
TO: GENERAL COMMITTEE

SUBJECT: UPDATE ON THE REQUIREMENT FOR CASH-IN-LIEU OF PARKLAND BY RELIGIOUS ORGANIZATIONS – MAPLEVIEW COMMUNITY CHURCH

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CHIEF ADMINISTRATIVE OFFICER APPROVAL: JON M. BABULIC, CHIEF ADMINISTRATIVE OFFICER *J. M. Babulic*

RECOMMENDED MOTION

1. That the Mapleview Community Church be required to pay \$175,000.00 as cash-in-lieu of the dedication of parkland in compliance with current Council policy, as per Planning Act requirements, and as per their registered Site Plan Agreement.

PURPOSE & BACKGROUND

2. There are several Sections within the Planning Act that outline the requirements on the dedication of parkland or cash-in-lieu of parkland, and they are as follows:
 - a) Sections 42.(1), 42.(6), 51.1(1) and 53.(12) of the Planning Act state in part that the Municipality, as a condition of development or redevelopment of land, may require that land in an amount not exceeding for Commercial or Industrial purposes, 2% of the land, and in all other cases 5% of the land to be conveyed to the Municipality for park or other public recreational purposes. In lieu of the contribution, the Act further states the Municipality may request a cash contribution equivalent to the value of the land to be conveyed.
 - b) Sections 42(6.4), 51.1(4) and 53(13) state the value of the land is to be determined as of the day before the building permit is issued, the day before approval of the draft plan, or the day before the Consent is given.
 - c) For Institutional uses, there is only one formula contained in the Planning Act and that is 5% of the land or the cash equivalent.
 - d) Section 42(6.1) of the Planning Act states that no building permit can be issued "unless the payment has been made or arrangements for the payment that are satisfactory to the Council have been made". In reviewing this statement with the Planning Department in relation to the Official Plan, there does not appear to be any limitations in terms of how/when these monies are received by the City.
3. In the case of the Mapleview Community Church (MCC) project, 5% of the land parcel resulted in 0.8775 acres or approximately 3,551 sq. metres of land available for dedication. In reviewing this area against our standard sports field templates, this 0.8775 acre area is equivalent to the size of land slightly larger than our typical Junior Soccer Field, without play-out zones. The Parks and Recreation Strategic Master Plan adopted by Council in 2010 stated that for operational efficiency and program flexibility, only templates for Senior Soccer fields should be

considered for implementation. As this smaller land area would limit the potential for recreation programming, the only viable option was for the City to collect the cash-in-lieu equivalent of the land area.

4. The cash-in-lieu value for the 0.8775 acres was based on M1 zoning for the property in the amount of \$175,000. The calculations were conducted prior to the issuance of the Building Permit and were based on MPAC assessment values.
5. In August 2009, Staff Report ENG010-09 was presented to General Committee recommending MCC pay the full cash-in-lieu amount of \$175,000 as per the registered Site Plan Agreement prior to the occupancy of the building. This was subsequently opposed by deputation from representatives of the Church at the following Council meeting. The delegation requested that in order to meet their obligations under the Site Plan agreement, and based on financial pressures they were experiencing associated with the construction of the new church, the City review the City's current practice regarding the Planning Act requirements by implementing an alternate method for the payment of the \$175,000 cash-in-lieu value.
6. As a result of the ENG010-09 Staff Report, the following Motion 09-G-346 was adopted by Council:

"That the following paragraphs be subject to the Maplevue Community Church entering into a new agreement to ensure payment of the cash-in-lieu of parkland contribution, by no later than December 31, 2009:

 - a) That the site plan for Maplevue Community Church be amended to permit occupancy by the church prior to the payment of the required cash-in-lieu of parkland contribution.
 - b) That the payment of the cash-in-lieu of parkland contribution be deferred until December 31, 2009 in order to better assess whether or not there is in fact a need for additional recreational facilities within the City and whether leasing private property and forming partnerships with community groups and organizations form part of that plan.
 - c) That staff continue to explore potential uses of the site for recreational purposes and an associated agreement for the use of Maplevue facilities until the point that the Parks and Recreation Strategic Master Plan is completed and presented to General Committee."
7. The Maplevue Community Church received occupancy of their building as of November 24, 2009.
8. In December 2009, Council adopted Motion 09-G-517 which stated:

"That occupancy of the Maplevue Community Church be permitted to continue and that the method of payment of the cash-in-lieu of parkland contribution be deferred until staff report back to General Committee within six (6) months from the Council adoption of the Parks and Recreation Strategic Master Plan."

