							✓
Total Acquisition DCCs (per residential unit)		\$7,142	\$7,346	\$5,455	\$7,346	\$5,455	\$7,897
Parkland Development							
New DCCs	<i>Neighbourhood</i>		✓	✓	Yr 1 ✓	Yr 1 ✓	
	<i>Community</i>		✓	✓	Yr 1 ✓	Yr 1 ✓	
	<i>Recreation</i>		✓	✓	Yr 2 ✓	Yr 2 ✓	
	<i>Linear</i>		✓	✓	Yr 2 ✓	Yr 2 ✓	
	<i>City-wide</i>		✓	✓	Yr 3 ✓	Yr 3 ✓	
New Commercial/Industrial Development DCCs			✓	✓	✓	✓	
Reduce taxation assist to 1% + 3.4%							✓
Total Development DCCs (per residential unit)		\$0	\$7,180	\$7,180	Yr 1 \$3,956 Yr 2 \$5,553 Yr 3 \$7,180	Yr 1 \$3,956 Yr 2 \$5,553 Yr 3 \$7,180	\$7,748
Total Existing and New Parks DCCs (per unit)		\$7,142	\$14,526	\$12,635	Yr 1 \$11,384 Yr 2 \$12,899 Yr 3 \$14,526	Yr 1 \$9,411 Yr 2 \$11,008 Yr 3 \$12,635	\$15,645
Matching Revenue Sources							
Parks Program							
Total Parks DCC Revenues (per annum)		\$7,717,645	\$15,697,153	\$13,653,739	\$15,697,153	\$13,653,739	\$16,905,595
Ineligible Parks Costs (per annum)		\$0	\$3,296,189	\$3,296,189	\$3,296,189	\$3,296,189	\$3,296,189
Taxation assist (per annum)		\$993,015	\$2,097,847	\$1,834,297	\$2,097,847	\$1,834,297	\$809,695
Subtotal- Matching Municipal Contribution (per annum)		\$993,015	\$5,394,036	\$5,130,486	\$5,394,036	\$5,130,486	\$4,105,884
Total Parks Program (per annum)		\$8,710,660	\$21,091,189	\$18,784,225	\$21,091,189	\$18,784,225	\$21,011,480
Municipal Revenues							
Taxation/Gas Tax (10-year capital plan) (per annum)		\$994,528	\$3,550,173	\$3,550,173	\$3,550,173	\$3,550,173	\$3,550,173
Infrastructure Levy (27%) (per annum)		\$0	\$1,404,000	\$1,404,000	\$1,404,000	\$1,404,000	\$1,404,000
Parkland Revenues (per annum)		\$0	\$453,500	\$453,500	\$453,500	\$453,500	\$453,500
Municipal revenues surplus (or deficit) (per annum)		\$1,512	\$13,637	\$277,187	\$13,637	\$277,187	\$1,301,789

Under these models the City funds required to pay for the municipal portion of the projects over 10 years range from about **\$4.1 million** to about **\$5.4 million per year**. These funds include the municipal tax assist and the park elements that are ineligible under legislation.

The **potential Parks DCC rates** range from **\$13.10 to \$26.28 per sq. m** for Commercial and Institutional uses. The potential Parks DCC rates for Industrial range from **\$9,770 to \$19,593 per hectare**.

The proposed **linear parks acquisition DCCs** will free up an estimated **\$4.6 million** of potential general revenue funds to transition from expenditures on parks acquisition to parks development over the next 10 years.

The **Infrastructure Levy** will generate additional revenues. A portion of the revenues, assumed to be 27% or **\$1,404,000 per year**, will be available for parks projects.

Parks revenues from parking revenues, cell tower leases, rental revenues and concessions could generate a total of **\$433,000 per year** for parks purposes.

It is important to note that, while the **existing Parks DCCs in Kelowna** are higher than other areas in the Valley, Kelowna does not collect the **5% parkland dedication**, which can be valued at between **\$8,500 and \$14,500 per lot in these other communities**. Furthermore, when compared with similar BC wide communities experiencing growth, Kelowna's proposed rates are comparable.

The **standards for parkland acquisition** and the actual amounts of parkland acquisition provided in Kelowna is somewhat lower than comparable communities, so it is important not to reduce the parkland acquisition standards for growth of **2.2. hectares per 1000 population**.

The collection of additional funding for parkland acquisition and development is of significant benefit to the City. It meets the objectives of Imagine Kelowna, which encourages the creation of a collaborative, smarter, connected, and responsible city that can be achieved through:

- Creating great public spaces that bring people together
- Providing opportunities for people of all ages, identifies, and abilities
- Strengthening the protection of our land, water, and resources
- Building healthy neighbourhoods that support a variety of household, income levels and life stages

Achieving these goals outlined in Imagine Kelowna by providing more parkland to serve a growing population and create vibrant communities in turn assists the City in achieving its overall mission to be "The Best Mid-Sized City in North America".

1. Project Background

The City of Kelowna is committed to providing parkland for public enjoyment and well-being, access to waterfront, creating sports amenities to promote active living, preserving natural open space for wild flora and fauna, and developing linear greenways throughout the City. Imagine Kelowna called to create great public spaces, grow vibrant urban centres, preserve Okanagan Lake as a shared resource, and build healthy neighbourhoods for all. The recently endorsed Council Priorities 2019-2022 identified measures to transform this vision into action. These include:

- Vibrant neighbourhoods by creating animated parks and public spaces, and developing accessible and multi-purpose amenities.
- Economic resiliency is also promoted through the reduction of the infrastructure deficit.

The accompanying Corporate Priorities also identify financial management through the increase of non-tax revenues, which this report specifically addresses.

With the rapid pace of growth through the City, park development has not kept pace with this growth, resulting in the delivery of parks not meeting the OCP policy of supplying 2.2ha of parks per 1000/person as the City grows. As a result, in 2018 Council received the Park Funding Report, which presented several options to work towards keeping park development in pace with growth. Council directed staff to investigate, prepare, and report back on Option 2 of that report, including drafting:

- Parks development DCC
- Commercial/industrial parks DCC
- Linear parks acquisition DCC
- Reduction of the DCC taxation assist
- Infrastructure levy
- Parks revenues
- Shift from acquisition to development

In addition, Council asked staff to review potential taxation capital funding shifts from parks acquisition funding to parks development funding; and engage with the public and key stakeholders on the above.

Option 2 from the Park Funding Report is highlighted in Table 1 below.

Table 1. Option 2 – Park Funding Report (2018)

Tool	Option 1	Option 2	Option 3	Option 4
Press forward				
Parks development DCC	\$3,422,000	\$3,422,000	\$3,422,000	\$3,422,000
Infrastructure Levy on General taxation (2% tax for Infrastructure)		\$426,000	\$426,000	\$426,000
Shift from acquisition to development		\$644,000	\$644,000	\$644,000
Commercial/Industrial parks development DCC	\$236,000	\$236,000	\$236,000	\$236,000
Potentially move forward				
Linear parks acquisition DCCs (linked to 'Shift from acquisition to development' above)		Included	Included	Included
Parcel taxation (for 5 years)			\$4,000,000	\$4,000,000
Consider and explore further				
Reduce parks acquisition and development DCC taxation assist from 8% to 1% (plus 3.3%)		\$284,000	\$284,000	\$284,000
Increase in Airport dividend				\$51,000
Community partnerships				\$25,000
Parks revenues		\$163,000	\$163,000	\$163,000
Total	\$3,658,000	\$5,145,000	\$9,195,000	\$9,316,000

2. Funding Program – Park Development DCC

Approach

The Parks Development Funding Program was prepared from a thorough assessment of anticipated growth, growth areas, current costs for development, and estimates based on master plans and typical base plans. Together this created the Park Servicing Schedule. The framework is informed by City policies and plans, based on background documents, and regulated by provincial legislation.

Principles of the Park Development Funding Program include the following:

- OCP Park Standard - Provide 2.2ha of Active Park per 1000 new population growth¹²
- Growth - Focus on areas of growth set forward in the 2030 OCP:
 - Suburban Growth Nodes
 - Urban Core
 - Urban Centres
- Current Rates – Use unit rates based on recent tender pricing.
- Master Plans and Typical Plans – Costs based on master plans and, where no master plan is available, a 'Typical Base Plan' for each park type.

These principles are largely informed and guided by:

- Park Development Report (2017)
- Park Funding Strategy (2018)
- Council Priorities, 2019 - 2022
- Official Community Plan, 2030
- Imagine Kelowna
- 20-Year Servicing Plan, 2030
- 10-Year Capital Plan
- Linear Park Master Plan
- Individual Parks Master Plans
- Park Acquisition Guidelines
- Area Structure Plans
- Park Agreements

Parks included in the DCC Program were those that follow the guiding principles for park delivery related to growth in the OCP and which also comply with the following criteria:

- Identified in the Park Development Report
- Located in the growth nodes identified in the 2030 OCP
- Align with the 2030 Servicing Plan

¹ City of Kelowna, 2011. OCP 2030, Parks Policies 7.12.1. Active Park Standard

² City of Kelowna, 2011, City of Kelowna Parkland Acquisition Guidelines

- Align with the 10-Year Capital Plan
- Identified as PARK in the 2030 OCP Future Land Use Map
- Include DCC Eligible Elements

Parks were not considered for inclusion in the program if they were not identified in the 2030 OCP's growth nodes or if they only have ineligible elements, such as lighting, bleachers, and artificial turf surfacing.

It is acknowledged that there are parks that are not located in growth nodes that are underdeveloped or undeveloped, and/or are in need of renewal. These were not included in the program, and as such will require funding sources outside of a Parks Development DCC Program to be achieved.

A map shown in Figure 2.1 shows the locations for the neighbourhood, community, recreation and city wide parks identified for future development.

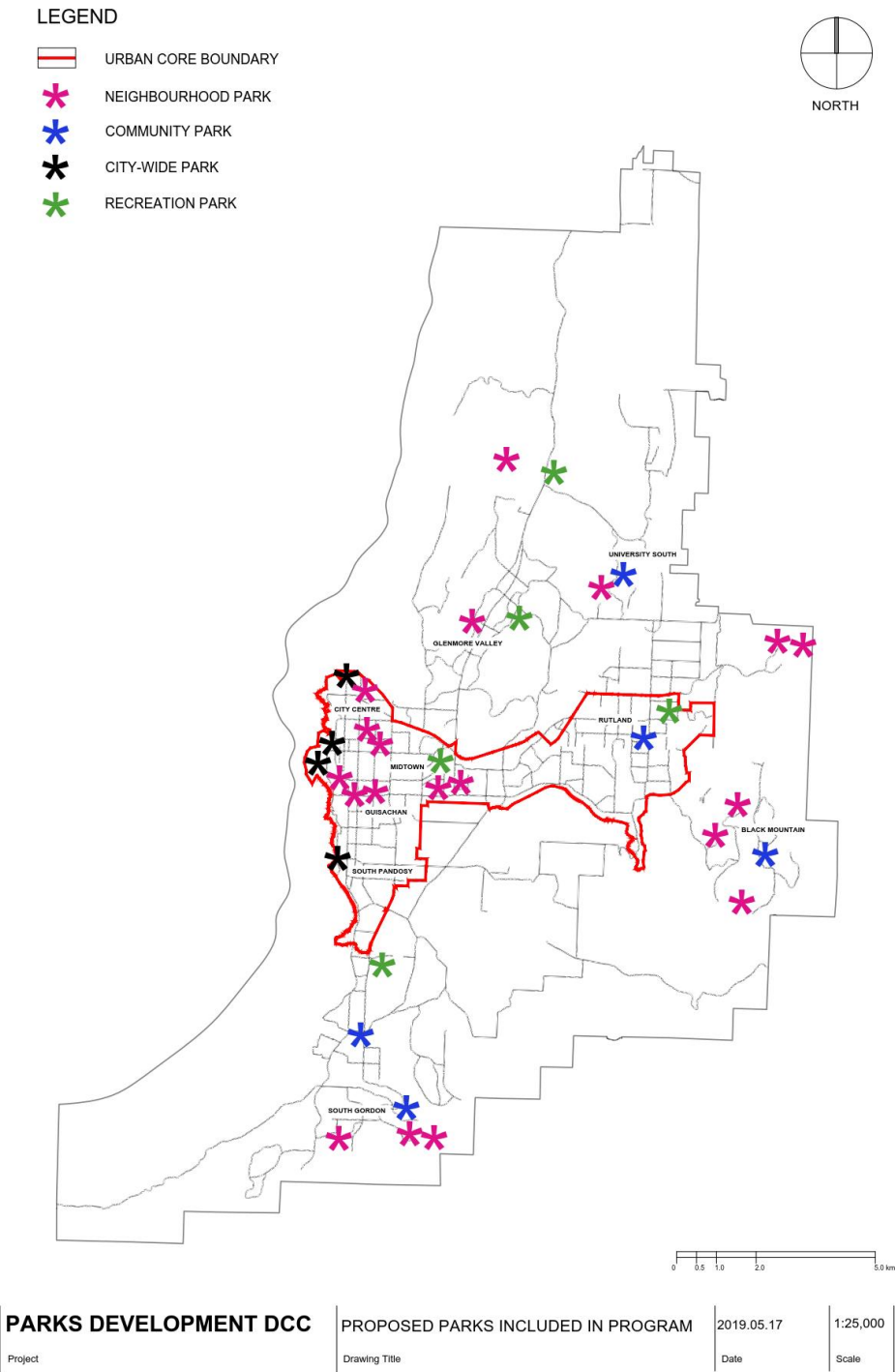


Figure 2.1 – Map of Proposed Park Locations and Types

Park Standard Elements

Eligible park elements are dictated by provincial legislation, intended to include basic park elements only, and only those that are accessible by the majority of the population (not exclusive groups). Eligible and ineligible elements are noted in Figure 6 below.

In 1995 the provincial government amended the Local Government Act to facilitate Development Cost Charges for Park Development, in addition to acquisition. The legislation is specific as to what elements may be included, to ensure only a basic level of park is included. This specification is absent in the legislation for other DCC infrastructure types, such as roads and sewer.

The Local Government Act (LGA) section 559 (2)(b) states that DCCs can be imposed to provide funds to assist local governments to pay capital costs of:

“providing and improving park land”.

Then LGA section 566 (2)(b)(ii) states that the money in DCC reserve funds together with interest on it may be used only for the following, and it goes on to list a number of items including:

“providing fencing, landscaping, drainage and irrigation, trails, restrooms, changing rooms and playground and playing field equipment on park land,”.

This was further elaborated upon by a circular from the Inspector of Municipalities in 1997. This circular stated that the Inspector will apply a very narrow interpretation of the legislation. ‘The government, as illustrated by comments made in introducing the legislation, intended that the increase in DCC resulting from the addition of expenditures to improve parkland would not be significant. For this reason, the allowable park land improvements were specifically listed, and deliberately excluded many elements that are usually present in most developed parks.’³

The following comments were offered in the circular as an illustration of what will guide reviews of submissions to the Inspector of Municipalities:

- “Landscaping includes the construction of playing fields (levelling ground, planting grass and other plant material), but does not include the construction of parking lots or access roads.
- Irrigation includes sprinkler systems.
- Playground and playing field equipment include items normally classified as equipment such as swings and slides, but does not include buildings or structures such as dugouts, bleachers, or field houses. The term also does not include the construction of tennis or basketball courts, baseball diamonds, tracks or the installation of lighting systems.”

The Ministry has noted that eligible improvements are those that typically serve the entire community. Parkland improvements that serve a more limited demographic such as basketball courts, tennis courts, artificial turf sports fields or baseball dugouts are not eligible.

Through working with the Ministry over the years to interpret the legislation and the circular, the following items have been identified as Eligible and Ineligible.

