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REPORT

District of Lake Country

Parks Development Cost Charge Bylaw Background Report

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December, 2020

File: 001577.0066.01

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EXECUTIVE SUMMARY

This report presents the proposed Parks Development Cost Charges (DCCs) that reflect current growth projections and DCC Parks Acquisition and Improvements for the District of Lake Country. The report consists of the following parts:

- **Part 1.0** outlines the purpose of the DCC review and includes information on the legislation enabling DCCs, and the use of the DCC Best Practices Guide.
- **Part 2.0** reviews the public consultation process.
- **Part 3.0** outlines the guiding principles used to develop the DCC program and identify DCC recoverable costs. This part discusses the time frame for the DCC program, the explanation for applying DCCs on a community-wide or area-wide basis, the allocation of costs between existing and new development, the municipal assist factor, grant assistance and interim financing.
- **Part 4.0** presents the growth projections for the District of Lake Country.
- **Part 5.0** Sets out the approach, costs and calculations for the Parks DCCs.
- **Part 6.0** includes information on implementation issues such as exemptions to the bylaw, grace periods, in stream protection, DCC credits, as well as suggestions for monitoring and accounting related to the DCC bylaw.

Table ES 1.0 illustrates the proposed Parks DCC rates will be applied by development type.

Table ES 1.0: Proposed Parks DCC Rates

	Collection Basis	Parks DCC Rate
Single Detached Residential	Per Lot	$12,790
Multi-family Residential	Per Unit	$12,790
Commercial	Per floor area in m^2	$22.24
Industrial	Per floor area in m^2	$14.48
Institutional	Per floor area in m^2	$22.24

1.0 BACKGROUND

1.1 Purpose of this Review

The District of Lake Country completed its Parks and Recreation Master Plan in December 2019. This Master Plan provides direction for the future of Lake Country's Parks. A previous DCC update concluded by the District in 2016 did not have the information set out in the newly completed Parks and Recreation Master Plan. The 2016 DCC included an update to the Parks DCCs, but it only updated costs that were set out in the 2005 DCC program based on inflation. Land costs for parks acquisition in Lake Country have increased dramatically in value since 2005, at a rate much higher than inflation. The District has recently completed some parks construction and has recent information on parks costs. Costs have increased since the 2016 DCC update. The District also adopted a new Official Community Plan in 2019. These factors point to the need to update the Parks DCCs.

It should be noted that the material provided in the background report is meant for information only. Reference should be made to the current DCC Bylaw for the specific DCC rates for all development within the District.

1.2 Legislative and Regulatory Background

Development Cost Charges are special charges collected by local governments to help pay for infrastructure expenditures required to service growth. The *Local Government Act* (LGA) provides the authority for municipalities to levy DCCs. The purpose of a DCC is to assist the municipality to accommodate development by providing a dedicated source of funding for the capital costs associated with growth.

First, 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:

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

Municipalities wanting to collect DCCs must adopt a DCC bylaw that specifies the amount of the DCCs that will be collected. The charges may vary with respect to:

- different zones or different defined or specific areas;
- different uses;
- different capital costs as they relate to different classes of development; and
- different sizes or different numbers of lots or units in a development.

Funds collected through DCCs must be deposited in separate reserve accounts. These funds may only be used to pay for the capital costs of the works and short-term financing costs of a debt incurred for capital works identified in the DCC program. The costs for capital works include not only the actual construction of the works, but also the planning, engineering and legal costs, which are directly related to the works.

1.3 Use of DCC Best Practices Guide

The Ministry of Municipal Affairs (previously Ministry of Community Services) has prepared a Development Cost Charge Best Practices Guide (the "Best Practices Guide"). The purpose of this document is to outline an accepted process to develop a DCC program. This report was developed in consideration of the Best Practices Guide.

2.0 ENGAGEMENT PROCESS

The District Parks DCC and Urban Systems team will engage directly with the Urban Development Institute and the Canadian Home Builders Association as well as Lake Country, Kelowna, and Vernon Chamber of Commerce, and developers who have projects in Lake Country, following this report. Information will also be available to the general public specifically the local community through the District's on-line engagement platform 'Let's Talk - Lake Country'. Developers not associated with these specific organizations are anticipated to use the engagement platform as well. Council will be informed of the comments received through this process which is anticipated to run from January 11th to February 14th , 2021.

3.0 DEVELOPING THE PARKS DCC PROGRAM – DIRECTION AND ASSUMPTIONS

3.1 Relationship to Other Municipal Documents

This Parks DCC program has been developed to be consistent with the following legislation, plans and policy guides:

- Local Government Act
- Development Cost Charges Best Practices Guide
- Parkland Acquisition Best Practices Guide
- District of Lake Country Official Community Plan (2018-2038)
- District of Lake Country Parks and Recreation Master Plan – December 2019
- District of Lake Country Five Year Financial Plan
- Financial Information including current District of Lake Country DCC Reserves

3.2 DCC Time Frame

The first step in determining DCC costs is to set a time frame for the DCC program. The existing Parks DCCs set out in 2016 background report are based on a 20-year time. The projection period extends from 2016 to 2035. This Parks DCC update will be based on a 15-year time frame, to ensure that the end period of the Park's DCCs align with the end period of all the other DCCs such as Transportation, Water, and Sewer. This 15-year time will run from 2021 to 2035.

3.3 Community-Wide and Area-Specific DCCs

In a community-wide DCC, the same DCC rate is applied for each land use deemed to generate a similar or same capital cost burden regardless of the location of the development. An area-specific DCC typically divides the community into different areas according to geographic or other distinctive areas based on technical reasons.

A community-wide DCC was confirmed as the best alternative for the District of Lake Country Parks DCC. Parks are available to everyone in the District and their service areas do not fit into defined catchment areas. The community-wide DCCs give the District the most flexibility in terms of accumulating and spending DCC revenues. Area-specific DCCs can limit the amount of DCCs available to fund works throughout the District by having multiple DCC reserves with a small amount in different reserves. This can result in long time frames to collect a significant amount of DCCs to build any works in a timely manner.

Having DCCs collected community-wide for Parks capital works gives the District the flexibility to construct these types of DCC works anywhere in the District. This can be beneficial should development shift from one area in the District to another area over time.

3.4 Recoverable Costs

The DCC recoverable costs for the projects include construction costs, contingency, engineering, administration and net GST. The capital costs included in this report do not include charges for interim financing or interest on long-term debt financing. The Best Practices Guide further clarifies the interpretation of the Ministry that costs can include:

- Planning;
- Public consultation;
- Engineering design;
- Right-of-way or parkland acquisition;
- Legal costs;
- Interim financing;
- Contract administration;
- Construction; and
- Contingencies.

3.5 Carrying Previous DCC Costs Forward

With preparation of the new Parks and Recreation Master Plan, a new set of projects and standards have been identified, so no projects from the previous parks DCC program are specifically carried forward. While the parkland acquisition continues to be undertaken as set out in the previous parks DCC program, there are no specific named components that are carried forward.

3.6 Grant Assistance

The capital costs included in this report do not anticipate the receipt of any grant funding.

3.7 Interim Financing

The capital costs shown in the report do not include interim financing.

3.8 Allocation of Costs

The approach to the benefit allocation is an important consideration for calculating Parks DCCs. The DCC benefit allocation is based on the percentage of a project that benefits growth. For example, if 40% of the water flowing through a new pump is to supply new growth then 40% of that cost could be allocated to new development. Many techniques are available to determine benefit allocations. In some cases, a trigger line approach can be used: if the project is only required due to new growth then 100% of that project can be allocated to new growth. In other cases, the benefit allocation could be based on population growth compared to the existing population. For example, if the project benefits both new and existing population equally, and growth represents 30% of the population at the end of the projection period, then 30% of the cost could be allocated to new growth.

For Parks DCCs, there are generally two main approaches that are used. One approach is to take a look at the entire parks program and allocate a portion of the benefit to new growth. This would often be done based on population. For example, if the entire parks program benefits everyone in the community and at the end of the projection period 25% of the population is new, then 25% of the entire parks program could be allocated to new growth.

Another method is to relate the amount of parks acquisition and development directly to population, based on a specific standard. For example, if the standard is one hectare per 1,000 people for neighbourhood parks, then the DCCs would be based on the cost to acquire and develop one hectare for every 1,000 new people. This results in 100% of the costs being allocated to growth because we are just considering the demands imposed by new growth and not the current needs of the existing population.

Since the District has clear standards for parkland acquisition, this report identifies the amount of parkland required purely to serve growth and allocates that cost 100% to growth. This results in a clear determination of the amount of parks required to serve growth rather than attempting to determine the percentage benefit allocation of various parks projects that benefit both existing residents and new residents. The District still has an extensive program for renewal and replacement of existing parks and construction of facilities to serve existing residents, but these are not included in the parks DCC program because they are not related to growth. While the Parks DCC program

allocates 100% of the Parks DCC projects to growth there is still a large portion of the District's broader parks program that is allocated to existing residents and paid by taxation and fees.

3.9 Municipal Assist Factor

The LGA stipulates that an assist factor will be included as part of the calculation of the DCCs. An assist factor represents the District's contribution towards the capital costs for the projects that are attributed to new development; this is called the "Municipal Assist Factor." This contribution is in addition to the costs that were allocated in the calculations to the existing population which are to be paid by the District. The portion of the costs that the District will have to cover because of the assist factor will have to be financed through other means available to the District such as taxation or fees.

While the District can have a different assist factor for each type of capital works, i.e. water and sewer etc., the District cannot have an assist factor that varies for different land uses within the District, i.e. single detached dwelling residential, multifamily residential, commercial, etc.

According to the LGA, the District should consider the following factors when setting DCC rates and the municipal assist factor:

- future land use patterns and development;
- the phasing of works and services;
- whether the charges are excessive in relation to the capital costs of prevailing standards of service;
- whether the costs will deter development; or
- whether the charges will discourage the construction of reasonably-priced housing or the provision of reasonably-priced serviced land.

In consideration of all of the above matters, and discussion with Council, the municipal assist factor has been set at 1% for the Parks DCCs. This is consistent with the existing Parks DCC assist factor, and consistent with the District's direction that growth should pay for growth.

3.10 Units of Charge

Single family residential land uses will be levied the DCC at the subdivision stage of development, and multifamily residential, commercial, industrial, and institutional land uses will be levied the DCC at the building permit stage of development. The DCCs for single family residential, will be levied on a per lot basis, while multifamily residential will be levied based on the number of dwelling units. Commercial, industrial, and institutional uses will be levied DCCs at the building permit stage of development based on the gross floor area in m^2 as defined in the building permit.

4.0 GROWTH PROJECTIONS

The existing DCC bylaw is based on 20 years of Growth at 3.1% per year from 2016 to 2035. The recently adopted Official Community Plan is also based on 3.1% growth per year as one of its projected rates. In order to align with these two documents, the Parks DCC analysis draws on the same projections as the Existing 2016 DCC background report.

Development Cost Charges are often calculated based on a 10-year, 15-year, or 20-year time frames. They can also be based on ultimate build-out, which is not based on a specific time frame but rather on when complete build-out occurs on available land. The existing Parks DCCs set out in 2016 background report are based on a 20-year time. The projection period extends from 2016 to 2035. As noted in section 3.2 this Parks DCC update will be based on a 15-year time frame, to ensure that the end period of the Park's DCCs align with the end period of all the other DCCs such as Transportation, Water, and Sewer. This 15-year time will run from 2021 to 2035.

Considering a 15 year time frame, the parks demands and DCC calculations are based on the assumption of a population growth over 15 years of 8750 people from 2021 to 2035. By applying 15 of 20 years (75%) of the projections for housing units and commercial, industrial, and institutional in the 2016 DCC background report, the resulting figures are set out in the following Table 4.1.

Table 4.1 Growth Projections Over 15 years

Land Use	Development Projection 15 Years	Units
Single Detached Housing	1871	Lots
High Density Multi-family Residential	1638	units
Commercial	37,500	m2
Industrial	41,250	m2
Institutional	5,625	m2

5.0 PARKS DEVELOPMENT COST CHARGES

5.1 Introduction

This section sets out the key information related to the calculation of the Parks DCCs, starting with:

- Broad Goals;
- Strengths and Challenges;
- Parks and Recreation Master Plan; and
- Eligible parks DCC costs.

It goes on to address the details of the calculations with sections on:

- Parkland supply;
- Park Demand Projections Based on Growth;
- Park Development Costing;
- Parkland Acquisition Costing;
- DCCs for Single Family and Multi-family;
- Parks Calculation of Equivalent Units;
- Parks DCC Calculations; and
- Summary of Rates by Type.

Information and options considered by staff and Council in arriving at the Parks DCC direction and calculations set out below are included in Appendix A.

5.2 Broad Goals

Broad goals for the Parks DCCs and the provision of parkland have been identified as follows:

- **Fair Cost Recovery:** Lake Country is a growing municipality. New parkland acquisition and development will be needed to accommodate new residents and businesses. It is important that the costs associated with this do not create a burden on existing taxpayers.
- **Strategic Program Development:** The Parks DCC program should reflect the broad needs and priorities of the community. The approach should align with Council's vision and Official Community Plan.
- **Affordable Service Delivery:** New parkland acquisition and development comes with ongoing operations, maintenance and renewal costs. It is important that this is properly resourced and balanced by revenue from new development units.

5.3 Strengths and Challenges

Some key Strengths and Challenges for the District's parks provision are set out below:

<u>Strengths:</u>

- **Waterfront Parks & Accesses:** Lake Country has over 17km of publicly accessible waterfront. The Oyama Isthmus Parkland provides an opportunity to create a new beach park for community use with over 1km of shoreline.
- **Lakestone Parks System:** Lakestone has been supplying and developing the needed parkland for new residents moving into their development. DCCs from new units also go towards new municipal-wide park acquisitions and developments. Additionally, municipal taxes from new units at Lakestone will fund the ongoing operations, maintenance and renewal of these new park improvements.
- **Trails & Greenways:** The Okanagan Rail Trail and Pelmewash Parkway provide approximately 23kms of linear parkland with walking and cycling trail for all ages and all abilities. There are also many great nature trail networks in Lake Country, such as at Lakestone, the Lakes and Jack Seaton Park.

Challenges:

- **Neighbourhood Parks in Infill Growth Areas:** The 5% parkland dedication tool works best for large, greenfield, multi-lot subdivisions. However, 50% of anticipated new units in Lake Country will come without subdivision (condos & townhomes), resulting in no funding toward neighbourhood parks in more densely populated areas where people may need them the most.
- **New Sports Fields:** Planning for new sports fields will be important as the community grows so that sites may be identified and secured for the long-term. Acquisition of large, flat lands will be a particular challenge as these types of lands within Lake Country are generally depleted, with the exception of those protected by the ALR.
- **Limitations on Parks DCC Use:** Eligible improvements are those that typically serve the entire community. Parkland improvements that serve a more limited demographic such as basketball courts, tennis courts, pickleball courts, artificial turf sports fields, or baseball dugouts are not eligible. This means that municipalities rely on taxation to fund these ineligible improvements even when they are attributable to growth.

5.4 Parks and Recreation Master Plan

In 2019, the District of Lake Country completed the Parks and Recreation Master Plan, a high-level plan that was developed through extensive consultation with the public, stakeholders, and various District of Lake Country committees. The key focus of the plan was to determine what parks and recreation infrastructure is needed, how and when it gets built, and how it is maintained and replaced over time, in a financially stable manner. The document set out a vision, objectives, and overall direction for managing parks, trails, public recreational facilities, and other park infrastructure as an overall investment in the community.

The Parks and Recreation Master Plan developed an inventory, defined objectives, assessed both existing infrastructure and future needs, and developed a high-level financial model to guide the implementation of the plan.

The Master Plan recommends a target of 4.0 hectares / 1,000 population for active parks. The plan notes that this target would be for active parks only, and that the District will continue to strive to maintain a high ratio of greenspace, natural parks, and open space.

5.5 Eligible Parks DCC Costs

Parks DCCs can only pay for specific items. These include parkland acquisition, and parks improvements generally limited to "providing fencing, landscaping, drainage and irrigation, trails, restrooms, changing rooms and playground and playing field equipment on park land".