9. Subsequent to the above Motion, the Parks and Recreation Strategic Master Plan was endorsed by Council on June 28, 2010 as the planning guideline for the delivery of future parks & recreation services for the City of Barrie and the following are excerpts from the Parks and Recreation Strategic Master Plan which relate to the MCC proposal:
- a) The Parks and Recreation Strategic Master Plan identified as one of its goals "to protect and sustain the environment through parkland acquisition and development, greening strategies and stewardship efforts".
 - b) Park Functionality Recommendation #7-15 states that "given the needs associated with active recreation in Barrie, place a focus on the development of larger parks that are able to accommodate a broad range of active and passive recreational infrastructure while avoiding the provision of parks under 1 hectare in size...".
 - c) Parkland Acquisition Recommendation #7-20 states that the City should continue to collect cash-in-lieu contributions as per the Planning Act and utilize these receipts, as appropriate, towards the development of larger municipal parks which are able to accommodate major sports as part of multi-field complexes. Doing so will allow the City to manage sports fields to its own standards in the most cost effective manner, while providing user groups with long-term security to access fields.
 - d) The report indicates that another option available to the City, to increase the City's soccer field capacity rather than building new fields, is to light existing fields as 1 lit field equates to 1.5 unlit fields. Consequently recommendation #6-20 states that the City should "evaluate the feasibility of all new and existing soccer fields to incorporate field lighting systems which are supported by adequate irrigation and drainage systems that are able to accommodate the extra use. At minimum, the three unlit fields at the Barrie Community Sports Complex should be considered for lighting."
 - e) The Report indicates a forecasted need for eight (8) additional soccer fields by 2019 to be addressed through a number of various methods.
10. The City's standard Senior Soccer field measures 100.5 metres x 64 metres without play-out zones (6,432 sq metres or 1.59 acres). The field at the MCC has been measured at 92 metres x 56.5 metres (5,198 sq metres or 1.28 acres) and therefore is 19.2% smaller than City standard.

ANALYSIS

11. Following a series of conversations between the MCC and City staff, the Church proposed an alternate method of payment of their \$175,000 cash-in-lieu amount for the City's consideration which was to:
- a) Have the City enter into a 10-year re-payment plan in the form of an interest-free annual payment of \$17,500 (to be called Alternative 1). In this scenario the City would have exclusive use of the soccer field for 10 years, in lieu of interest lost when compared to a lump sum cash-in-lieu payment. Refer to Appendix "A" which illustrates the Church's business plan in support of their request.

12. Based on the alternatives presented by the Church, staff completed a variety of alternate business plan models predicated on the City's need to provide the capacity of one premium, unlit senior field. The details of each model are found in Appendix "B" and are briefly described below:
- a) Model 1A - The City enters into 10-year lease agreement with the MCC per their proposal and constructs a premium unlit facility at the termination of the agreement.
 - b) Model 1B - The City enters into 10-year lease agreement with the MCC per their proposal and adds lighting to two existing facilities at the termination of the agreement.
 - c) Model 2A - The City uses funds collected in lieu of parkland to construct a premium unlit facility in the near term.
 - d) Model 2B - The City uses funds collected in lieu of parkland to add lighting to two existing facilities in the near term.
13. Based on a comparison of the results from the four models, Model 2B, described as "Collect cash-in-lieu of parkland and add lighting to two existing fields" is the most cost effective means of providing this capacity. See Appendix C for a comparison of the Net Present Values for the four models.