³ Province of BC, 1997. Circular No. 97:04. Re: Parkland Development Cost Charges

Eligible Elements	Ineligible Elements
<ul style="list-style-type: none">• Grading and drainage• Fine Grading• Planting grass• Shrubs and Trees• Irrigation• Playgrounds• Washrooms / Changerooms• Plazas• Pathways and Trails• Site Furniture (e.g. benches)	<ul style="list-style-type: none">• Parking Lots• Access Roads• Artificial Turf• Buildings• Structures (e.g. Picnic Shelters, Gazebos)• Dugouts• Bleachers• Field Houses• Sport Courts• Baseball Diamonds• Tracks• Lighting• Boardwalks

Figure 2.2. DCC Eligible Items

Calculation of Costs

Through the Park Servicing Schedule, each park of the program was assessed, and a specific cost estimate created based on unit rates from recent projects. Most of the City-wide and Recreation park projects within the Schedule are guided by a master plan; whereas most of the Neighbourhood and Community parks are not. In order to accurately capture costs for parks that have no master plan, a 'Typical' park costing template was created for the following park types: Neighbourhood Park – Urban Core, Neighbourhood Park – Suburban, Community Park – Urban Core, and Community Park – Suburban. Based on area percentages for the various typical amenities within a park, the template allows each park to be costed to Class D accuracy, using the total park area. A description of the 'Typical' parks are as follows:



Figure 2.3 . Typical Parks Amenities

Park Elements

In some cases, a master plan has not yet been prepared. For these parks, a typical base park was used, with typical ratios and elements for each active park type. The figures that follow illustrate elements of Neighbourhood, Community, Recreation and City-wide parks. They also show items that are eligible for cost recovery through DCCs and those that are not eligible. The items that are not eligible for cost recovery through DCCs are shown in the second version of each park plan with a red overlay labelled with the name of the ineligible component. These are illustrated in the following figures.

The images illustrate the eligible and ineligible components.



Figure 2.4 - Neighbourhood Parks Eligible and Ineligible Items



DEHART COMMUNITY PARK | OVERALL CONCEPT



- Not Included in Program**
- Sport courts
 - Bike park
 - Parking
 - Park lighting
 - Public Art
 - Off-site requirements

DEHART COMMUNITY PARK | DCC ELIGIBLE ITEMS

Figure 2.5 - Community Parks Eligible and Ineligible Items



Figure 2.6 - Recreation Parks Eligible and Ineligible Items

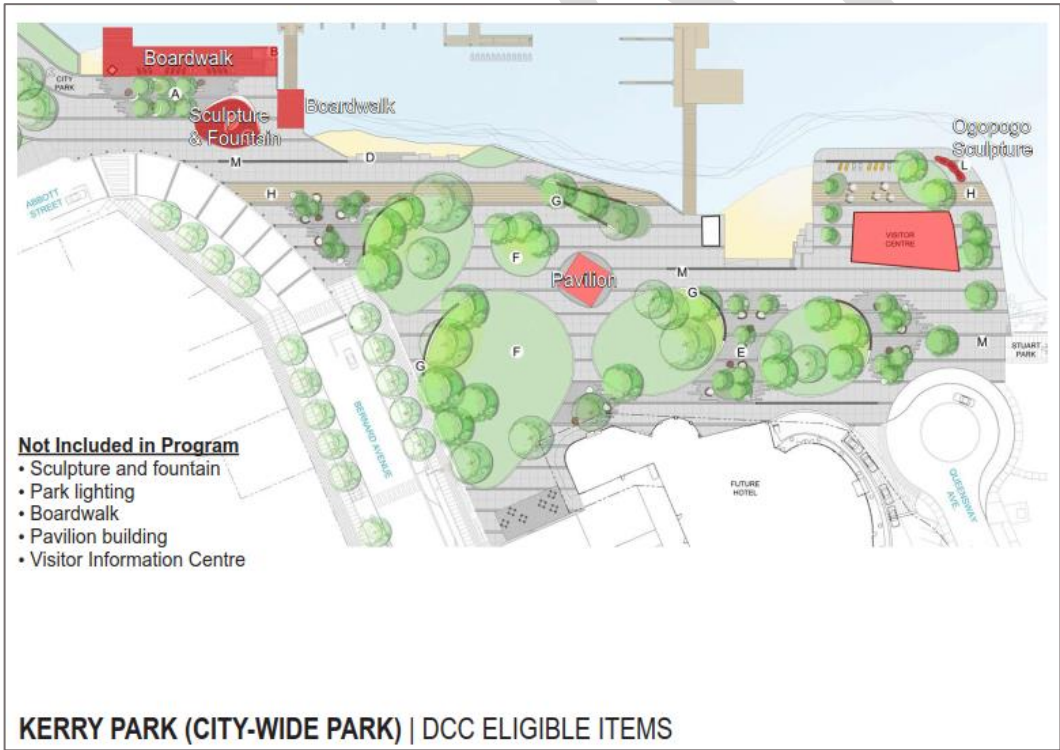


Figure 2.7 - City-Wide Park Eligible and Ineligible Items

3. DCC Key Elements

Growth assumptions

The projections assume the growth period will be from January 1, 2020 to January 1, 2030 which is a period of 10 years. The projected growth period is set to match the timeline of the 2030 Servicing Plan. Since a new OCP and new growth projections have not yet been completed, we will rely on the 2030 servicing plan for the growth projections. The growth projections and number of units in this report were used for the most recent update of the DCC rates in February 2019.

As we move to consider a new parks development DCC, we are introducing new costs half way through the 20 year projection period, so we will need to adjust the growth units to account for being half way through the period. For parks projects we are identifying a 10-year period of parks to deal with 10 years of growth. We cannot take 10 years of park development and divide by the 20 years of growth set out in the 20 Year Servicing Plan. As a result, we will take 10 years of growth-related parks projects and divide by 10 of the 20 years of the growth set out in the 20 Year servicing plan.

City wide growth in terms of equivalent units as set out in the 20 Year Servicing Plan & Financing Strategy, and the pro-rated 10 years of growth are set out in the table below.

Table 3.1 - Equivalent Units based on 20 Year Servicing Plan

	20 years	10 years
Residential 1	7,140	3570.0
Residential 2	678	339.0
Residential 3	8,089	4044.5
Residential 4	2,670	1335.0
Residential 5	480	240.0
Secondary Suites	895	447.5
Commercial	1,242	621.0
Institutional	282	141.0
Industrial	136	68.0
Total	21,612	10,806

The figures are based on the units projected for the Parks Acquisition service. Some of the other services, such as water, had lower figures and the City water system does not service the entire City, but parks acquisition serves the entire City. However, parks acquisition projections did not include Commercial, Industrial or Institutional units, as these were not charged a parks acquisition DCC. To quantify the Commercial, Industrial and Institutional units, this table relies on units from sewer trunks and treatment services. This is based on the assumption that the vast majority of these units will be provided with sewer services, so these figures would capture the vast majority of units that will benefit from parks development.

The 20 year servicing Plan notes that the average population per household for the plan has been estimated at 2.2 persons per household. Single family households have been estimated to contain an average of 2.8 persons per household, while high density households have an estimated household population of 1.5 persons per household. For the parks acquisition DCC the Plan notes that: "The impact for parkland requirements is

considered to be the same for each residential category. Although there could be an argument to use a different parkland rate for the different residential categories based on density it is also true that parkland requirements in multi-family areas are more expensive than in single family areas.” in order to stay consistent with the 20 Year Servicing plan, the analysis uses the average persons per household of 2.2.

10,806 Equivalent Units x 2.2 persons per unit = **23,773** people

The 23,773 people translates into demand for development as set out in Table 3.2.

Table 3.2 - Developed Parkland Demand

Park type	Developed Hectares required per 1000 people	1000's of people	Developed Hectares required
Neighbourhood	0.6 hectares	23.773	14.26
Community	0.4 hectares	23.773	9.51
Recreation	0.6 hectares	23.773	14.26
City-wide	0.6 hectares	23.773	14.26

Benefit Allocation

The benefit allocation is the proportion of a project that is required to service growth. With some infrastructure components, such as a water line, part of the reason for the project may be to serve existing users (such as replacing an aging water line or pump), and part of the reason may be for growth such as ensuring that when the line is replaced, it is large enough to accommodate growth. Other projects are required only for growth, since the project is not required if growth does not occur. Under the current parks acquisition program, 100% of the costs are allocated to growth because the only reason to acquire the additional land is to provide parkland for new people based on servicing only the projected population growth with the park standard. The existing Official Community Plan sets out the standard for parkland acquisition required to serve growth as set out in Table 3.3.

Table 3.3 - Official Community Plan Parkland Acquisition Standards

Park type	Hectares required per 1000 people
Neighbourhood	0.6 hectares
Community	0.4 hectares
Recreation	0.6 hectares
City-wide	0.6 hectares
Total	2.2 hectares

In total the Parks Acquisition DCC aims to collect enough money to buy 2.2. hectares of land for every 1000 people (or equivalent) who move to Kelowna. Similarly, the Parks Development DCC will aim to develop 2.2 hectares of area per 1000 people. The Parks Development DCC will collect money that will be used to develop parkland. The development will be in the form of the eligible items which includes:

- Landscaping
- Grading
- Planting grass

- Shrubs and Trees
- Irrigation
- Playground Equipment
- Washrooms/Changerooms
- Plazas
- Trails
- Site Furnishings (e.g. benches)

The amount of development required will be the same as the amount of land required. For example, the Neighbourhood Parks Acquisition DCC collects 0.6 hectares of vacant land for every 1000 people. The Neighbourhood Parks Development DCC will develop 0.6 hectares of land with landscaping, grading, grass, shrubs, trees, irrigation, etc. for every 1000 people.

The amount of projected parks development required to serve growth, by type is calculated in Table 3.4 based on the City's park standards set out in the OCP.

Table 3.4 - Projected Parks Development Required to Service Population Growth Over 10 Years

Park type	Developed Hectares required per 1000 people	1000's of people	Developed Hectares required
Neighbourhood	0.6 hectares	23.773	14.26
Community	0.4 hectares	23.773	9.51
Recreation	0.6 hectares	23.773	14.26
City-wide	0.6 hectares	23.773	14.26



Deliver 2.2ha Developed Parks /1000 people growth

- Neighbourhood 0.6ha
- Community 0.4ha
- Recreation 0.6ha
- City-wide 0.6ha



23,773 + People to 2030

- Neighbourhood 14.26 ha
- Community 9.51 ha
- Recreation 14.26 ha
- City-wide 14.26 ha



Parks development in Growth Areas

- Suburban Growth Nodes
- Urban Core
- Urban Centres

The park development program, which is discussed further in the DCC Rates section, identifies the amount of Parkland to be developed under each category. The parks development program has been adjusted to ensure that the amount of park development identified is very close, but slightly under, the amount required for

growth. In this case 100% of the park development is required for growth. The allocation to growth was tested two ways:

- On an area basis: is 100% of the area of park to be developed required for growth?
- On a cost basis: is 100% of the cost to develop the park required for growth?

To test the Cost basis, the benefit allocation is determined by taking a number of steps:

1. Identify the eligible development costs for the entire program of a specific type (e.g. city wide parks)
2. Determine the average cost per hectare to develop the park
3. Identify the amount of park development required to serve growth
4. Calculate the cost to serve growth
5. Divide the cost to serve growth by the total cost.

In essence, the formula to determine the benefit allocation for parks development is:

$$\frac{\text{Costs for Growth}}{\text{Total Costs}} = \text{Benefit Allocation}$$

Note that the average cost per hectare to develop a park is based on the specific different types of parks. The cost to develop a Recreation park differs from the cost for a Neighbourhood park. The following parks were used to develop a cost per hectare:

- Neighbourhood – used the average of two parks:
 - Typical Urban Neighbourhood
 - Typical Suburban Neighbourhood
- Community Park – used the average of two parks:
 - Typical Urban Community Park
 - Typical Suburban Community Park
- Typical Recreation Park
- Typical City Wide park: no typical park used since they are all quite different, in this case utilized the average cost per hectare of all parks

In all cases, the calculation results in a benefit allocation percentage that is 100% or higher. If the amount was higher than 100%, then the 100% figure was utilized. The benefit allocation by park type is set out in Table 3.5.

Table 3.5. Benefit Allocation by Park Type

Park type	Benefit Allocation to Growth
Neighbourhood	100%
Community	100%
Recreation	100%
City-wide	100%

Assist Factor

The municipal assist factor is the amount that the municipality 'assists' in paying for costs that are allocated to developers to pay for growth. The Local Government Act requires an assist amount, but it can be set as low as 1%. In terms of the assist factors used for the DCC programs, Kelowna has one of the higher assist factors for the Parks DCC programs compared to other municipalities (see the table 3.6 below).

Table 3.6 - Comparison of Parks DCC Assist Factors

Community	Parks DCC Assist
Kelowna	8% (plus 3.4% for secondary suites)
Surrey	5%
Richmond	1%
Kamloops	1%
Langley	1%
Chilliwack	10%
Abbotsford	5%

As part of Option 2, Council directed staff to investigate reducing the Parks Acquisition DCC assist from 8% to 5% or even 1%. For example, a reduction in the Parks DCC assist from 8% to 5% would generate approximately \$1.66 million in additional revenue over 10 years based on the existing parks acquisition DCC and amounts set out in the 20 year servicing plan. The result would be about \$3.86 million if the assist is reduced from 8% to 1%. This is something for the City to consider moving forward as reducing the municipal assist would allow for more funds to be generated by DCCs for Parks projects.

The Ministry does not allow a different assist for parks development compared to parks acquisition. The assist factor for parkland development needs to be kept the same as the existing assist for parkland acquisition. At this time therefore, the assist will be retained at 8% + 3.4% to be consistent with the Parks Acquisition DCC assist factor. A reduction in the assist amount could be considered later when the complete update to all of the DCCs is undertaken, after the new Official Community Plan is adopted with new growth projections. If the assist for parks development was set at 5% or 1%, then the assist for parks acquisition would also need to be revised, which would constitute a major DCC update along with consultation, and approval by the Ministry. Since the City just completed a DCC update, it would be more efficient to leave the assist factor for Parks at 8% until the next major update.

4. Commercial and Industrial Parkland Acquisition & Development DCCs

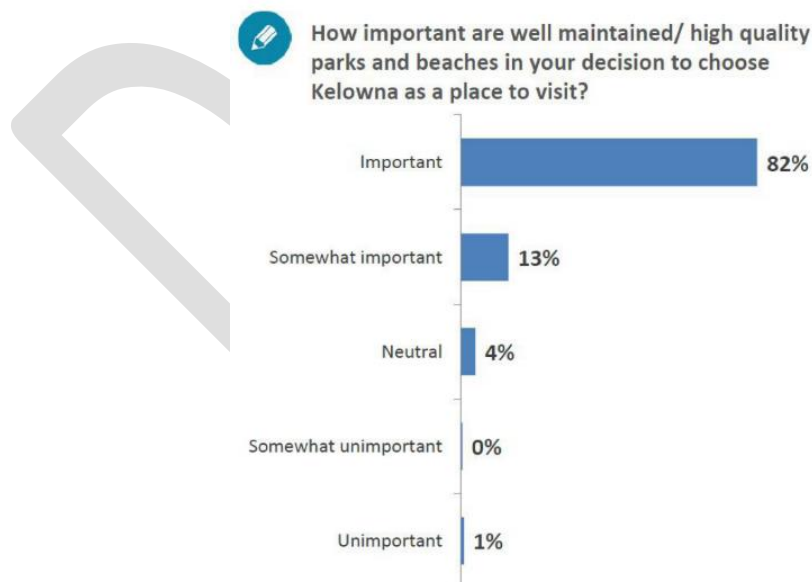
Introduction

Historically the City has not charged Park Acquisition Development Cost Charges for commercial and industrial properties. As Kelowna becomes more and more of a regional retail and employment hub, it is evident that these land uses put an increased demand on park space and use. The City could apply a Parks Acquisition and Development DCC to these uses.

We know our municipal parks, and particularly our waterfront parks, linear trails and recreational sports, are a major draw for visitors to Kelowna. This has great benefit to our commercial sector, but puts a significant additional demand on our park system. However, other than through property taxes on commercial properties, there is currently no direct funding link between visitors and parks acquisition and development costs. Similarly, employees from outside the City also utilize our parks, supporting their work/life balance.

As the City grows into a regional urban center, the use and benefits of parkland for employees and customers is becoming more recognized, along with the risks of not acquiring parkland in the City Core.

- **Regional Centre** - As a regional employment and commercial center, many park users are not residents of the City. The growth of this park use is not reflected in the current park acquisition DCC.
- **Daytime Park Use** - As the City Core becomes more densely urbanized, parks are used more and more for the employee population, as well as the resident population, during lunch and coffee breaks.
- **Visitor Use.** Many visitors to the City make use of our parks during their visits to Kelowna, with 95% reporting that high quality parks and beaches was important or somewhat important in their decision to choose Kelowna as a place to visit⁴.



Other Urban Centres - Trends from other metropolitan areas recognize and are establishing strategies for the strain that the employment population adds to that of the residential population, especially in densely

⁴ Tourism Kelowna. 2016 Visitor Intercept Survey.

populated urban areas⁵. For example, Toronto has documented and mapped by neighbourhood the additional strain that their employment population puts on parks in addition to resident populations, often in areas that are already park deficient.

These impacts are not captured by only having residential development pay for a Parks DCC, and therefore following the principle of 'the user pays,' Option 2 identified an option to include Commercial & Industrial Park Acquisition & development DCCs.