This has been further elaborated by the Ministry as follows:

- "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 includes 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, pickleball courts, artificial turf sports fields, or baseball dugouts are not eligible.

Additionally, over the years through various emails and phone discussions, we have determined that the following additional items are NOT permitted:

- Artificial Turf fields;
- Waterfront boardwalk;
- Picnic Shelters;
- Field houses;
- Parking – gravel, asphalt, or concrete;
- Skateboard park;
- Water spray park (categorized as playground equipment) – note that some Financial analysts have accepted a water spray park, but others have rejected a water spray pool - this is an item that is in the grey zone;
- BMX parks and Dirt bicycle parks (not acceptable unless it can qualify as 'landscaping');
- Dog park;
- Sports Equipment storage buildings;
- Baseball fields, however the playing field (levelling the ground, planting grass, and other plant material) could be included but not developing the baseball diamond.

The memo included in Appendix A sets out the eligible parks projects in more detail.

5.6 Parkland Supply

The existing parkland supply has been summarized to include active parkland in the form of Neighbourhood parks and Community parks.

Active parkland provided by the District includes the following types of parks or facilities:

- Destination Parks with sports fields, cultural facilities such as Beasley Park, Jack Seaton Park, Memorial Park and Swalwell Park.
- Developed Beach Parks such as Coral Beach Park and Pioneer Park.
- Developed Neighborhood parks with maintained grass, playground equipment, and seating, such as Benchlands Park, Apex Park, and Dewar Park.

To ensure that the standard is consistent with the Parks and Recreation Master Plan definitions of active neighbourhood or community parks, the summary of active parkland does not include:

- Undeveloped parkland, acquired through the subdivision process but not yet developed.
- Linear corridors such as the rail trail.
- Crown Land such as Spion Kop.
- Road ends.
- Natural Green Space such as grasslands, forests, watercourses, and hillsides.

Table 5.1 essentially shows the current level of service in the District for active parkland. Community parks in this table include the developed destination parks and beach parks. Neighbourhood parks in this table include developed neighbourhood parks.

It shows that the District is currently providing 2.3 ha/1,000 population for active parks. This will act as an optional benchmark for provision of parks in the future, rather than the 4.0 ha/ 1000 target set for these types of active parkland in the Parks and Recreation Master Plan.

Table 5.1 Parkland Supply

Parkland Supply		
Park Type	***Area (ha)***	**2020 Population 15,000 (ha/1,000)**
Community Parks	32.89	2.19
Neighbourhood Parks	1.7	0.11
Total DLC Owned	**34.55**	**2.30**
Schools	9.6	0.64
Regional Parks	10.95	0.73
Total Non-DLC Owned	**20.55**	**1.37**
Total Combined	**55.1**	**3.67**

5.7 Park Demand Projections Based on Growth

The population growth of 8750 people, at 4.0 ha per 1000 people translates to a demand of 35 hectares. Based on direction in the Parks and Recreation Master Plan, anticipated demand, and current levels of park provision, we have estimated that the future requirements will be for 1 ha/1000 for Neighbourhood parks and 3 ha/1000 for Community parks. Based on this ratio, the resulting demand is as set out in the table below.

Table 5.2 – Park requirement by type at 4.0 ha/ 1000 population

Park Type	Area (ha)
Neighbourhood Parks	8.75
Community Parks	26.25
Sub-Total	**35**

The lower rate of 2.3 ha per 1000 people, which is based on the current rate that the District provides parkland to its residents, translates to about 0.6 ha/1000 for neighbourhood parks and 1.7 ha/1000 for community parks. Incidentally, the City of Kelowna has a similar standard of 2.2 ha/1000 with 0.6 ha/1000 for neighbourhood parks and 1.6 ha/1000 for community type parks. By applying this ratio to new population growth, this translates to a demand of about 20 hectares, as set out in Table 5.3 below. The DCC calculations are based on this lower rate of 2.3 ha/1000 population.

Table 5.3 Park requirement by type at 2.3 ha/ 1000 population

Park Type	Area (ha)
Neighbourhood Parks	5
Community Parks	15
Sub-Total	**20**

5.8 Park Development Costing

Costs for developing parkland has been prepared by District of Lake Country Staff based on knowledge of recent park development costs. Rather than prepare specific cost estimates for individual parks, the estimates are based on a relatively standard template for developing a hectare of Neighbourhood or Community Park. This allows for projections of parks costs to meet the demands of population growth on a per hectare basis.

The costs for developing a hectare of Neighbourhood park are set out below, separating costs into those eligible for recovery through DCCs and the ineligible costs.

Table 5.4 Neighbourhood Parks Costing Template

Neighbourhood Parks: Typical Parks Costing Template				
Amenities (DCC Eligible)	**Area (%)**	**Cost / sq.m.**	**Total Cost / sq.m.**	**Total Cost / ha**
Soft landscaping (turf, planting, trees)	75%	$50	$37.50	$375,000
Hard surfaces & site furniture (pathways, plazas)	10%	$120	$12.00	$120,000
Playgrounds	10%	$240	$24.00	$240,000
Total DCC Eligible Cost			**$73.50**	**$735,000**
Amenities (DCC Ineligible)				
Sport Courts & Specialty Items	5%	$240	$12.00	$120,000
Total DCC Ineligible Cost			**$12.00**	**$120,000**
Total Development Cost			**$85.50**	**$855,000**

The costs for developing a hectare of Community park are set out below, separating costs into those eligible for recovery through DCCs and the ineligible costs.

Table 5.5 Community Parks Costing Template

Community Parks: Typical Parks Costing Template				
Amenities (DCC Eligible)	**Area (%)**	**Cost / sq.m.**	**Total Cost / sq.m.**	**Total Cost / ha**
Soft landscaping (turf, planting, trees)	75%	$50	$37.50	$375,000
Hard surfaces & site furniture (pathways, plazas)	10%	$120	$12.00	$120,000
Playgrounds	5%	$240	$12.00	$120,000
Washrooms	0.25%	$5,000	$12.50	$125,000
Total DCC Eligible Cost			**$74.00**	**$740,000**
Amenities (DCC Ineligible)				
Sport Courts & Specialty Items	5%	$240	$12.00	$120,000
Car Parking	4.75%	$120	$5.70	$57,000
Total DCC Ineligible Cost			**$17.70**	**$177,000**
Total Development Cost			**$91.70**	**$917,000**

In order to check against an actual park built recently in Lake Country, staff compared the template method with the actual cost of park construction, and the figures are very close. Benchlands Park is a Community Park and

was completed by a contractor in 2019. The template method estimated a cost of about $1.01 million, and the actual cost was about $1.26 million. Note that the actual cost was somewhat higher that the template method because of the presence of Pickleball courts in Benchlands park.

The total costs to develop parks to meet the 2.3 ha/1000 standard are set out in the table below. As with the Table 5.5 above, this Table 5.6 also differentiates between costs that are eligible for DCCs and the costs that are ineligible for DCCs. Only the eligible costs will be included in the DCC calculations.

Table 5.6 Park Development Cost estimate at 2.3 ha/ 1000 population

Park Development Cost Estimate (2.3 ha/ 1,000 pop):				
Park Type	**Area (ha)**	**Total Development Cost**	**Cost (DCC Eligible)**	**Cost (DCC Ineligible)**
Neighbourhood Parks	5	$4,275,000	$3,675,000	$600,000
Community Parks	15	$13,755,000	$11,100,000	$2,655,000
Sub-Total	**20**	**$18,030,000**	**$14,775,000**	**$3,255,000**
Contingency (15%)		$2,704,500	$2,216,250	$488,250
Design & Engineering (12%)		$2,163,600	$1,773,000	$390,600
Total DCC Cost		**$22,898,100**	**$18,764,250**	**$4,133,850**

This table shows that about $18.8 million of parks development costs are eligible for recovery through DCCs, and about $4.1 million is ineligible. As noted above, the District will need to generate the $4.1 million of ineligible costs from sources other than DCCs.

5.9 Parkland Acquisition Costing

Parkland acquisition costs have been estimated based on current land costs in Lake Country. Land costs vary greatly depending on the location. In order to obtain representative costs, District staff compiled information on land costs in a variety of locations and situations as set out in the table below. The distribution of land types reflects a very approximate distribution of land types required for parks in the future.

Table 5.7 Land Costing Data

Land Type	*Area (ha)*	*Cost / ha*	*Total Cost*
Commercial	0.5	$4,241,200	$2,120,600
Industrial	2.0	$2,495,600	$4,991,200
Agricultural	7.3	$291,000	$2,124,300
Institutional	0.8	$1,276,100	$1,020,880
Residential – Rural	4.7	$1,644,300	$7,662,438
Residential – Urban	6.9	$4,034,700	$27,839,430
Residential – Waterfront	0.0	$7,950,800	$0
Multi-Family	0.3	$3,320,700	$996,210
Total Parkland Acquisition Cost	**22.46**		**$46,755,058**
Average Parkland Acquisition Cost / ha			**$2,081,703**

The cost for land acquisition at 2.3 ha/ 1000 people is set out in the table below.

Table 5.8 Parkland Acquisition Cost Estimate at 2.3 ha/ 1000 Population

Parkland Acquisition Cost Estimate (2.3 ha / 1,000 pop):		
Park Type	***Area (ha)***	***Total Acquisition Cost***
Neighbourhood Parks	5	$10,408,516
Community Parks	15	$31,225,550
Total DCC Cost	**20**	**$41,634,067**

In order to consider a further reduced option of only acquiring parkland based on estimated needs to address parkland gaps in various locations, District staff created an estimate of land requirements as set out in Table 5.9 below. This approach builds on the point that the District already has vacant neighbourhood parkland and community parkland that it has acquired in the past. The philosophy followed with this list focusses more on developing parkland that the District already owns and less on acquiring new parkland. The amount of parkland to be acquired has been strategically chosen to address existing gaps and meet anticipated priority needs. This results in a requirement for about 14 hectares of land as set out in the table below. This estimate is used for the parkland Acquisition DCC calculations, as it will meet the District's goals of developing 2.3 hectares per 1000 people, make effective use of existing lands, and ensure a more reasonable parks acquisition DCC rate.

Table 5.9 Parkland Acquisition Cost Estimate – Strategically Chosen

Parkland Acquisition Cost Estimate (Strategically chosen):		
Park Type	***Area (ha)***	***Total Acquisition Cost***
Neighbourhood Parks	3.5	$7,285,961
Community Parks	10.5	$21,857,885
Total DCC Cost	**14**	**$29,143,847**

5.10 DCCS for Single Family and Multi-family

Currently the District has a lower Parks DCC for multifamily compared to single detached residential. The District could have the parks acquisition charge be exactly the same for single detached and multi family.

While the number of people per unit may be slightly less for apartments than for homes on individual lots, the apartment dwellers have a higher need for parkland since they don't have back yards they can use. Keeping the charge the same for both recognizes that slightly more land per capita is required for multi unit developments.

The equal charge neither disincentivizes nor incentivizes core development, since the charge per unit for multi family is exactly the same as for single family. Furthermore, having the multi family charge the same as the single detached charge will allow for more funds from multi family development which can help address the more expensive land costs in higher density areas where multifamily developments often occur.

5.11 Parks Calculation of Equivalent Units

The equivalent units for the Parks DCCs are based on the one single detached unit being equal to one equivalent unit. With the impacts of multi-family and single detached being equal as noted above, one multi family unit is equal to one equivalent unit as well. The Equivalent units for Commercial, Industrial and Institutional were uniquely calculated for Parks DCCs. Parks equivalency factors were calculated based on the amount of parks space required to serve ICI areas in Lake Country based on the Parks and Recreation Master Plan and the size of parks required to serve a block of Commercial land or Industrial land, with Institutional assumed to be the same as commercial. For this purpose, Table 5.10 sets the equivalent unit conversion factors that were used to determine the relative impact of each land use type.

Table 5.10: Parks DCC Equivalent Units

Land Use Category	Unit of Development	Equivalent Unit Conversion Factors
Single Detached Housing	Per Lot	1.0
Multi-family Residential	Per Unit	1.0
Commercial	Per floor area in m^2	0.00174
Industrial	Per floor area in m^2	0.00113
Institutional	Per floor area in m^2	0.00174

5.12 Parks DCC Calculations

The Parks DCC rates have been calculated according to the various principles and assumptions discussed earlier in this report. The proposed Parks DCC rates are shown in Table 5.11. The detailed Parks DCC calculations are included in Tables 5.12 to 5.16 at the end of this section.

Table 5.11: Proposed Parks DCC Rates

Parks DCC By Land Use Category		
Land Use	**DCC Rate**	**Unit**
Single Detached Housing	$12,790	Per Lot
Multi-family Residential	$12,790	Per Unit
Commercial	$22.24	Per floor area in m^2
Industrial	$14.48	Per floor area in m^2
Institutional	$22.24	Per floor area in m^2

The parks DCCs are composed of three components:

1. Neighbourhood parkland Acquisition
2. Community parkland Acquisition
3. Park development

For transparency and for ease of calculating future DCC credits for the provision of neighbourhood parks or improvements to parkland, the calculations for these three components are shown separately in tables 5.12 to 5.16 below.

Table 5.12: Parks Projects and Cost Estimates

PARKS CAPITAL COSTS		Project Timing	TOTAL CAPITAL COST	Benefit Allocation		Benefit to New Development	1%	Total Recoverable From DCC	Total Municipal Responsibility
Project Code	Project Name			% to New Dev.	% to Existing		Municipal Assist		
NP1	Neighbourhood Parks Acquisition	1 – 15 Years	$7,285,962	100%	0%	$7,285,962	$72,860	$7,213,102	$72,860
CP1	Community Parks Acquisition	1 – 15 Years	$21,857,886	100%	0%	$21,857,886	$218,579	$21,639,307	$218,579
PD1	Landscaping and Playing Field	1 – 15 Years	$18,764,250	100%	0%	$18,764,250	$187,643	$18,576,608	$187,643
TOTAL			**$47,908,097**			**$47,908,097**	**$479,081**	**$47,429,016**	**$479,081**

Table 5.13: Neighbourhood Parks Acquisition DCC Calculations

Park Calculations					
Land Use	**Col. (1)**	**Col. (2)**	**Col. (3)**	**Col. (4) = (1) x (3)**	
	Estimated New Development	**Unit**	**Equivalency Factors**	**Equivalent Units**	
Single Detached Housing	1,871	Lots	1	1,871	
Multi-family Residential	1,638	Units	1	1,638	
Commercial	37,500	Square Metre	0.00174	65	
Industrial	41,250	Square Metre	0.00113	47	
Institutional	5,625	Square Metre	0.00174	10	
			Total equivalent units	3,630	(a)
B: Unit Parks DCC Calculation					
Net Parks DCC Program Recoverable		$7,213,102.22	(b)		
Existing DCC Reserve Monies		$214,344.03	(c)		
Net Amount to be Paid by DCCs		$6,998,758.19	(d) = (b) - (c)		
DCC per equivalent unit		$1,927.92	(e) = (d) / (a)		
					C: Resulting Parks DCCs
Single Detached Housing		$1,928	Lots		
Multi-family Residential		$1,928	Units		
Commercial		$3.35	Square Metre		
Industrial		$2.18	Square Metre		
Institutional		$3.35	Square Metre		

Table 5.14: Community Parks Acquisition DCC Calculations

Park Calculations					
Land Use	**Col. (1)**	**Col. (2)**	**Col. (3)**	**Col. (4) = (1) x (3)**	
	Estimated New Development	**Unit**	**Equivalency Factors**	**Equivalent Units**	
Single Detached Housing	1,871	Lots	1	1,871	
Multi-family Residential	1,638	Units	1	1,638	
Commercial	37,500	Square Metre	0.00173913	65	
Industrial	41,250	Square Metre	0.001132246	47	
Institutional	5,625	Square Metre	0.00173913	10	
			Total equivalent units	3,630	(a)
B: Unit Parks DCC Calculation					
Net Parks DCC Program Recoverable		$21,639,306.67	(b)		
Existing DCC Reserve Monies		$643,032.09	(c)		
Net Amount to be Paid by DCCs		$20,996,274.58	(d) = (b) - (c)		
DCC per equivalent unit		$5,783.77	(e) = (d) / (a)		
C: Resulting Parks DCCs					
Single Detached Housing		$5,784	Lots		
Multi-family Residential		$5,784	Units		
Commercial		$10.06	Square Metre		
Industrial		$6.55	Square Metre		
Institutional		$10.06	Square Metre		

Table 5.15: Parks Development DCC Calculations

Park Calculations					
Land Use	**Col. (1)**	**Col. (2)**	**Col. (3)**	**Col. (4) = (1) x (3)**	
	Estimated New Development	**Unit**	**Equivalency Factors**	**Equivalent Units**	
Single Detached Housing	1,871	Lots	1	1,871	
Multi-family Residential	1,638	Units	1	1,638	
Commercial	37,500	Square Metre	0.00173913	65	
Industrial	41,250	Square Metre	0.001132246	47	
Institutional	5,625	Square Metre	0.00173913	10	
			Total equivalent units	3,630	(a)
B: Unit Parks DCC Calculation					
Net Parks DCC Program Recoverable		$18,576,607.50	(b)		
Existing DCC Reserve Monies		$142,623.88	(c)		
Net Amount to be Paid by DCCs		$18,433,983.62	(d) = (b) - (c)		
DCC per equivalent unit		$5,077.95	(e) = (d) / (a)		
C: Resulting Parks DCCs					
Single Detached Housing		$5,078	Lots		
Multi-family Residential		$5,078	Units		
Commercial		$8.83	Square Metre		
Industrial		$5.75	Square Metre		
Institutional		$8.83	Square Metre		

5.13 Summary of Rates by Type

A summary of the calculated DCC rates by type is set out in Table 5.16 below.

