



City Wide Development Cost Levy Review Park Board Implications

Park Board Committee Meeting
July 24, 2017



To report back on the June 2017 Board Motion directing staff to identify options for maintaining investment in park acquisition and development in response to the proposed funding allocation changes of the City Wide DCL review.

Summary of Recommendations

- Send a letter from the Chair to the Mayor of the City of Vancouver, requesting that Council provide a guarantee that the Park Board's Development Cost Levy (DCL) allocation will be re-evaluated based on parks capital planning needs in four years (2022), in line with the capital planning process for the 2023-2026 Capital Plan;
- Update the Park Land Acquisition Strategy to align with the goals and priorities identified through VanPlay, and to inform the re-evaluation of DCL rates.
- Develop a strategy to identify opportunities and reconcile Park Board interests in the Property Endowment Fund (PEF) and other non-park City-owned lands with City staff, to both identify options and solutions for maintaining investment in park acquisition and development, and to help inform the re-evaluation of DCL rates.

- Development Cost Levy (DCL) Overview
- Projected 10yr Growth-Related Park Needs
- Financial Implications of City-Proposed DCL Changes
- Recommendations

What are DCLs?

- Charges imposed on development to fund **growth-related** capital projects
- Pays for new infrastructure and facilities to maintain service levels as city grows
- Principle is ‘growth pays for growth’ so that financial burden is not borne by existing tax/rate payers



- Overview
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Key Elements of DCL Update

- Increased growth & rising costs
- New rate categories to address new forms of residential and non-residential development
- Introduce Water, Sewer and Drainage (essential services to support growth).
- Updated DCL rates
- Increasing DCL relief for civic facilities & non-profits aligned with civic priorities
- Continued simplification of DCL system by removing older Downtown South DCL District

- Overview
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Recent DCL-funded Projects

- Overview
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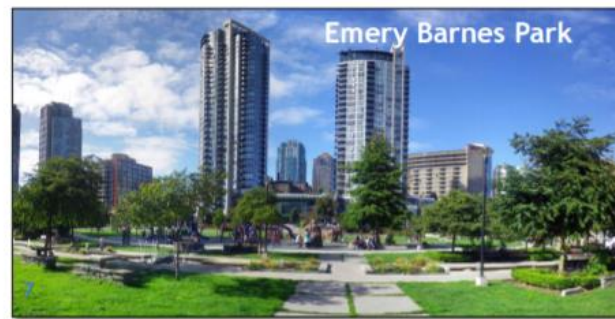
Housing



Childcare



Parks



Transportation



What items do DCLs not pay for?

- DCLs only fund capital costs (**growth related**)
 - No operating or maintenance activities
- Not all capital costs are eligible
 - Typically 'first round' capital related to expanding servicing capacity
- DCLs do not fund upgraded works needed for the existing population
- Nor do they fund new libraries, fire halls, police stations, recreation facilities, cultural and social facilities

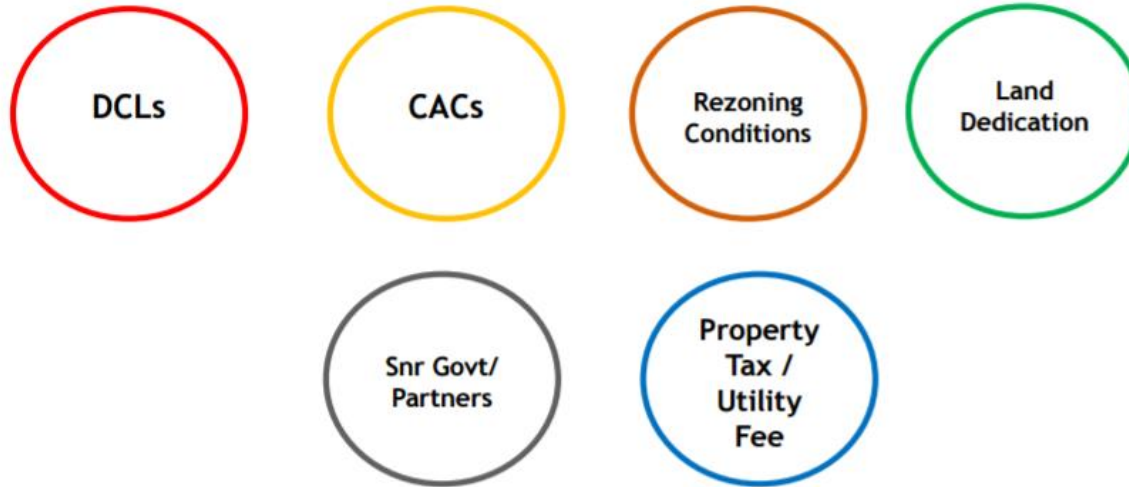


What projects have been completed using DCLs?

- Overview
- Park Needs
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Growth Recovery Tools



- Overview
- Park Needs
- Implications
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Park Acquisition – Longstanding Priorities

- Securing waterfront access
- Neighbourhood deficiencies
 - Under 2.75 acres or 1.1ha per 1000 residents
 - Priority in lower income neighbourhoods
- Park networking / Park expansion and completion
- Environmental / Habitat protection and enhancement

- Overview
- **Park Needs**
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Park Development - Longstanding Priorities