Similar to DCCs applied for other forms of infrastructure, any Parks DCC would be applied based on the square metres of new floor area of commercial development, and the hectares of Industrial development.

Types of Commercial / Industrial Parks DCCs

There are two components of the Commercial/Industrial Parks DCC that could be considered:

- Parks Acquisition DCC
- Parks Development DCC

The creation of a Parks Acquisition DCC that applies to commercial/industrial developments would spread the cost amongst more development units, reducing the charges per residential unit. This could in turn free up room for a Parks Development DCC on residential units. However, the Parks Acquisition DCC has been recently updated with new park acquisition costs and revising the existing acquisition to include charges on commercial and industrial uses would constitute a major DCC update. The City will therefore consider applying the Parks Acquisition DCC to Commercial and Industrial growth as part of the next major update, after the OCP is adopted.

A Parks Development DCC that applies to commercial/industrial units would similarly spread the parkland development costs over a larger number of equivalent units, meaning lower charges per unit for Residential DCCs, or considered another way, the commercial/industrial development would shoulder some of the cost of the revenue required. The Parks Development DCC for commercial and Industrial development is being considered at this time.

Advantage of Commercial / Industrial Parks DCCs

Implementing a Parks DCC for Commercial and Industrial development would provide value to these types of businesses through additional parkland, a major benefit for employees and customers, including tourists in Kelowna. If more parks are provided in the City, this will enhance the appeal of visiting or working in Kelowna, which in turn increases the number of customers shopping at commercial businesses and employee satisfaction.

⁵ City of Toronto, 2017. Parkland Strategy – Growing Toronto Parkland Preliminary Report – Primer.

5. Linear Park Acquisition DCCs

Linear parks are an important part of the park system which are popular with both residents and visitors, and provide pedestrian links between larger park amenities: the 'green necklace'. However other priorities have reduced capital funding available for linear park acquisition in recent years, and it would require many years to complete the top priorities, based on current rates for the past five years.

Based on the previous Council direction, staff have prepared a draft Linear Park Acquisition DCC. The approach framework is based on the six priority linear park trail systems in the OCP. Calculations were based on the remaining kilometres to be acquired. The priorities for linear parks are as follows:

- Waterfront Walkway
- Rails with Trails (Okanagan Rail Trail)
- Mill Creek
- Bellevue Creek
- Gopher Creek
- Mission Creek – Lakeshore to the Lake

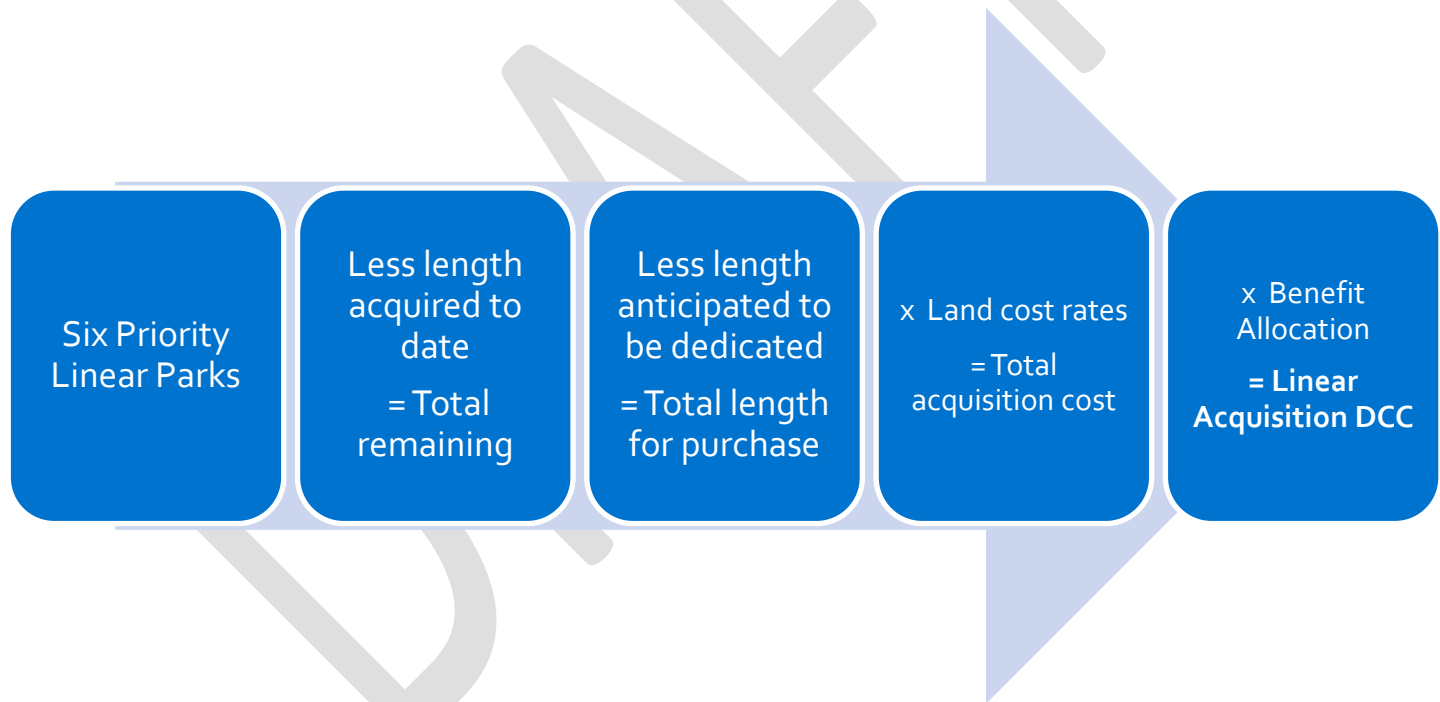


Figure 5.1 - Steps for Determining Linear Parks Acquisition DCC Program

Figures outlining the extent of each linear park that is included in the Linear Parks Acquisition DCC Program are provided on the following pages.