ENVIRONMENTAL MATTERS

14. There are no environmental matters related to the recommendation.

ALTERNATIVES

15. The following Alternative is available for consideration by General Committee:

Alternative #1

General Committee could direct staff, through the implementation of a lease agreement, to ensure that the \$175,000 payment of cash-in-lieu of parkland contribution be paid in full, interest free, over a 10-year period in equal amounts of \$17,500 per annum.

Although this Alternative does comply with the Section 42(6.1) of the Planning Act, this Alternative is not recommended for the following reasons:

- In lieu of interest being paid on this CIL amount, the MCC has offered 100% use of the soccer field "rent free" to the City over this same 10-year period of time with the City keeping the revenue generated from its use but responsible for its maintenance and upkeep over the same period of time.
- The financial arrangement essentially puts the City in the capacity of a "financier" however, it does then make the MCC compliant with the obligations under the Site Plan Agreement.
- Accepting smaller payments over a longer period of time, would result in a net loss of funds at the end of the 10 year period however, this is partially offset through the City's rental management of the field.
- Accepting a longer term repayment period for cash-in-lieu may be still be viewed as a precedent for other possible site plan applications where cash-in-lieu payments may best meet the client's needs.

FINANCIAL

16. The City of Barrie requires all cash-in-lieu funding to be paid in order to meet the future parkland needs and recreational programming requirements throughout the City and within the new annexation lands.
17. The 5% conveyance of cash-in-lieu of parkland is in accordance with Council policy, and will avoid a precedent from being set for use by other organizations and applicants in the site plan application process.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

23. The recommendations included in this Staff Report support the following goals identified in the 2010-2014 City Council Strategic Plan:

☒ Strengthen Barrie's Financial Condition
24. The recommendation responds to the ability of the City to obtain required payments as stipulated through the Planning Act, and apply these payments towards the City's priorities at best value to the taxpayers in the use and distribution of recreational facilities and amenities to the benefit of the City residents.

APPENDIX "A" – Alternative 1 - Alternate Method of Payment

MCC agrees to pay to the City of Barrie the full amount owing for \$175,000 for cash in lieu of parkland in 10 equal annual instalments of \$17,500 per year with the instalments due and payable as follows:

Payment Date	Amount	Balance Due
June 1, 2012	\$17,500	\$157,500
June 1, 2013	\$17,500	\$140,000
June 1, 2014	\$17,500	\$122,500
June 1, 2015	\$17,500	\$105,000
June 1, 2016	\$17,500	\$87,500
June 1, 2017	\$17,500	\$70,000
June 1, 2018	\$17,500	\$52,500
June 1, 2019	\$17,500	\$35,000
June 1, 2020	\$17,500	\$17,500
June 1, 2021	\$17,500	\$0

- In lieu of paying interest on the unpaid balance, MCC will provide the City's Parks and Recreation Department **100%** of the use, and the right to schedule the irrigated soccer field and adjacent gravelled parking lot, a total area of about 3 acres of land, until December 31, 2021 being the end of a ten year term of occupancy. The City will collect the user fees for their own account.
- This offer is made on the understanding that the City will pay for water to irrigate the field, maintenance of the site and the necessary insurance.
- MCC will install poles and sports netting along the south side of the field to prevent balls from reaching Maplevue Drive.

**Appendix "B" – City's Four Model Review and Analysis of the MCC's Proposed
10-year Lease Agreement (Models 1A, 1B, 2A and 2B)**

Model 1A

Description:

Under this model, the City will undertake the proposed instalment and 10yr facility use agreement with MCC and build one premium-unlit facility at termination of the agreement.

