

Report to Council



Date: September 16, 2019
To: Council
From: City Manager
Subject: Parks Development Funding Program – Engagement Summary
Department: Parks & Building Planning

Recommendation:

THAT Council receives for information, the report from the Parks & Buildings Planning Manager dated September 16, 2019 with respect to the Parks Development Funding Program – Engagement Summary;

AND THAT Council directs staff to make the amendments to the Parks Development Funding Program as set out in this report in response to the engagement;

AND FURTHER THAT Council directs staff to return to Council with a bylaw amendment based on Model A – Full Implementation, for Council’s consideration;

Purpose:

To provide Council with a summary of the engagement results from the public and stakeholders, of proposed changes to parks development funding, having identified Model A – Full Implementation as the preferred option, for Council’s consideration and direction

Background:

The success of the City's growth strategy being developed as part of the 2040 OCP process, which prioritizes redevelopment in our urban centres and core area, relies on the provision of animated parks, public spaces and amenities within those neighbourhoods. Without parks and amenities, new and existing residents will be less likely to consider moving to these neighbourhoods, and instead choose suburban neighborhoods or locations outside of the City. This would jeopardize the growth strategy implementation and its success.

As such, "Prioritizing parks and public spaces in the Core area" is identified as one of the big moves in the 2040 OCP process. This approach relies on the deliberate integration of urban parks where

additional residential density is going to be directed to balance out neighborhood composition, and to offer a key critical amenity that enhances livability.

Additionally, our parks function is the backbone of the recreation and event industry in Kelowna. Over 50 sports organizations use our sports fields on a weekly basis, with an additional six to ten events occurring weekly from April to October. These range from charity events such as fun runs, the Dream Car Rally and the Father's Day Car Show, to tournaments such as the Provincial Flag Football Tournament, which brings in over 100 teams and 5,000 people including the families of the players to Mission Recreation Park. Kelowna's parks host over 300 events per year including tournaments¹. When combined with the summer draw of the City's beaches and boat launches, the City park system provides a significant function to Kelowna's recreational health and economy.

In May 2017, the Parks Development Report (Attachment 1) identified both the current and projected future deficit in parks development. Recognizing this increasing deficit in parks development, and following a series of workshops with Council, the June 2018 Parks Development Funding Strategy (Attachment 2) identified several different funding options. Council recognized the financial impact should be shouldered by multiple sectors and shared between development, taxation, and user revenues. Staff were directed to prepare, consult and report back on the funding tools identified as Option 2 of that report, including:

- Linear Parks Acquisition DCC;
- Parks Development DCC;
- Reduction of the DCC taxation assist;
- Commercial/Industrial Parks DCC;
- Shift in taxation dollars from acquisition to development, without reducing the acquisition standard;
- Infrastructure Levy; and
- Parks Revenues.

Prior to commencing public engagement, the draft Parks Development Program was presented to Council on June 17 (Attachment 3). Council reviewed a series of funding implementation models and directed staff to engage with the public and stakeholders on Model A – Full Implementation, as the preferred option. This report is a summary of this engagement process and results.

The table below outlines Model A – Full Implementation, the preferred option for which staff engaged stakeholders and the community.

¹ Nicholas, Doug, August 6, 2019. Personal Communications, Sport & Event Services Manager, City of Kelowna.

Table 1. Summary of Models for Parks Funding – Model A – Full Implementation – June 2019

		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
	<i>Ineligible Parks Costs (per annum)</i>	\$0	\$3,296,189	\$3,296,189	\$3,296,189	\$3,296,189	\$3,296,189
	<i>Taxation assist (per annum)</i>	\$993,015	\$2,097,847	\$1,834,297	\$2,097,847	\$1,834,297	\$809,695
	Sub-total - 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

Proposed Amendments

Following the engagement process, staff are recommending several amendments to the Parks Development Program:

- Casorso Park added – This park serves an area that is experiencing rapid multi-family development. It is therefore proposed to increase the priority of this park and add it to the program.

