

Funds-In-Lieu of Reserves Account:

The purpose of the Funds-In-Lieu of Reserve Account is to fund the acquisition of school and park land, consistent with the Municipal Government Act, within residential Area Structure Plans. The account was established by Council in May 1984 and first funded the following year. Revenues are accrued to the account through funds-in-lieu of municipal reserves, account interest and other revenues (land sales, redevelopment levies, utility cost recovery, and developer contributions/fees). This revenue is used to fund capital budget expenditures for land acquisition as approved by City Council.

In order to access funds from the Funds-in-Lieu of Reserve Account, Administration must transfer reserve funds into a profile that has been approved by Council as part of the budgeting process. The amount budgeted is based on reserve funds anticipated to be collected and expended over the Capital Budget cycle.

Spending from the Funds-In-Lieu of Reserves Account has shifted over time, from a primarily land acquisition focus (up to 1989) to a primarily development focus (1990-2004), and back to a primarily land acquisition focus (2005-present).

Municipal Reserve Allocation

The identification and allocation of future municipal reserve sites (i.e. parks) is undertaken at the Area and Neighbourhood Structure Plan stages. Municipal Reserves owing for an Area Structure Plan (10 percent of the gross developable area) are dispersed among the member neighbourhoods and the larger District Park within the Area Structure Plan (usually part of a member neighbourhood). Generally, the assembly of the larger District Park requires each of the neighbourhoods in the Area Structure Plan to each contribute some amount of municipal reserves. Further, municipal reserve allocation within individual neighbourhoods is based on several criteria including, their geographic area and catchment area, proposed population density, and the needs of the School Boards, which includes allocation for elementary, junior high and high school sites - each with specific area requirements. This means some neighbourhoods get a higher allocation of municipal reserve lands than other neighbourhoods within the same Area Structure Plan.

The Municipal Government Act permits the Subdivision Authority to require a land owner to provide up to 10 percent of a parcel of land (less Environmental Reserve) as municipal reserve at the time of subdivision. The municipal reserve may be provided as funds-in-lieu of reserve dedication (reserve funds) when subdivision occurs in an area where no park land is planned for in an approved plan. These reserve funds are then used to purchase park land in areas that are over dedicated (i.e. parks comprise more than 10 percent of the titled parcel).

Reserve funds received throughout an Area Structure Plan are added to the Funds-In-Lieu of Reserve Account and used to finance any park land acquisition required within the Area Structure Plan, including District Park land acquisition. Due to the timing of subdivision development, park locations, and land ownership patterns in an Area Structure Plan, it can take years to accumulate sufficient reserve funds to use for any park land acquisition. Further, the amount of funds-in-lieu collected is based on the appraised value of the parcel being subdivided. In an escalating market, reserve funds may be insufficient to finance the purchase of all the planned parkland. This is due in part to inflation and escalating land values, which will require purchase of sites at higher amounts than at the time the funds were collected - meaning a shortfall in funding will increase over time and as land prices increase. As the value of land increases over time - so does the amount of funds-in-lieu collected and the finances necessary to purchase land. For this reason, Administration prefers receiving land instead of reserve funds in an escalating market.

There are a number of other reasons to acquire District Park land in a timely manner:

- while some owners may wish to take advantage of escalating land prices over time, others will be motivated to sell (as per an approved statutory plan) to avoid carrying costs (e.g. financing charges for land and servicing, weed maintenance, property taxes) and lost opportunity costs (reinvesting equity elsewhere);
- lands identified, but not assembled, for a District Park may otherwise be poorly maintained and/or become an "eyesore/nuisance area";
- developers and residents have expectations that sites will be assembled and developed to a minimum base level when certain conditions are met (i.e., population/dwelling unit thresholds are achieved) - lands are not developed to minimum standards without City ownership; and
- the process recently imposed by the Province to fast track the development of several new schools in greenfield neighbourhoods demonstrated the need to be ready with completely assembled school/park sites (District Parks accommodate high school sites). In some cases, Administration scrambled to assemble entire sites for the affected School Board as per the Joint Use Agreement. Administration remains committed to the Joint Use Agreement and will work with the Province and the Boards to be ready for new school development, including the recently announced new schools for several greenfield neighbourhoods.