Net Present Value Calculation:

	\$	Yr(s) incurred, (note 1)	Present value
Model Benefits:			
Instalment payments (note 2)	17,500	1-10	144,374
Rental revenue (note 3)	8,800	1-10	75,257
Present Value of model benefits			219,630
Model Costs:			
Forgiveness of Receivable (note 2)	175,000	1	175,000
Operating & Maintenance costs (note 4)	24,445	1-10	209,051
Construction costs (note 5)	223,491	10	156,000
Present Value of model costs			540,051
Net Present Value of model			(320,420)

Sources & Assumptions:

Term	10 years
Discount Rate	3.66% per annum

1. YR(S) INCURRED)

Reflects the year(s) in which the related cost or benefit will be realized. Where the cost or benefit is expected to recur (i.e. an annuity) cash flows are assumed to occur at the beginning of the period with the exception of annual instalment payments which would be received at the end of the period (per proposal).

2. INSTALMENT PAYMENTS

Amount owing for payment in lieu of parkland, which is a financial asset, is forgiven in exchange for instalment payments and use of MCC's soccer pitch as outlined in the proposal. Instalment payments will be received in 10 equal annual instalments of \$17,500 with an interest rate of 0%. The present value of the instalments is \$144,374 which is \$30,626 less than the amount owing today (\$175,000).

3. RENTAL REVENUE

The City of Barrie currently earns approximately \$8,800 per annum from comparable facilities owned and operated by the corporation. The proposal permits 100% use by the City.

4. OPERATING & MAINTENANCE COSTS

Calculated as \$21,250 for labour (\$8,500/ac/yr x 2.5 acres for a senior field) plus \$3,950 for supplies and utilities.

5. CONSTRUCTION COSTS

At termination, the City of Barrie will no longer have use of the facility. Staff anticipate the need for the utility provided by the facility will exist beyond the 10 year term. Therefore, the City will need to undertake a project at termination to restore the utility provided by this facility. Under this model, the estimated cost to provide this utility (i.e. construct one premium-unlit field) in 10yrs is \$223K.

Model 1B

Description:

Under this model, the City will undertake the proposed instalment and 10yr facility use agreement with MCC and add lighting to two facilities at termination of the agreement.

Net Present Value Calculation:

	\$	Yr(s) Incurred, (note 1)	Present value
Model Benefits:			
Instalment payments (note 2)	17,500	1-10	144,374
Rental revenue (note 3)	8,800	1-10	75,257
Present Value of model benefits			219,630
Model Costs:			
Forgiveness of Receivable (note 2)	175,000	1	175,000
Operating & Maintenance costs (note 4)	24,445	1-10	209,051
Construction costs (note 5)	214,895	10	150,000
Present Value of model costs			534,051
Net Present Value of model			(314,420)

Sources & Assumptions:

Term	10 years
Discount Rate	3.66% per annum

1. YR(S) INCURRED)

Reflects the year(s) in which the related cost or benefit will be realized. Where the cost or benefit is expected to recur (i.e. an annuity) cash flows are assumed to occur at the beginning of the period with the exception of annual instalment payments which would be received at the end of the period (per proposal).

2. INSTALMENT PAYMENTS

Amount owing for payment in lieu of parkland, which is a financial asset, is forgiven in exchange for instalment payments and use of MCC's soccer pitch as outlined in the proposal. Instalment payments will be received in 10 equal annual instalments of \$17,500 with an interest rate of 0%. The present value of the instalments is \$144,374 which is \$30,626 less than the amount owing today (\$175,000).

3. RENTAL REVENUE

The City of Barrie currently earns approximately \$8,800 per annum from comparable facilities owned and operated by the corporation. The proposal permits 100% use by the City.

4. OPERATING & MAINTENANCE COSTS

Calculated as \$21,250 for labour (\$8,500/ac/yr x 2.5 acres for a senior field) plus \$3,950 for supplies and utilities.

5. CONSTRUCTION COSTS

At termination, the City of Barrie will no longer have use of the facility. Staff anticipate the need for the utility provided by the facility will exist beyond the 10 year term. Therefore, the City will need to undertake a project at termination to restore the utility provided by this facility. Under this model, the estimated cost to provide this utility (i.e. add lights to 2 existing fields) in 10yrs is \$215K. Two lit fields provide the same utility as one unlit field

Model 2A

Description:

Under this model, the City will use the funds collected in lieu of parkland to construct one premium-unlit field in the near term.