Table 5.16 - Summary of DCCs by Type

	Neighbourhood Parkland Acquisition	Community Parkland Acquisition	Park Development	Total	unit type
Single Detached Housing	$1,928	$5,784	$5,078	$12,790	Lot
Multi-family Residential	$1,928	$5,784	$5,078	$12,790	unit
Commercial	$3.35	$10.06	$8.83	$22.24	m2
Industrial	$2.18	$6.55	$5.75	$14.48	m2
Institutional	$3.35	$10.06	$8.83	$22.24	m2

6.0 DCC RATES SUMMARY AND IMPLEMENTATION

6.1 Summary of Proposed DCC Rates

Table 6.1 summarizes the proposed District of Lake Country Parks DCC rates. The proposed DCC rates are levied per lot for single detached residential developments and per unit for multi-family residential. Commercial, industrial and Institutional developments are levied per m^2 of gross floor area.

Table 6.1: Proposed Parks DCC Rates

	Collection Basis	Parks DCC Rate
Single Detached Residential	Per Lot	$12,790
Multi-family Residential	Per Unit	$12,790
Commercial	Per floor area in m^2	$22.24
Industrial	Per floor area in m^2	$14.48
Institutional	Per floor area in m^2	$22.24

6.2 Collection of Charges at Building Permit

Municipalities can choose to collect DCCs at subdivision approval or building permit issuance. The District of Lake Country has decided to collect DCCs for single detached residential dwellings at subdivision. All other DCCs will continue to be collected at the building permit stage in Bylaw No. #### (YYYY).

6.3 In-Stream Applications and Grace Periods

A municipality can establish a grace period that delays when the new charges apply after the DCC bylaw is adopted. For example, the District could adopt the bylaw and then indicate that developers do not need to pay the charges until, say, 6 months after the bylaw is adopted. Because the grace period will delay increases in rates, no grace period has period has been established for Bylaw No. #### (YYYY).

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.

6.4 Application of DCC Credits

The Local Government Act and the Development Cost Charge Best Practices Guide both indicate that, if a developer constructs works that are set out in a DCC project list, they are entitled to a credit for that infrastructure. This would apply to the provision of parkland and to the construction of parks improvements. If the developer provides the parkland set out in the park DCC, or if they build the parks improvements set out on the park DCC list, then they would be eligible for a credit for that work.

The District will need to follow the Local Government Act for DCC credit, but it will also be useful to establish clear policy with respect to how the credits would be implemented.

By providing clear policy on DCC credits the District could have both 5% parkland dedication and a parks acquisition DCC. The parks acquisition DCC identifies the amounts for local Neighbourhood Parkland Acquisition, and a separate amounts for Community Parks Acquisition. Then when the District requires 5% parkland dedication or cash in lieu, it can provide a credit for just the Neighbourhood Parkland DCC, and still have the development pay the required Community Parkland Acquisition DCC.

This way the District can require the 5% parkland dedication upon subdivision (and offer a credit), and still obtain the neighbourhood Parks DCC when multifamily development occurs without subdivision.

6.5 DCC Monitoring and Accounting

In order to monitor the DCC program, the District should continue to enter all of the projects contained in the DCC program into its tracking system. The tracking system monitors the status of the project from the conceptual stage through to its final construction. The tracking system includes information about the estimated costs, the actual construction costs, and the funding sources for the projects. The construction costs would be based on the tender prices received, and the land costs based on the actual prices paid for land. The tracking system indicates when projects are completed, their actual costs, and includes new projects that are added to the program.

6.6 DCC Reviews

To keep the DCC program as current as possible, the District should review its program at least once every 1-2 years. Based on a regular review, the District may make minor amendments to the DCC rates. Minor amendments may include the replacement of estimated construction costs with actual construction costs and updates to estimated construction costs due to inflation. These changes require a minor DCC bylaw amendment, which can follow an expedited process with the Ministry of Municipal Affairs.

Major amendments of the DCC program and rates will occur when significant land use changes are made, when new servicing plans are prepared or when the information upon which the DCCs are calculated has become significantly outdated or requires significant revision. Based on experience, and as identified as a Best Practice in the DCC Best Practices Guide, a major update to the DCC program and rates is needed approximately every 5 years.

APPENDIX A

Memos and Information Considered by Staff and Council

MEMORANDUM

URBAN systems

Date:	March 26, 2020
To:	Steve Petryshyn, District of Lake Country
From:	Joel Short
File:	1577.0000.00
Subject:	Eligible Parks DCC Components

The Ministry of Municipal Affairs and Housing has identified, through various means, the types of Parks projects that it will and will not allow to be included in the calculations of Parks costs for calculating development cost charges.

First, 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:

> "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. Even though it was issued years ago, the wording is still referenced in the DCC Best Practices Guide. This circular stated that the Inspector will apply a very narrow interpretation of the legislation. 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 includes 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, pickleball courts, artificial turf sports fields, or baseball dugouts are not eligible.

Additionally, over the years through various emails and phone discussions, we have determined that the following additional items are NOT permitted:

- Artificial Turf fields;
- Waterfront boardwalk;
- Picnic Shelters;
- Field houses;
- Parking – gravel, asphalt, or concrete;
- Skateboard park;

- Water spray park (categorized as playground equipment) – note that some Financial analysts have accepted a water spray park, but others have rejected a water spray pool - this is an item that is in the grey zone – would suggest not including in a DCC program unless you are willing to really argue for it;
- BMX parks and Dirt bicycle parks (not acceptable unless it can qualify as 'landscaping');
- Dog park;
- Sports Equipment storage buildings;
- Baseball fields, however the playing field (levelling the ground, planting grass, and other plant material) could be included but not developing the baseball diamond.

Through those same discussions we have clarified that the following additional items ARE permitted:

- Benches and Picnic tables;
- Trees and shrubs;
- Expansion of a community garden;
- Outdoor fitness circuit (categorized as playground equipment) - although outdoor exercise equipment has been rejected in the past so could be considered in the grey zone;
- Washroom component of a field house, if open to the public, but not if only available to teams using the field;
- levelling the ground, planting grass, and other plant material associated with a sports field;
- A pedestrian bridge as part of a trail, although a pedestrian bridge as part of a road would fit under a roads DCC.

In summary, based on legislation, Ministry circulars, emails, and phone conversations, the following items are permitted to be included:

- Fencing;
- Landscaping;
- Drainage works;
- Irrigation including sprinkler systems;
- Trails, which includes construction of the trail base, and surfacing materials;
- Restrooms;
- Changing rooms;
- Playground and playing field equipment;
- Swings and slides;
- Benches and Picnic tables;
- Trees and shrubs;
- Expansion of a community garden;
- Outdoor fitness circuit (categorized as playground equipment);
- Water play park (categorized as playground equipment) – note that some Financial analysist have accepted a water play park, but others have rejected a water spray pool - this is an item that is in the grey zone;
- Washroom component of a Field house, if open to the public, but not if only available to teams using the field;
- Construction of playing fields (levelling ground, planting grass and other plant material);

- Levelling the ground, planting grass, and other plant material associated with a sports field;
- A pedestrian bridge as part of a trail, although a pedestrian bridge as part of a road would fit under a roads DCC.

The following items are not permitted:

- Buildings or structures such as dugouts, bleachers, or field houses;
- Tennis courts / Pickleball courts;
- Basketball courts;
- Baseball diamonds;
- Running tracks;
- Installation of lighting systems;
- Artificial Turf fields;
- Waterfront boardwalk;
- Picnic Shelters;
- Field houses;
- Parking lots – gravel, asphalt, or concrete;
- Access roads;
- Skateboard parks;
- Water spray parks;
- BMX parks or Dirt bicycle parks (not acceptable unless it can qualify as 'landscaping');
- Dog parks;
- Sports equipment storage buildings;
- Baseball fields, however the playing field (levelling the ground, planting grass, and other plant material) could be included but not developing the baseball diamond or backstops.

For any parks costing items that are not clear, feel free to give me a call and we can discus if, based on our experience, the item can be included or not. We can also call the Ministry to clarify if the item can be included.

Sincerely,

URBAN SYSTEMS LTD.

Joel Short, MCIP, RPP
Senior Planner / Principal

/js

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LAKE COUNTRY
Life. The Okanagan Way.

DISTRICT OF LAKE COUNTRY

REQUEST FOR COUNCIL DECISION

MEETING TYPE AND DATE: REGULAR COUNCIL MEETING – NOVEMBER 17, 2020
AUTHOR: STEVE PETRYSHYN – LANDSCAPE DESIGN TECHNICIAN
SUBJECT: **PARKS DEVELOPMENT COST CHARGE UPDATE**

KEY ISSUE AND ESSENTIAL QUESTION:
There are a number of policy decisions needed in order to update the Parks Development Cost Charge (DCC) bylaw. What Parks DCC policies are appropriate considering the opportunity to ensure a sustainable funding source for parkland acquisition and development as Lake Country continues to grow?

OPTIONS:

A. ***(Preferred Staff Option)****:* THAT Council approve the recommendations for Parks Development Cost Charge (DCC) policies, as follows:
   - Establish Parks DCC rates that are the same for single-family and multi-family residential;
   - Maintain a 1% Parks DCC assist factor;
   - Relate the amount of parks acquisition and development directly to population, based on a specific standard, resulting in 100% of the costs in the Parks DCC program being allocated to growth;
   - Include neighbourhood parks in the DCC program, keep the 5% parkland dedication, and provide a DCC credit if developers provide parkland dedication;
   - Base the DCC program on achieving a target that maintains the current supply of developed active parks at 2.3 hectares / 1,000 population by developing target amount, but reduces acquisition to only what is necessary, which is equivalent to 1.6 hectares / 1000 population;
   - Establish new equivalency factors for commercial and industrial developments to reduce the Parks DCC rate increase

B. THAT Council select alternative options for Parks DCC policies and approve as amended

C. THAT Council does not approve any changes to the current Parks DCC policies

EXECUTIVE SUMMARY:
Key Information:
The current Parks DCC rates result in park acquisition and development that does not meet desired targets identified in the Official Community Plan and Parks and Recreation Master Plan.

The Parks DCC rates need to be increased for two reasons. First, construction and land costs have increased significantly, outpacing inflation since the DCC was first introduced. Secondly, current Parks DCC policies have proven to be insufficient in attaining fair cost recovery, instead placing a burden on the general tax base to provide for capital costs of park infrastructure and acquisition required from growth.

The recommendations for Parks DCC policies, presented as an attachment to this report, will support a fair and sustainable way forward for active parkland acquisition and development to meet future community needs.

Relevant Observations:
The District currently provides approximately 4.1 hectares / 1,000 population of neighbourhood and community parkland. About 2.3 hectares / 1,000 population of those parks are developed for active recreation purposes. Although there may be gaps in spatial distribution, the active park supply is considered sufficient to service our current population.

The Official Community Plan identifies a parkland supply target of 4 hectares / 1,000 population. The Parks and Recreation Master Plan recommends a parkland supply target of 4 hectares / 1,000 population of active park space. Achieving 4 hectares / 1,000 population target of active park space may be excessive on both the DCC rates as well as on taxation for park elements that are ineligible for DCC funding. The attached memo report includes recommendations to maintain an active park supply of 2.3 hectares / 1,000 population.

Strategic Questions:
- What level of active parks provision meets the needs of the community?
- What amount of new parkland acquisition and development is needed to accommodate new residents and businesses?
- What are appropriate costs to be borne by developers / taxpayers?

Strategic Relevance & Community Sustainability:
This project follows through on strategies and principles in the Official Community Plan and Parks and Recreation Master Plan and will support sustainability of the overall District parks system.

Key Result:
A Parks DCC bylaw update that is based upon appropriate policy direction.

Desired Benefit of Key Result:
As the aim is to move forward with adoption of an updated Parks DCC bylaw, solutions should align with Council's vision notably, sustainable infrastructure, inclusive community, balance, healthy environment, social wellbeing, and strategic decision making.

Requisites:
Before the updated Parks DCC bylaw can be brought back to a regular Council meeting for adoption, staff must meet with the development community, provide information to the general public, and submit a draft bylaw preview to the Province.

Unintended Outcomes:
- Increasing DCC rates may result in higher costs for new home buyers and businesses and could slow down development.
- Leaving DCC policies and rates as-is may result in a lower quality of life for District residents and could make the community less attractive to potential home buyers and businesses.
- More parks will require additional District resources to implement and maintain.
- More park development in established, but growing neighbourhoods may add to fear of change.
- Lack of park development in growing neighbourhoods, especially in a timely manner, won't meet residents' needs and may cause discontent.

Preferred Strategy:
Continue ahead with an update to the Parks DCC bylaw based on the recommended policy updates in order to maintain the current level of park provision and high quality of life for our growing community through fair and sustainable cost recovery from new development.

CAO COMMENTS:
This is overdue and I support Option A, which was extensively reviewed by our CFO.

BACKGROUND/HISTORY

Development Cost Charges (DCCs) are used to finance the costs to provide park, road, drainage, water and sewer services for the projected growth in population. DCCs are funds that are collected from land developers, by a municipality, to ensure that development pays its fair share. Expansion and development often lead directly to an increase in the demand for park infrastructure.

The District's DCC bylaw was last updated in 2005 and 2016. In 2016, the Parks DCC rate was adjusted for inflation because the Parks and Recreation Master Plan was in progress. Council adopted the master plan in December 2019 and work began on the Parks DCC update early in 2020.

On September 22, 2020 information to update the Parks DCC was presented to Council at a Strategy Session. Council indicated general support to move forward and further develop policies and DCC rates to bring back to a regular Council meeting based on an option to accommodate a growing population while maintaining the current supply of developed active parks per capita. Council requested that staff present further information regarding commercial and industrial rate comparisons and provide an additional method of maintaining park supply with a higher rate of park acquisition.

DISCUSSION/ANALYSIS

Goals:

Broad goals for the Parks DCC's and the provision of parkland have been identified as follows:

- **Fair Cost Recovery:** Lake Country is a growing municipality. New parkland acquisition and development will be needed to accommodate new residents and businesses. It is important that the costs associated with this do not create a burden on existing taxpayers.
- **Strategic Program Development:** The Parks DCC program should reflect the broad needs and priorities of the community. The approach should align with Council's vision and Official Community Plan.
- **Affordable Service Delivery:** New parkland acquisition and development comes with ongoing operations, maintenance and renewal costs. It is important that this is properly resourced and balanced by revenue from new development units.

Policy Recommendations:

The attached memo dated November 3, 2020 sets out a series of key policy questions and key decision points for Council regarding the Parks DCC's. The following are a summary of the recommendations.