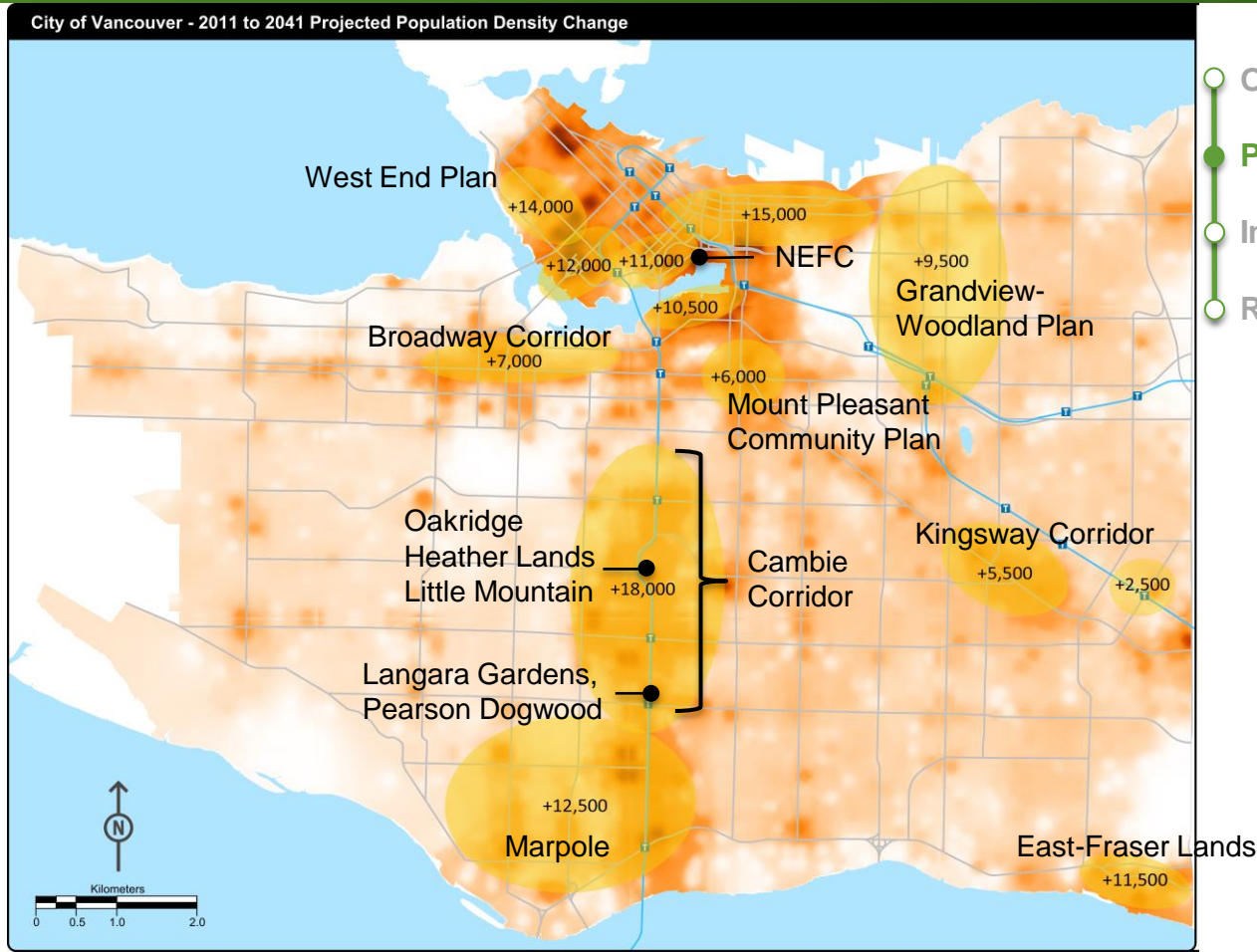
- City / Neighbourhood growth and Park renewals
- Delivery of Neighbourhood Plan obligations
- Sports fields and courts
- Washroom buildings
- New activity features (e.g. dog off-leash areas, water spray parks)

- Overview
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Population Growth Areas

- Population will increase in growth areas

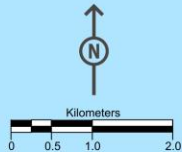


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LEGEND
Population Density
(Person per Hectare)



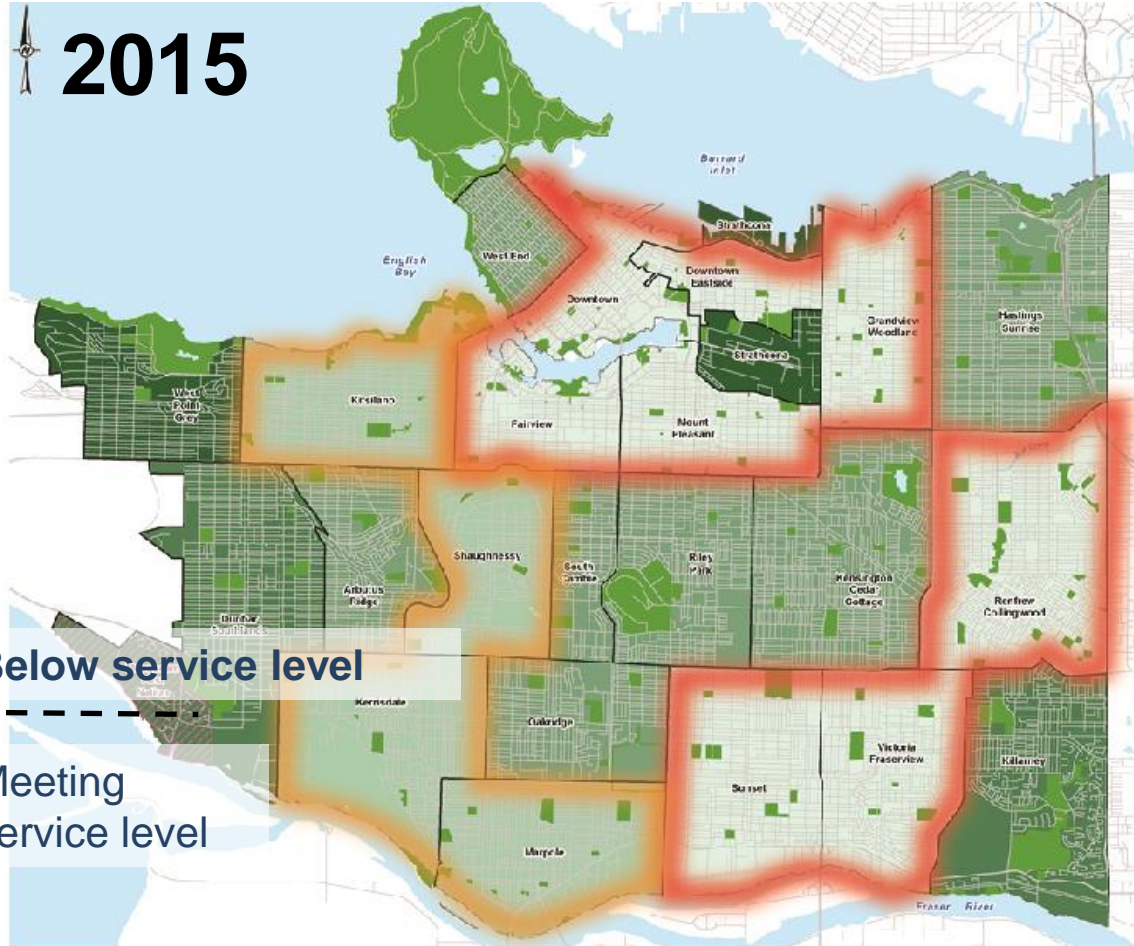
Source: Statistics Canada, 2011 Census,
City of Vancouver, Planning Data Group
Updated: July 28, 2016



