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Communication
COUNCIL: <u>Apr 19 / 16</u>
FAA Rpt. No. <u>5</u> Item <u>1</u>

DATE: April 19, 2016

TO: Mayor and Members of Council

FROM: Lloyd Noronha, Director of Financial Planning & Development Finance & Deputy City Treasurer
Jamie Bronsema, Director of Parks Development

RE: **10% Co-Funding of Park Development related to the Black Creek (Finance, Administration and Audit Committee – April 4, 2016, Report #5, Item #1)**

Purpose:

The purpose of this memorandum is to provide further information on funding sources that were considered for the 10% co-funding portion of the Parks Development component contained in the Black Creek Channel and Edgeley Pond Works.

Background:

The "Black Creek Financial Strategy and Development Charge (DC) Background Study" (the "Strategy") provided a cost estimate for the Black Creek storm water infrastructure of \$96.6 million. Approximately \$8.8 million of this cost is related to Park Development works identified in the Strategy and accordingly have been proposed to be funded from the Parks Development DC reserve.

A 10% co-funding contribution must be applied

The DC Act, 1997 requires that a 10% co-funding component be funded from a non-development charge source for soft services (including Parks Development works), therefore the costs have been broken down in the strategy as \$7.9 million funded from the Parks Development DC reserve and the remaining 10% or \$0.9 million funded from property tax. This is consistent with past practice and consistent with funding allocation for new park development projects across the entire City.

Although property tax is the funding source identified, it would be possible, but not necessarily advisable, to use other funding sources to offset the 10% co-funding component. Other funding sources could include Section 37 funds, the storm water utility charge and gas tax.

Storm Water Utility Charge and Gas Tax

Both the storm water utility charge and gas tax are funding sources that may be allocated towards features related to the management of storm water. Some of the Park Development works include amenities that do not provide any storm water management function; however some elements do serve both an engineering and park function. These elements represent

approximately 22% or \$0.2 million of the total anticipated co-funding cost of \$0.9 million for which City staff could seek to offset through the use of the storm water utility charge and/or gas tax.

Section 37 Funds

The Planning Act includes provisions that allow a municipality to authorize an increase in the height and density of a development in exchange for the provision of certain infrastructure or services. Due to the uncertainty surrounding the ability to garner these funds, the high heights and densities already afforded by the VMC Secondary Plan and competing priorities for their usage, it may not be advisable to apply them to the 10% co-funding for Parks Development works. Section 37 funds may be better utilized elsewhere to deliver projects that could not have otherwise occurred due to either funding limitations or DC ineligibility. Furthermore, Section 37 might be considered an eligible funding source for helping offset costs that are above standard levels of service provided they are applied consistent with the Secondary Plan and City protocol requirements.

Timing of Black Creek Parks Development works in the VMC

It should be noted that the proposed parks adjacent to Black Creek and Edgeley Pond are being integrally designed to maximize programmable public realm and include the design and implementation of passive and active recreation areas, pedestrian and cycling trails, and bridges among other amenities. The pedestrian bridge components represent a large portion of the \$8.8 million Parks Development works identified in the Strategy but are considered to be discretionary in nature and proposed to be phased over a longer period of time thereby smoothing the impact to the rate payers.

Assessment growth in the VMC is expected to be significant over the next twenty years. It is anticipated that this new growth will be sufficient to offset the minor property tax component of the Strategy that will be required over that same period. This also means that future VMC rate payers will theoretically be funding this component of the Strategy and not existing rate payers.

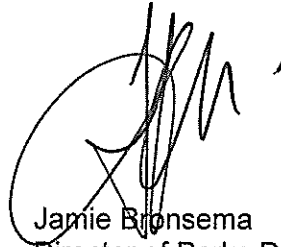
Conclusion

The current Strategy for Parks Development works along the Black Creek and Edgeley Pond includes funding through a blend of Parks Development DCs (90%) and property taxation (10%) in accordance with the DC Act. Other funding sources for the 10% co-funding may be considered, but would require further review. Maintaining the funding source as property taxation is considered relatively minor in the overall magnitude of this Strategy and would be consistent with past and current practice across the City.

Respectfully submitted,

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Lloyd Noronha
Director of Financial Planning &
Development Finance & Deputy City Treasurer

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Jamie Bronsema
Director of Parks Development

Cc: John MacKenzie, Deputy City Manager, Planning & Growth Management
Laura Mirabella-Siddall, Chief Financial Officer & City Treasurer
Tim Simmonds, Chief Corporate Initiatives & Intergovernmental Relations
Andrew Pearce, Director of Development Engineering and Infrastructure Planning