1. **Rates for Single Family and Multi-Family:**
   Recommendation: Establish Parks DCC rates that are the same for single family and multi-family residential.
   Rationale: Equal rates ensure that multi-family is paying parks DCCs that reflect closer to the impact each unit has on parks demands.
2. **Assist Factor:**
   Recommendation: Maintain a 1% Parks DCC assist factor.
   Rationale: A low assist factor ensure that new development pays for the impact on parks and that existing residents are not subsidizing the costs associated with new growth.
3. **Benefit Allocation:**
   Recommendation: Relate the amount of parks acquisition and development directly to population, based on a specific standard, resulting in 100% of the costs in the Parks DCC program being allocated to growth.
   Rationale: A 100% benefit allocation provides clear determination of the amount of parks required to serve growth rather than attempting to determine that percentage benefit allocation of various parks projects that benefit both existing residents and new residents.
4. **Neighbourhood Parks & DCC Credits:**
   Recommendation: Include neighbourhood parks in the DCC program, keep the 5% parkland dedication, and provide a DCC credit if developers provide parkland dedication.
   Rationale: The 5% parkland dedication requirement is not a sufficient tool on its own to meet targets for neighbourhood park acquisition and development. DCC credits ensure fairness for developers.

5. **Parkland Supply Target:**
   Recommendation: Base the DCC program on achieving a target that maintains the current supply of developed active parks at 2.3 ha / 1,000 population by developing target amount, but reduces acquisition to only what is necessary, which is equivalent to 1.6 ha/ 1000 population;
   Rationale: A Parks DCC program that maintains the existing level of service provision and supply for active parks provides a fair and sustainable plan to meet future community needs.
6. **Rates for Commercial and Industrial Development:**
   Recommendation: Establish new equivalency factors for commercial and industrial developments to reduce the Parks DCC rate increase
   Rationale: Lower equivalency factors result in a more accurate reflection of how industrial and commercial equates to residential demand for parks in Lake Country and considers parks equivalency factors uniquely rather than considering them the same as water, sewer, or roads. Furthermore, it results in lower parks DCCs for Commercial and Industrial that keep the overall DCCs comparable to Okanagan communities.

Legislation & Applicable Policies
Section 934 of the Local Government Act outlines considerations when setting development cost charges.

Technical Considerations:

- **Impact on Infrastructure and Other Municipal Services**
  Implementing the proposed Parks DCC program will result in an estimated 20 hectares of new parkland acquisition and development over the next 15 years. With funding available from Parks DCC's to sustainably add parks in areas of growth, it will put the District in better position to address other non-growth related parks infrastructure aspects that rely heavily on taxation such as replacement and renewal, improving amenities and addressing deficiencies.

- **Impact on Staff Capacity and Financial Resources (Cost/Benefit Analysis)**
  Implementing the proposed Parks DCC program is expected to result in additional funds for parkland acquisition and development. More staff will be needed in the areas of parks planning and operations for both the delivery and ongoing maintenance of future parks. Strategically, by structuring the DCC program around maintaining the current level of park supply, ongoing costs to maintain and operate new parks can be offset by taxes from new residents and businesses.

Comments from Other Government Agencies, Council Committees and Relevant Stakeholders:
Due to COVID-19, a Parks and Recreation Advisory Committee (PARC) meeting has not been held since March 9, 2020. Information regarding the Parks DCC update and the policy recommendations of this report will be presented at the next scheduled PARC meeting on November 16, 2020. PARC's input will be shared with Council at the regular Council meeting on November 17, 2020.

Consultation, Public Feedback, and Communication to and from the Public and the Applicant:
Once policies are established and preliminary rates calculated, staff will meet with the development community and provide information to the public regarding the Parks DCC update.

ANALYSIS OF OPTIONS FOR CONSIDERATION:
The preferred option is aligned with Council's Vision and Mission Statement as well as the Guiding Principles contained within the recently adopted Parks and Recreation Master Plan. Further items for Council's considerations are presented and detailed within the body of the report.

Respectfully Submitted,

Steve Petryshyn
Landscape Design Technician
Infrastructure Services

This report has been prepared with the collaboration of the following individuals:

COLLABORATORS	
TITLE	**NAME**
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This report has been prepared in consultation with the following departments:

CONCURRENCES	
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Chief Administrative Officer	Alberto De Feo
Deputy CAO/CFO	Tanya Garost
Director of Infrastructure	Greg Buchholz
Director of Planning and Development	Jamie McEwan

ATTACHMENTS:
Attachment A – Lake Country Parks DCC Memo Report, November 3, 2020 (Policy Options)
Attachment B – Lake Country Parks DCC Memo Report, September 14, 2020 (Strategy Session)

URBAN SYSTEMS MEMORANDUM

DATE: November 3, 2020
TO: District of Lake Country

FROM: Joel Short, Urban Systems
FILE: 1577.0105.01
SUBJECT: Lake Country Parks DCC

This memo sets out areas where we require Council direction to refine and proceed with the process of updating the District parks DCCs. Background information set out in a memo dated September 14, 2020 and discussed at a Council strategy session on September 22, 2020 is attached. Based on the discussion with Council at the strategy session, this memo provides some additional information requested by Council and frames up key areas where Council direction is required.

The key areas where we require Council policy direction are as follows:

- Parks DCCs for single detached and multi family
- DCC Assist factor
- Benefit allocation approach
- Including Neighbourhood parks in DCCs
- Amount of parkland acquired and developed
- Industrial and Commercial Parks DCCs

Information regarding each of these questions are provided in each section, along with the pros and cons of various options and recommendations.

1.0 DCCS FOR SINGLE FAMILY AND MULTI-FAMILY

Issue

Does Council want to have Parks DCCs that are the same for Single Family and Multi family, or lower Parks DCCs for multifamily units compared to single detached?

Description

Currently the District has a lower Parks DCC for multifamily compared to single detached residential. The District could have the parks acquisition charge be exactly the same for single detached and multi family.

while the number of people per unit may be slightly less for apartments than for homes on individual lots, the apartment dwellers have a higher need for parkland since they don't have back yards they can use. Keeping the charge the same for both recognizes that slightly more land per capita is required for multi unit developments.

The equal charge neither disincentivizes nor incentivizes core development, since the charge per unit for multi family is exactly the same as for single family.

Options – Pros and Cons

Option 1 *- Continue with the current approach of having a parks DCC with lower rates for multi family units compared to single detached units.*

Pros

- Multi family pays a lower rate than single detached, reducing the DCC burden slightly on multi family units.

Cons

- Multi family does not pay for the true impact on park demands.
- Lower multi family subsidized by higher single detached residential, commercial, institutional, and industrial DCCs.

Option 2 *- Change the approach to have the same parks DCC rates for multi family units and single detached units*

Pros

- Multi family pays closer to the true impacts on park demands.
- Results in lower parks DCCs for Commercial, Institutional, Industrial, and single detached residential uses.

Cons

- Multi family pays a higher parks DCC.

Recommendation

We recommend **Option 2**.

This option ensures that Multi family is paying parks DCCs that reflect closer to the impact each unit has on parks demands.

2.0 PARKS DCC ASSIST FACTOR

Issue

Does Council want to keep the Assist Factor at the current 1%, or increase the Assist factor above 1% and have the broader community pay for the parks costs associated with new development in order to reduce the DCCs developers need to pay? The funds for reducing the DCCs would come from taxation, fees or other methods.

Description

The District can pay for part of the costs allocated to development through a DCC Assist Factor. The District currently has a 1% parks DCC Assist Factor. Legislation requires some level of assist, and 1% is the lowest assist that can be provided, and this is the most common assist percentage for DCCs across the province. The 1% assist basically signals that growth should pay for the impacts of growth, without being subsidized by existing residents. Alternatively through the Assist Factor the District could pay a certain portion, say 5% or 10%, of the parks acquisition or development costs allocated to new development. This would signal that Council wants the existing community to pay for some of the costs associated with growth. The assist factor is not based on technical information, rather it is a policy decision of Council to help pay for some of the costs associated with growth.

Options – Pros and Cons

Option 1: *Keep the Parks DCC assist factor at 1%*

Pros

- Ensures new development is paying for the impacts of growth on parks.
- Sends message that Lake Country is not subsidizing growth.

Cons

- Does not result in a lower parks DCC.

Option 2: *Increase the Parks DCC assist to a higher percentage to reduce the Parks DCC*

Pros

- Will result in a lower parks DCC.

Cons

- Existing residents subsidize the cost of providing parks for new development.
- Funds need to come for other sources such as property taxes or fees to pay the municipal assist portion.

Recommendation

We recommend **Option 1.**

This will ensure that new development pays for the impact on parks and that existing residents are not subsidizing the costs associated with new growth.

3.0 PARKS DCC BENEFIT ALLOCATION APPROACH

Issue

The District can attempt to review the entire parks program and allocate a portion of the benefit to new growth, or it can relate the amount of parks acquisition and development directly to population, based on a specific standard.

Description

For Parks DCCs, there are generally two main approaches that are used:

1. Proportion of entire parks program - One approach is to take a look at the entire parks program and allocate a portion of the benefit to new growth. This would often be done based on population. For example, if the entire parks program benefits everyone in the community and at the end of the projection period 25% of the population is new, then 25% of the entire parks program could be allocated to new growth. However it can also be difficult to determine what potion of a specific park benefits the exiting populations vs the new population.

2. Direct connection to growth - Another method is to relate the amount of parks acquisition and development directly to population, based on a specific standard. For example, if the standard is one hectare per 1,000 people for neighbourhood parks, then the DCCs would be based on the cost to acquire and develop one hectare for every 1,000 new people. This results in 100% of the costs being allocated to growth because we are just considering the demands imposed by new growth and not the current needs of the existing population.

Options - Pros and Cons

Option 1 *- Proportion of entire parks program*

Pros

- Shows entire parks program, which makes it clear that other parks projects are being planned, not just those associated with growth.

Cons

- Difficult to determine proportions.
- Can create potential for disagreements regarding proportions.

Option 2 *– Direct connection to growth*

Pros

- Clearly relates new population growth to parks demand.
- Relates well to the District goals for providing parks

Cons

- Can sometimes be misconstrued as DCCs paying for 100% of all parks, not just the parks required due to growth.

Recommendation

We recommend **Option 2.**

This approach identifies the amount of park land required purely to serve growth and allocates that cost 100% to growth. This results in a clear determination of the amount of parks required to serve growth rather than attempting to determine that percentage benefit allocation of various parks projects that benefit both existing residents and new residents.

4.0 INCLUDING NEIGHBOURHOOD PARKS IN DCCS

Issue

Currently the District only includes acquisition for Community Parks since Neighbourhood parks are acquired though 5% parkland dedication upon subdivision. However, multi family development often do not require subdivision, so they do not provide Neighborhood parks.

Description

Lake Country is gradually shifting from primarily single detached subdivision development to more multi family development. Because of how legislation is structured, the District can obtain 5% of the land in a single detached subdivision for parkland, but not for multi family developments like apartments or townhouses. The challenge is to take advantage of the 5% parkland dedication for suburban areas, but still ensure the District obtains enough land for parks in core areas to serve those dwelling in apartments and townhouses.

The District could eliminate 5% parkland dedication entirely and acquire all land based on Parks DCCs. It eliminates the need to negotiate the 5% parkland dedication for each subdivision. The parks acquisition DCC would be applied equally to single detached Subdivisions and to multifamily developments like apartments or townhouses. An issue with eliminating 5% parkland dedication acquiring land based only on Parks DCCs is that the Parks Acquisition DCC would need to be updated quite regularly to keep up with rising land costs. The 5% parkland dedication keeps up with the rising costs since the dedication is negotiated for each development at the time of subdivision.

Another approach is that the District could establish both a 5% parkland dedication requirement and a Parks DCC, and simply provide a credit to the developer if they provide parkland. This avoids the double dipping issue of both charging a DCC for Neighbourhood park and collecting land for neighbourhood parks.

Options – Pros and Cons

Option 1 *– status quo – do not include neighbourhood parks in the DCC program at all*

Pro

- Keeps parks DCCs lower

Con

- Does not generate Neighbourhood parks from Multi family developments

Option 2 *- Include neighbourhood parks in the DCC program and eliminate the 5% parkland dedication*

Pro

- Generates Neighbourhood parks from Multi family developments.
- No negotiations required for parkland dedication for each subdivision.

Con

- Does not provide opportunity for parkland dedication as part of subdivisions
- More difficult to keep up with rising land costs

Option 3 *- Include neighbourhood parks in the DCC program, keep the 5% parkland dedication, and provide a DCC credit if developers provide parkland dedication*

Pro

- Generates Neighbourhood parks from Multi family developments.
- Still allows singe detached developers to provide parkland dedication
- Provides for a DCC credit to developers who provide parkland

Con

- Parks DCC is somewhat higher since it includes Neighbourhood parks

Recommendation

We recommend **Option 3**

This option provides the best of both approaches since it collects money for neighbourhood parks from multi family, and it allows single detached development to dedicate land for parks in return for a DCC credit. We also recommend implementation through clear policy direction setting out how the DCC credit will work.

5.0 TARGET AMOUNTS OF PARKS DEVELOPMENT AND ACQUISITION

Issue

The Parks and Recreation Master Plan sets out a target active parks supply rate of 4.0 ha/1000 population, but to base the DCC program on achieving that target results in very high parks DCCs. The current parks DCCs are based on past low land values and will not come close to meeting the target. The District currently provides active parks at a rate of about 2.3 ha/1000. The District needs to determine the rate of parks provision that it will use to calculate DCCs.

Description

In the September 14, 2020 Lake Country Parks DCC memo that we discussed with Council at the strategy session on September 22nd, we reviewed three options for the level of parks acquisition and development in DCC calculations. Council requested more information on another option. We conducted revised DCC calculations for the following 4 options:

- **Option 1:** Base the DCC program on achieving a target that meets the OCP supply target of 4.0 ha / 1,000 population for both park development and acquisition.
- **Option 2:** Base the DCC program on achieving a target that develops active parks at 2.3 ha / 1,000 population, and also acquires new land for parks at 2.3 ha / 1,000 population.
- **Option 3:** Base the DCC program on achieving a target that maintains the current supply of developed active parks at 2.3 ha / 1,000 population by developing target amount, but reduce acquisition to only what is necessary, which is equivalent to 1.6 ha/ 1000 population.
- **Option 4:** Maintain the current Parks DCC rate.

The resulting Parks DCCs are as shown in the table below with **different** charges for Single Detached and Multi-family:

	Option 1 4.0 ha/1000	Option 2 2.3ha/1000 develop 2.3ha/1000 acquire	Option 3 2.3ha/1000 develop 1.6ha/1000 acquire	Option 4 Existing	unit type
Single Detached Housing	$33,904	$19,233	$15,188	$2,171	Lot
Multi-family Residential	$22,037	$12,502	$9,872	$1,411	Unit
Commercial	$59	$33	$26	$7	m2
Industrial	$38	$22	$17	$7	m2
Institutional	$59	$33	$26	$7	m2

The resulting DCCs are as shown in the table below with **same** charges for Single Detached and Multi-family:

	Option 1 4.0 ha/1000	Option 2 2.3ha/1000 develop 2.3ha/1000 acquire	Option 3 2.3ha/1000 develop 1.6ha/1000 acquire	Option 4 Existing	unit type
Single Detached Housing	$28,549	$16,196	$12,790	n/a	Lot
Multi-family Residential	$28,549	$16,196	$12,790	n/a	Unit
Commercial	$50	$28	$22	$7	m2
Industrial	$32	$18	$14	$7	m2
Institutional	$50	$28	$22	$7	m2

These DCC calculations use the revised Commercial, Industrial, and Institutional Equivalency Factors discussed in Section 6.

Options – Pros and Cons

Option 1: *Base the DCC program on achieving a target that meets the OCP supply target of 4.0 ha / 1,000 population for both park development and acquisition.*

Pros

- Meets the OCP supply target solely through DCCs without requiring other funding methods.

Cons

- Results in parks DCCs that are significantly higher than any other community in the Okanagan.
- Will probably not be acceptable to the development community.

Option 2: *Base the DCC program on achieving a target that develops active parks at 2.3 ha / 1,000 population, and also acquires new land for parks at 2.3 ha / 1,000 population.*

Pros

- Maintains the existing level of service provision and supply for active parks.
- Ensures that as growth occurs the District acquires parkland to serve needs over the long term future, beyond the next 15 years.