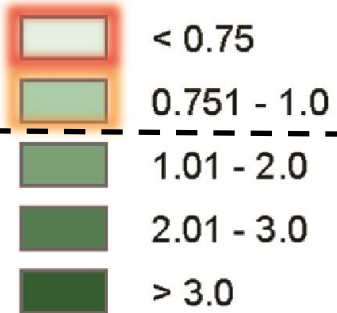
Metric: Hectares of Neighbourhood Parkland/1000 people



- 8 Very underserved neighbourhoods
- 4 Underserved neighbourhoods



2015



Below service level

Meeting service level

- Overview
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Metric: Hectares of Neighbourhood Parkland/1000 people

- 8 Very underserved neighbourhoods
- 8 Underserved neighbourhoods



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Areas of change since 2015

- ↑ Increase
- ↓ Decrease

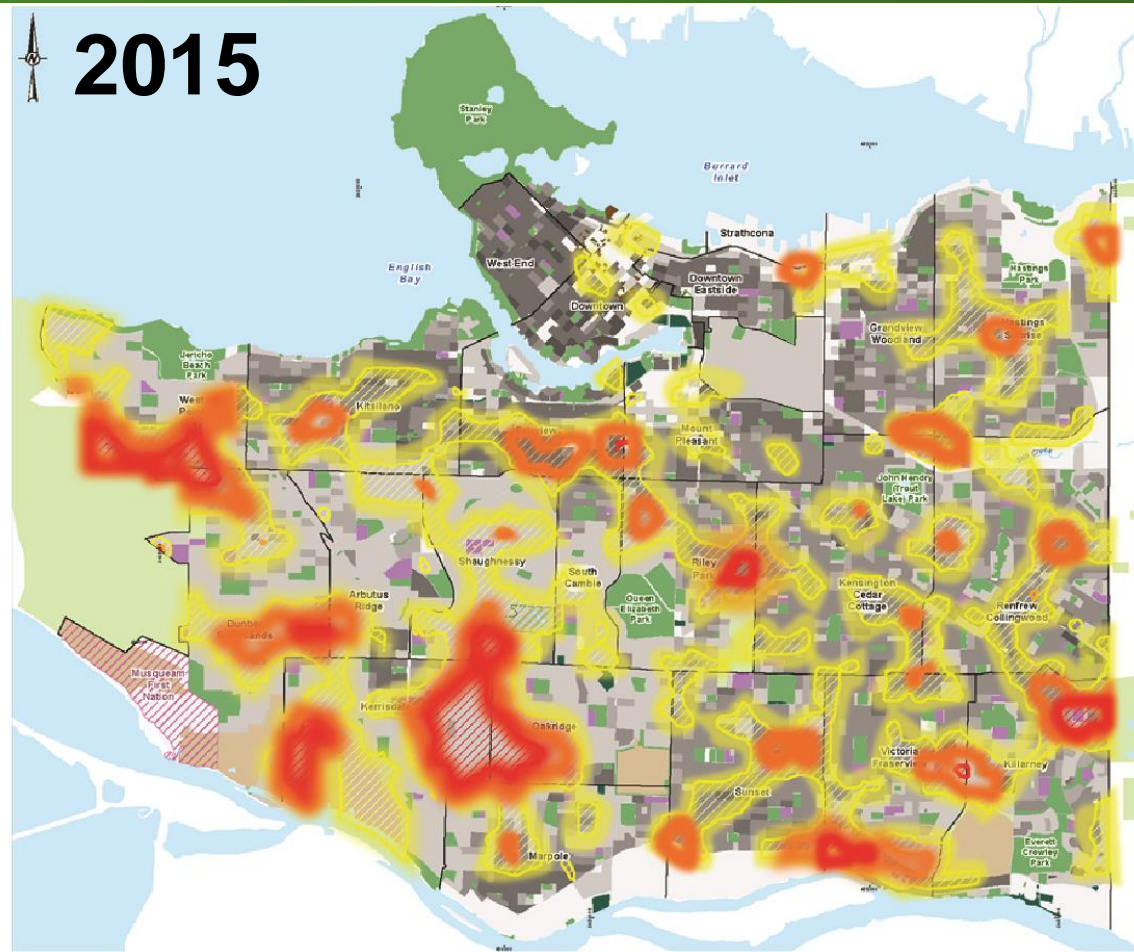
	< 0.75
	0.751 - 1.0
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	> 3.0