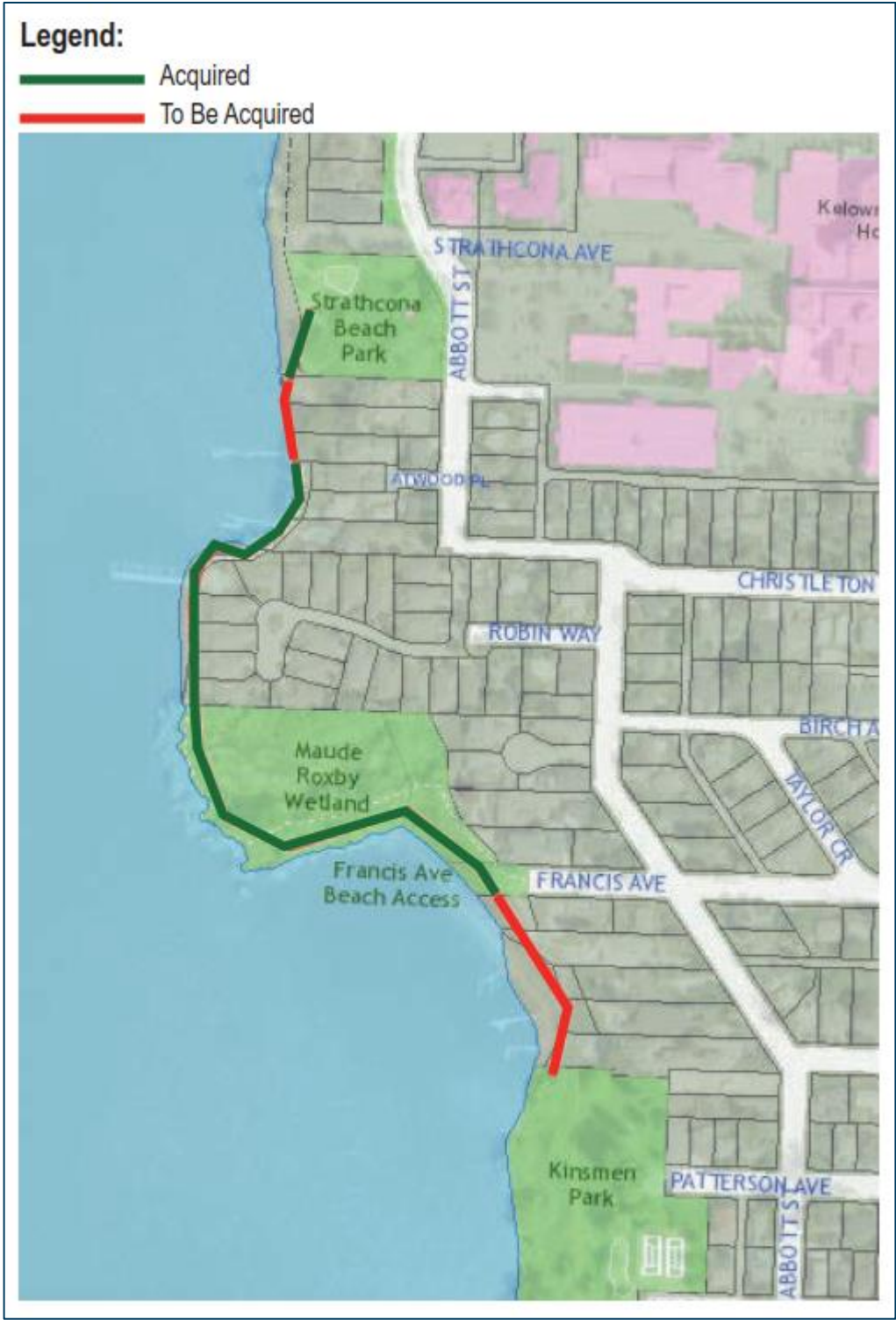


Figure 5.2 - Waterfront Walkway A – Strathcona Park to Kinsmen Park



Figure 5.3 - Waterfront Walkway B – Rotary Beach to Truswell Property



Figure 5.4 - Mission Creek Walkway - Lakeshore to Okanagan Lake

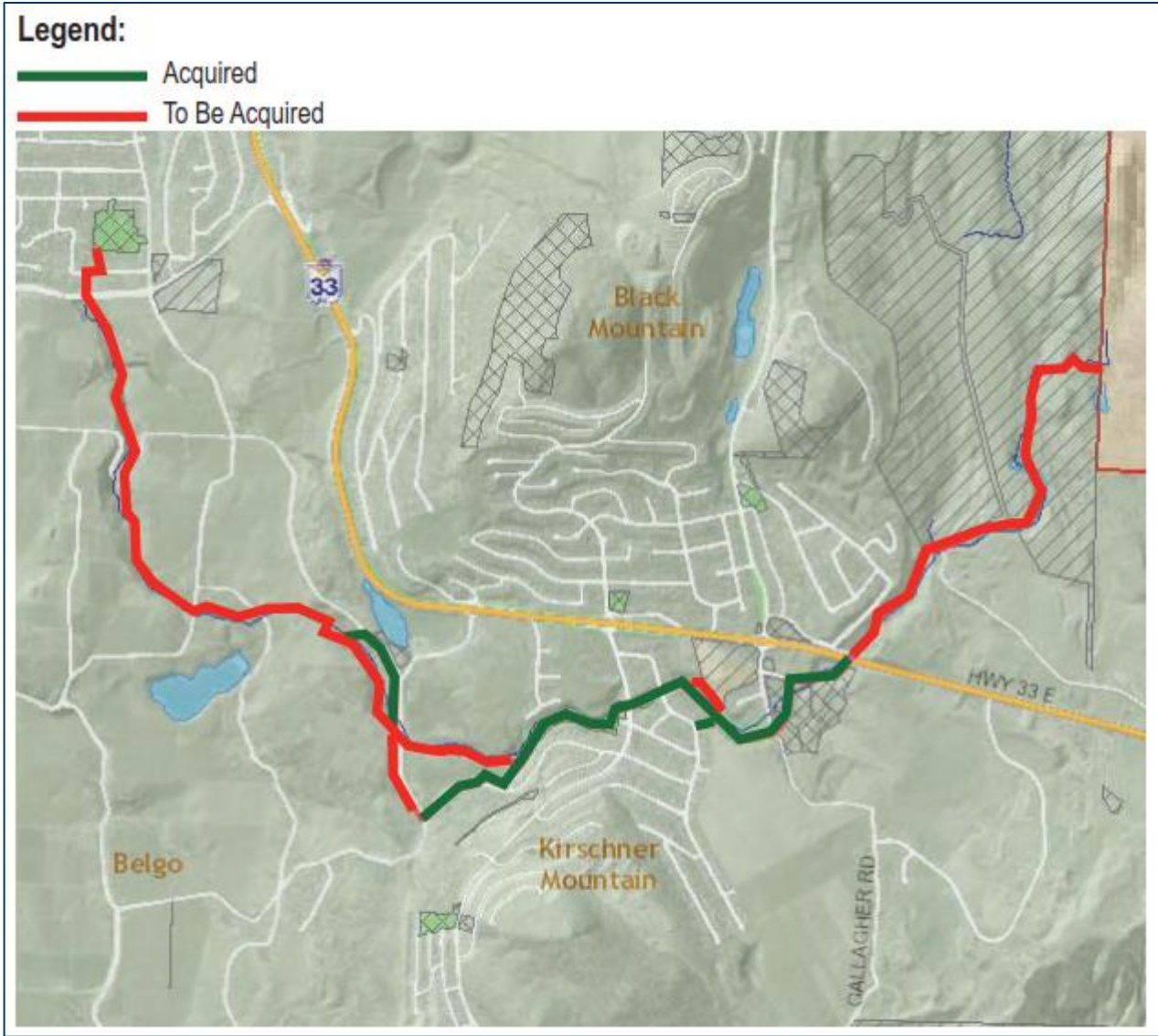


Figure 5.5 - Gopher Creek

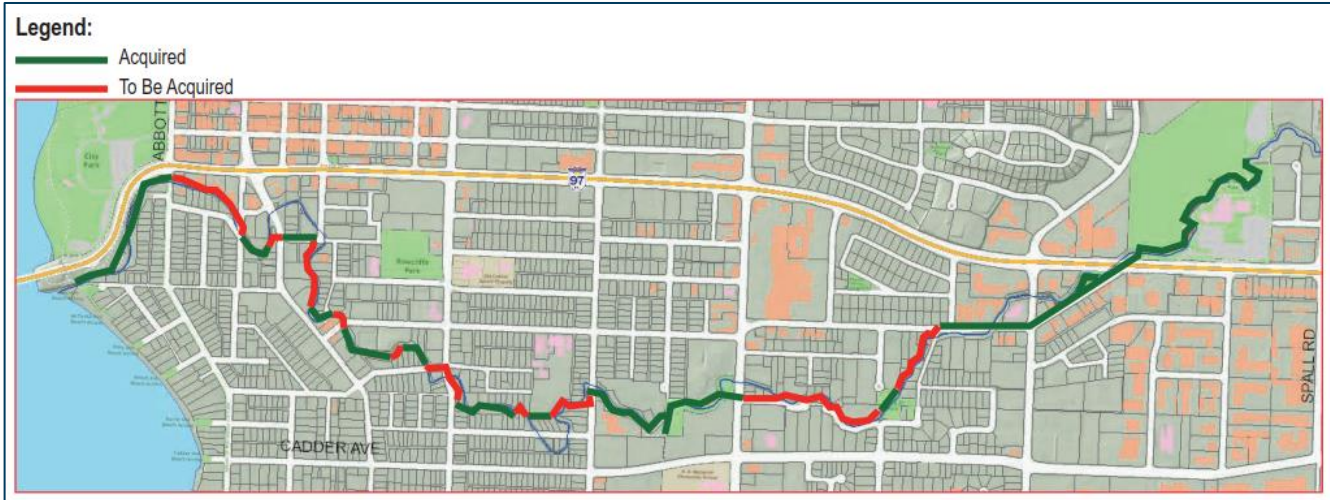


Figure 5.6 - Mill Creek – Parkinson Rec to Okanagan Lake

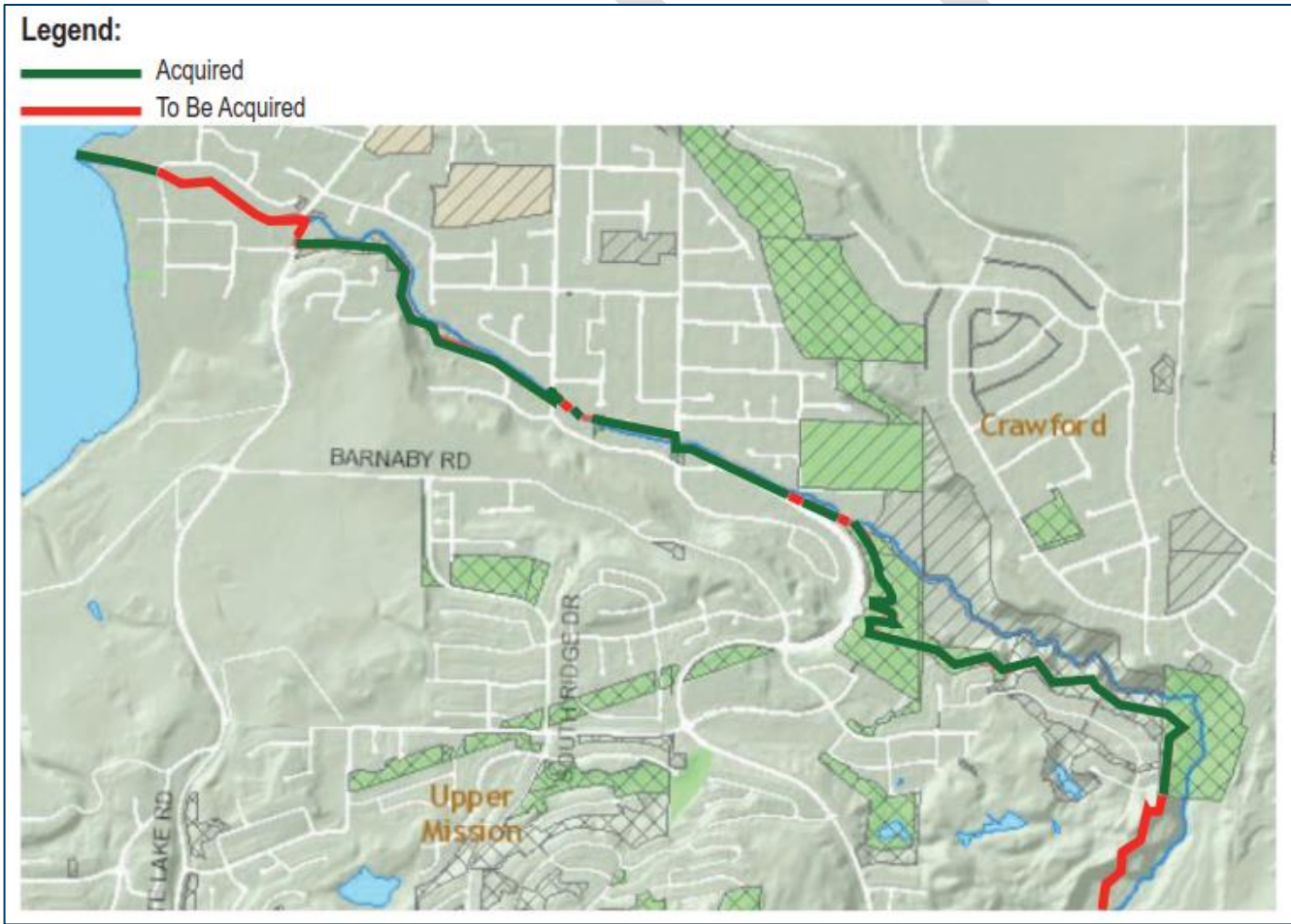


Figure 5.7 - Bellevue Creek

Portions of the remaining lengths are anticipated to be dedicated as a result of future rezoning and are therefore not included in the acquisition costs. An acquisition area is calculated assuming a corridor width of 15m. The acquisition costs are then calculated using typical land values, and assuming either outright purchase or a Statutory Right of Way (SROW).

Table 5.1 below shows the remaining priority linear parks assumed to be dedicated, remaining to be acquired (outright or SROW), the associated area, the land value, based on the type of land in the area, and the acquisition cost. These values have been calculated based on 2019 general averaged assessed values and are subject to change.

Table 5.1 - Linear Parks Acquisition Breakdown

Priority Linear Park	Length (m)	Area (m2)	Market Value (\$/m2)	Land Type	Acquisition Type	Subtotal Acquisition	Total Acquisition
Mission Creek Greenway							\$0
	89	1335	\$1,079.26	Commercial	Dedication (100% discount)	\$0	
Waterfront Walkway (A)							\$2,265,792
	94	1410	\$1,606.94	Res-Waterfront	Purchase (100% market value)	\$2,265,792	
Waterfront Walkway (B)							\$843,646
	175	2625	\$1,079.26	Commercial	Dedication (100% discount)	\$0	
	35	525	\$1,606.94	Res-Waterfront	Purchase (100% market value)	\$843,646	
Gopher Creek							\$2,745,610
	2963	44445	\$32.30	Agricultural	SROW (50% discount)	\$717,691	
	260	3900	\$519.98	Res-Rural	Purchase (100% market value)	\$2,027,919	
	572	8580		Road		\$0	
Mill Creek							\$2,191,704
	78	1170	\$1,024.97	Res-Central (S2Res)	Dedication (100% discount)	\$0	
	100	1500	\$1,024.97	Res-Central (S2Res)	Purchase (100% market value)	\$1,537,452	
	475	7125	\$889.38	Multi-family	Dedication (100% discount)	\$0	
	40	600	\$889.38	Multi-family	Purchase (100% market value)	\$533,628	
	216	3240	\$1,079.26	Commercial	Dedication (100% discount)	\$0	
	177	2655	\$392.69	Industrial	Dedication (100% discount)	\$0	
	498	7470	\$32.30	Agricultural	SROW (50% discount)	\$120,624	
Bellevue Creek Phase 1+2							\$1,068,557
	137	2055	\$519.98	Res-Suburban	Purchase (100% market value)	\$1,068,557	
Total	5909	88635				\$9,115,309	\$9,115,309

The table above shows that cost to acquire the Priority Linear parks is \$9,115,309.

The Priority Linear Parks have been identified by policy. In order to calculate development cost charges, we need to identify the amount of linear parks required to serve growth. The city does not have specific direction set out in a document such as the OCP that identifies the amount of linear park required per 1000 population.

In order to identify the amount required for growth, we can examine how much has been acquired for the current population, and use the same acquisition rate moving forward. The table below sets out the total lengths of linear the corridors and the amounts already acquired.

Table 5.2 Priority Linear Parks Acquired

Priority Linear Parks	Total Corridor Length (km)	Acquired by City (km)
Mission Creek Greenway	16.5	15.2
Rail Trail (UBCO to downtown)	20.0	20.0
Waterfront Walkway	1.0	0.8
Gopher Creek	8.5	1.0
Mill Creek - Parkinson Rec to Okanagan Lake	19.0	7.6
Bellevue Creek - Phase 1 and 2	13.0	5.5
Total	78.0	50.1

The City has acquired 50.1 km of trails for the current population of 131, 600. The table below shows that this means going forward at the same rate the city needs to acquire 9.05 km to service the expected growth over the next 10 years.

Table 5.3 - Linear Parks Length Required to Support Growth

Population City of Kelowna	131,600
Length acquired to date	50.1 km
Length acquired per 1000 people	0.38 km/1000
Population growth in Equivalent units - 10 years	23,773
Proposed length required to support growth	9.05 km

The 9.05 km, or 9050 metres, exceeds the 5909 metres of linear park identified to be acquired as set out in table 10 above. In other words, every metre of this linear parkland is required to support growth since the City is acquiring even less linear parks than is required over the next 10 years. Hence a Benefit Factor of 100% can be ascribed to linear parks acquisition costs serving growth.

6. DCC Projects and Costs

The parks development projects and costs are set out in the tables below for the following types of parks:

- Neighbourhood
- Community
- Recreation
- City-wide

For each category of park, the table sets out the following information:

- The name of the park
- The area in hectares - this is the area of the park that is being covered with development. The entire park may be larger than the area noted, but this is the area actually being developed for the project. This is important to note, because this is the figure that contributes to meeting the amount of park development required per 1000 people of growth.
- The total construction cost – this is the total cost before subtracting any ineligible components, benefit allocation percentages, or assist factors.
- Ineligible construction cost. – this is the cost of components that cannot be recovered through DCCs. It includes the items noted in section 2 including items such as parking lots, access roads, artificial turf, buildings and sport courts.
- Eligible construction cost – this is the cost of components that can be recovered through DCCs as defined by the Local Government Act
- Benefit allocation percentage – this is the percentage of the Eligible construction costs that can be allocated to growth. The derivation of this benefit allocation is explained in section 3.
- DCC eligible cost (before applying assist factor) – this is the portion of the eligible cost that can be recovered through DCCs, after application of the benefit allocation, but before applying the assist factor. This is the amount used in the calculation of the DCC rates.

Samples of the Project sheets used to calculate the costs for each park are set out in Appendix A

Table 6.1 - NEIGHBOURHOOD PARK DEVELOPMENT

	Park Name	Area (Ha)	Total Construction Cost	Ineligible Construction Cost	Eligible Construction Cost	Benefit Allocation Percentage	DCC Eligible Cost (before applying assist factor)
	Ballou Park	1.30	\$1,723,081	\$52,577	\$1,670,504	100%	\$1,670,504
	Martin Park	0.60	\$1,544,814	\$165,040	\$1,379,773	100%	\$1,379,773
	Walrod Park	0.98	\$1,971,995	\$542,222	\$1,429,773	100%	\$1,429,773
	Landmark Urban Centre Park	1.20	\$3,151,991	\$242,700	\$2,909,291	100%	\$2,909,291
	Burne Avenue Park	0.60	\$1,986,956	\$557,183	\$1,429,773	100%	\$1,429,773
	Tower Ranch Park #1	0.20	\$630,737	\$0	\$630,737	100%	\$630,737
	Tower Ranch Park #2	0.60	\$1,004,552	\$0	\$1,004,552	100%	\$1,004,552
	The Ponds Park #1	0.60	\$1,004,552	\$0	\$1,004,552	100%	\$1,004,552
	The Ponds Park #2	0.60	\$1,004,552	\$0	\$1,004,552	100%	\$1,004,552
	Kirschner Park #1	0.85	\$1,244,178	\$0	\$1,244,178	100%	\$1,244,178
	Wilson Avenue Park	0.35	\$1,712,554	\$512,163	\$1,200,391	100%	\$1,200,391
	Prospect at Black Mountain	0.04	\$467,791	\$0	\$467,791	100%	\$467,791
	Elliot Avenue Park	0.35	\$1,524,855	\$324,464	\$1,200,391	100%	\$1,200,391
	Marshall Street Park	0.28	\$1,134,786	\$165,622	\$969,164	100%	\$969,164
	Wilden - Landrover Park	0.25	\$669,077	\$0	\$669,077	100%	\$669,077
	University South Park #2	0.70	\$1,133,650	\$33,247	\$1,100,403	100%	\$1,100,403
	Fraser Lake Park	0.60	\$1,199,552	\$0	\$1,199,552	100%	\$1,199,552
	Band Road Park	0.80	\$1,317,344	\$121,091	\$1,196,253	100%	\$1,196,253
	Ritchie Brook Park	1.50	\$3,254,299	\$108,750	\$3,145,549	100%	\$3,145,549
	TOTAL	12.40	\$27,681,316	\$2,825,058	\$24,856,258		\$24,856,258

Table 6.2 - COMMUNITY PARK DEVELOPMENT

	Park Name	Area (Ha)	Total Construction Cost	Ineligible Construction Cost	Eligible Construction Cost	Benefit Allocation Percentage	DCC Eligible Cost (before applying assist factor)
	Dehart Park	3.9	\$10,060,962	\$1,832,248	\$8,228,714	100%	\$8,228,714
	Gallagher Park (Black Mountain)	2.5	\$8,794,833	\$2,367,345	\$6,427,488	100%	\$6,427,488
	University South Park #1	2.0	\$6,924,606	\$1,238,431	\$5,686,175	100%	\$5,686,175
	Rutland Centennial Park - Phase 4	0.8	\$2,678,881	\$935,908	\$1,742,973	100%	\$1,742,973
	Ponds Community Park - Sports Field	1.0	\$989,263	\$151,670	\$837,593	100%	\$837,593
	TOTAL	10.15	\$29,448,544	\$6,525,603	\$22,922,941		\$22,922,941

Table 6.3 - RECREATION PARK DEVELOPMENT

	Park Name	Area (Ha)	Total Construction Cost	Ineligible Construction Cost	Eligible Construction Cost	Benefit Allocation Percentage	DCC Eligible Cost (before applying assist factor)
	Glenmore Recreation Future Phases	4.5	\$19,864,935	\$10,797,505	\$9,067,430	100%	\$9,067,430
	Mission Recreation - Softball Diamonds	3.0	\$4,877,230	\$1,900,544	\$2,976,686	100%	\$2,976,686
	Parkinson Recreation - Soccer Field	1.0	\$1,903,850	\$72,500	\$1,831,350	100%	\$1,831,350
	Mission Recreation - Youth Park, Plaza, & Trail System	1.2	\$3,085,085	\$1,160,000	\$1,925,085	100%	\$1,925,085
	Rutland Recreation - Soccer Fields	1.6	\$2,850,265	\$72,500	\$2,777,765	100%	\$2,777,765
	TOTAL	11.30	\$32,581,365	\$14,003,049	\$18,578,317		\$18,578,317

Table 6.4 - CITY-WIDE PARK DEVELOPMENT

	Park Name	Area (Ha)	Total Construction Cost	Ineligible Construction Cost	Eligible Construction Cost	Benefit Allocation Percentage	DCC Eligible Cost (before applying assist factor)
	Kerry Park - Future Phases	0.50	\$6,280,653	\$1,370,250	\$4,910,403	100%	\$4,910,403
	City Park - Playground Expansion & Additional Amenities	0.70	\$7,576,214	\$3,749,555	\$3,826,659	100%	\$3,826,659
	Pandosy Waterfront Park	7.00	\$6,195,790	\$1,634,875	\$4,560,915	100%	\$4,560,915
	Sutherland Bay Park	2.20	\$9,197,756	\$2,853,501	\$6,344,255	100%	\$6,344,255
	TOTAL	10.40	\$29,250,413	\$9,608,181	\$19,642,232		\$19,642,232

Linear Park Development

The eligible Linear Park development costs area assumed as follows:

- Trail Installation: \$75 / linear metre (includes grading, trail surface install, and edge restoration work)
- Signage and site furnishings: \$15 / linear metre
- TOTAL: \$90 per linear metre.

A 30% contingency is added to this figure to result in \$117 per lineal metre, which has been rounded to \$120 per lineal metre.

The length of trail development as set out in Table 10 is 5909 metres

- Total assumed linear metres of trail development: 5909
- Cost per lineal metre: \$120
- Total eligible costs for Linear Parks development: \$709,080

Summary

In summary, the total Development DCC eligible cost before applying the assist factor for each park type is set out in the table below:

Table 6.5 - Total Development DCC Eligible Cost

Park type	Total Development DCC eligible cost (before applying the assist factor)
Neighbourhood	\$24,856,258
Community	\$22,922,941
Recreation	\$18,578,317
City-wide	\$19,642,232
Linear	\$709,080
Total	\$86,708,828

Table 6.6 below sets out the:

- Costs recovered by DCCs, after adding the DCC administration costs and subtracting the assist amounts.
- Costs that are not recovered by DCC and need to be recovered by other means such as general property taxation, fees, Infrastructure levy or other methods. These include that amounts that are not eligible for DCCs (e.g. sport courts) the amount that is not allocated to growth because of the application of the benefit allocation, and that 8% DCC assist and that amount equivalent to the assist based on the reduced charges for secondary suites.

Note that table 14 is based on all proposed DCCs proceeding and that Models are set out in subsequent sections that show how to reduce the DCCs and consequently the municipal portion.