Cons

- Does not provide enough parks through DCCs in order to meet the OCP supply target of 4.0 ha/1000 population.

Option 3: *Base the DCC program on achieving a target that maintains the current supply of developed active parks at 2.3 ha / 1,000 population by developing target amount, but reduce acquisition to only what is necessary, which is equivalent to 1.6 ha/ 1000 population.*

Pros

- Maintains the existing level of service provision and supply for active parks.
- Makes efficient use of parkland the District already owns by developing it for park use.
- Allows the District to reduce parkland acquisition for 15 years until the existing supply of vacant parkland is developed.

Cons

- Gradually reduces the supply of undeveloped parkland, which means that once 15 years is up the District will need to start collecting 2.3 hectares of new parkland for every 1000 new residents to maintain the service level of 2.3 ha/ 1000.
- Does not provide enough parks through DCCs in order to meet the OCP supply target of 4.0 ha/1000 population.

Option 4: *Maintain the current DCC rate.*

Pros

- Keeps DCC rates at the current low level, with little concern from the development community.

Cons

- Does not even come close to meeting future targets.
- New development does not pay anywhere near the amount required to acquire and develop new parkland.
- Is based on outdated figures that are far too low compared to current costs.

Recommendation

We recommend **Option 3.**

DCCs will collect enough money to continue to provide active parkland at the same rate that the community currently enjoys active parkland. This option makes efficient use of parkland the District already owns by developing it for park use. The DCC rate will increase, but not nearly as high as if the District used solely DCCs to achieve the 4.0 ha / 1000 rate identified in the Parks and Recreation Master Plan and OCP.

6.0 COMMERCIAL AND INDUSTRIAL DCCS

Issue

Council requested additional information on how the proposed parks DCCs would impact the comparison with Commercial and Industrial DCCs in other Okanagan communities. This request also led us to reconsider the equivalency factors for Commercial and Industrial uses. Council can choose to continue using the old equivalency factors or shift approach and use new equivalency factors.

Description

Lake Country already charges Parks DCCs for Commercial and Industrial uses. This puts Lake Country ahead of many communities who are wrestling with introducing Parks DCCs to Commercial and Industrial uses. It is becoming increasingly clear in many communities that Commercial and Industrial uses place demands on parks:

- Employees needing park space during lunch hours, before and after work.
- Employees coming from outside the community using parks in Lake Country.
- Businesses becoming more attractive places to work if parks are nearby.
- Tourism oriented businesses placing demands on parks by visitors.

While it makes sense to charge Parks DCCs on Commercial and Industrial uses, Council would like to know how the proposed DCCs compare with other communities. Before conducting a comparison, we need to consider new equivalency factors that impact the resulting Commercial and Industrial Parks DCCs.

Revised Equivalency factors

In preparing this new round of calculations we revised the equivalency factors for Commercial and Industrial uses. Equivalency factors essentially estimate how Commercial and Industrial development impacts the demands for parks compared to a single residential unit. It determines how many square meters of commercial or industrial development are equivalent to a single detached home. The existing DCC (which was based on the DCC before that) simply uses the same equivalency factors for all services. The DCCs calculated in the September 14th memo used those existing equivalency factors. The existing equivalency factors uses the dame factors for parks as for roads, water sewer and drainage. We created new equivalency factors specific to parks, and specific to Lake Country, which resulted in the DCCs calculated in Section 5 above. We think the new equivalency factors make sense, particularly when we aim to compare Industrial and Commercial DCCs with Okanagan communities.

The resulting Commercial and Industrial DCCs comparing the old equivalency factors and the new equivalency factors are set out in the tables below.

Commercial and Industrial DCCs with **different** charges for Single Detached and Multi-family:

	Old Equivalency Factor (Sept 14th Option 2)	New Equivalency Factor (Option 3)	unit type
Single Detached Housing	$14,425	$15,188	Lot
Multi-family Residential	$9,376	$9,872	unit
Commercial	$48	$26	m2
Industrial	$48	$17	m2
Institutional	$48	$26	m2

Commercial and Industrial DCCs with **same** charges for Single Detached and Multi-family:

	Old Equivalency Factor (Sept 14th Option 2)	New Equivalency Factor (Option 3)	unit type
Single Detached Housing	$12,244	$12,790	Lot
Multi-family Residential	$12,244	$12,790	unit
Commercial	$41	$22	m2
Industrial	$41	$14	m2
Institutional	$41	$22	m2

The new equivalency factors result in lower DCCs for Commercial and Institutional uses, and even lower DCCs for Industrial. With the reduced DCCs for Commercial and Industrial, the Residential DCCs go up somewhat. Option 2 with the old equivalency factors and Option 3 with the new equivalency factors have the same costs so they are directly comparable. The comparison shows that Residential DCCs increase by $546 per unit after shifting to the new equivalency factors, when the DCCs are the same for multi family and single detached.

Comparisons of Commercial and Industrial DCCs

When comparing Commercial and Industrial DCCs the District should consider not only the Parks DCCs but the total DCCs. Some communities do not have Parks DCCs that apply to Commercial and Industrial uses yet. They have not updated their DCCs in a few years or simply haven't considered applying parks DCCs to Commercial and Industrial Uses. Furthermore, comparing only Parks DCCs for Industrial or Commercial does not paint the whole picture; developers and builders consider the entire DCC amount, not the individual Parks DCCs.

There are also factors that should be considered regarding the specific situations in other communities. For example, the City of Kelowna only has a Parks DCC for development of parks that applies to Commercial and Industrial. The City does not have a parks acquisition DCC that applies to Commercial and Industrial. When Kelowna was updating its Parks DCCs it also considered applying parks acquisition DCCs to Commercial and Industrial, but decided to wait until the next major DCC update (which is currently under way). The current parks development DCC is similar to the parks

acquisition DCC for residential in Kelowna. If the parks acquisition amount is similar to the parks development amount, this would result in a doubling the parks DCC for commercial and industrial in Kelowna. This should be considered when comparing to Kelowna – those Kelowna DCCs will likely be going up.

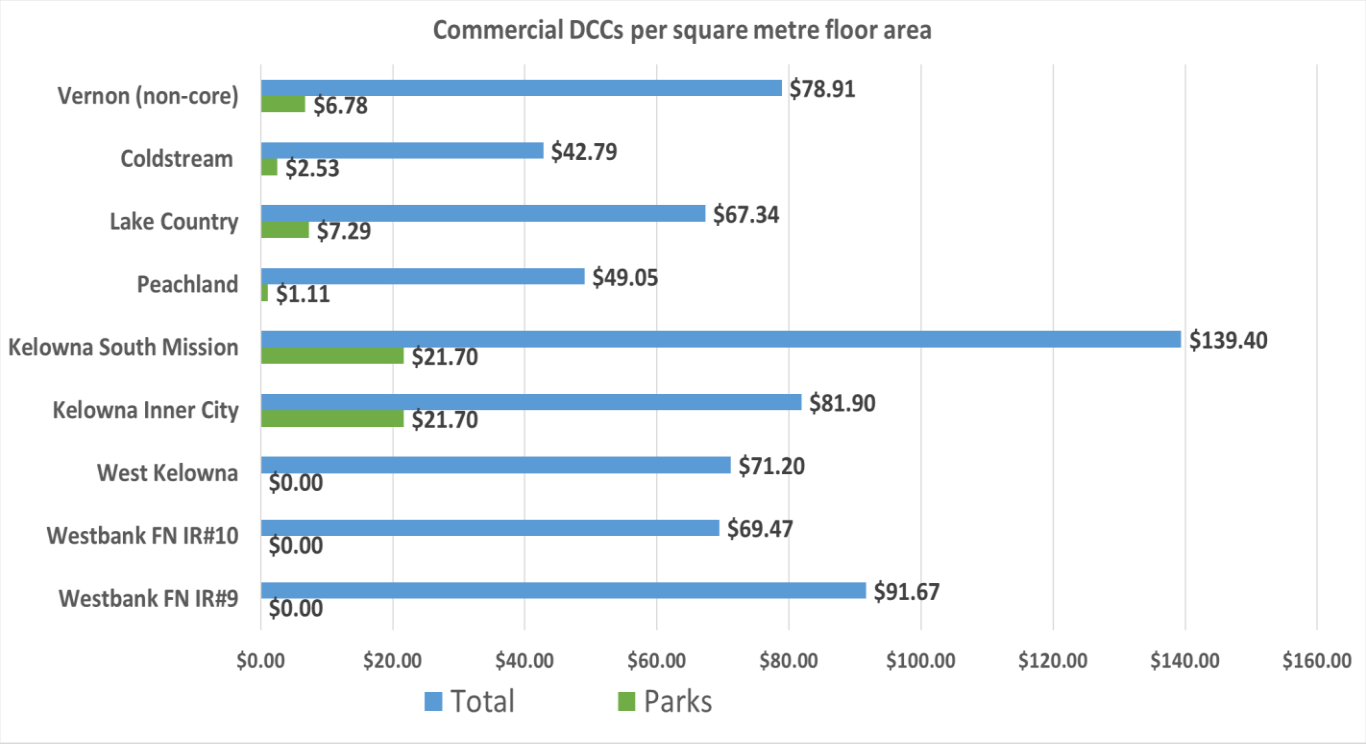
Total Commercial and Industrial DCCs vary widely from community to community and don't lend well to comparison. There are several factors involved that result in differing DCCs:

- When comparing DCCs, communities and developers usually focus on residential DCCs, so not as much effort goes into ensuring that Commercial or Industrial DCCs are comparable.
- Commercial and Industrial DCCs generally have different equivalency factors from community to community that can result in widely differing results.
- Industrial DCCs can be calculated by a few different methods, some are based on building square footage so can be compared directly with Lake Country, but others are based on the site area, so to translate a site area DCC to a building floor area DCC we need to make assumptions about the percentage parcel coverage for industrial buildings. Changes in these assumptions can result in changes in the DCC per square metre.
- Some communities also have a minimum DCC charge, say for the first hectare, and then a charge per square meter of site area that starts after the first hectare. So a small building might be paying significantly more per square meter than a large building.
- Some communities may have a low Industrial DCC, like Peachland or Coldstream, but they have very little industrial land and virtually no new industrial development, so while their rates are low they don't really offer any competition for Industrial land.

All this to say that it is difficult to compare Commercial and Industrial DCCs, and it would be ineffectual to focus too much on making direct comparisons. Comparative figures should be considered along with the wide range of other factors that impact the locational choices of commercial and industrial uses.

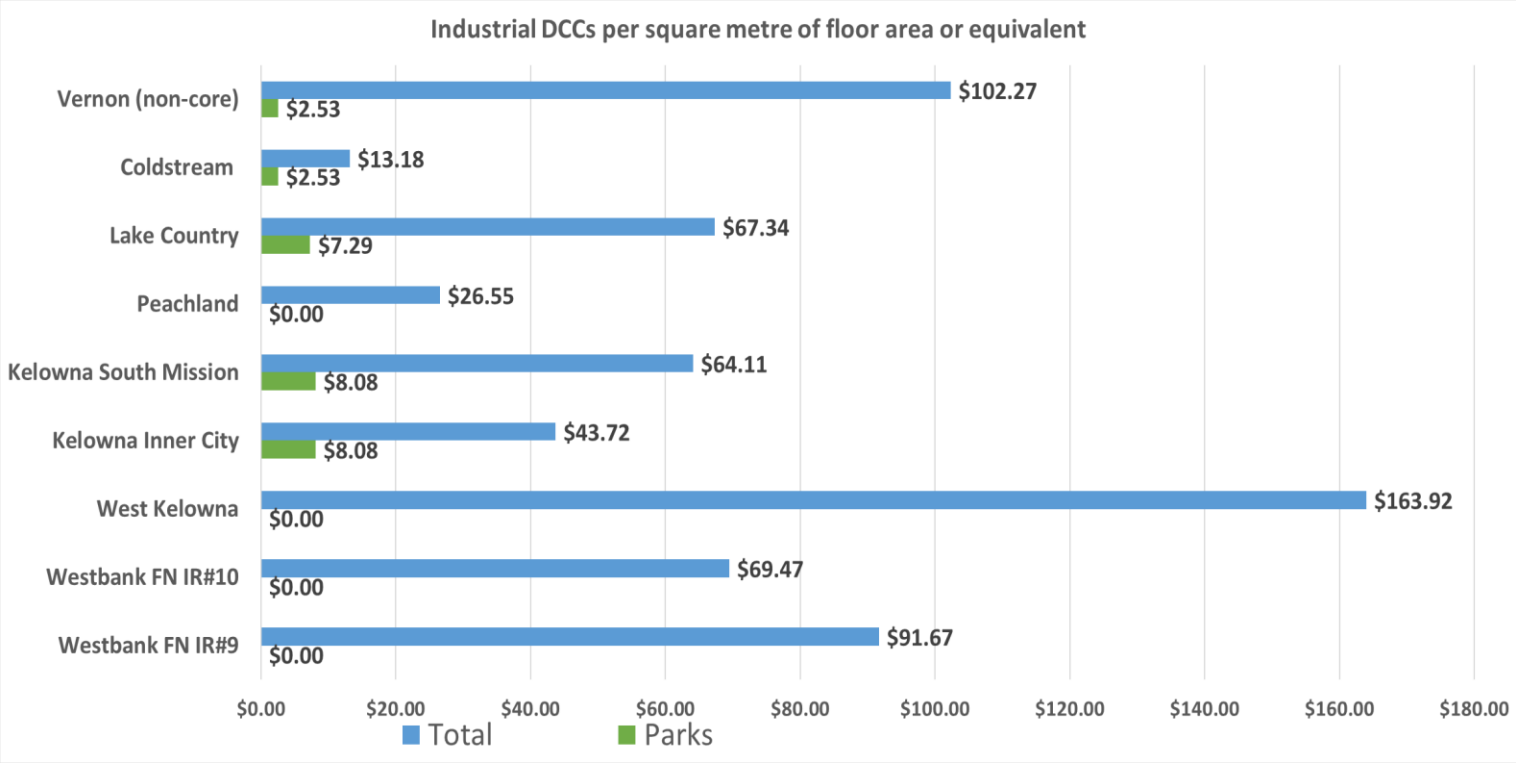
The chart below shows a comparison of **Commercial** DCCs in the Okanagan.

- The Commercial DCCs vary from about $42 /m2 in Coldstream to $139 /m2 in Kelowna South Mission.
- If Lake Country's Parks DCC increase from about $7 to $22 /m2 that would be an increase of about $15 /m2 to the total DCCs, using Option 3 and the new equivalency factors.
- This would see Lake Country's overall commercial DCC would increase from about $67 /m2 to $82 /m2.
- This is very similar to Kelowna Inner City and Vernon, lower than Westbank FN IR#9 and quite a bit lower than Kelowna South Mission.



The chart below shows a comparison of **Industrial** DCCs in the Okanagan.

- The Industrial DCCs vary from about $13 /m2 in Coldstream to $164 /m2 in West Kelowna.
- If Lake Country's Industrial Parks DCC increase from about $7 to $14 /m2 that would be an increase of about $7 /m2 to the total DCCs, using Option 3 and the new equivalency factors.
- This would see Lake Country's overall industrial DCC would increase from about $67 /m2 to $74 /m2.
- This is similar but somewhat higher than Kelowna South Mission and Westbank FN #10, and lower than Vernon, West Kelowna and Westbank FN IR#9.



Another factor to consider is the amount of revenue generated by the Commercial and Industrial Parks DCCs under various options. The amounts generated are as follows:

- Option 2 with different charge to Multi family and Single Detached: $2.34 million.
- Option 2 with same charge to Multi family and Single Detached: $1.97 million.
- Option 3 with different charge to Multi family and Single Detached: $1.85 million.
- Option 3 with same charge to Multi family and Single Detached: $1.56 million.

You can see that the amounts of revenue generated by Commercial and Industrial parks DCCs are significant and these uses will make a positive contribution to parks acquisition and development.

Options – Pros and Cons

Option 1: *Use the old equivalency factors for Commercial and Industrial*

Pros

- Consistent with methods used in past parks DCCs and for existing water, sewer, roads, and drainage DCCs.

Cons

- Does not reflect the specific equivalencies for parks in Lake Country.
- Results in overall DCCs that are higher than most Okanagan communities.