Below service level

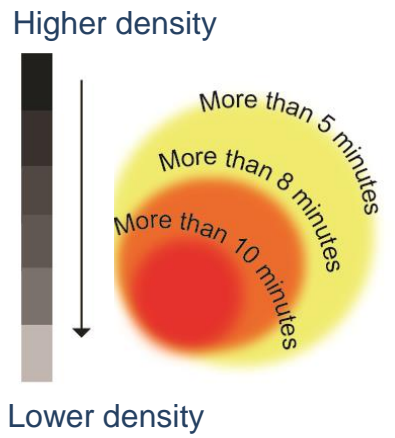
Meeting service level

Metric: Walking Distance to Park and Population

- 64% of the City is less than 5 minutes away from a park



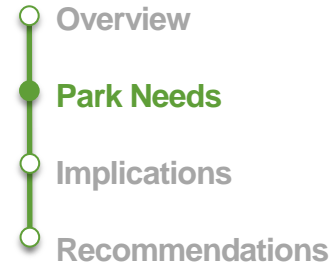
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Planning and Developing Vancouver Parks



**Complete mid-2018*



- Guide development of parks and recreation services
- Analyze needs and existing services + growth patterns and future demographics
- Define optimum service levels + constraints and competing interests
- Define outcomes to reach Park Board Strategic Framework goals + City priorities

Acquisition - 10yr Parks Capital Projection

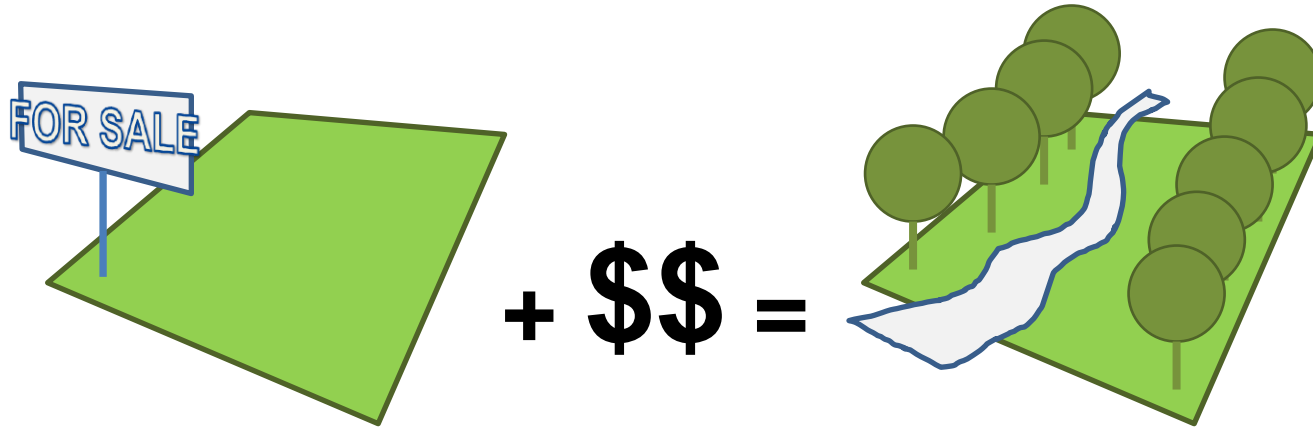


Park Acquisition Priorities		Example Sites	Costs*
New Park Acquisition	Waterfront Habitat	Fraser River sites China Creek & Renfrew Ravine expansion	\$322M
	Deficiencies	Fairview, Mount Pleasant, Grandview-Woodland	
	Consolidation	Memorial, Kingcrest	
	Networking	Arbutus Corridor, Fraser River	
Large Site Redevelopment – New Parks	Increases in Population	Pearson Dogwood, Langara Gardens, Oakridge, East Fraserlands, Little Mountain, Heather Lands	\$0 (developer contributions)

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*Growth Related

In addition to *acquiring* land,
we still need to *develop* land into park...



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Park	Total cost to develop	Per acre cost to develop
Smithe & Richards	\$5-6M	\$6.25M-\$7.5M/ac
Lilian To	\$650k	\$1.9M/ac

Development - 10yr Parks Capital Projection



Park Development Priorities	Example Projects	*Costs
New Park Construction	Fraser River, Nicola and Alberni, Burrard Slopes, Main and 7th	\$56M
Large Site Redevelopment – New Parks	Pearson Dogwood, Langara Gardens, Oakridge, East Fraserlands, Little Mountain, Heather Lands	\$28M
Park Renewals	English Bay, Sunset Beach, John Hendry, Locarno	\$28M
Outdoor Recreation Assets	Playgrounds, Dog Off-Leash areas, Track and Field, Synthetic Turf, Field Houses, Skate Park	\$40M
Street Trees & Biodiversity	Street Trees, Daylighted streams, Pollinator gardens	\$19M
Seawall and Pathways	Cycling and pedestrian improvements, Universal access improvements	\$38M
Other Projects	Open spaces, plazas, Beaver Lake, Jericho Pier	\$20M
	Total	\$229M

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**Growth Related*

Total - 10yr Parks Capital Projection



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10yr Capital Projection (acquisitions)	\$322M*
10yr Capital Projection (development)	+ \$229M