- Rowcliffe Park Washroom added – Reflecting the continued growth in this area, it is proposed to add the installation of a washroom into the program to conclude development of this park.
- University South Park, Ponds Neighbourhood Park #2 and Band Road Park removed - In order to accommodate the other changes, these parks are removed from the current ten-year Parks Funding Program. These parks can be reconsidered in the next 20-Year Service Plan, following the adoption of the 2040 Official Community Plan.
- Institutional development excluded – Recognising the recreational amenities, public plazas and green spaces many institutions already contribute to the cityscape, the amenity value the institutions themselves provide, and the lack of significant precedent in other communities, Institutional development is proposed to not be included in the Parks DCC Program.

Table 2 outlines Model A – Full Implementation with the changes as noted above reflected.

		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	\$7,443	\$5,552	\$7,443	\$5,552	\$7,951
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	\$7,058	\$7,058	Yr 1 \$3,791 Yr 2 \$5,410 Yr 3 \$7,058	Yr 1 \$3,791 Yr 2 \$5,410 Yr 3 \$7,058	\$7,616
Total Existing and New Parks DCCs (per unit)		\$7,142	\$14,501	\$12,610	Yr 1 \$11,235 Yr 2 \$12,853 Yr 3 \$14,501	Yr 1 \$9,344 Yr 2 \$10,962 Yr 3 \$12,610	\$15,566

Table 3. Commercial & Industrial Parks DCCs – Revised September 2019

Land Use	Option A	Option B	Option C Yr. 1	Option C Yr. 2	Option C Yr. 3
Commercial per sq. m.	\$25.90	\$25.90	\$12.55	\$19.33	\$25.90
Industrial per hectare	\$19,315	\$19,315	\$9,362	\$14,413	\$19,315

Affordability

Housing affordability is a common area of concern raised by the development community. If a true flow-through cost, the increase in Parks DCCs would represent less than a one percent increase on the cost of an average single-family home, and less than two percent on the cost of an average condo. However, a Provincial Government study² on the impact of a similar charge, Community Amenity Contributions, on housing affordability, showed that they are seldom a true flow through. Housing affordability was driven by the market: supply and demand. Increases in charges such as this were split between land value, development profit and the cost to the end purchaser. Therefore, the anticipated increase is expected to be much less than one per cent on a typical home.

Internal Circulation:

Deputy City Manager
Divisional Director, Financial Services
Divisional Director, Infrastructure
Divisional Director, Active Living & Culture
Divisional Director, Corporate Strategic Services
Divisional Director, Partnerships & Investments
Infrastructure Engineering Manager

Existing Policy:

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.

Council Priorities 2019-2022 identified measures to transform this vision into action. Specifically, relevant to this report:

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

The accompanying Corporate Priorities also identify:

External Agency/Public Comments:

Refer to Attachment 1 – Engagement – Park Funding Strategy

Considerations applicable to this report:

Legal/Statutory Authority:
Legal/Statutory Procedural Requirements:
Existing Policy:
Financial/Budgetary Considerations:
Communications Comments:

² Ministry of Community, Sport and Cultural Development, March 2014, Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability.

Submitted by: R. Parlane, Parks & Buildings Planning Manager

Approved for inclusion: Derek Edstrom, Divisional Director, Partnerships & Investments

Attachment 1: Engagement – Park Funding Strategy, Sept 2019

Attachment 2: Letters of Concern

Attachment 3: Letters of Support

cc: J. Creron, Deputy City Manager
G. Davidson, Divisional Director Financial Services
A. Newcombe, Divisional Director Infrastructure
J. Gabriel, Divisional Director Active Living & Culture
C. Weaden, Divisional Director, Corporate Strategic Services
I. Wilson, Infrastructure Operations Department Manager
B. Stewart, Parks Services Manager
G. King, Financial Planning Manager
M. Antunes, Budget Supervisor
J. Shaw, Infrastructure Engineering Manager
C. Gregson, Financial Analyst
B. Beach, Infrastructure Delivery Dept Manager
A. Gibbs, Senior Project Manager
D. Nicholas, Sport & Event Services Manager
K. O'Rourke, Community Communications Manager
R. Fine, Director, Business and Entrepreneurial Development
S. Kochan, Partnership Manager
J. Saufferer, Real Estate Department Manager