



**STAFF REPORT
ACTION REQUIRED**

City of Toronto Parkland Dedication Reserve Funds

Date:	October 25, 2013
To:	Budget Committee
From:	Deputy City Manager and Chief Financial Officer Deputy City Manager, Cluster A
Wards:	All
Reference Number:	P:\2013\Internal Services\acc\bc13016acc (AFS 18490)

SUMMARY

This report outlines how the parklands dedication process works, and provides information on balances in the City's parkland reserve funds as at September 30, 2013. Generally, with new developments and intensification, developers are required to provide parkland commensurate with the increased demand for parkland. Parkland levies are secured and deposited to Parkland Acquisition & Development Reserve Funds when developers are unable to provide their required parkland to satisfy their on-site Section 42 parkland dedication requirements. These funds are used to purchase new parkland and make improvements in existing parklands. A large portion of these funds have been allocated to fund capital projects identified in the ten year capital plan. All of the parkland reserve funds are obligatory reserve funds, which hold funds received and set aside for specific purposes by legislation or contractual agreements. These funds can only be used for the purposes prescribed.

RECOMMENDATION

The Deputy City Manager and Chief Financial Officer, and the Deputy City Manager Cluster A, recommend that:

1. The Budget Committee receive this report for information.

Financial Impact

There are no financial implications contained in this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of April 27, 28 and May 1, 1998, City Council adopted Report No. 2, Clause 32(e), Parkland Acquisition – North York Community from the Commissioner of Parks and Recreation providing information on the results of Phase 1 of the Parkland Acquisition Program conducted in the former City of North York during 1997 and seeking Council’s authority through the Capital Budget process to continue with Phase II of the same program as previously approved by North York Council. This pre-amalgamation acquisition strategy remains in effect.

Link to City Council agenda:

<http://www.toronto.ca/legdocs/1998/agendas/council/cc/cc980304/ny2rpt/cl032.htm>

At its meeting of July 27 – 30, 1999, City Council adopted Clause 1 of Planning and Transportation Committee Report 2 titled "Further Report on Proposed Use of Funds Generated from Cash-in-lieu of Parkland Dedication". Following is the link to the Council decision and staff report:

<http://www.toronto.ca/legdocs/1999/agendas/council/cc/cc990727/cofa.htm>

At its meeting of November 6, 7 and 8, 2001, City Council adopted Report No. 10, of the Economic Development and Parks Committee which established a general framework and approach to establish parkland acquisition directions, identified priority areas and themes and provided a basis from which to guide more detailed parkland acquisition planning.

<http://www.toronto.ca/legdocs/2001/agendas/council/cc011106/edp10rpt/cl010.pdf>

At its meeting in December 2007, City Council adopted Parks and Environment Committee Item PE11.3, which recommended the enactment of a by-law to create a higher (alternate) rate of parkland dedication in identified areas of the city.

<http://www.toronto.ca/legdocs/mmis/2007/pe/reports/2007-11-28-pe11-cr.pdf>

By-law No. 1420-2007, being a by-law “to amend *Municipal Code Chapter 415, Development of Land, to provide an alternate rate for the conveyance of land for park purposes as a condition of residential development*”, was enacted on December 13, 2007 to implement PE11.3.

<http://www.toronto.ca/legdocs/bylaws/2007/law1420.pdf>

A report on where and how much parkland has been acquired, entitled "City of Toronto Parkland Acquisition from 1998-2009", was adopted by Council June 2010:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.PE30.2>

At its meeting of June 8-9 2010, City Council adopted Executive Committee Report EX44.5 entitled "Proposed Municipal Code Amendment - City Wide Parkland Dedication By-law", which sought Council’s authority to develop a comprehensive

parkland dedication by-law, under Chapter 415 of the City of Toronto Municipal Code, to establish a consistent city-wide application of parkland dedication requirements.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX44.5>

By-law 1020-2010, being a bylaw "*to amend City of Toronto Municipal Code Chapter 415, Development of Land, Article III, Conveyance of Land for Parks Purposes as a Condition of Development to provide for the harmonization of parkland dedication requirements*" was enacted on August 27th, 2010 to implement EX44.5.