Option 2: *Use the new equivalency factors for Commercial and Industrial*

Pros

- Results in a more accurate reflection of how industrial and commercial equates to residential demand for parks in Lake Country.
- Keeps the overall Commercial and Industrial DCCs within a reasonable range compared to other Okanagan communities.

Cons

- Results in a small increase in residential DCCs compared to using the old equivalency factors.

Recommendation

We recommend **Option 2.**

Option 2 results in a more accurate reflection of how industrial and commercial equates to residential demand for parks in Lake Country and considers parks equivalency factors uniquely rather than considering them the same as water, sewer, or roads. Furthermore, it results in lower parks DCCs for Commercial and Industrial that keep the overall DCCs comparable to Okanagan communities.

7.0 CLOSING

This memo sets out a series of policy questions and key decision point for Council regarding the Parks DCCs. The decisions made by Council will inform the process moving forward. Once we receive direction, we can proceed prepare the draft background report and hold stakeholder engagement. After the stakeholder engagement Council will need to consider the results and determine adjustments that need to be made. Once we have a final direction then we can move forward with finalizing the report and prepare a bylaw for Council readings and approval by the Ministry.

We look forward to discussing these policy questions with you.

Sincerely,

URBAN SYSTEMS LTD.

Joel Short, RPP, MCIP
Senior Planner / Principal

/js

URBAN SYSTEMS MEMORANDUM

DATE: September 14, 2020
TO: District of Lake Country

FROM: Joel Short, Urban Systems
FILE: 1577.0105.01
SUBJECT: Lake Country Parks DCC

This memo summarizes the analysis to date for an update to Parks Development Cost Charges (DCC) for the District of Lake Country. The report consists of the following parts:

1. Broad goals
2. Strengths and challenges
3. Policy direction in the Parks and Recreation Master Plan
4. Growth projections
5. Parkland supply
6. Park demand projections based on growth
7. Eligible parks DCC costs
8. Parks development costing
9. Parkland acquisition costing
10. DCCs for single family and multi-family
11. Assist factors
12. Benefit allocation
13. DCC Credits
14. Existing Parks DCCs
15. Preliminary DCC calculations

1.0 BROAD GOALS

Broad goals for the Parks DCCs and the provision of parkland have been identified as follows:

- **Fair Cost Recovery:** Lake Country is a growing municipality. New parkland acquisition and development will be needed to accommodate new residents and businesses. It is important that the costs associated with this do not create a burden on existing taxpayers.
- **Strategic Program Development:** The Parks DCC program should reflect the broad needs and priorities of the community. The approach should align with Council's vision and Official Community Plan.
- **Affordable Service Delivery:** New parkland acquisition and development comes with ongoing operations, maintenance and renewal costs. It is important that this is properly resourced and balanced by revenue from new development units.

2.0 STRENGTHS AND CHALLENGES

Some key Strengths and Challenges for the District's parks provision are set out below:

Strengths:

- **Waterfront Parks & Accesses:** Lake Country has over 17km of publicly accessible waterfront. The Oyama Isthmus Parkland provides an opportunity to create a new beach park for community use with over 1km of shoreline.
- **Lakestone Parks System:** Lakestone has been supplying and developing the needed parkland for new residents moving into their development. DCCs from new units also go towards new municipal-wide park acquisitions and developments. Additionally, municipal taxes from new units at Lakestone will fund the ongoing operations, maintenance and renewal of these new park improvements.
- **Trails & Greenways:** The Okanagan Rail Trail and Pelmewash Parkway provide approximately 23kms of linear parkland with walking and cycling trail for all ages and all abilities. There are also many great nature trail networks in Lake Country, such as at Lakestone, the Lakes and Jack Seaton Park.

Challenges:

- **Neighbourhood Parks in Infill Growth Areas:** The 5% parkland dedication tool works best for large, greenfield, multi-lot subdivisions. However, 50% of anticipated new units in Lake Country will come without subdivision (condos & townhomes), resulting in no funding toward neighbourhood parks in more densely populated areas where people may need them the most.
- **New Sports Fields:** Planning for new sports fields will be important as the community grows so that sites may be identified and secured for the long-term. Acquisition of large, flat lands will be a particular challenge as these types of lands within Lake Country are generally depleted, with the exception of those protected by the ALR.
- **Limitations on Parks DCC Use:** Eligible improvements are those that typically serve the entire community. Parkland improvements that serve a more limited demographic such as basketball courts, tennis courts, pickleball courts, artificial turf sports fields, or baseball dugouts are not eligible. This means that municipalities rely on taxation to fund these ineligible improvements even when they are attributable to growth.

3.0 PARKS AND RECREATION MASTER PLAN

In 2019, the District of Lake Country completed the Parks and Recreation Master Plan, a high-level plan that was developed through extensive consultation with the public, stakeholders, and various District of Lake Country committees. The key focus of the plan was to determine what parks and recreation infrastructure is needed, how and when it gets built, and how it is maintained and replaced over time, in a financially stable manner. The document set out a vision, objectives, and overall direction for managing parks, trails, public recreational facilities, and other park infrastructure as an overall investment in the community.

The Parks and Recreation Master Plan developed an inventory, defined objectives, assessed both existing infrastructure and future needs, and developed a high-level financial model to guide the implementation of the plan.

The Master Plan recommends a target of 4.0 hectares / 1,000 population for active parks. The plan notes that this target would be for active parks only, and that the District will continue to strive to maintain a high ratio of greenspace, natural parks, and open space.

***Key takeaway**: The Parks and Recreation Master Plan recommends a target of **4.0 hectares / 1,000** population for active parks.*

4.0 PARKLAND SUPPLY

The existing parkland supply has been summarized to include active parkland in the form of Neighbourhood parks and Community parks.

Active parkland provided by the District includes the following types of parks or facilities:

- Destination Parks with sports fields, cultural facilities such as Beasley Park, Jack Seaton Park, Memorial Park and Swalwell Park.
- Developed Beach Parks such as Coral Beach Park and Pioneer Park.
- Developed Neighborhood parks with maintained grass, playground equipment, and seating, such as Benchlands Park, Apex Park and Dewar Park.

To ensure that the standard is consistent with the Parks and Recreation Master Plan definitions of active neighbourhood or community parks, the summary of active parkland does not include:

- Undeveloped parkland, acquired through the subdivision process but not yet developed.
- Linear corridors such as the rail trail.
- Crown Land such as Spion Kop.
- Road ends.
- Natural Green Space such as grasslands, forests, watercourses, and hillsides.

The Table essentially shows the current level of service in the District for active parkland. Community parks in this table include the developed destination parks and beach parks. Neighbourhood parks in this table include developed neighbourhood parks.

It shows that **the District is currently providing 2.3 ha/1,000 population for active parks**. This may act as an optional benchmark for provision of parks in the future, rather than the 4.0 ha/ 1000 target set for these types of active parkland set out in the Parks and Recreation Master Plan.

Parkland Supply		
Park Type	***Area (ha)***	**2020 Population 15,000 (ha/1,000)**
Community Parks	32.89	2.19
Neighbourhood Parks	1.7	0.11
Total DLC Owned	**34.55**	**2.30**
Schools	9.6	0.64
Regional Parks	10.95	0.73
Total Non-DLC Owned	**20.55**	**1.37**
Total Combined	**55.1**	**3.67**

***Key takeaway**: The District currently supplies about **2.3 hectares / 1,000 population** for active neighbourhood and community parks.*

5.0 GROWTH PROJECTIONS

The existing DCC bylaw is based on 20 years of Growth at 3.1% per year from 2016 to 2035. The recently adopted Official Community Plan is also based on 3.1% growth per year as one of its projected rates. In order to align with these two documents, the Parks DCC analysis draws on the same projections as the DCC report.

Development Cost Charges are often calculated based on a 10-year, 15-year, or 20-year time frames. They can also be based on ultimate build-out, which is not based on a specific time frame but rather on when complete build-out occurs on available land. The existing Parks DCCs set out in 2016 background report are based on a 20-year time. The projection period extends from 2016 to 2035. This Parks DCC update will be based on a 15-year time frame, to ensure that the end period of the Park's DCCs align with the end period of all the other DCCs such as Transportation, Water, and Sewer. This 15-year time will run from 2021 to 2035.

Considering a 15 year time frame, the parks demands and DCC calculations are based on the assumption of a **population growth over 15 years of 8750 people from 2021 to 2035.** By applying 15 of 20 years (75%) of the projections for housing units and commercial, industrial, and Institutional in the DCC background report, the resulting figures are set out in the following table:

Land Use	Development Projection 15 Years	Units
Single Detached Housing	1871	Lots
High Density Multi-family Residential	1638	units

Commercial	37,500	m^2
Industrial	41,250	m^2
Institutional	5,625	m^2

6.0 PARK DEMAND PROJECTIONS BASED ON GROWTH

The population growth of 8750 people, at 4.0 ha per 1000 people translates to a demand of 35 hectares. Based on direction in the Parks and Recreation Master Plan, anticipated demand, and current levels of park provision, we have estimated that the future requirements will be for 1 ha/1000 for Neighbourhood parks and 3 ha/1000 for Community parks. Based on this ratio, the resulting demand is as set out in the table below.

Park Type	Area (ha)
Neighbourhood Parks	8.75
Community Parks	26.25
Sub-Total	**35**

The lower rate of 2.3 ha per 1000 people, which is based on the current rate that the District provides parkland to its residents, this translates to about 0.6 ha/1000 for neighbourhood parks and 1.7 ha/1000 for community parks. Incidentally, the City of Kelowna has a similar standard of 2.2 ha/1000 with 0.6 ha/1000 for neighbourhood parks and 1.6 ha/1000 for community type parks. By applying this ratio to new population growth, this translates to a demand of about 20 hectares, as set out in the table below.

Park Type	Area (ha)
Neighbourhood Parks	5
Community Parks	15
Sub-Total	**20**

***Key takeaway**: At 4 ha/1000 the District needs to provide 35 ha of new parkland over the next 15 years. At 2.3 ha/1000 the District needs to provide 20 ha of new parkland over the next 15 years.*

7.0 ELIGIBLE PARKS DCC COSTS

Parks DCCs can only pay for specific items. These include parkland acquisition, and parks improvements generally limited to "providing fencing, landscaping, drainage and irrigation, trails, restrooms, changing rooms and playground and playing field equipment on park land,".

This has been further elaborate by the Ministry as follows:

- "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 includes 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, pickleball courts, artificial turf sports fields, or baseball dugouts are not eligible.

Additionally, over the years through various emails and phone discussions, we have determined that the following additional items are NOT permitted:

- Artificial Turf fields;
- Waterfront boardwalk;
- Picnic Shelters;
- Field houses;
- Parking – gravel, asphalt, or concrete;
- Skateboard park;
- Water spray park (categorized as playground equipment) – note that some Financial analysts have accepted a water spray park, but others have rejected a water spray pool - this is an item that is in the grey zone – would suggest not including in a DCC program unless you are willing to really argue for it;
- BMX parks and Dirt bicycle parks (not acceptable unless it can qualify as 'landscaping');
- Dog park;
- Sports Equipment storage buildings;
- Baseball fields, however the playing field (levelling the ground, planting grass, and other plant material) could be included but not developing the baseball diamond.

***Key takeaway**: Parks DCCs can only pay for modest types of park development like fencing, landscaping, drainage and irrigation, trails, restrooms, changing rooms and playground equipment. It cannot pay for items such as pickleball courts, sport courts and spray parks.*

8.0 PARK DEVELOPMENT COSTING

Costs for developing parkland has been prepared by District of Lake Country Staff based on knowledge of recent park development costs. Rather than prepare specific cost estimates for individual parks, the estimates are based on a relatively standard template for developing a hectare of Neighbourhood or Community Park. This allows for projections of parks costs to meet the demands of population growth on a per hectare basis.

The costs for a hectare of Neighbourhood park are set out below, separating costs into those eligible for recovery through DCCs and the ineligible costs.

Neighbourhood Parks: Typical Parks Costing Template

Amenities (DCC Eligible)	Area (%)	Cost / sq.m.	Total Cost / sq.m.	Total Cost / ha
Soft landscaping (turf, planting, trees)	75%	$50	$37.50	$375,000
Hard surfaces & site furniture (pathways, plazas)	10%	$120	$12.00	$120,000
Playgrounds	10%	$240	$24.00	$240,000
Total DCC Eligible Cost			**$73.50**	**$735,000**
Amenities (DCC Ineligible)				
Sport Courts & Specialty Items	5%	$240	$12.00	$120,000
Total DCC Ineligible Cost			**$12.00**	**$120,000**
Total Development Cost			**$85.50**	**$855,000**

The costs for a hectare of Community park are set out below, separating costs into those eligible for recovery through DCCs and the ineligible costs.

Community Parks: Typical Parks Costing Template

Amenities (DCC Eligible)	Area (%)	Cost / sq.m.	Total Cost / sq.m.	Total Cost / ha
Soft landscaping (turf, planting, trees)	75%	$50	$37.50	$375,000
Hard surfaces & site furniture (pathways, plazas)	10%	$120	$12.00	$120,000
Playgrounds	5%	$240	$12.00	$120,000
Washrooms	0.25%	$5,000	$12.50	$125,000
Total DCC Eligible Cost			**$74.00**	**$740,000**
Amenities (DCC Ineligible)				
Sport Courts & Specialty Items	5%	$240	$12.00	$120,000
Car Parking	4.75%	$120	$5.70	$57,000
Total DCC Ineligible Cost			**$17.70**	**$177,000**
Total Development Cost			**$91.70**	**$917,000**

In order to check against an actual park built recently in Lake Country, staff compared the template method with the actual cost of park construction, and the figures are very close. Benchlands Park is a Community Park and was completed by a contractor in 2019. Benchlands Park features three pickleball courts, a tennis court and a multi-sport court for basketball and floor hockey. The template method estimated a cost of about $1.01 million, and the actual cost was about $1.26 million. Note that the actual cost was somewhat higher that the template method because of the presence of Pickleball courts in Benchlands park.

The total costs to develop parks to meet the 4 ha/1000 standard are set out in the table below. Note that the table differentiates between costs that are eligible for DCCs and the cost that are ineligible for DCCs. Only the eligible costs will be included in the DCC calculations.

Park Development Cost Estimate (4.0 ha/ 1,000 pop):

Park Type	Area (ha)	Total Development Cost	Cost / ha (DCC Eligible)	Cost / ha (DCC Ineligible)
Neighbourhood Parks	8.75	$7,481,250	$6,431,250	$1,050,000
Community Parks	26.25	$24,071,250	$19,425,000	$4,646,250
Sub-Total	**35**	**$31,552,500**	**$25,856,250**	**$5,696,250**
Contingency (15%)		$4,732,875	$3,878,437	$854,437
Design & Engineering (12%)		$3,786,300	$3,102,750	$683,550
Total DCC Cost		**$40,071,675**	**$32,837,437**	**$7,234,237**

The table shows that about $32.8 million of parks development costs are eligible for recovery through DCCs, and about $7.2 million is ineligible. It is important to note that in order to achieve the 4.0 ha/1000 standard the District will need to generate the $7.2 million from sources other than DCCs, such as user fees or taxation. In reviewing DCC reports, the Ministry wants to see that municipalities can pay for their share of the costs, so the District will need to show in its financial plan how it will pay for that ineligible portion, as well as any DCC assist amount.

***Key takeaway**: At 4 ha/1000 population the District needs about $40 million for park development. About $33 million is DCC eligible, and about $7 million needs to be paid by the District e.g. taxpayers.*

The total costs to develop parks to meet the 2.3 ha/1000 standard are set out in the table below. As with the table above, this table also differentiates between costs that are eligible for DCCs and the cost that are ineligible for DCCs. Only the eligible costs will be included in the DCC calculations.