Current Projected Need = \$551M

**Does not consider the impact on Park Board capital requirements in reconciling interests in the PEF.*

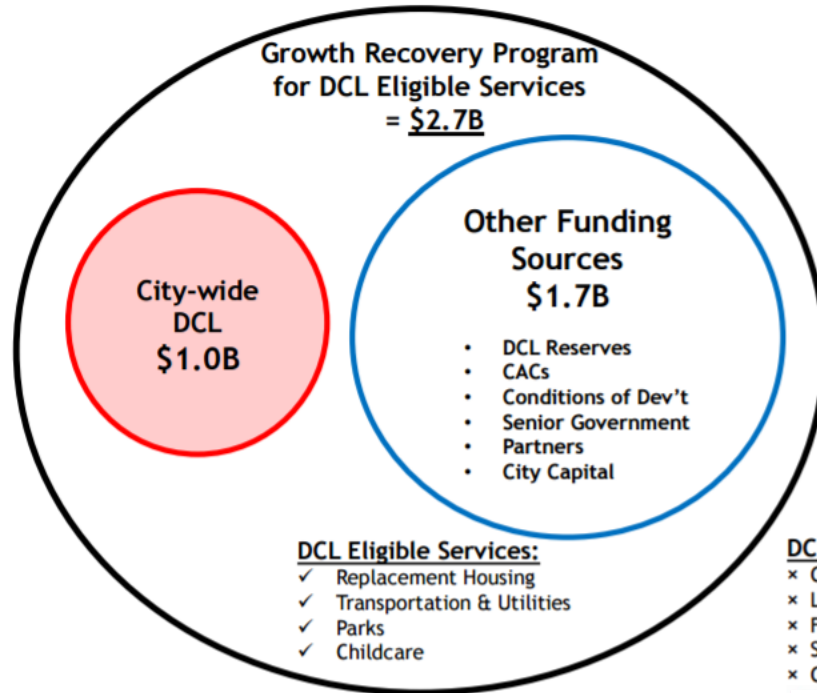
Proposed DCL Allocation

Service Category	Total Growth Cost (\$Millions)	DCL Recoverable Share (\$Millions)	2017 Recommended DCL Allocation	2003 DCL Allocation
Replacement Housing	\$1,000	\$357	36%	32%
Transportation	\$620	\$251	25%	22%
Park Acquisition & Development	\$551	\$184	18%	41%
Childcare	\$295	\$126	13%	5%
Utilities (Sewers, Waterworks, Drainage)	\$210	\$85	8%	-
TOTAL	\$2.7B	\$1B	100%	100%

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Growth Recovery Program & Funding Tools for DCL Eligible Services (2017-2026)



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DCL Non-Eligible Services:

- × Community Centres, rinks, pools
- × Libraries
- × Fire, Police
- × Social Service Facilities
- × Cultural Facilities

Park Board DCLs collected – Since 2007



2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
\$ 26.2 M	\$ 7.4 M	\$ 9.4 M	\$ 12.4 M	\$ 24.3 M	\$ 33.7 M	\$ 25.8 M	\$ 23.2 M	\$ 36.8 M	\$ 29.7 M

A total of \$229M of DCLs have been allocated to the Park Board since 2007.

Annual collection in most recent years ~\$25-35M due to increased development volume.