Table 6.6 - Development costs recovered by DCC and Costs recovered by other methods

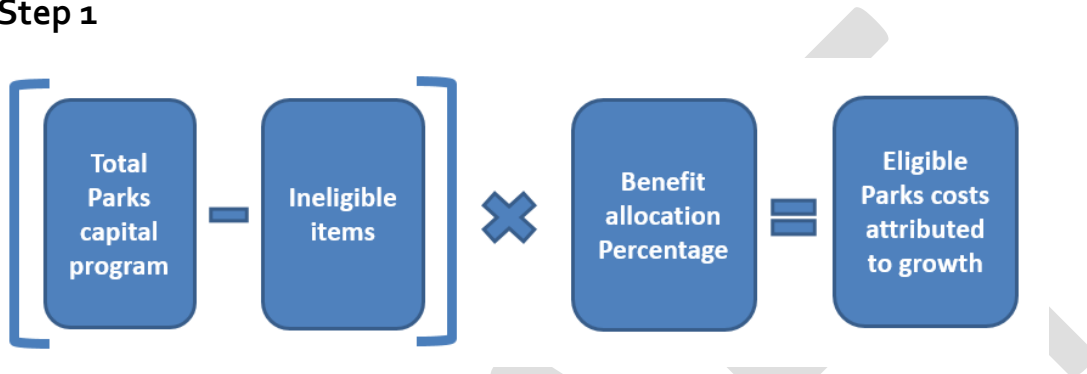
Park type	Total Development costs recovered by DCCs	Total Development costs recovered by other methods (ineligible + not allocated to growth + assist amount)
Neighbourhood	\$22,242,871	\$5,687,008
Community	\$20,512,823	\$9,164,950
Recreation	\$16,624,992	\$16,142,156
City-wide	\$17,577,048	\$11,869,788
Linear	\$634,527	\$81,643
Total	\$77,592,261	\$42,945,545

The amounts of total development costs recovered by other methods varies under a number of different options explored in subsequent sections.

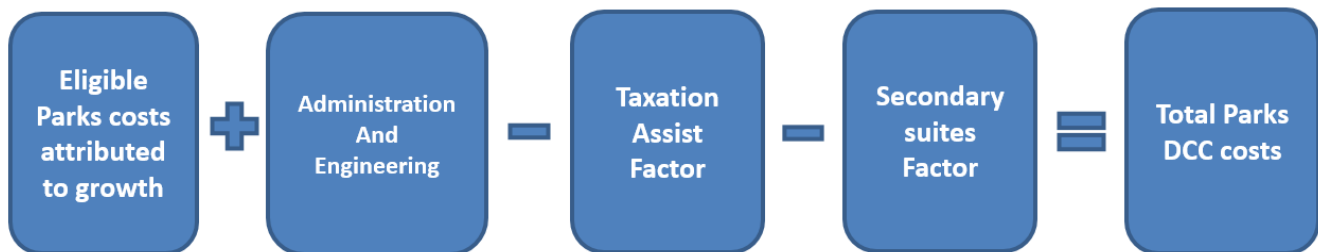
7. DCC Rates

To calculate the DCCs, the total parks capital program is considered and then ineligible items are subtracted along with the portion that is not attributed to growth, based on the benefit allocation percentage. The DCC assist amount is subtracted from the eligible parks costs attributed to growth to arrive at the total parks DCC costs. This total figure is then divided by the total units projected over the 10 year period to arrive at the DCCs per unit. This sequence is illustrated in the diagram below.

Step 1



Step 2



Step 3

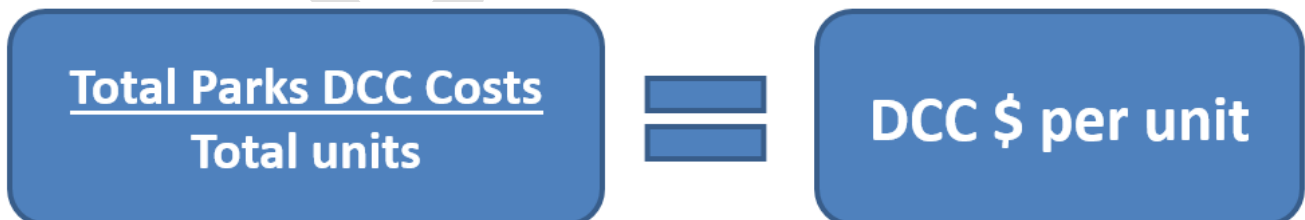


Figure 7.1 - Steps for Calculation of DCC Rates.

The DCC calculations for the Parks DCC Program is set out in this section of the report. Separate calculations shown for Neighbourhood, Community, Recreation, City-wide, and Linear parks development in order to see how much of the rate is contributed by each type of park.

DCC rates will apply to development for Neighbourhood, Community, Recreation, City-wide and Linear Parks. Linear Parks acquisition may apply here as well. Provided below are tables indicating the total DCC per equivalent unit for each park type.

Active Parks Acquisition (Existing DCC)

The City has an existing Parkland Acquisition DCC that collects funds to pay for acquiring Neighbourhood, Community, Recreation and City-wide parkland to serve growth.

Although DCC is collected as one charge, the Neighbourhood Parks portion is estimated to be \$1,891 per unit and the charge for the rest including Community, Recreation and City-wide is estimated to be \$5,251 per unit. The Neighbourhood parks portion is useful to know as the City would not be able to collect this amount if it imposed a requirement for developers to provide 5% parkland dedication.

The existing acquisition DCC calculation for Neighbourhood, Community, Recreation & City-wide is set out below.

		Acquisition
Total Eligible Parks Acquisition costs (after adjusting for secondary suites)		\$147,052,600
Plus Administration and Engineering fees	@1%	\$14,705,500
Total costs with Admin & Eng		\$148,523,100
Less Taxation Assist	@ 8%	\$11,881,900
Total For DCC		\$136,641,400
Equivalent units of Growth (20 year plan)		19,133
DCC per Equivalent Unit		\$7,142

Adding Commercial, Industrial and Institutional Units

If we add Commercial, Industrial and Institutional units to those who pay the existing parks acquisition DCC in year 2 (2021), the same acquisition costs are spread over more units. The existing parks acquisition DCC is \$7,142. All things remaining the same, adding the Commercial, Industrial and Institutional units reduces the parks acquisition DCC to \$6,591, a reduction of \$551 per unit.

Linear Park Acquisition

The acquisition DCC calculation for Linear Parks is set out below.

		Acquisition
Total Eligible Parks Development costs		\$9,115,309
Plus Administration and Engineering fees	@1%	\$91,153
Total costs with Admin & Eng		\$9,206,462
Less Taxation Assist	@ 8%	\$736,517
Less assumed assist for secondary suites	@ 3.4%	\$313,020
Total For DCC		\$8,156,925
Equivalent units of Growth		10,806
DCC per Equivalent Unit		\$755

Neighbourhood Park Development

The development DCC calculation for Neighbourhood Park Development is set out below.

		Development
Total Eligible Parks Development costs		\$24,856,258
Plus Administration and Engineering fees	@1%	\$248,563
Total costs with Admin & Eng		\$25,104,820
Less Taxation Aassist	@ 8%	\$2,008,386
Less assumed assist for secondary suites	@ 3.4%	\$853,564
Total For DCC		\$22,242,871
Equivalent units of Growth		10,806
DCC per Equivalent Unit		\$2,058

Community Park Development

The development DCC calculation for Community Parks Development is set out below.

	Development	
Total Eligible Parks Development costs		\$22,922,941
Plus Administration and Engineering fees	@1%	\$229,229
Total costs with Admin & Eng		\$23,152,171
Less Taxation Assist	@ 8%	\$1,852,174
Less assumed assist for secondary suites	@ 3.4%	\$787,174
Total For DCC		\$20,512,823
Equivalent units of Growth		10,806
DCC per Equivalent Unit		\$1,898

Recreation Park Development

The development DCC calculation for Recreation Parks Development is set out below.

	Development	
Total Eligible Parks Development costs		\$18,578,317
Plus Administration and Engineering fees	@1%	\$185,783
Total costs with Admin & Eng		\$18,764,100
Less Taxation Assist	@ 8%	\$1,501,128
Less assumed assist for secondary suites	@ 3.4%	\$637,979
Total For DCC		\$16,624,992
Equivalent units of Growth		10,806
DCC per Equivalent Unit		\$1,538

City-wide Park Development

The development DCC calculation for City-wide Parks Development is set out below.

	Development	
Total Eligible Parks Development costs		\$19,642,232
Plus Administration and Engineering fees	@1%	\$196,422
Total costs with Admin & Eng		\$19,838,654
Less Taxation Assist	@ 8%	\$1,587,092
Less assumed assist for secondary suites	@ 3.4%	\$674,514
Total For DCC		\$17,577,048
Equivalent units of Growth		10,806
DCC per Equivalent Unit		\$1,627

Linear Parks Development

The development DCC calculation for Linear Parks Development is set out below.

	Development	
Total Eligible Parks Development costs		\$709,080
Plus Administration and Engineering fees	@1%	\$7,091
Total costs with Admin & Eng		\$716,171
Less Taxation Assist	@ 8%	\$57,294
Less assumed assist for secondary suites	@ 3.4%	\$24,350
Total For DCC		\$634,527
Equivalent units of Growth		10,806
DCC per Equivalent Unit		\$59

Summary of Parks DCCs

A summary of the revised full acquisition and full development DCCs is provided in table 7.1 below. This includes Acquisition DCCs for all four types of Active Park and Linear Park applicable to Residential development, and Development DCCs for all four types of Active Park and Linear Park applicable to Residential, Commercial, Industrial & Institutional projects. For the reasons discussed previously, it does not include acquisition DCCs for Commercial, Industrial or Institutional. Nor does it include a reduction in the taxation assist. These two items are proposed to be considered at the next major DCC review.

Table 7.1 Summary of Parks DCCs

	Projected Single Detached Residential DCCs per unit
Park type	
Neighbourhood Parks Development	\$2,058
Community Parks Development	\$1,898
Recreation Parks Development	\$1,538
City-wide Parks Development	\$1,627
Linear Parks Development	\$59
Linear Parks Acquisition	\$755
Existing Parks Acquisition	\$7,142
Reduction in Existing Acquisition if Commercial, Industrial and Institutional uses are added	-\$551

These amounts are considered in the options set out in the next section below. Currently the parks DCCs do not vary by density, so if the same approach was used that rate would apply to all residential units (except those less than 55.8 sq.m., which pay a modified rate).

If all the considerations are incorporated this is a significant increase in the overall Parks DCCs. It should be highlighted, when considering this figure against other municipalities, that Kelowna does not require the 5% parkland dedication at subdivision. The impacts of not imposing the 5% parkland dedication is shown in section 11, and essentially means that developers need to pay an additional \$8,500 to \$14,500 per lot that is not required in Kelowna.

In order to collect the proposed DCCs the City must demonstrate in the Capital Plan the funding model for the matching municipal contribution. A portion of the Infrastructure Levy, and the Parks Revenues discussed in subsequent chapters assists in generating revenues to contribute to the municipal portion. The combination of the amounts already identified in the 10-year Capital Plan coming from General Revenues (primarily property taxation) and gas tax revenues, along with the portion of the Infrastructure Levy and the Parks Revenues provide just enough funding to cover the municipal portion.

Four Models

In order to reduce this financial impact on new development and similarly reduce the unfunded portion of municipal contributions three alternative options for consideration have also been included as set out in the following table.

A – Full Implementation – As described above, the parks acquisition DCC includes the full amount of the existing parkland acquisition DCC (less the introduction of acquisition DCC for Commercial/Industrial in Year 2), as well as the proposed Linear Parks Acquisition DCC. The parks development DCC includes the full proposed parks development DCC as calculated above.

B – 5% Parkland Dedication + Full Development – The City adopts the 5% parkland dedication at subdivision, and the Parks Acquisition DCC is assumed to be reduced to delete the Neighbourhood parkland component. The proposed Linear Parks Acquisition DCC is included. The full proposed Parks Development DCC is included as described above (all four active park types + linear).

C – Staggered Implementation – As with A above, the Parks DCC includes the full amount of the existing Parkland Acquisition DCC (all four active park types + linear), and Parkland Development DCC (all four active park types + linear). However, the introduction of the Parkland Development DCC is staggered over three years: Year 1 - Neighbourhood & Community Parks, Year 2 – Recreation & Linear Parks, and Year 3 – City-wide Parks.

D – 5% Parkland Dedication + Staggered Implementation – The City adopts the 5% parkland dedication at subdivision, and the Parks Acquisition DCC is assumed to be reduced to delete the Neighbourhood parkland component. The proposed Linear Parks Acquisition DCC is included. The full proposed Parks Development DCC is included as described above (all four active park types + linear). However, the introduction of the Parkland Development DCC is staggered over three years: Year 1 - Neighbourhood & Community Parks, Year 2 – Recreation & Linear Parks, and Year 3 – City-wide Parks.

2040 OCP – Full DCC Update (2021)

In addition to the inclusion of Parks Acquisition DCCs for Commercial, Industrial & Institutional projects included in the calculations above, the 2021 update could also consider the reduction of the taxation assist to 1% + 3.4%. These changes could be brought forward at the next major DCC review following the adoption of the 2040 Official Community Plan.

The results of the analysis are set out in the Table 7.2 below.

Table 7.2 Summary of Models for Parks DCCs

		Current Parks DCC	Model A - Full implementation	Model B - With 5% parkland dedication	Model C - Staggered implementation	Model D - Staggered plus 5% dedication	2040 OCP DCC update (2021)
Parkland Acquisition							
Existing DCCs	<i>Neighbourhood</i>	✓	✓	✗	✓	✗	
	<i>Community</i>	✓	✓	✓	✓	✓	
	<i>Recreation</i>	✓	✓	✓	✓	✓	
	<i>City-wide</i>	✓	✓	✓	✓	✓	
New Linear Parkland Acquisition DCCs			✓	✓	✓	✓	
New Commercial/Industrial Acquisition DCCs			Yr 2 ✓	Yr 2 ✓	Yr 2 ✓	Yr 2 ✓	✓
5% Parkland dedication			✗	✓	✗	✓	
Reduce taxation assist to 1% + 3.4%							✓
Total Acquisition DCCs (per residential unit)		\$7,142	\$7,346	\$5,455	\$7,346	\$5,455	\$7,897
Parkland Development							
New DCCs	<i>Neighbourhood</i>		✓	✓	Yr 1 ✓	Yr 1 ✓	
	<i>Community</i>		✓	✓	Yr 1 ✓	Yr 1 ✓	
	<i>Recreation</i>		✓	✓	Yr 2 ✓	Yr 2 ✓	
	<i>Linear</i>		✓	✓	Yr 2 ✓	Yr 2 ✓	
	<i>City-wide</i>		✓	✓	Yr 3 ✓	Yr 3 ✓	
New Commercial/Industrial Development DCCs			✓	✓	✓	✓	
Reduce taxation assist to 1% + 3.4%							✓
Total Development DCCs (per residential unit)		\$0	\$7,180	\$7,180	Yr 1 \$3,956 Yr 2 \$5,553 Yr 3 \$7,180	Yr 1 \$3,956 Yr 2 \$5,553 Yr 3 \$7,180	\$7,748
Total Existing and New Parks DCCs (per unit)		\$7,142	\$14,526	\$12,635	Yr 1 \$11,384 Yr 2 \$12,899 Yr 3 \$14,526	Yr 1 \$9,411 Yr 2 \$11,008 Yr 3 \$12,635	\$15,645

The impacts of each option in terms of the funds required from other sources at the city are set out in table 7.3 below.

Table 7.3 summary of City Matching Revenue Requirements and Sources

Matching Revenue Sources							
Parks Program							
Total Parks DCC Revenues (per annum)		\$7,717,645	\$15,697,153	\$13,653,739	\$15,697,153	\$13,653,739	\$16,905,595
Ineligible Parks Costs (per annum)		\$0	\$3,296,189	\$3,296,189	\$3,296,189	\$3,296,189	\$3,296,189
Taxation assist (per annum)		\$993,015	\$2,097,847	\$1,834,297	\$2,097,847	\$1,834,297	\$809,695
Subtotal- Matching Municipal Contribution (per annum)		\$993,015	\$5,394,036	\$5,130,486	\$5,394,036	\$5,130,486	\$4,105,884
Total Parks Program (per annum)		\$8,710,660	\$21,091,189	\$18,784,225	\$21,091,189	\$18,784,225	\$21,011,480
Municipal Revenues							
Taxation/Gas Tax (10-year capital plan) (per annum)		\$994,528	\$3,550,173	\$3,550,173	\$3,550,173	\$3,550,173	\$3,550,173
Infrastructure Levy (27%) (per annum)		\$0	\$1,404,000	\$1,404,000	\$1,404,000	\$1,404,000	\$1,404,000
Parkland Revenues (per annum)		\$0	\$453,500	\$453,500	\$453,500	\$453,500	\$453,500
Municipal revenues surplus (or deficit) (per annum)		\$1,512	\$13,637	\$277,187	\$13,637	\$277,187	\$1,301,789

Commercial, Industrial and Institutional

If equivalencies for Commercial, Industrial and Institutional are kept the same as equivalencies for Roads projects in the City's existing DCC calculations, the rates for these uses would be based on the following:

- Commercial: 302 sq. m. = 1 residential unit
- Industrial: .405 hectares = 1 residential unit
- Institutional: 302 sq. m. = 1 residential unit

The resulting Parks DCC rates would be as outlined in the following table 7.4 which show the parks development DCCs under options A, B, C and D:

Table 7.4 - Projected DCC Rates for Commercial, Industrial, and Institutional Uses

Land Use	Option A	Option B	Option C Yr. 1	Option C Yr. 2	Option C Yr. 3
Commercial per sq. m.	\$26.28	\$26.28	\$13.10	\$19.84	\$26.28
Industrial per hectare	\$19,593	\$19,593	\$9,770	\$14,797	\$19,593
Institutional per sq. m.	\$26.28	\$26.28	\$13.10	\$19.84	\$26.28

Commercial, Industrial and Institutional development do not currently pay a Parkland Acquisition DCC, so the changes to the acquisition DCC with 5% parkland dedication are not included. The table only includes the proposed new Parks Development DCCs for all four types of active park and linear parks, and the proposed Linear Parks Acquisition DCCs.