Net Present Value Calculation:

	\$	Yr(s) incurred, (note 1)	Present value
Model Benefits:			
Cash in Lieu received	175,000	1	175,000
Rental revenue (note 2)	8,800	1-10	75,257
Present Value of model benefits			250,257
Model Costs:			
Forgiveness of Receivable (note 3)	175,000	1	175,000
Construction costs (note 4)	156,000	1	156,000
Operating & Maintenance costs (note 5)	24,445	1-10	209,051
Present Value of model costs			540,051
Net Present Value of model			(289,794)

Sources & Assumptions:

Term	10 years
Discount Rate	3.66% per annum

1. YR(S) INCURRED)

Reflects the year(s) in which the related cost or benefit will be realized. Where the cost or benefit is expected to recur (i.e. an annuity) cash flows are assumed to occur at the beginning of the period.

2. RENTAL REVENUE

The City of Barrie currently earns approximately \$8,800 per annum from comparable facilities owned and operated by the corporation.

3. FORGIVENESS OF RECEIVABLE

Amount owing for payment in lieu of parkland, which is a financial asset, is forgiven in exchange for cash.

4. CONSTRUCTION COSTS

The estimated cost for the City to complete a single premium-unlit field in the near term is \$156,000.

5. OPERATING & MAINTENANCE COSTS

Calculated as \$21,250 for labour (\$8,500/ac/yr x 2.5 acres for a senior field) plus \$3,950 for supplies and utilities.

Model 2B

Description:

Under this model, the City will use the funds collected in lieu of parkland to add lighting to two existing fields in the near term

Net Present Value Calculation:

	\$	Yr(s) incurred, (note 1)	Present value
Model Benefits:			
Cash in Lieu received	175,000	1	175,000
Rental revenue (note 2)	8,800	1-10	75,257
Present Value of model benefits			250,257
Model Costs:			
Forgiveness of Receivable (note 3)	175,000	1	175,000
Construction costs (note 4)	150,000	1	150,000
Operating & Maintenance costs (note 5)	7,800	1-10	66,705
Present Value of model costs			391,705
Net Present Value of model			(141,448)

Sources & Assumptions:

Term 10 years
Discount Rate 3.66% per annum

1. YR(S) INCURRED)

Reflects the year(s) in which the related cost or benefit will be realized. Where the cost or benefit is expected to recur (i.e. an annuity) cash flows are assumed to occur at the beginning of the period.

2. RENTAL REVENUE

The City of Barrie currently earns approximately \$8,800 per annum from comparable facilities owned and operated by the corporation.

3. FORGIVENESS OF RECEIVABLE

Amount owing for payment in lieu of parkland, which is a financial asset, is forgiven in exchange for cash.

4. CONSTRUCTION COSTS

The estimated cost for the City to add lighting at two existing fields is \$150K. Two lit fields provide the same utility as one unlit field.

5. OPERATING & MAINTENANCE COSTS

Only incremental costs are relevant for this calculation. Therefore, operating costs not directly associated with lighting have been omitted. This line consists exclusively hydro usage for field lighting. Calculated as 52 bulbs/field x \$1/bulb/field x 2hrs/night x 5 nights/week x 15 weeks/season.

Appendix "C" – Summary of City's Four Model Review and Analysis
(Models 1A, 1B, 2A and 2B)

Accept Installment plan and 10yr facility use agreement in lieu of interest

Model Ref.	Description	Net Present Value
1A	Accept installment plan and 10yr facility use agreement in lieu of interest and build one premium-unlit facility at termination of agreement	(320,420)
1B	Accept installment plan and 10yr facility use agreement in lieu of interest and add lighting to two facilities at end of agreement	(314,420)

Collect cash and invest in facilities

Model Ref.	Description	Net Present Value
2A	Do not accept installment plan and 10yr facility use agreement in lieu of interest and use collected funds to build one premium-unlit facility today	(289,794)
2B	Do not accept installment plan and 10yr facility use agreement in lieu of interest and use collected funds to add lighting to two existing fields today	(141,448)