Park Development Cost Estimate (2.3 ha/ 1,000 pop):

Park Type	Area (ha)	Total Development Cost	Cost / ha (DCC Eligible)	Cost / ha (DCC Ineligible)
Neighbourhood Parks	5	$4,275,000	$3,675,000	$600,000
Community Parks	15	$13,755,000	$11,100,000	$2,655,000
Sub-Total	**20**	**$18,030,000**	**$14,775,000**	**$3,255,000**
Contingency (15%)		$2,704,500	$2,216,250	$488,250
Design & Engineering (12%)		$2,163,600	$1,773,000	$390,600
Total DCC Cost		**$22,898,100**	**$18,764,250**	**$4,133,850**

This table shows that about $18.8 million of parks development costs are eligible for recovery through DCCs, and about $4.1 million is ineligible. As noted above, the District will need to generate the $4.1 million of ineligible costs from sources other than DCCs.

***Key takeaway**: At 2.3 ha/1000 population the District needs about $23 million for park development. About $19 million is DCC eligible, and about $4 million needs to be paid by the District e.g. taxpayers.*

9.0 PARKLAND ACQUISITION COSTING

Parkland acquisition costs have been estimated based on current land costs in Lake Country. Land costs vary greatly depending on the location. In order to obtain representative costs, District staff compiled information on land costs in a variety of locations and situations as set out in the table below. The distribution of land types reflects a very approximate distribution of land types required for parks in the future.

Land Type	*Area (ha)*	*Cost / ha*	*Total Cost*
Commercial	0.5	$4,241,200	$2,120,600
Industrial	2.0	$2,495,600	$4,991,200
Agricultural	7.3	$291,000	$2,124,300
Institutional	0.8	$1,276,100	$1,020,880
Residential – Rural	4.7	$1,644,300	$7,662,438
Residential – Urban	6.90	$4,034,700	$27,839,430
Residential – Waterfront	0.0	$7,950,800	$0
Multi-Family	0.30	$3,320,700	$996,210
Total Parkland Acquisition Cost	**22.46**		**$46,755,058**
Average Parkland Acquisition Cost / ha			**$2,081,703**

Based on the average costs of a little over $2.0 million per hectare the costs for land acquisition at the 4 ha/1000 standard is set out in the table below.

Parkland Acquisition Cost Estimate (4.0 ha / 1,000 pop):

Park Type	*Area (ha)*	*Total Acquisition Cost*
Neighbourhood Parks	8.75	$18,214,904
Community Parks	26.25	$54,644,713
Total DCC Cost	**35**	**$72,859,618**

The cost for land acquisition at 2.3 ha/ 1000 people is set out in the table below.

Parkland Acquisition Cost Estimate (2.3 ha / 1,000 pop):

Park Type	*Area (ha)*	*Total Acquisition Cost*
Neighbourhood Parks	5	$10,408,516
Community Parks	15	$31,225,550
Total DCC Cost	**20**	**$41,634,067**

In order to consider a further reduced option of only acquiring parkland based on estimated needs to address parkland gaps in various locations, District staff created an estimate of land requirements as set out in the table below. This approach builds on the point that the District already has vacant neighbourhood parkland and community parkland that it has acquired in the past. The philosophy followed with this list focusses more on developing parkland that the District already owns and less on acquiring new parkland. The amount of parkland to be acquired has been strategically chosen to address existing gaps and meet anticipated priority needs. This results in a requirement for about 14 hectares of land as set out in the table below. This estimate will be used for one of the DCC scenarios.

Parkland Acquisition Cost Estimate (acquisition as needed):

Park Type	***Area (ha)***	***Total Acquisition Cost***
Neighbourhood Parks	3.5	$7,285,961
Community Parks	10.5	$21,857,885
Total DCC Cost	**14**	**$29,143,847**

***Key takeaway**: Parkland currently costs an average of about $2 million per hectare. To serve growth the District needs the following funds for parkland acquisition:*
- $73 million at 4 ha/1000
- $42 million at 2.3 ha/1000
- $29 million if we focus on only acquiring key parkland to address specific needs

10.0 DCCS FOR SINGLE FAMILY AND MULTI-FAMILY

Currently the District has a lower Parks DCC for multifamily compared to single detached residential. The District could have the parks acquisition charge be exactly the same for single detached and multi family.

The City of Kelowna used this approach, arguing that while the number of people per unit may be slightly less for apartments than for homes on individual lots, the apartment dwellers have a higher need for parkland since they don't have back yards they can use. Keeping the charge the same for both recognizes that slightly more land per capita is required for multi unit developments.

The equal charge neither disincentivizes nor incentivizes core development, since the charge per unit for multi family is exactly the same as for single family. Furthermore, having the multi family charge the same as the single detached charge will allow for more funds from multi family development which can help address the often more expensive land costs in higher density areas where multifamily developments often occur.

***Key takeaway**: Consider establishing Parks DCCs that are the same for Single Family and Multi -family, since even though they have fewer people per household, multi family units have a higher need for parkland, and that parkland can be more costly.*

11.0 PARKS DCC ASSIST FACTOR

The District can pay for part of the costs allocated to development through a DCC Assist Factor. The District currently has a 1% parks DCC Assist Factor. Through the Assist Factor the District could pay a certain portion, say 5% or 10%, of the parks acquisition costs allocated to new development. The assist factor is not based on technical information, rather it is a policy decision of Council to help pay for some of the costs associated with growth.

Through a higher Assist Factor, the District could invest the 'assist' funds in acquiring and developing parkland to support growth. The funding would not be through DCCs but through taxation or other sources. In essence, the existing community helps pay for the costs imposed by new development, through taxation, fees or other methods

Council could Consider a Parks DCC Assist Factor once the calculations have been prepared for the Parks DCCs. If the resulting Parks DCCs reach a level that Council thinks is too high, then the Assist Factor could be used to reduce the DCCs somewhat.

***Key takeaway**: Review the potential DCCs, and then decide if an increased Assist Factor is warranted.*

12.0 PARKS DCC BENEFIT ALLOCATION APPROACH

The approach to the benefit allocation is an important consideration for calculating Parks DCCs. The DCC benefit allocation is based on the percentage of a project that benefits growth. For example, if 40% of the water flowing through a new pump is to supply new growth then 40% of that cost could be allocated to new development. Many techniques are available to determine benefit allocations. In some cases, a trigger line approach can be used: if the project is only required due to new growth then 100% of that project can be allocated to new growth. In other cases, the benefit allocation could be based on population growth compared to the existing population. For example, if the project benefits both new and existing population equally, and growth represents 30% of the population at the end of the projection period, then 30% of the cost could be allocated to new growth.

For Parks DCCs, there are generally two main approaches that are used. One approach is to take a look at the entire parks program and allocate a portion of the benefit to new growth. This would often be done based on population. For example, if the entire parks program benefits everyone in the community and at the end of the projection period 25% of the population is new, then 25% of the entire parks program could be allocated to new growth.

Another method is to relate the amount of parks acquisition and development directly to population, based on a specific standard. For example, if the standard is one hectare per 1,000 people for neighbourhood parks, then the DCCs would be based on the cost to acquire and develop one hectare for every 1,000 new people. This results in 100% of the costs being allocated to growth because we are just considering the demands imposed by new growth and not the current needs of the existing population.

Since the District has clear standards for parkland acquisition, we recommend identifying the amount of park land required purely to serve growth and allocating that cost 100% to growth. This results in a clear determination of the amount of parks required to serve growth rather than attempting to determine that percentage benefit allocation of various parks projects that benefit both existing residents and new residents.

***Key takeaway**: Relate the amount of parks acquisition and development directly to population, based on a specific standard. This results in 100% of the costs in the Parks DCC program being allocated to growth.*

13.0 APPLICATION OF DCC CREDITS

The Local Government Act and the Development Cost Charge Best Practices Guide both indicate that, if a developer constructs works that are set out in a DCC project list, they are entitled to a credit for that infrastructure. This would apply to the provision of parkland and to the construction of parks improvements. If the developer provides the parkland set out in the park DCC, or if they build the parks improvements set out on the park DCC list, then they would be eligible for a credit for that work.

The District will need to follow the Local Government Act for DCC credit, but it will also be useful to establish clear policy with respect to how the credits would be implemented.

By providing clear policy on DCC credits the District could have both 5% parkland dedication and a parks acquisition DCC. The parks acquisition DCC could have line items for the specific local Neighbourhood Parkland Acquisition DCC, and a separate line for Community Parks Acquisition DCCs. Then when the District requires 5% parkland dedication or cash in lieu, it can provide a credit for just the Neighbourhood Parkland DCC, and still have the development pay the required Community Parkland Acquisition DCC.

This way the District can require the 5% parkland dedication upon subdivision (and offer a credit), and still obtain the neighbourhood Parks DCC when multifamily development occurs without subdivision.

***Key takeaway**: Provide DCC Credits to developers when requiring 5% parkland dedication or when developers build parks. Establish clear policy direction setting out how the DCC credit will work.*

14.0 EXISTING PARKS DCCS

For comparison purposes with the preliminary parks DCC calculation set out in the next section, the existing parks DCCs are set out in the table below.

Existing Parks DCCs in Lake Country

Land Use	Parks DCC
Single Detached Residential (per lot)	$2,171
Multi-Family Residential (per unit)	$1,411
Commercial (per m^2 gross floor area)	$7.29
Industrial (per m^2 gross floor area)	$7.29
Institutional	$7.29

(per m^2 gross floor area)	

15.0 PRELIMINARY DCC CALCULATIONS

The preliminary DCC calculations are set out under 3 options. Bear in mind that this preliminary numbers will change once final DCC reserve fund figures are determined at the time the DCC background report and bylaw is prepared, along with other possible changes such as assumptions for costs and contingencies. Do not focus on the exact figures at this time, but rather consider to broader magnitude of the figures.

Option 1: Meeting the OCP supply target of 4.0 ha / 1,000 population for both park development and acquisition.

- Approximately $104.4 M DCC eligible program
- DCC Eligible Park Development Cost = $32. 5 M
- Neighbourhood Parkland Acquisition Cost = $18.0 M
- Community Parkland Acquisition Cost = $54.1 M
- About $1 M in DCC Assist and about $7.2 M in ineligible costs to be paid by the Community

The resulting DCCs under **Option 1** are as shown in the table below with **different** charges for Single Detached and Multi-family:

	Neighbourhood Parkland Acquisition	Community Parkland Acquisition	Park Development	Total	Unit type
Single Detached Housing	$5,536	$16,608	$10,056	$32,199	Lot
Multi-family Residential	$3,598	$10,795	$6,536	$20,930	unit
Commercial	$19	$56	$34	$108	m2
Industrial	$19	$56	$34	$108	m2
Institutional	$19	$56	$34	$108	m2

The resulting DCCs under **Option 1** are as shown in the table below with the **same** charges for Single Detached and Multi-family:

	Neighbourhood Parkland Acquisition	Community Parkland Acquisition	Park Development	Total	Unit type
Single Detached Housing	$4,699	$14,097	$8,535	$27,331	Lot
Multi-family Residential	$4,699	$14,097	$8,535	$27,331	unit
Commercial	$16	$47	$29	$92	m2
Industrial	$16	$47	$29	$92	m2
Institutional	$16	$47	$29	$92	m2

***Key takeaway**: **Option 1** at 4 ha./1000 population results in DCCs that are high at $27,000 to $32,000 per unit.*

Option 2: Maintaining the current supply of developed active parks at 2.3 ha / 1,000 population by developing target amount, but reducing acquisition to only what is necessary

- Approximately $47.4 M DCC eligible program
- DCC Eligible Park Development Cost = $18.6 M
- Neighbourhood Parkland Acquisition Cost = $7.2 M
- Community Parkland Acquisition Cost = $21.6 M
- About $0.48M in DCC Assist and about $4.1 M in ineligible costs to be paid by the Community

The resulting DCCs under **Option 2** are as shown in the table below with **different** charges for Single Detached and Multi-family:

	Neighbourhood Parkland Acquisition	Community Parkland Acquisition	Park Development	Total	unit type
Single Detached Housing	$2,174	$6,523	$5,727	$14,425	Lot
Multi-family Residential	$1,413	$4,240	$3,723	$9,376	unit
Commercial	$7	$22	$19	$48	m2
Industrial	$7	$22	$19	$48	m2
Institutional	$7	$22	$19	$48	m2

The resulting DCCs under **Option 2** are as shown in the table below with the **same** charges for Single Detached and Multi-family:

	Neighbourhood Parkland Acquisition	Community Parkland Acquisition	Park Development	Total	unit type
Single Detached Housing	$1,846	$5,537	$4,861	$12,244	Lot
Multi-family Residential	$1,846	$5,537	$4,861	$12,244	unit
Commercial	$6	$19	$16	$41	m2
Industrial	$6	$19	$16	$41	m2
Institutional	$6	$19	$16	$41	m2

While these DCC are significantly higher that the existing parks DCCs, they are comparable to the Parks DCCs in the City of Kelowna. Kelowna has a Parks DCC of $14,524 per dwelling.

***Key takeaway**: **Option 2** results in parks DCCs that are comparable, or somewhat less than the City of Kelowna, and if Single Detached and Multi-family pay the same, the rate is just over $12,000 per unit.*

Option 3: Maintaining the current DCC rate to 2035.

The existing DCC bylaw aims to collect about $9,255,000 for land acquisition. This figure was based on far lower land acquisition costs of about $288,000 per hectare. At today's land acquisition costs of over $2 million per hectare, the $9.25 million will buy about 4.45 hectares of land. This translates to a supply rate of about 0.5 hectares per 1000 population for the anticipated 15 year growth of 8750 people. This rate of 0.5 ha/1000 is significantly lower than the current rate of supply of 2.3 ha/1000 people and far lower than the recommended rate of 4.0 ha /1000 population set out in the Parks and Recreation Master Plan.

Furthermore, the existing DCC bylaw aims to collect approximately $1.5 million to develop parkland, which is about enough to develop about 2 hectares of Neighbourhood park, and is far less than the projected $18.6 million identified as required under option 2 above, which is a reduced supply standard from the $32.5 million required to develop the amount of parkland recommended in the Parks and Recreation Master plan of 4.0 ha/1000.

***Key takeaway**: Option 3 – the existing DCCs – do not come close to providing either the desired or existing level of service.*

16.0 CLOSING

This memo sets out DCC costs and calculations for consideration by staff and Council. The current DCC rates result in parks acquisition and development that falls far below what the District is aiming for through its Parks and Recreation Master Plan, and does not meet the current level of parks provision. On the other hand, aiming for the amount of parkland set out in the Parks and Recreation Master Plan as in Option 1, and developing that parkland, results in Parks DCCs that are very high, at 27,000 to $32,000 per unit. The middle route, Option 2, results in Parks DCCs that are significantly higher than the current rates, at $12,000 to $14,000 per unit, but are fairly similar to rates in the City of Kelowna.

We look forward to discussing these results with you.

Sincerely,

URBAN SYSTEMS LTD.

Joel Short, RPP, MCIP
Senior Planner / Principal

/nw

Carried.

11) Non-Development Related Reports

i) Parks Development Cost Charge Update

Joel Short of Urban Systems summarized the process and recommendations.

It was moved and seconded

20.11.200

THAT Council approve the recommendations for Parks Development Cost Charge (DCC) policies, as follows:

- *Establish Parks DCC rates that are the same for single-family and multi-family residential;*
- *Maintain a 1% Parks DCC assist factor;*
- *Relate the amount of parks acquisition and development directly to population, based on a specific standard, resulting in 100% of the costs in the Parks DCC program being allocated to growth;*
- *Include neighbourhood parks in the DCC program, keep the 5% parkland dedication, and provide a DCC credit if developers provide parkland dedication;*
- *Base the DCC program on achieving a target that maintains the current supply of developed active parks at 2.3 hectares / 1,000 population by developing target amount, but reduces acquisition to only what is necessary, which is equivalent to 1.6 hectares / 1000 population;*
- *Establish new equivalency factors for commercial and industrial developments to reduce the Parks DCC rate increase.*

Carried.
OPPOSED: Councillor Gambell

ii) CAO-One Employee of Council Policy 139, 2014 Amendment

It was moved and seconded

20.11.201

THAT Policy 139, CAO-One Employee of Council, be amended as outlined in this report from the Chief Administrative Officer.
Carried.

iii) 2021 Regular Council Meetings

It was moved and seconded

20.11.202

THAT the below 2021 Regular Council Meeting schedule be adopted;
AND THAT the schedule be posted and advertised in accordance with the Community Charter.