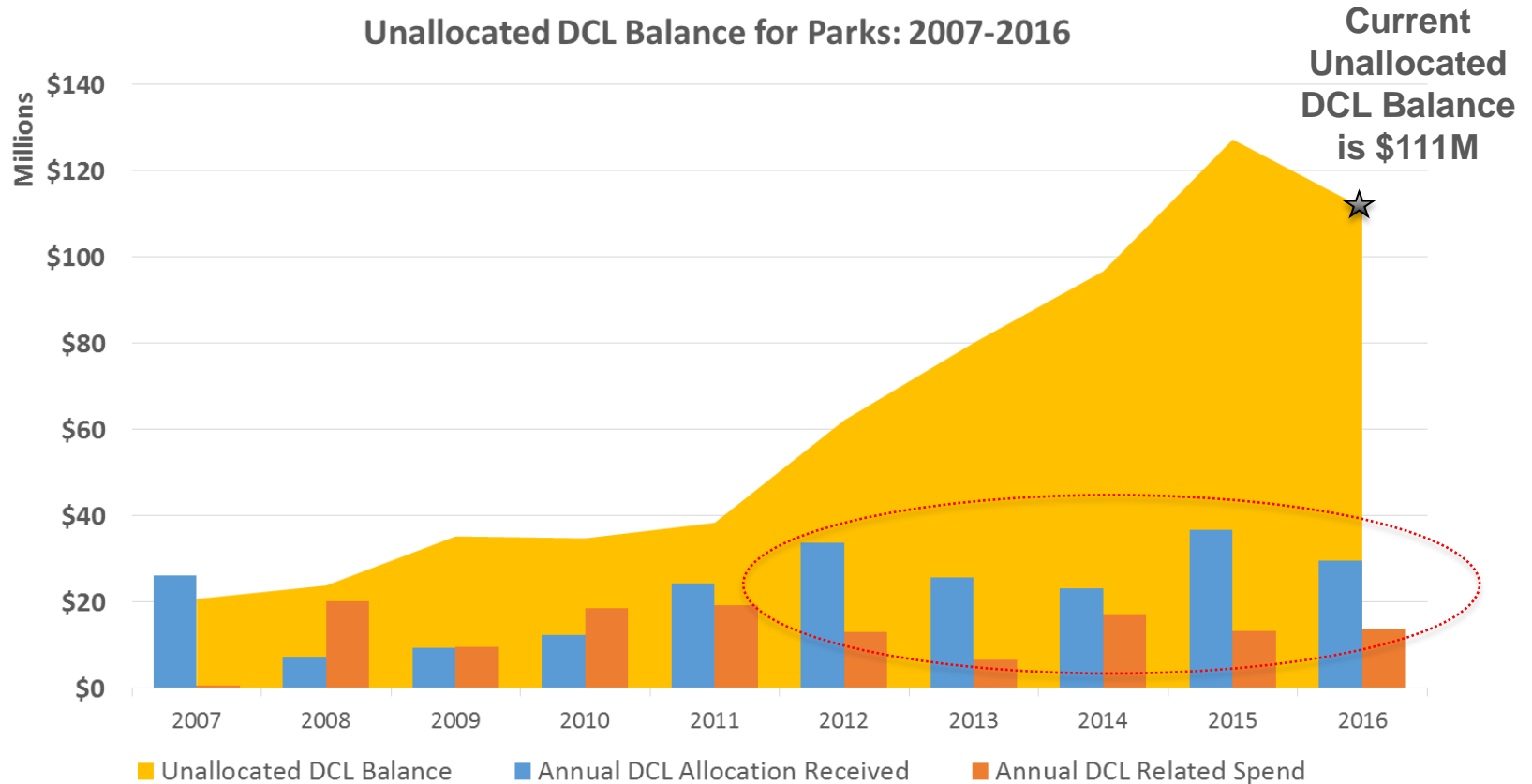
Park Board DCL Spend – Since 2007



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Land Acquisition	-	\$ 1.4 M	\$ 0.6 M	\$ 0.1 M	\$ 0.7 M	\$ 0.8 M	\$ 1.7 M	\$ 5.9 M	\$ 3.3 M	\$ 5.6 M
Park Development	\$ 0.6 M	\$ 18.9 M	\$ 8.9 M	\$ 18.4 M	\$ 18.6 M	\$ 12.3 M	\$ 4.9 M	\$ 11.0 M	\$ 10.1 M	\$ 8.2 M
TOTAL DCL	\$ 0.6 M	\$ 20.2 M	\$ 9.5 M	\$ 18.4 M	\$ 19.3 M	\$ 13.1 M	\$ 6.6 M	\$ 16.9 M	\$ 13.4 M	\$ 13.7 M

A total of \$132M of DCL related spend has been incurred since 2007, an average of \$13M per year.

Park Board Unallocated DCL Balance



Park Board Scenarios - 10 Year Projected DCLs

		DCL Allocation %	
Rate ↑		41%	18%
	0%	\$ 330	\$ 140
	25%	\$ 410	\$ 180

City Proposal

- As mentioned, the City-wide review has proposed changes to both the rates charged to developers (roughly 25% increase), as well as the allocation of these funds between service categories
- The City-proposal of an 18% allocation is estimated to result in \$180M of DCL funding for the Park Board over 10 years.
- Note - If all rates and allocations were to remain unchanged, the Park Board would have received roughly \$330M over 10 years.

Financial Impact – New Funding – 41% vs 18% Allocation



Table 1 - \$ Impact of New Allocation % on Park Board (2017 - 2026)	Scenario A	Scenario B
Assumed DCL revenues received by the City (2017 - 2026)	\$ 1,000.0 M	\$ 1,000.0 M
Parks Allocation %	41.0%	18.0%
DCL Funding allocated to Park Board	\$ 410.0M	\$ 180.0 M
Net Difference (Scenario A - Scenario B)		\$ (230.0 M)

- Above assumes approval of 25% DCL rate increase
- Scenario B: The new allocation would result in \$180M of new DCL funding, however this is a reduction to the Park Board DCL allocation of ~\$230M over 10 years (or \$23M/year)

Financial Impact – Total Funding - 41% vs 18% Allocation

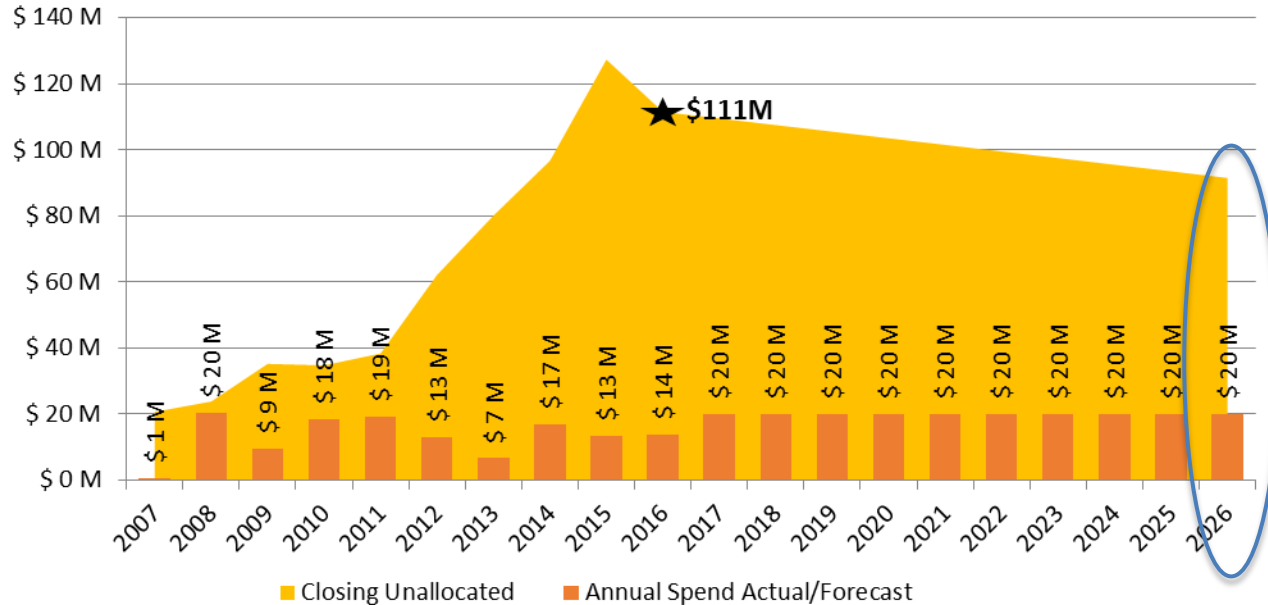


Table 2 - Growth Related Funding Available to Park Board (2017 - 2026)	Scenario A	Scenario B
Opening Balance of Unallocated DCL Reserve	\$ 111.0 M	\$ 111.0 M
Plus:		
Additional Funding Sources (CACs, Grants, etc.) - Estimate	\$ 69.0M	\$ 69.0 M
DCL Funding allocated to Park Board (2017-2026)	\$ 410.0M	\$ 180.0 M
Total "Growth-Related" Funding Available	\$ 590.0M	\$ 360.0M
Net Difference (Scenario A - Scenario B)		\$ (230.0 M)