8. Transition from Acquisition to Development

As part of Option 2, Council directed staff to investigate a transition of funds from linear park acquisition to parks development. As part of the exercise in 2018, the City investigated opportunities to shift parks expenditures from parks acquisition to parks development. One approach is that the City could temporarily shift the expenditures within the current funding level for parks. The shift would be to spend more on parks development and less on parks acquisition, than in the past. This would help address the issue regarding the significant amount of existing parkland that is underdeveloped. For a period of time, the City could focus more funds on parks development and somewhat less on acquisition. This would not entail a wholesale shift, but a ‘tilt’ in the priorities. Parkland acquisition would still occur in order to ensure that the City invests in parkland to support its future.

Revenue potential

From 2010 to 2017 about 59% of parks expenditures have been on acquisition and 41% on development, as demonstrated in Figure 8.1.

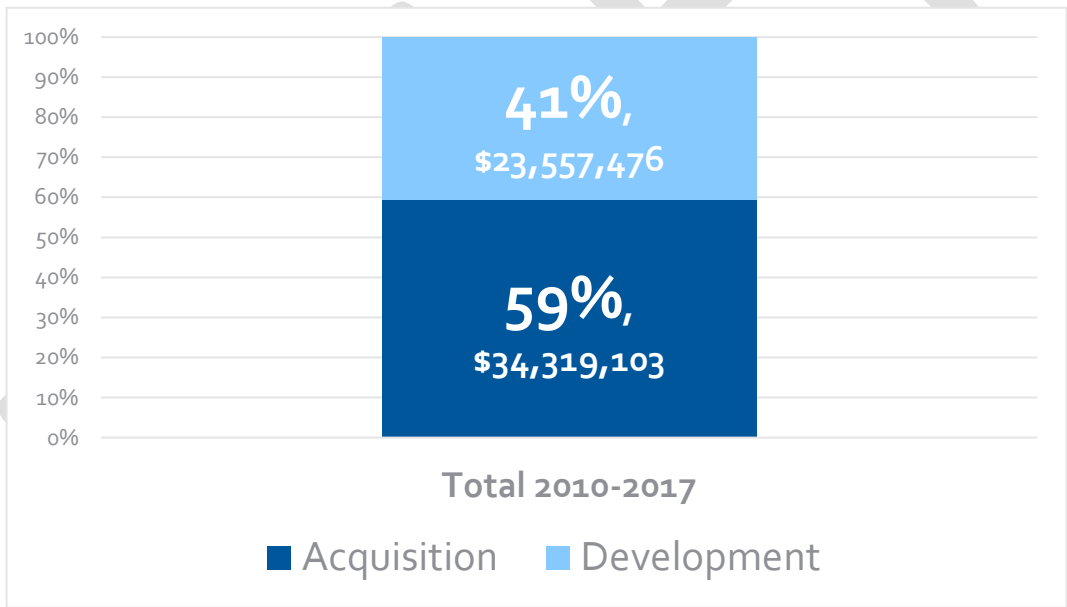


Figure 8.1 - Parks expenditures (2010 – 2017)

The amounts vary significantly from year to year as illustrated in Figure 8.2.

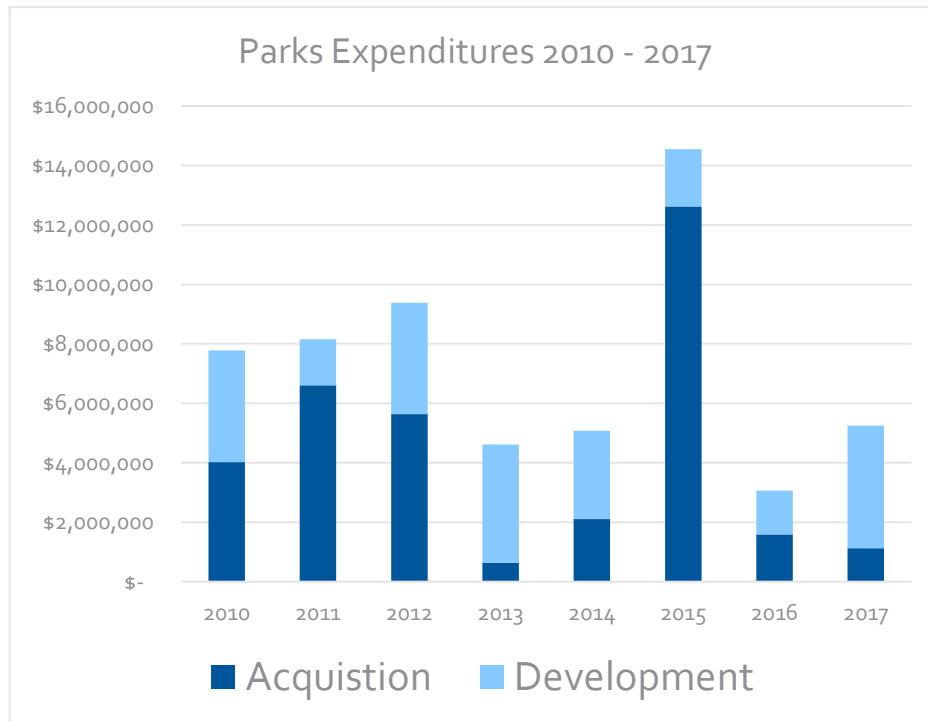


Figure 8.2 - Parks expenditures per year (2010 – 2017)

The average expenditures on parks acquisition per year over the 2010 to 2017 period were about \$4.29 million per year for acquisition and about \$2.94 million per year for development without grants. Investments vary from year to year. For example, there was a rare federal grant from stimulus funding in 2009 and 2010. Additionally, in some years investments are lower in order to finance purchases in other years. To effectively compare the amount of funds the City regularly expends on parks development from funds other than unusual grants, we compiled the total expenditures without grants.

In seeking amounts that could be shifted from expenditures on acquisition to expenditures on development, we need to consider that some sources would not be available for a shift from acquisition to development and these include:

- Expenditures from Acquisition DCC reserves (\$18.35 million from 2010 to 2017)
- Expenditures from Land Sales/Parkland Statutory Reserve (\$5.86 million from 2010 to 2017)

The significant sources that could be shifted from expenditures on acquisition to expenditures on parks development include the following:

- Taxation sources – taxation funding and carryover taxation (\$5.11 million from 2010 to 2017)
- General reserves (\$1.87 million from 2010 to 2017)

These are essentially taxation sources and they added up to \$6.98 million from 2010 to 2017. About \$5.15 million of this money was spent on Natural and Linear Parks Acquisition, which is currently funded 100% from

taxation sources. The remaining \$1.83 million was spent to provide the 11.4% taxation assist for DCC parks acquisition.

The \$6.98 million translates to about \$872,000 per year. One option could be to shift all those funds from acquisition to parks development, providing \$872,000 per year. This would leave \$872,000 less per year to acquire Natural and Linear parkland and to make up the assist amount to accompany parkland acquisition funds. This shift could be accomplished in a number of different ways:

- The City could reduce the Parks Acquisition DCC taxation assist. If the taxation assist was reduced, that would free up additional taxation funds for development, since the money would not be required to pay the assist portion of parkland acquisition.
- If a Linear Park Acquisition DCC is adopted, 88.6% of the Linear Park acquisition taxation funding could shift to park development while still maintaining the same rate of Linear Park acquisition. This equates to about \$4.60 million over the next ten years.

The creation of a DCC for linear parks can facilitate the transition of some taxation funds from acquiring parkland to developing parkland. By creating a new DCC for linear parks, this will free up taxation funds that are currently used to acquire Linear Parks for potential development of parks. This approach is the one pursued in more detail and this report sets out the calculation of the Linear Parks acquisition DCC in another section.

9. Infrastructure Levy

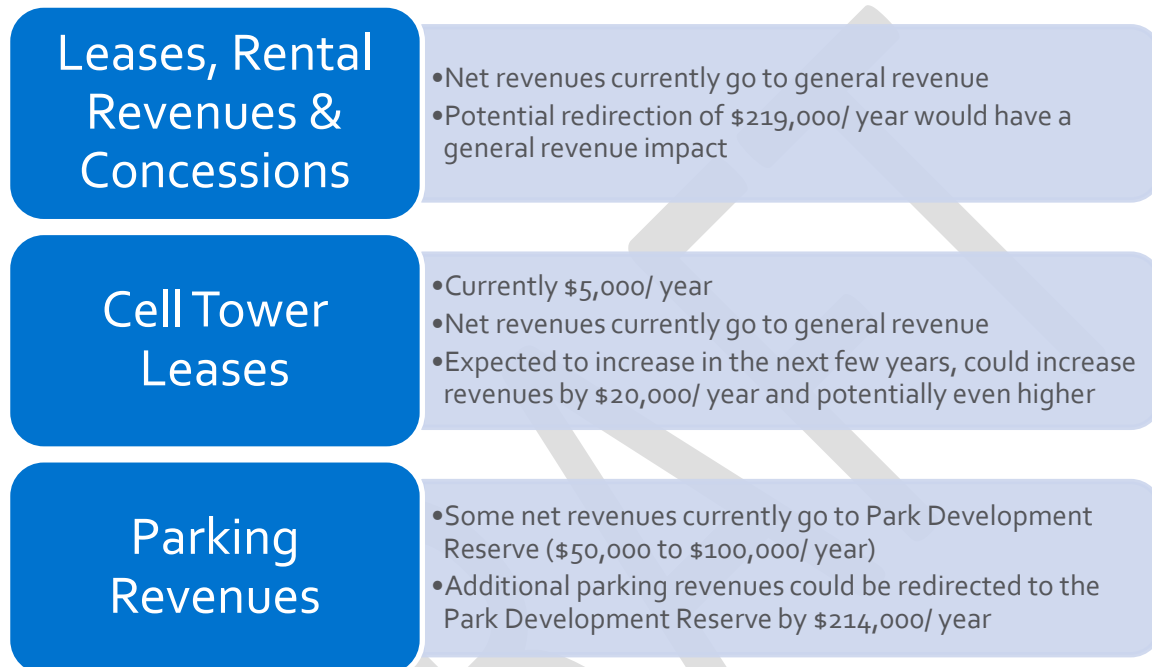
As recommended in the report of June 11, 2018 on the Parks Development Funding Strategy, Council directed that staff investigate the benefits of creating an Infrastructure Levy. Recognizing the infrastructure deficit exists across all infrastructure types, not only parks, this has been developed independently and was brought forward to Council in December 2018. City Council approved a 1.95% Infrastructure Levy to be added to the annual general property taxation in 2019. An additional 1.95% Infrastructure Levy will be added in 2020 and thereafter the revenue generated from the Levy will be used for infrastructure investment.

The 1.95% Infrastructure Levy will generate an estimated \$2.6 million in 2019, and \$5.2 million in 2020 onward for a total of \$49.4 million in the next 10 years. Allocation of this funding has not been confirmed yet. As the previous Council Report of June 2018 calculated, 27% of Infrastructure Levy is presumed for parks, matching the proportional breakdown as set out in the 2030 Capital Plan. The 27% of 5.2 million results in \$1,404,000 per year for parks.

The Infrastructure levy contribution assists in reducing the municipal contribution to match DCCs raised which is dependent on available taxation, reserves and gas tax.

10. Park Revenues

Staff was asked to investigate park revenues as another potential income source. Sources include property leases, rental revenue, parking revenue, concessions, and cell tower revenues. The results below show potential approximate revenues. Some of these would mean redirection of revenues that are currently directed towards general revenue, and would have a general revenue impact. Some are expected to increase in the near future, such as cell towers. Other rates, such as parking, are low compared to market rates and have potential to increase.



In summary, revenues from parking revenues, cell tower leases, rental revenues and concessions could generate a total of \$453,500 per year for parks development purposes.

By linking revenues generated within parks to parks development, a 'cause and effect' loop is created within the cost centre. If a park project is brought forward and existing rental properties are demolished, the loss of rental revenue must be considered when prioritizing the project.

Revenues generated within parks are significant and will serve to reduce the taxation burden for the matching municipal contribution.

Finally, renewal costs for the City's boat ramps are anticipated in the near future. They are currently unfunded in the Ten Year Capital Plan, and would not be covered by the Parks Development DCCs. Following the principle of 'user pay', it is proposed that revenues generated from the boat launch parking lots should be identified separately and retained specifically for boat ramp improvements.

11. Funding for Parkland - Provincial Context

In British Columbia, there are a number of mechanisms through the development process that provide for park acquisition and development. The following section will review these mechanisms as follows:

- Parkland provision through subdivision (LGA, s. 510)
- Park Acquisition DCCs
- Park Development DCCs

Provision of Parkland (*Local Government Act, s. 510*)

Under section 510 (1)(a) of the *Local Government Act*, municipalities may require parkland at the time of subdivision from the owner of land being subdivided. The amount of parkland to be provided must not exceed 5% of the land being subdivided, as per s. 510 (5). Municipalities may also require cash-in-lieu of parkland in an amount that equals the market value of land that would have been required for parkland purposes instead of requiring actual parkland dedication. This authority is granted under s. 510(1)(b) of the *Local Government Act*. Any funds that are generated under this clause are to be allocated for parkland acquisition to occur at a later time.

Historically and currently, Kelowna does not require a parkland dedication of 5% at subdivision. This process is currently largely funded by park acquisition DCCs. A comparison of parkland acquisition and development funding strategies was conducted to determine how other communities within the Okanagan and of similar size to Kelowna approach this tool.

The approach used by Communities in the Okanagan, and other comparative communities in BC is set out in the tables below:

Table 11.1 - 5% Parkland Dedication Comparisons of Okanagan Communities

Okanagan Comparisons	Require 5% Parkland dedications?
Lake Country	Yes ✓
Vernon	Yes ✓
West Kelowna	Yes ✓
Peachland	Yes ✓
RDCO	Yes ✓
Penticton	Yes ✓
Kelowna	No ✗

Table 11.2 - 5% Parkland Dedication Comparisons of Other BC Communities

BC Comparisons	Require 5% Parkland dedications?
Abbotsford	No X
Kamloops	Yes ✓
Langley (Township)	Yes ✓
Chilliwack	Yes ✓
Surrey	Yes ✓
Richmond	Yes ✓
Nanaimo	Yes ✓
Kelowna	No X

Tables 2 and 3 show that most communities require the 5% parkland dedication. Kelowna does not require the 5% parkland dedication but collects funds through DCCs in order to purchase parkland. Note that the addition of parkland dedication in Kelowna would add another element to the subdivision process, and associated processing costs and potential time involved in determining which lands are appropriate to dedicate, or the appropriate amount for cash in lieu contributions.