<http://www.toronto.ca/legdocs/bylaws/2010/law1020.pdf>

All parkland dedication requirements can be referenced in Municipal Code Chapter 415, Article III "Conveyance of Land for Parks Purposes as a Condition of Development" and Article IV "Conveyance of Land for Parks Purposes as a Condition of Development - Former City of North York".

http://www.toronto.ca/legdocs/municode/1184_415.pdf

In addition to these City policies the Official Plan sets out parkland requirements. These are laid out in Section 3.2.3. of the Plan.

http://www.toronto.ca/planning/official_plan/pdf_chapter1-5/chapters1_5_dec2010.pdf

ISSUE BACKGROUND

Parkland Dedication Requirements

The *Planning Act – Section 42* enables a municipality to require, as a condition of development or redevelopment of land, a conveyance of land, or cash-in-lieu of land for park or other public recreational purposes, or a combination of land and cash. City staff review development applications and provide recommendations to Council on whether parkland dedication requirements can be satisfied through the conveyance of land, or if the site is not suitable for parkland, as a payment of Cash-in-Lieu of parkland. City staff are guided by subclauses 2, 5 and 6 of Section 3.2.3 of the City's Official Plan when recommending to City Council either an on-site dedication or a cash-in-lieu of parkland payment.

The basic parkland dedication requirements are 2% of the site for commercial or industrial uses and 5% of the site for all other uses, including residential uses. If the property is located in a Parkland Acquisition Priority Area, then it is subject to an Alternative Parkland Dedication Rate of 0.4 hectares per 300 dwellings units. The Alternative Parkland Dedication Rate bylaw (*Municipal Code, Chapter 415, Article III – Conveyance of Land for Park Purposes as a Condition of Development*) came into effect on January 1, 2008.

The Alternative Parkland Dedication Rate sets limits or caps to the parkland dedication requirements. The rate is 0.4 hectares for each 300 dwellings units proposed provided that:

- a) The parkland dedication will not exceed 10% of development site, net public roads, for sites under 1 hectare;
- b) The parkland dedication will not exceed 15% of development site, net public roads, for sites between 1-5 hectares;
- c) The parkland dedication will not exceed 20% of development site, net public roads, for sites over 5 hectares.

For example, if a proposed development site is 2,000 square meters or 0.2 hectares with 300 residential units, then the parkland dedication requirement would be 0.4 hectares or 200% of the site area. However, the Alternative Rate has a cap of 10% for sites under 1 hectares; resulting in a parkland dedication requirement of 200 square meters. Since a park that is 200 square meters in size would have limited utility, staff would likely recommend to Council that the City accept Cash-in-Lieu of parkland dedication.

Cash-in-Lieu of Parkland Allocation Policy

Where the size, shape or location of land proposed for parkland dedication is deemed by Council to be unsuitable for parks or recreation purposes, Council may require a payment of cash-in-lieu of land. The Cash-in-Lieu of Parkland Allocation Policy was adopted by Council in July 1999.

Under the Cash-in-Lieu Allocation Policy, the monies collected from Cash-in-Lieu of Parkland are allocated as follows:

- Fifty percent (50%) for the **acquisition of lands** for parks and recreation purposes:
 - Half (25%) to acquire parkland throughout the city where priorities have been identified; and
 - Half (25%) to acquire parkland within the district where priorities have been identified.
- Fifty percent (50%) for the **development of parks and recreation facilities**:
 - Half (25%) to develop and upgrade parks and recreation facilities throughout the city where priorities have been identified; and
 - Half (25%) to develop and upgrade parks and recreation facilities within the district where priorities have been identified.

If the development falls under a Parkland Acquisition Priority Area and is subject to the Alternative Parkland Dedication Rate, then the monies collected from the Cash-in-Lieu payment is allocated as follows:

- The first 5% of the value of the development site (net of any conveyances for public road purposes) is allocated according to the Cash-In-Lieu Allocation Policy (as set out above).