- Factoring other growth related funding sources and the existing reserve balance, the Park Board would have ~\$360M to spend over 10 years (or \$36M/year) under a 18% allocation Scenario;
- The following slides illustrate the impact on Park Board cash flows

18% Allocation – w/ Historical Spend Rate

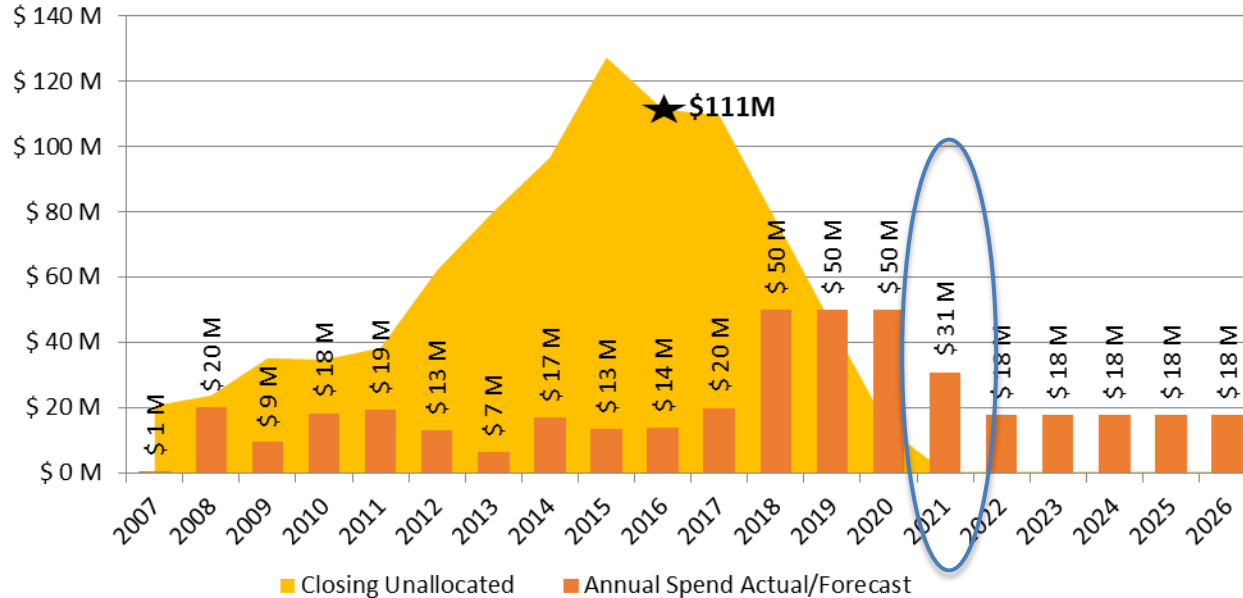
Scenario B - 18% Allocation / Historical Spend Rate (\$20M/yr)



- As mentioned, Park Board has historically spent between \$10M - \$20M on growth related investments.
- In this scenario, there would be sufficient DCL funding to support growth related investment. Approximately \$2M of funding would be drawn from the reserve each year

18% Allocation – w/ \$50M annual spend

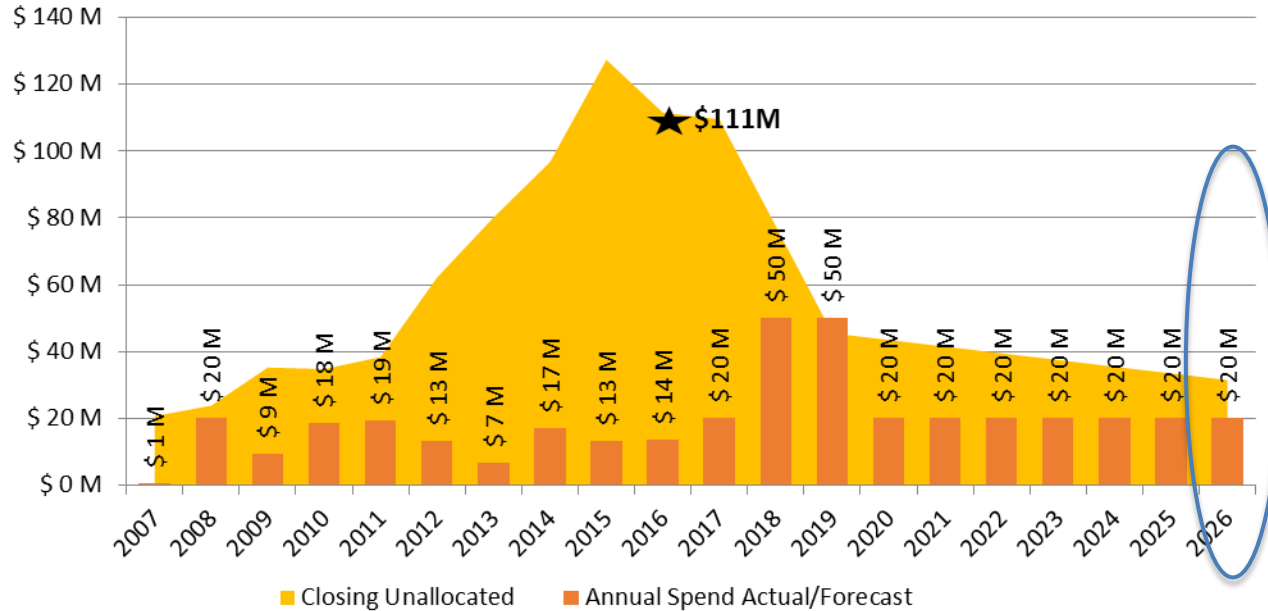
Scenario B - 18% Allocation / \$550M Program Spend (\$50M/yr)



- Assuming the \$551M growth related projection is incurred within the 10 year window at an average of \$50M/yr the Park Board would hit a funding constraint in 2021.
- Roughly \$32M of reserve funds would be needed annually to supplement the \$18M of new DCL funding received

18% Allocation – w/ \$20M/yr + Significant Land Acquisition

Scenario 3 - 18% Allocation / Historical Spend Rate + Significant Land Acq.