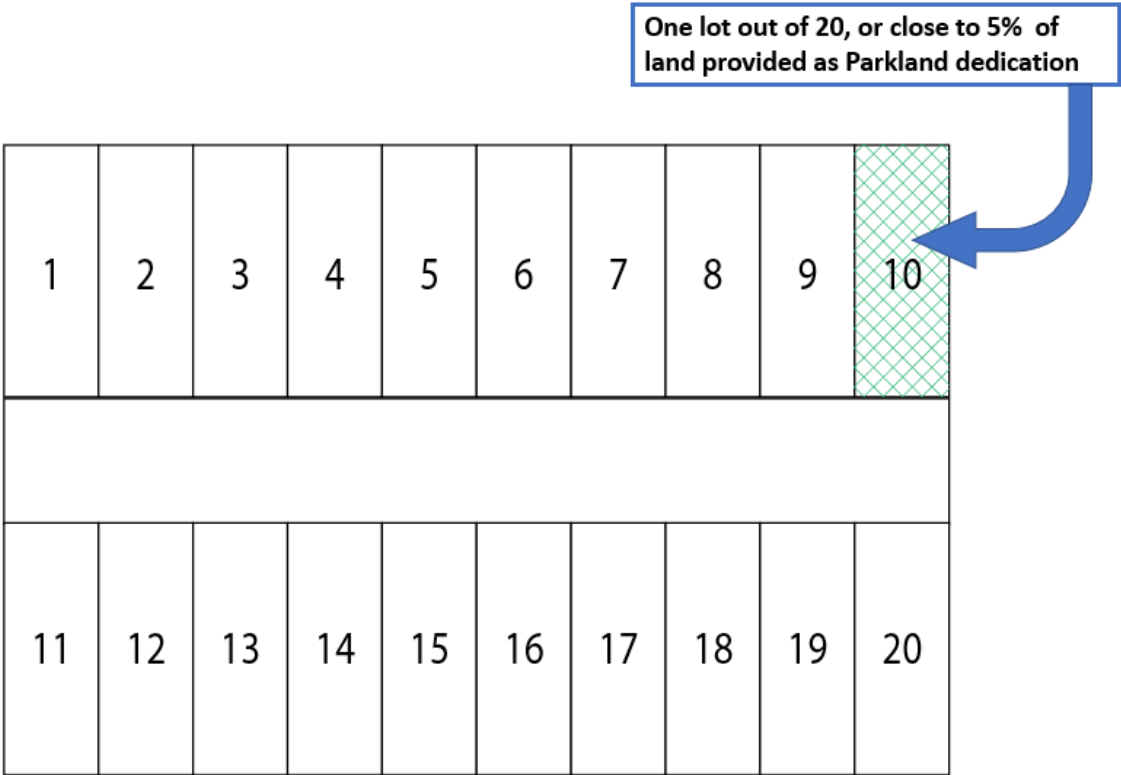
Parks DCC comparisons

The Local Government Act permits the implementation of parkland development charges to support growth. In 1988, it incorporated DCCs for park acquisition. In 1995, it added DCCs for park development.

Many communities collect parks DCCs. Some differentiate between parks acquisition and parks development, and others simply have one parks DCC that covers the costs of both acquisition and development. In comparing DCC rates, it is important to keep in mind that some communities also collect 5% parkland at subdivision. This means they do not need to include this component of parks acquisition in their DCC. Often the 5% parkland dedication is seen to be equivalent to Neighbourhood Parkland, but practices vary. Communities who collect 5% parkland dedication would have lower DCCs than if they were charging a DCC to acquire that portion of their parkland. The DCC Best Practices Guide make it clear that a community cannot collect 5% upon subdivision and also collect money through DCCs to acquire the same land, as that would be double charging.

In the Okanagan, communities have a range of Parks DCCs ranging from a low of \$988 per lot in Peachland to the City of West Kelowna which has the highest Parks DCC outside of Kelowna for single-family residential uses at \$4,690 per lot. This provides funding for both park development and land acquisition. All communities observed in the Okanagan, except Lake Country, have combined their Parks DCC for parkland acquisition and development, so it is not possible to see how much of the charge is for land acquisition and how much is for park development. In addition, all communities except Kelowna require 5% parkland dedication at the time of subdivision. The Figure 11.1 below shows the parks DCCs in the Okanagan. Those with an asterisk next to the number showing the total value of Parks DCCs require 5% parkland dedication in addition to the Parks acquisition and development DCCs. Note that West Kelowna and the City of Kelowna have the highest land values in the Okanagan, which translates to higher parkland acquisition costs, and higher DCCs. While Lake Country is lower, it plans to update the Parkland DCCs based on the recent Parks Master Plan, and the previous update did not fully update the parks projects.

In order to compare Kelowna, which does not require 5% parkland dedication, with all the other communities that do require the 5% parkland dedication, this report estimates the cost of the 5% parkland dedication, or cash provided in lieu. The Local Government Act required that for Parkland valuation for cash in lieu the land is valued as if it has been zoned and developed, but the servicing cost has been subtracted. To help imagine how this works think of a 20 lot subdivision where one lot (5% of the 20 lots) is given up as parkland, or the value of that one lot is paid for as cash in lieu and then spread over the 20 lots. See the illustration below of a basic conceptual 20-lot subdivision where one lot of 20, or 5% is provided as parkland dedication. The result is that 5% of the cost of a single lot (minus the cost of servicing) is the value of the 5% parkland dedication.



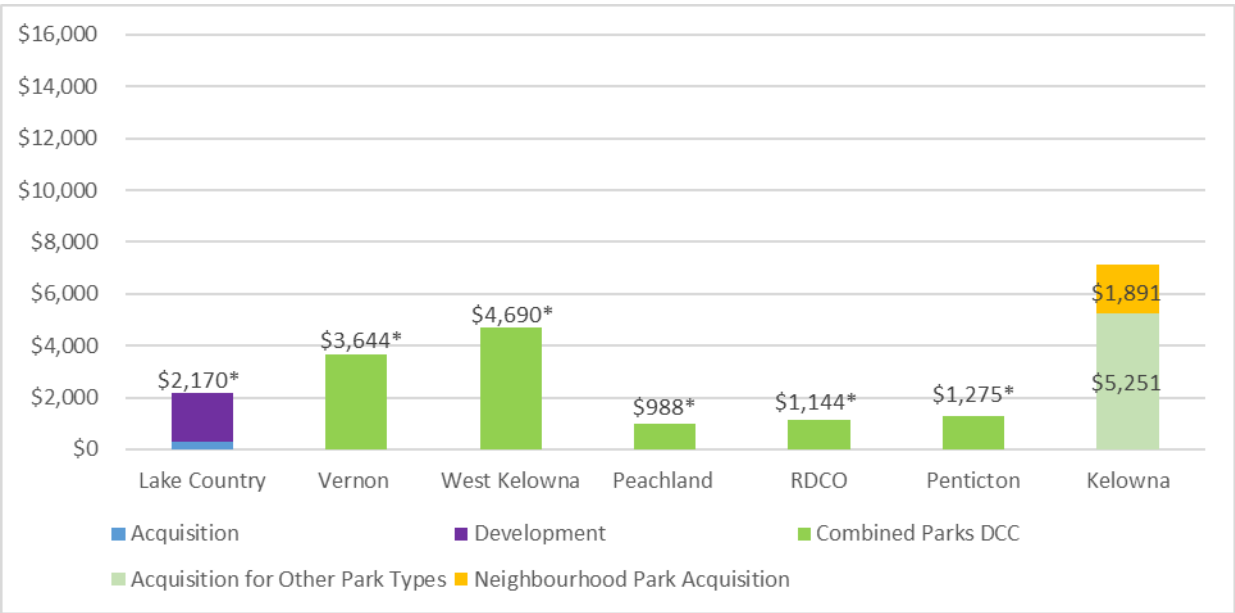


Figure 11.1 - DCC Comparison of Okanagan Communities

Based on a review of average lot values, the estimated 5% parkland value collected per lot (assuming cash is provided in lieu of Parkland to translate the parkland into a comparable dollar value) is set out in figure 11.2 below.

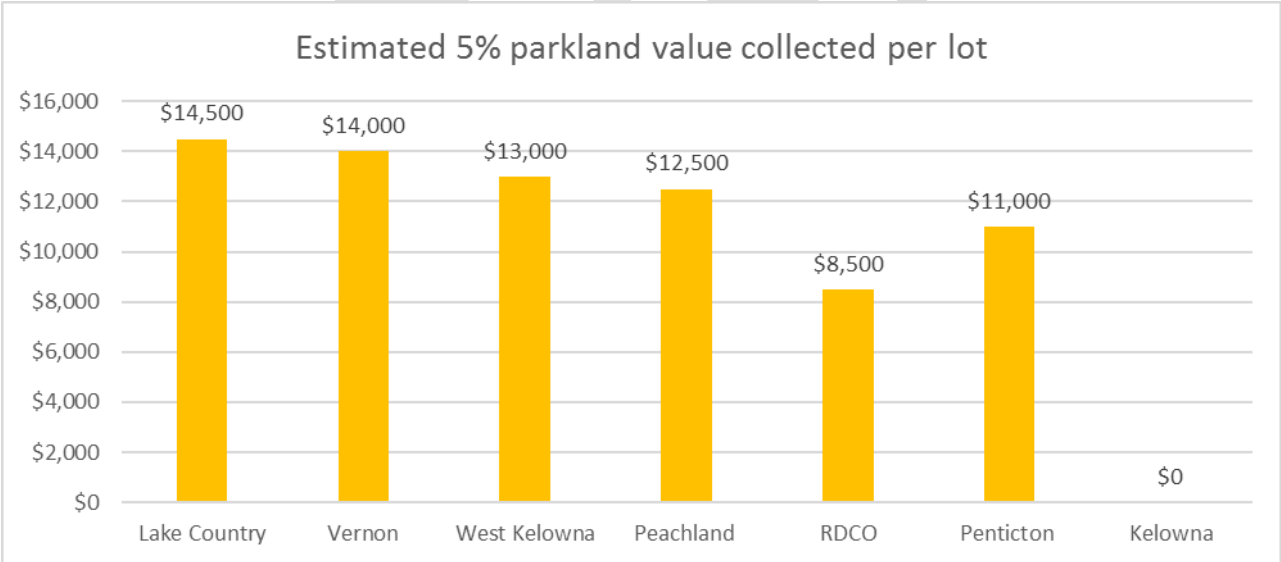


Figure 11.2 - Estimated 5% Parkland Value Collected per Lot

The amount collected by DCCs combined with the estimated 5% parkland value per lot is set out in figure 11.3 below.

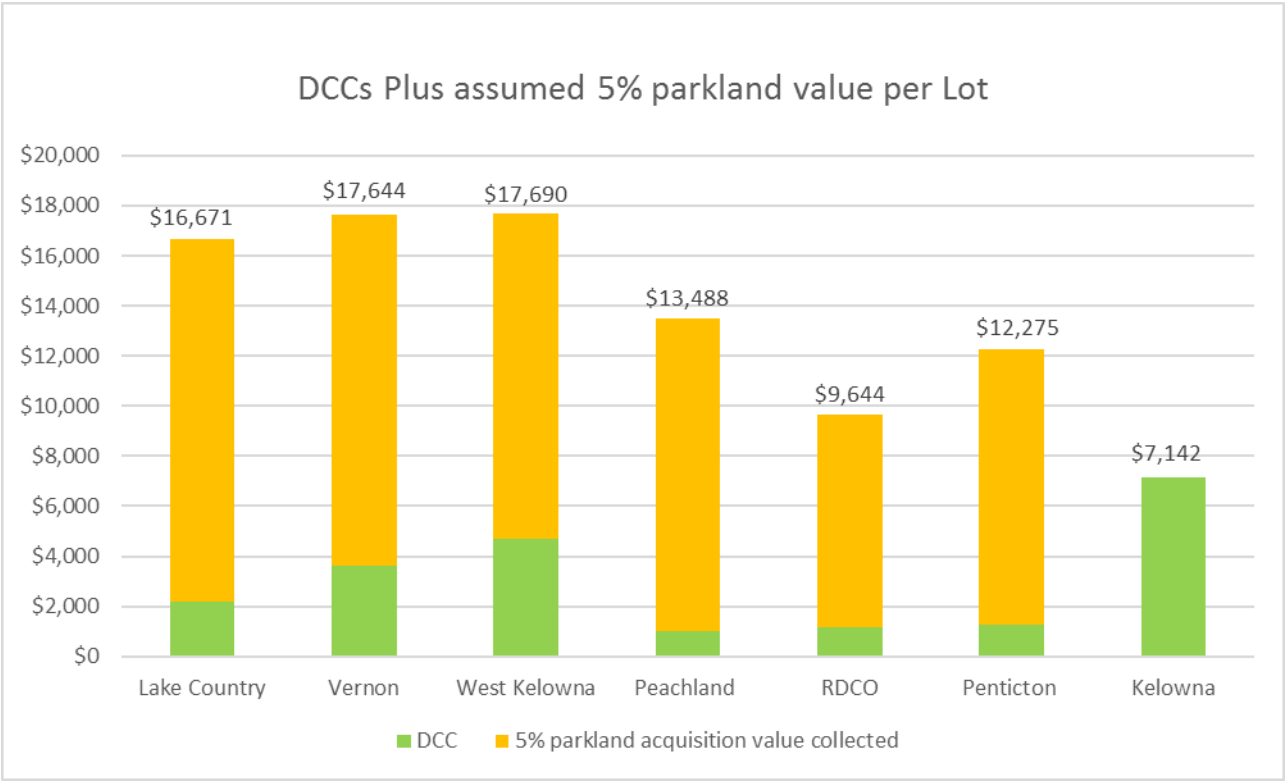


Figure 11.3 - Estimated Combined Parks DCC plus 5% Parkland value

This figure shows that while Kelowna has the highest Parks DCCs in the Okanagan valley, it does not require the 5% parkland dedication, and if the estimated value of the 5% parkland dedication is included in the calculation, the amount for Kelowna is the lowest in the Valley.

Amongst other communities in British Columbia of similar size to Kelowna, the City of Richmond has the highest Parks DCC for single-family residential uses at \$13,475 per lot. This fee is broken into separate charges for acquisition and development, with \$7,749 for acquisition and \$5,726 for development. Richmond also requires 5% parkland dedication at the time of subdivision. Surrey is the only other community observed that does not have a combined Parks DCC, as they only charge for parkland acquisition. The chart in figure 11.4 below shows the amount of parks DCCs in cities comparable to Kelowna. Those with a green chevron above the bar showing the total value of Parks DCCs require 5% parkland dedication. Only the City of Abbotsford and City of Kelowna do not require 5% parkland dedication. The values of the 5% parkland dedication for these communities have not been calculated, but it would add a significant amount in each community.

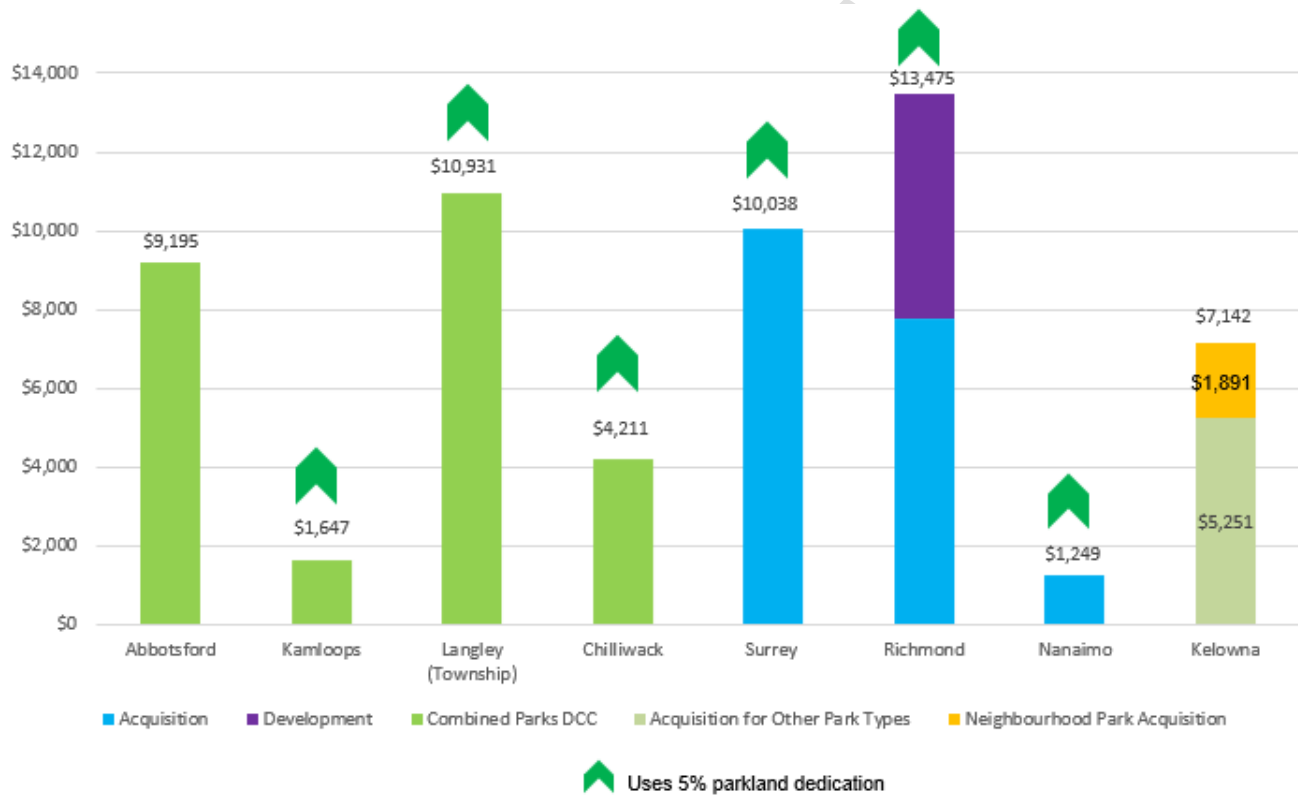


Figure 11.4 - DCC Comparison of Other Communities in BC

Kelowna approaches their Parks DCC from a different standpoint than other communities. The City currently collects Parks DCC for acquisition only and does not collect the 5% parkland dedication at the time of subdivision for the following reasons:

- Land costs in Kelowna are much higher than in other Okanagan communities
- The City just updated their DCCs which have accounted for parkland acquisition needs in the program
- New greenfield subdivisions are typically built in steeper areas where parks are difficult to provide and developers typically prefer to provide cash instead of land
- Negotiating the 5% parkland at subdivision adds additional time and resources to the process

For comparison purposes, it is useful to note that land costs in Kelowna are similar to those in Chilliwack and Abbotsford. While Chilliwack's Parks DCC may be lower than Kelowna's, the City of Chilliwack does require the 5% parkland dedication at the time of subdivision, which would increase the total cost of parkland provided by developers (including both Parks Acquisition DCCs and 5% parkland dedication costs) significantly above the amount required in Kelowna. It is also notable that Abbotsford has higher standards for parks per capita than Kelowna, and would need to source funds from DCCs, general revenue and other sources in order to deliver this standard.