- The Official Plan Policy 3.2.3.5d states that any payments of cash-in-lieu received in excess of 5% of the site area will be used to acquire parkland that is accessible to the development or to improve parks in the vicinity of the development.
- The Cash-in-Lieu of parkland monies that are collected under the Alternative Rate are deposited into a single "Alternative Parkland Dedication" reserve fund but are tracked according to the ward where the funds were generated.

Chart 1, below, summarizes the allocation of cash-in-lieu funds as described above.

Chart 1: Summary of Cash-in-lieu Allocations

	Cash-in-lieu Allocation (5% or below)		Alternative Rate Cash-in-lieu Allocation (above 5%)
	City Wide	District	
Land Acquisition	25% Acquire parkland throughout the City	25% Acquire parkland within the District	Acquire parkland <i>accessible to</i> the area in which the development is located
	Parkland Acquisition Reserve Funds		
Park Development	25% Develop and upgrade parks and recreation facilities throughout the City	25% Develop and upgrade parks and recreation facilities within the District	Improve parks <i>within the vicinity</i> of the development
	Parkland Development Reserve Funds		
			Alternative Parkland Dedication Reserve Fund (tracked by Ward)

COMMENTS

Park Levies in City Reserve Funds (2010-2013)

Between 2010 – September 30, 2013, the City of Toronto collected \$217,013,695 in cash-in-Lieu of parkland payments as part of the development review process. The monies collected have been distributed to various Parkland Acquisition Reserve Funds, Parkland Development Reserve Funds, and/or the Alternate Parkland Dedication Reserve Fund, in accordance with Council's Cash-in-Lieu of Parkland Allocation Policy and the Alternate Parkland Dedication Rate Bylaw (summarized in Chart 1 above).

Table 1: Collections for Parkland Acquisition

YEAR	WEST	EAST	NORTH	SOUTH	CITY-WIDE	TOTAL
2010	764,407	639,639	335,769	2,489,601	4,229,415	8,458,831
2011	509,681	398,203	919,507	4,651,940	7,725,027	14,204,358
2012	995,705	330,765	2,279,429	5,660,015	8,023,260	17,289,174
2013*	1,233,534	358,611	1,298,232	6,675,869	9,566,247	19,132,493
Total	3,503,327	1,727,218	4,832,937	19,477,425	29,543,949	59,084,856

Table 2: Collections for Parkland Development

YEAR	WEST	EAST	NORTH	SOUTH	CITY-WIDE	TOTAL
2010	764,407	639,639	335,769	2,489,601	4,229,415	8,458,831
2011	509,681	398,203	919,507	4,643,898	6,468,248	12,939,537
2012	995,705	330,765	2,279,429	5,725,015	9,265,914	18,596,828
2013*	1,233,534	358,611	1,298,232	6,675,869	9,566,247	19,132,493
Total	3,503,327	1,727,218	4,832,937	19,534,383	29,529,824	59,127,689

Table 3: Total of All Parkland Collections[^]

YEAR	WEST	EAST	NORTH	SOUTH	CITY-WIDE	ALTERNATIVE PARKLAND DEDICATION	OTHER RESERVE FUNDS	TOTAL
2010	1,528,814	1,279,278	671,538	4,979,202	8,458,830	9,962,447	1,000,000	27,880,109
2011	1,019,362	796,406	1,839,014	9,295,838	14,193,275	17,834,560	-	44,978,455
2012	1,991,410	661,530	4,558,858	11,385,030	17,289,174	30,395,489	1,597,212	67,878,703
2013*	2,467,068	717,222	2,596,464	13,351,738	19,132,494	36,055,170	1,956,272	76,276,428
Total	7,006,654	3,454,436	9,665,874	39,011,808	59,073,773	94,247,666	4,553,484	217,013,695

[^] No Collections from the former City Parks Levy accounts after 2006

* Only for the first 9 months of 2013

The monies collected from Cash-in-Lieu of Parkland Dedication between 2010 – September 30, 2013 have funded acquisitions of land for parks and recreation purposes. Acquisition costs are funded from the Parkland Acquisition Reserve funds, the Land Acquisition Reserve Fund and slope stabilization funding. Recent parkland acquisitions are identified in Table 4, below. Of the \$25.9 million in purchases shown in the Table, \$17.2 million have been funded by Parkland Reserve Funds.