January 5	*July 6*
January 19	*July 20*
February 2	*August 3 - no meeting*
February 16	*August 24*
March 2	*September 7*
March 16	*September 21*
April 6	*October 5*
April 20	*October 19*
May 4	*November 2*
May 18	*November 16*
June 1	*December 7*
June 15	*December 21*

APPENDIX B

Engagement Materials

APPENDIX C

Existing Development Cost Charge Bylaw No. 950 (2016)

DISTRICT OF LAKE COUNTRY

BYLAW 950

A BYLAW TO IMPOSE DEVELOPMENT COST CHARGES

THE Council of the District of Lake Country, in open meeting assembled, enacts as follows:

1. DEFINITIONS

1.1 For the purpose of this bylaw, the definitions of words and phrases that are not included in this section shall have the meaning assigned to them in the Local Government Act or the Community Charter, as the case may be.

1.2 In this bylaw:

"Building Permit" means any permit required by the District that authorizes the **construction**, alteration or extension of a building or **structure**.

"Commercial" means a **commercial development** in a **commercial zone** used or intended to be used for the carrying on of any business, including an occupation, employment or enterprise that is carried on for gain or monetary profit by any person.

"Construction" includes building, erection, installation, repair, alteration, addition, enlargement, moving, locating, relocating, reconstruction, demolition, removal, excavation, or shoring.

"Development" means the **construction**, alteration, or extension of buildings and/or **structures** for any use authorized by the **Zoning Bylaw** that requires the issuance of a **building permit**, but does not include internal alterations of a building and/or **structure** where the principal use of the building and/or **structure**, or part thereof, is not changing.

"District" means the municipal corporation of the District of Lake Country or the area within the municipal boundaries as the context may require.

"Dwelling Unit" means accommodation providing sleeping rooms, washrooms and a kitchen intended for domestic use, and used, or intended to be used, permanently for a household. This use does not include a room in a hotel or a motel, and does not include recreational vehicles.

"Industrial" means an **industrial development** in a **zone** listed in the **Zoning Bylaw**, or a similar **development** in another **zone** permitted in accordance with the **Zoning Bylaw**, in which the predominant use, as determined by its general purpose and list of permitted uses, is of an **industrial** nature. It includes all **industrial** uses and agricultural uses such as greenhouses, mushroom farms, agricultural dwellings, retail nurseries, and manufacturing & processing plants for agriculture-related products and **commercial** businesses.

"Institutional" means **development** of a public or **institutional** nature in an **institutional zone** listed in the **Zoning Bylaw**.

"**Lot"** means the smallest unit into which land is subdivided as shown on the records of the Land Title Office.

"Multi-family Residential" means housing on a single **lot** other than a strata **lot** that contains three or more **dwelling units**.

"Mobile Home" means a transportable single-family **r**esidential **dwelling unit** meeting minimum Canadian Standards Association Z-240, suitable for long-term occupancy, and designed to be transported on wheels.

"Modular Home" means a factory-built single-family **residential dwelling unit** meeting Canadian Standards Association 277M, suitable for long-term occupancy, and designed to be placed on a permanent foundation.

"Residential" means any **residential development** in all **zones** where **residential development** is permitted in accordance with the **Zoning Bylaw**.

"Sector" means a prescribed geographical portion or area of the **municipality** within which a **development** cost charge is levied.

"Structure" means any **construction** fixed to, supported by or sunk into land or water, excluding asphalt or concrete paving or similar surfacing of a **lot**.

"Single Detached Residential" means housing on a single titled **lot** that contains one single family **dwelling unit**, including **mobile** or **modular homes**.

"Subdivision" means a **subdivision** as defined in the Land Title Act or Strata Property Act.

"Zone" means the **zones** identified and defined in the **District** of Lake Country **Zoning Bylaw** as applicable.

"Zoning Bylaw" means the **District** of Lake Country **Zoning Bylaw** in effect at the time of application of this bylaw.

2. DEVELOPMENT COST CHARGES

2.1 Those **Development** Cost Charges set out in Schedule "A" attached hereto and forming part of this bylaw, are hereby imposed on every person who:

(a) obtains approval of a **subdivision**;

(b) obtains a **building permit** authorizing the **construction**, alteration or extension of a building or **structure**; or

(c) obtains a **building permit** authorizing the **construction**, alteration or extension of a building that will, after the **construction**, alteration or extension, contain fewer than four (4) self-contained **dwelling units** and be put to no other use than the **residential** use in those **dwelling units**;

as outlined in Schedule "A".

3. EXEMPTIONS

3.1 A **development** cost charge is not payable if any of the following applies in relation to a **development** authorized by a **Building Permit**:

(a) the permit authorizes the **construction**, alteration or extension of a building set apart for public worship or part of such a building that is, or will be, after the **construction**, alteration or extension, exempt from taxation under the *Community Charter*;
(b) the value of the work authorized by the permit does not exceed $50,000 ;or
(c) the square footage of the **Dwelling Unit** is no larger than 29m^2.

3.2 A **development** is not exempt from payment of the applicable **development** cost charges if the application for **development** which might otherwise qualify under section 3.1(b) above relates to a single site for which, if more fully developed, the total value of the work possible would exceed $50,000.

4. CALCULATION OF APPLICABLE CHARGES

4.1 The amount of **development** cost charges payable in relation to a particular application shall be calculated using the applicable charges set out in Schedule "A" and applicable number of **development** units.

4.2 **Development** cost charge rates are paid by:
(a) all **development** in the **District** for roads, sewer and parks;
(b) those located in the **District's** Drainage DCC **Sector**, as set out in Schedule "B", attached hereto, for drainage; and,
(c) those located within the **District's** Water DCC **Sector**, as set out on Schedule "C", attached hereto, for water.

4.3 Where a type of **development** is not identified on Schedule "A" the amount of **development** cost charges to be paid to the **District** shall be equal to the **development** cost charges that would have been payable for the most comparable type of **development**.

4.4 The amount of **development** cost charges payable in relation to a mixed-use type of **development** shall be calculated separately for each portion of the **development,** according to the separate use types, which are included in the **building permit** application and shall be the sum of the charges payable for each type.

5. REPEAL

District of Lake Country Development Cost Charge Bylaw 499, 2004 and its amendments are hereby repealed.

6. CITATION

This bylaw may be cited as Development Cost Charge Bylaw 950, 2016.

READ A FIRST TIME this 19th day of April, 2016.
READ A SECOND TIME this 19th day of April, 2016.
READ A THIRD TIME this 19th day of April, 2016.

Certified correct at 3rd reading

Original signed by Reyna Seabrook
Corporate Officer

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Approved by the Inspector of Municipalities the 30th day of August, 2016.

Original signed by Liam Edwards
Deputy Inspector of Municipalities

ADOPTED this 6th day of September, 2016.

Original signed by James Baker
Mayor

Original signed by Reyna Seabrook
Corporate Officer

I hereby certify the foregoing to be a true and correct copy of the Bylaw cited as "Development Cost Charge Bylaw 950, 2016" as adopted by Council on the 6th day of September, 2016.

_____
Dated at Lake Country, BC

_____
Corporate Officer

SCHEDULE 'A'

DEVELOPMENT COST CHARGE BYLAW 950, 2016

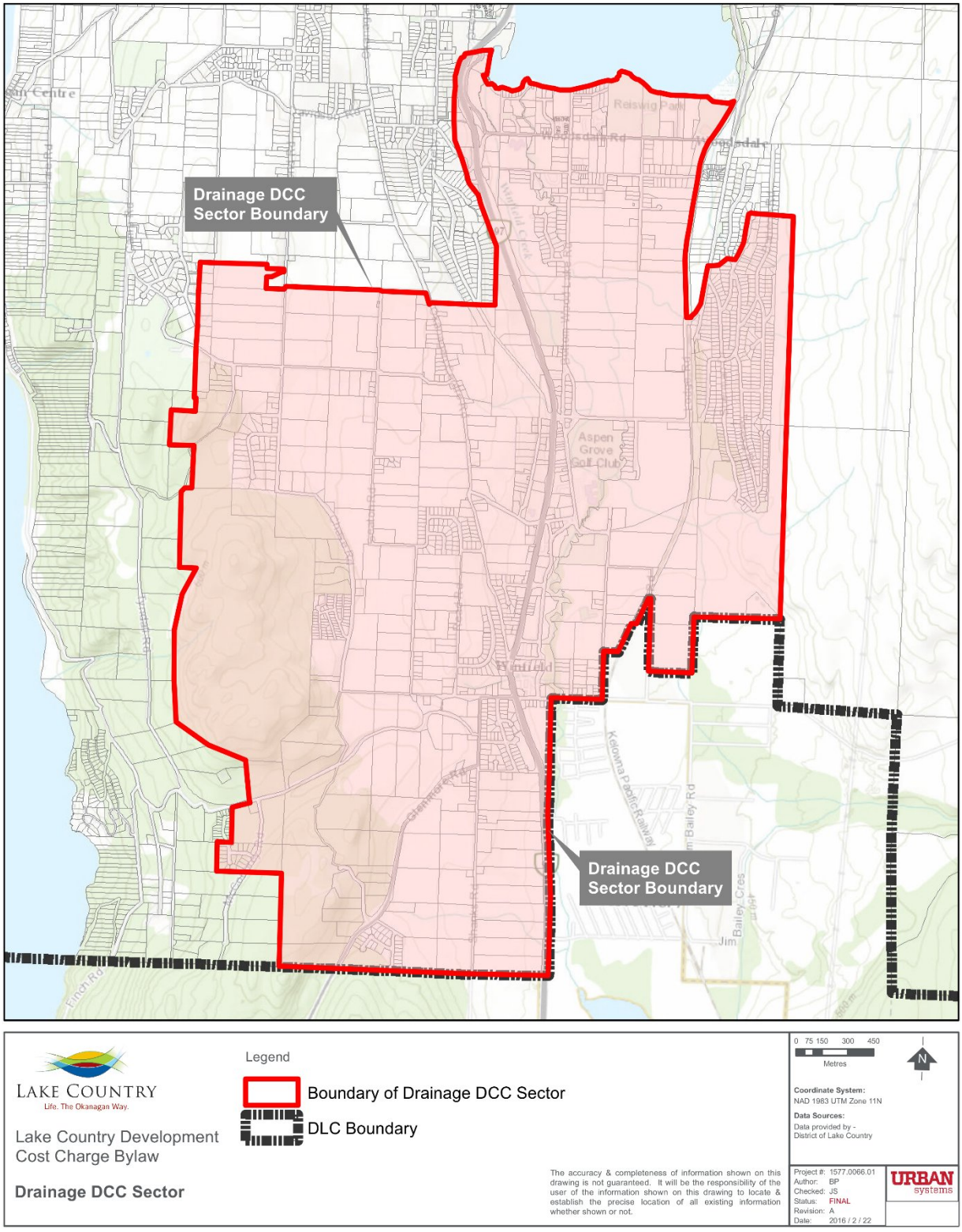
	Collection Basis	Road System	Water System	Drainage System	Sewage System	Parks
Single Detached Residential	Per **Lot**	$4,346	$7,533	$738	$5,256	$2,171
Multi-family Residential	Per Unit	$2,825	$4,897	$480	$3,416	$1,411
Commercial	Per floor area in m^2	$14.60	$25.31	$2.48	$17.66	$7.29
Industrial	Per floor area in m^2	$14.60	$25.31	$2.48	$17.66	$7.29
Institutional	Per floor area in m^2	$14.60	$25.31	$2.48	$17.66	$7.29

Notes:

1. All development in the **District** shall pay development cost charges for roads, sewer and parks.
2. Development cost charges for drainage will be paid only by those located in the **District's** Drainage DCC **Sector**, as defined by the Drainage DCC **Sector** map (Schedule "B").
3. Development cost charges for water will be paid only by those located within the **District**'s Water DCC Sector, as defined by the Water DCC **Sector** map, Schedule "C" attached hereto.
4. '**Single Detached Residential**' includes housing on a single titled **lot** that contains one single family **dwelling unit**, this includes **mobile** or **modular homes**.
5. '**Multi-family Residential'** includes housing on a single **lot** other than a strata **lot** that contains three or more **dwelling units**.
6. The charge per square metre for the non-**residential** categories is based on the gross floor area.
7. The metric conversion rate is 1.0 m^2 to 10.76 ft^2.

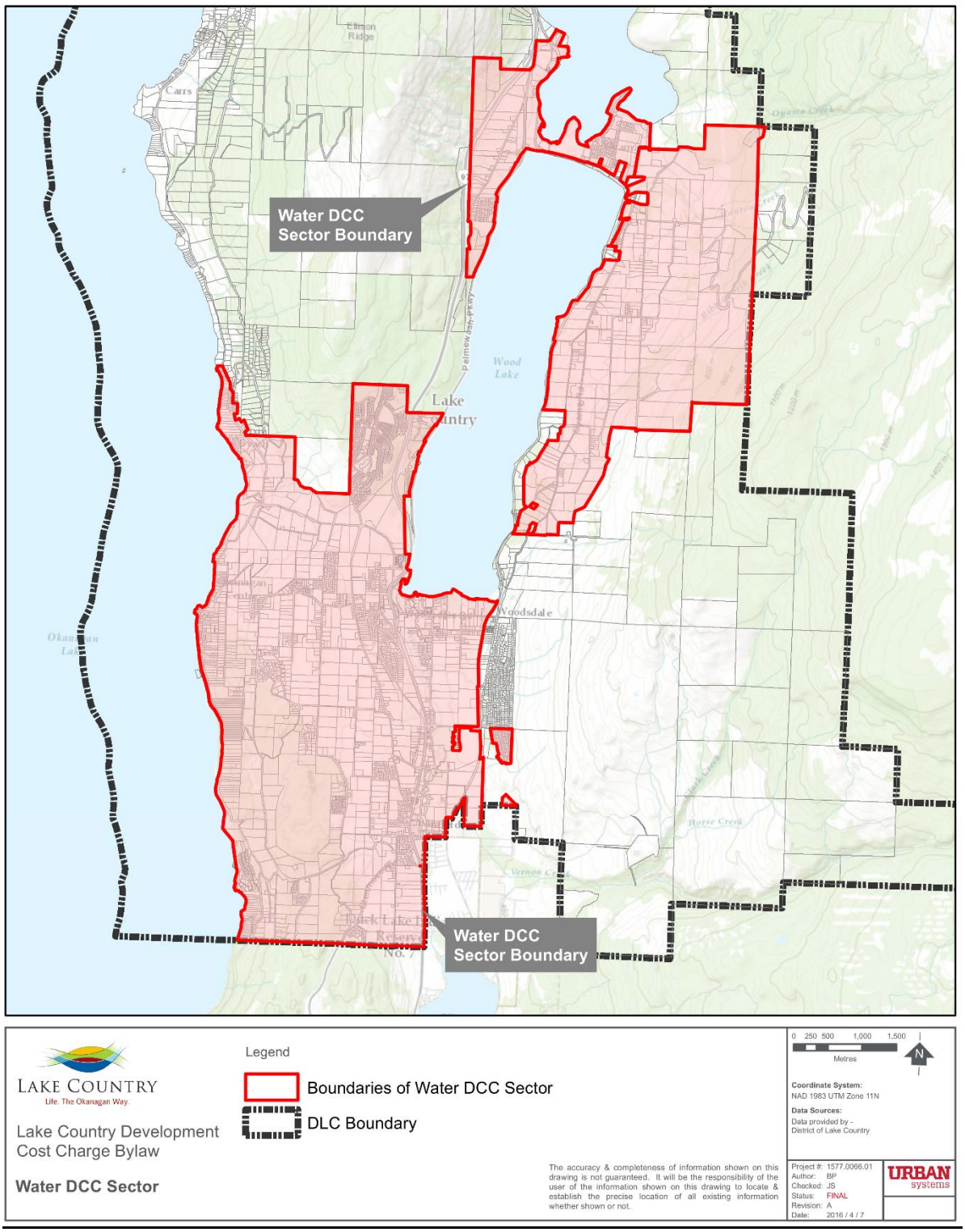
SCHEDULE 'B'

DEVELOPMENT COST CHARGE BYLAW 950, 2016



SCHEDULE 'C'

DEVELOPMENT COST CHARGE BYLAW 950, 2016



APPENDIX D

Proposed Development Cost Charge Bylaw No.____ (2021)