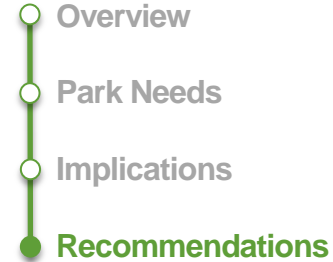
- Lastly, in a scenario involving major land acquisition (~\$60-90M) in the near term, followed by historical spend rates, sufficient funding would be available over the 10 year period

- Based on City proposed allocation and rate change:
 - Provides funding of \$36M annually for next 10 years
 - \$18M of new DCL will be allocated to Park Board each year
 - Draws against current reserve will occur only where annual spend exceeds \$18M
 - Historical spend ranged \$10-20M per year

- Key Variables of Concern to the Park Board
 - Approval of Rate increase
 - Actual Development Volume Delivery
 - Timing of Land Acquisitions, Land Value Appreciation and Property Endowment Fund (PEF) reconciliation.

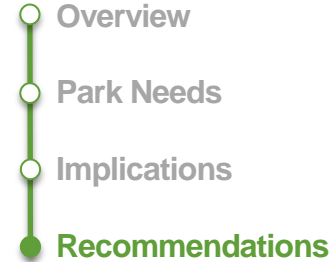
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- Given noted financial implications, staff have identified the following options for maintaining investment in park acquisition and development:
 - Guarantee a City-wide DCL update occurs to coincide with the 2023-2026 Capital Plan.
 - Work with City Real Estate department on PEF, park and non-park City-owned lands reconciliation to properly inform Park Board land acquisition requirements prior to 2023-2026 Capital Plan.



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- Created to maintain or increase the City's ownership of strategic land in the city; to support the City's planning and development objectives; and to produce a reasonable return on investment in properties consistent with planning and development objectives.
- The PEF and the PEF Board were created by Council resolution in 1975. The 5-member Board, consists of the Mayor, two members of Council, the City Manager, and the Director of Finance.
- All decisions of the Board must be ratified by Council.



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Property Endowment Fund (PEF)

PEF

- Holds over 700 properties
- Over 50 PEF properties current or planned park
- Over \$140M assessed value

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Park Ownership and Use

Type of Land Holding	Current Use: Residential or Other	Current Use: Park
Capital (Parks)	Delamont Park	Queen Elizabeth Park (typical)
Property Endowment Fund	8895 Main Street (foot of Main Street on the Fraser River)	Creekside Park

- City is proposing:
 - Raising DCL rates ~25%
 - Changing DCL allocations – Parks decrease from 41% to 18%
 - The City’s DCL proposal funds up to \$36M DCLs annually.
- Current Park Board DCLs:
 - Park Board spends \$10-20M DCLs annually.
 - \$111M unallocated DCL funds in the Park Board account.
 - Park Board is planning for future land acquisition and park development needs:
 - e.g. VanPlay, People Parks and Dogs, Non-Motorized Boating Strategies
- City-wide proposal:
 - 2019 - 2022 Capital Plan will reflect these updated priorities and greater resource needs.
 - Parks’ DCL share to be re-examined through the 10 year Strategic Outlook, and every 4 years through the Capital Plan process.
- Park Board impact:
 - \$180M of new DCL Funds over 10 years, roughly \$230M less than if no changes made
 - Short and Long-term impacts are highly dependent on actual annual spend

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- A. THAT the Vancouver Board of Parks and Recreation direct staff to send a letter from its Board Chair to the Mayor of the City of Vancouver, requesting that, if Council approves the staff recommendation in its report titled “Vancouver City-wide Development Cost Levy Update (2017-2026)”, Council also provide a guarantee to the Park Board that the Park Board’s Development Cost Levy (DCL) allocation will be re-evaluated based on parks capital planning needs in four years (2022), in line with the capital planning process for the 2023-2026 Capital Plan; and

- A. THAT the Vancouver Board of Parks and Recreation direct staff to send a letter from its Board Chair to the **Mayor and Council** of the City of Vancouver, **advising that the Vancouver Park Board strongly objects to requesting that, if Council approves the staff recommendation in its report titled “Vancouver City-wide Development Cost Levy Update (2017-2026)”, further that should council approve this recommendation against the stated wishes of the Vancouver Park Board that Council also provide a guarantee to the Park Board that the Park Board’s Development Cost Levy (DCL) allocation will be re-evaluated based on parks capital planning needs in four years (2022), in line with the capital planning process for the 2023-2026 Capital Plan; and**

- B. FURTHER THAT** the Board direct staff to:
- i.** Update the Park Land Acquisition Strategy to align with the goals and priorities identified through the Parks and Recreation Services Master Plan (VanPlay) process, and to inform the re-evaluation of DCL rates;
 - ii.** Develop a strategy to identify opportunities and reconcile Park Board interests in the Property Endowment Fund (PEF) and other non-park City-owned lands with City staff to identify options and solutions for maintaining investment in park acquisition and development, and to help inform the re-evaluation of DCL rates; and
 - iii.** Report back to the Board on the above-noted strategies in 2018.