Except for 50 St. Joseph which was a combined dedication and acquisition, at lower than market value, the last large purchase of parkland in the South District was 90 Lisgar. That purchase of 2960 m² of park space was made in 2008. The purchase price was \$6,149,600.

Table 4: Parkland Acquired Since 2010

Location	District	Ward	Site Area	Description	Acquisition Cost	Year
80 Lothian	West	5	1.2 ha	Acquisition of open space & parking for Fairfield Senior's Center	\$6,300,000	2010
1075 Millwood	North	26	0.73 ha	Land acquired from the Province for expansion of Leaside Arena	\$2,235,000	2010
423 Horner (rear)	West	6	1.21 ha	Acquisition of a building & land from the TDSB for a Senior's Center	\$4,300,000	2010
819 Sheppard	North	10	2.5 ha	Open Space portion of school yard (building lease to continue)	\$7,572,500	2010
50 St. Joseph	South	27	1,150 m ²	Combination parkland dedication and acquisition. Developer to dedicate rest of parkland in 2017	\$600,000	2010
77 Whitbread	North	8	0.15 ha	Park space next to library purchased from Toronto Hydro, using Alternate Rate funds	\$258,000	2011
Leslie & Lesmill Road	North	24	1,299 m ²	Open Space - Parkland	\$1,125	2011
21 Sunnyside Cres.	West	11	1,093 m ²	For Slope Stabilization purposes	\$454,014	2011
107 Lorraine Drive	North	23	0.07 ha	Expansion of Edithvale Park	\$1,057,000	2012
111 Anthony Road	North	9	1.0 ha	A new park in partnership with the Muki Baum School	\$770,000	2012
46 Parkview Ave.	North	23	0.06 ha	Expansion of McKenzie Parkette	\$1,283,000	2012
1100 Briar Hill Ave.	North	15	0.15 ha	Open space portion of surplus TDSB property	\$1,101,560	2013
Totals			7.42 ha		\$25,932,199*	

*Acquisition cost was funded from Parkland Acquisition Reserve Funds, the Land Acquisition Reserve Fund, and slope stabilization funding.

Reserve Fund Balances

Appendix A, attached, provides the balance in the Parkland Acquisition Reserve Funds, with a comparison to prior year balances. As at September 30, 2013 the balance in these reserve funds is \$101.9 million, of which \$3 million has been officially committed by Council for parkland acquisitions. Unlike the process for allocated park development money which is done through the Capital Plan, parkland acquisition opportunities are pursued when they arise. Balances have risen particularly in the South District and in the City-wide account. Land values vary across the City, but in the South land prices tend to be very expensive. City-wide funds are used for trail and park connections, and for acquisitions for parks and recreation facilities that have City-wide significance.

Parks Forestry and Recreation staff investigate potential parkland acquisitions suggested by City councillors, City staff and by the general public. City staff assess the potential acquisition based on the Official Plan policies for parkland in Section 3.2.3. of the plan. A key consideration is the existing amount of local parkland. Parkland provision levels are shown on Map 8B (which is attached as Appendix D to this report) in the Official Plan. All of the residential areas in the City are shown in one of five (quintiles) levels of local parkland provision. An acquisition opportunity in the lowest quintile is the highest priority for the City. If funding permits, consideration is also given to those areas of the City with the second lowest level of parkland provision. Potential parkland acquisitions are also evaluated on the basis of the availability of other development related sources of funding. Acquisitions of parkland, like all City acquisitions, must be at market value. There are policies related to soil contamination and environmental condition, which require that all lands must be clean to the level required for the intended use. In the case of parkland acquired by the City, land must be clean to the highest level as set out in Ministry of the Environment regulations.