Park Area Comparisons

As part of the analysis conducted in 2017 and 2018 for discussions with Council, the City compared Parks acquisition standards in Kelowna with comparable communities, the analysis also compared the actual amount of parkland provided by type.

The graphs below show the results and indicate in most cases that standards for parks acquisition and the amount of parks actually provided in Kelowna is less than the comparative communities. This shows that the standard is already low, and Kelowna would struggle to provide park spaces as land prices increase as the City grows. All of these figures do not include schools or regional and provincial parks, but they are similar comparisons to other communities, which also do not include their schools or regional and provincial parks.

It is interesting that while the City of Kamloops' Parks DCC is lower than the City of Kelowna's, their park standard is much higher for neighbourhood and city-wide parks. Since Kamloops is known as the "Tournament Capital of Canada", it is likely that they are receiving funding for parkland from other sources such as taxation.

It is also useful to note that significant amounts of existing Kelowna parks have a historical legacy such as City Park, Knox Mountain, Lombardy Park, Recreation Avenue Park, the Parkinson Recreation Centre, and Rotary and Boyce-Gyro Beaches. These historical parks were acquired years ago and do not form part of the 2.2 hectares per 1000 people rate of acquisition for growth. These historical parks bring up the number of hectares per 1000 people in terms of existing park inventory. However, it is important to remember that the city attains some of the current targets because we have been historically blessed with large parks, not because we have kept up with the 2.2 hectare standard of park delivery per 1000 people in recent years.

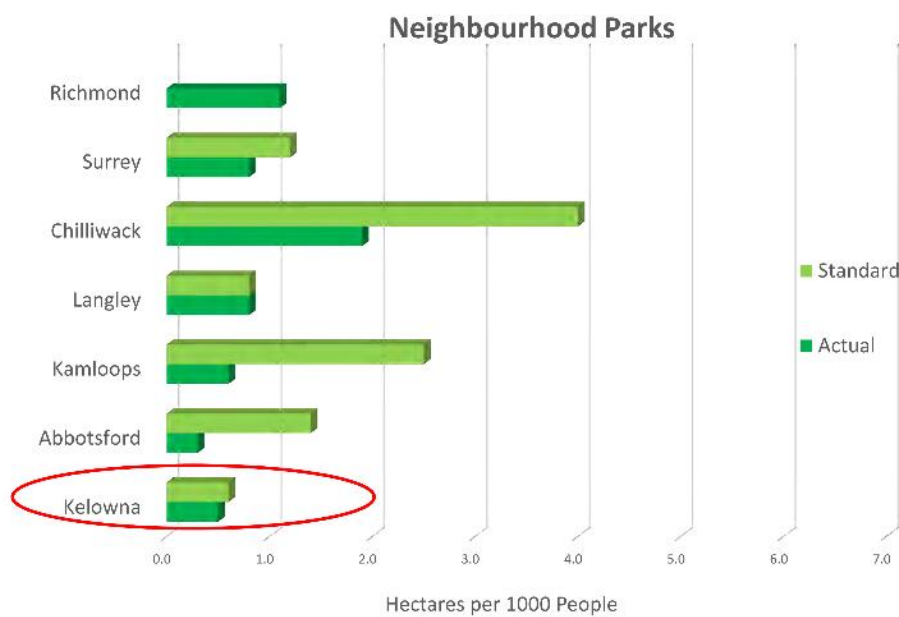


Figure 11.5 - Comparison of Neighbourhood Park Standards

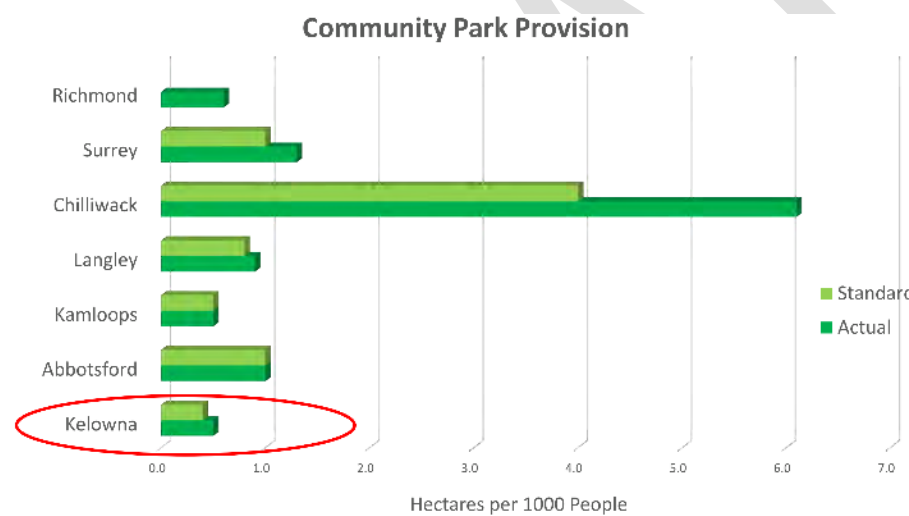


Figure 11.6 - Comparison of Community Park Standards

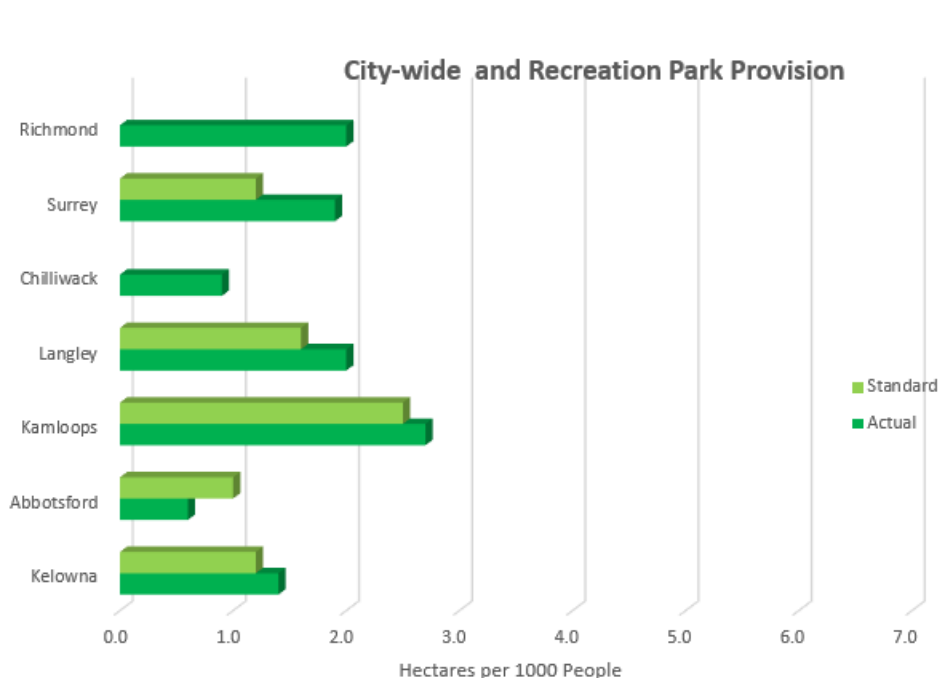


Figure 11.7 - Comparison of City-Wide and Recreation Park Standards

The park standards that are used for the provision of City-wide and Recreation Parks are shown in Figure 5. These two park type standards have been combined due to the differences in definitions that exist for City-wide and Recreation parks amongst the comparable communities. The City of Kelowna is the only community to have a park type classification for Recreation parks. Richmond, Langley (Township), Kamloops, and Abbotsford all include recreation facilities and sports fields within their City-wide parks classification. It is not clear under which park type Surrey and Chilliwack provide recreation facilities and fields, and for these two communities the parks classified as city wide are included in the chart.

While the actual hectares per 1000 people provision rate shown for these park types in Kelowna is 1.4 ha per 1000 people and the standard shown is 1.2 ha per 1000 people, the breakdown of these standards for each park type is as follows:

- City-Wide Parks:
 - Actual: 0.6 ha per 1000 people
 - Standard: 0.6 ha per 1000 people
- Recreation Parks:
 - Actual: 0.8 ha per 1000 people
 - Standard: 0.6 ha per 1000 people

12. Stakeholder Consultation

The City Parks Development DCC and Urban Systems Ltd. team will consult separately with the Urban Development Institute and the Canadian Home Builders Association following this report. An open house will be held for the general public on the same day following these meetings. Developers not associated with either of these organizations are anticipated to attend the public meeting. Revisions to the proposed DCC program will be brought back to Council based on the comments received at both of these consultation events.

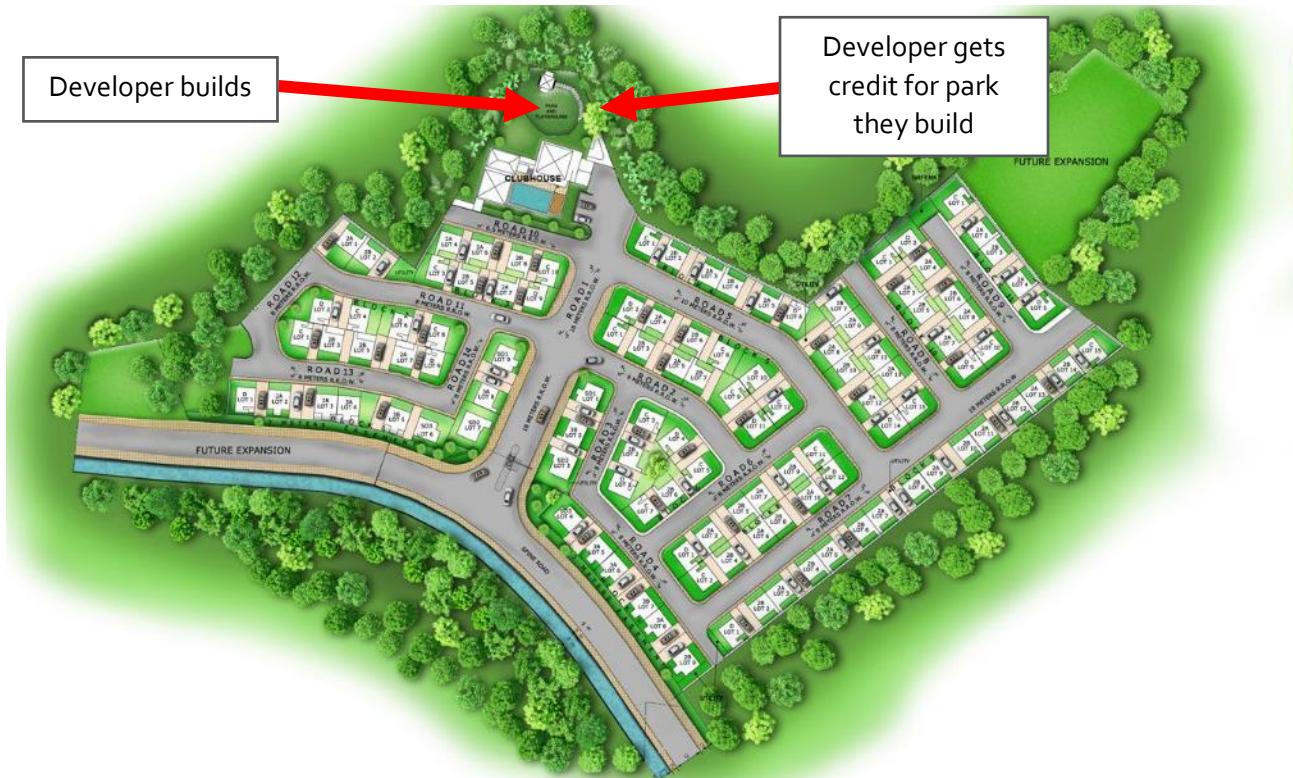
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13. Implementation

DCC Credits

DCC credits can be provided when a developer builds all or part of a project that is set out in the DCC program.

If a Parks Development DCC is established, developers would receive a DCC credit if they construct Parks development works that are set out in the DCC program. This allows developers to build parks improvements in their subdivision in advance of City priorities, without having to wait for the City to build it.



Source: Inteface.com

Figure 23. DCC Credit for Developer Built Parks

If a developer builds a park that is set out in the Parks DCC program, developers would get credit for the lesser of:

- The City cost estimate for the work in the DCC report;
- The actual cost of the work; or
- The Parks development DCC owed by the developer.

One consequence of building the park in advance of City priorities is that the developer loses credit for the 8 +3.4% taxation assist amount on the project.

The City should establish a policy or practice to guide staff in the collection of DCCs and the use of DCC credits for park construction. Such a policy would ensure consistent application of DCC credits in different situations over time.

Bylaw Exemptions

The *Local Government Act (LGA)* is clear that a DCC cannot be levied if the proposed development does not impose new capital cost burdens on the City, or if a DCC has already been paid in regard to the same development. However, if additional further expansion for the same development creates new capital cost burdens or uses up capacity, the DCCs can be levied for the additional costs.

The *LGA* further restricts the levying of the DCC at the time of application for a building permit if:

- The building permit is for a church or place of public worship as per the *Community Charter*; or
- The value of the work authorized by the building permit does not exceed \$50,000 or a higher amount as prescribed by bylaw; or
- Unit size is no larger than 29 sq.m. and only for residential use.

The legislation allows local governments to charge DCCs on residential developments of fewer than four self-contained dwelling units, as long as such a charge is provided for in the local government's DCC bylaw.

Collection of DCCs on Redeveloped or Expanded Developments

When an existing building or development undergoes an expansion or redevelopment there is usually a need for additional DCC related infrastructure. The new developer/ builder should pay the applicable DCCs based on the additional number of units for multiple family dwellings, as well as floor area for commercial and industrial. In essence, the City is giving a DCC credit for the existing development or building. DCCs are only levied on the new development/ building area.

This will be particularly important for the proposed Commercial and Industrial parks DCCs. If an existing commercial building is demolished and replaced with a larger building, then the parks DCC would be paid on the difference between the older and the newer building. Similarly, if a commercial building is expanded, the DCC would be paid on the expansion.

If a single family residential unit is replaced by another single family residential unit then no additional DCCs are payable. If a lot is subdivided into two, for example, to construct two small lot single family residential units, then DCCs are payable on the one additional single family residential lot.

In-stream Applications

The new DCC rates will be in force either immediately after the updated Development Cost Charge Bylaw is adopted, or on a specific future date set out in the adoption bylaw; however, the *Local Government Act (LGA)* provides special protection from rate increases for development applications that are submitted prior to the adoption date.

In-stream protection applies to both building permit and subdivision applications received prior to the adoption of the new DCC Bylaw. Protection is also extended to rezoning and development permit applications that are submitted prior to the adoption of the new DCC Bylaw and that will result in a building permit within 12 months of the adoption of the Bylaw. Division 19, Sections 511 and 568 of the *LGA* outline the criteria that must be met in order for an application to qualify for in-stream protection.

If an application meets the required criteria and is submitted prior to the adoption of the new DCC Bylaw, it will be provided protection from rate increases for a period of twelve months after the adoption date. The protection existing if the subdivision is registered or building constructed during the year. If the year passes without registration of construction, then the new DCCs apply.

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