If after completing an assessment that suggests that the potential acquisition is one the City should pursue, Parks Forestry and Recreation Staff working with Real Estate and Legal staff negotiate an offer to sell by the owner of the land, conditional on City Council approval. A report is written by Real Estate staff and forwarded to the Government Management Committee which considers the purchase of the land. If approved, the acquisition report is forwarded to Budget and then Executive Committees to consider the amendment of the Capital Plan to fund the acquisition from the appropriate land acquisition reserve fund. The final approval of all parkland acquisitions is by City Council.

Appendix B provides the balances in the Parkland Development Reserve Funds. At the end of September 2013, there was \$69 million in these reserve funds, of which \$13.4 million has been officially committed by Council, with a further \$94.2 million committed through the 10 year capital plan.

Appendix C provides the balances in the Alternative Parkland Dedication Reserve Fund by ward. Cash-in-lieu of parkland monies deposited into the Alternative Parkland Dedication Reserve Fund are tracked according to the ward where the funds were generated.

Three other reserve funds (see Table 5 below) have been established by Council to hold funds secured under Section 42 of the Planning Act for parkland acquisition and development. The Ward 9 Parkland Reserve Fund contains funds set aside in 2006 for parkland improvements in Ward 9. The Edithvale Land Acquisition Reserve Fund contains funds set aside in 2002 to be applied to the expansion of Edithvale Park. The Off-Site Parkland Dedication Reserve Fund contains funds received in 2012 and 2013 to purchase specific land to fulfill developers' parkland dedication obligations.

Table 5 OTHER RESERVE FUNDS

RESERVE FUND / ACCOUNT	BALANCE SEP 30, 2013	COMMITMENTS	UNCOMMITTED FUNDS SEP 30, 2013
Ward 9 Parkland	431,351	238,122	193,229
Edithvale Land Acquisition	559,813	522,589	37,224
Off site parkland dedication	2,759,546	756,111	2,003,435
	<u>3,750,710</u>	<u>1,516,822</u>	<u>2,233,888</u>

The following table summarizes balances as at September 30, 2013 for the four different types of parkland reserve funds detailed in this report.

Table 6 SUMMARY OF ALL PARKLAND RESERVE FUNDS

RESERVE FUND / ACCOUNT	BALANCE SEP 30, 2013	COMMITMENTS	UNCOMMITTED FUNDS SEP 30, 2013	10 YEAR CAPITAL PLAN*
Parkland Acquisition	101,920,176	(2,989,577)	98,930,599	
Parkland Development	69,001,166	(13,449,690)	55,551,476	(94,217,000)
Alternative Parkland Dedication	89,670,824	(11,391,439)	78,279,385	
Other Reserve Funds	3,750,710	(1,516,822)	2,233,888	
	<u>264,342,876</u>	<u>(29,347,528)</u>	<u>234,995,348</u>	<u>(94,217,000)</u>

*In addition to Council approved commitments, the Council approved 10 year capital plan allocates \$94.2 million from Parkland Development Reserve Funds to fund various capital projects. The amount of funding designated to come from these reserve funds in the capital plan exceeds the Sep 30, 2013 balance in these reserve funds because the Sep 30, 2013 balance does not include contributions to be collected in future years.

CONTACTS

David Douglas
Project Manager, Parks Development
Tel: 416-392-8705
Fax: 416-392-8003
Email: ddouglas@toronto.ca

Mike St. Amant
Director, Accounting Services
Tel: 416-397-4438
Fax: 416-392-8003
Email: mstaman@toronto.ca

SIGNATURE

Roberto Rossini
Deputy City Manager and Chief
Financial Officer

Brenda Patterson,
Deputy City Manager, Cluster A

ATTACHMENTS

- Appendix A: Balances in Parkland Acquisition Reserve Funds as at September 30, 2013
- Appendix B: Balances in Parkland Development Reserve Funds as at September 30, 2013
- Appendix C: Balances by Ward in Alternative Parkland Dedication Reserve Fund as at September 30, 2013
- Appendix D: Local Parkland Provision Levels (Map 8B)