

J.J. Barnicke Kelowna Ltd.  
102 - 260 Harvey Ave.  
Kelowna, BC V1Y 7S5  
Tel. (250) 763-8840  
Fax (250) 763-9925  
E-mail: jjbkelowna@shawcable.com

## **A Strategic Implementation Plan to Attract Investment to the District of Lake Country**

### **1.0 INTRODUCTION**

J. J. Barnicke Kelowna Ltd. (JJB) has been engaged by the Community Development Committee, Community Futures, and the District of Lake Country (Lake Country or District) with the assistance of the Economic Development Commission to prepare a Strategic Plan that will assist Lake Country in attracting investment to the community.

*Initiatives that  
will attract  
development ...*

This report is not meant to be a planning document in the same sense as the Official Community Plan, Financial Plan, Sector Plans and Neighbourhood Plans, that guide the growth of a municipality. The report is a marketing plan to assist Lake Country in implementing initiatives that will attract development to the community and achieve the goals and objectives contained within the hierarchy of municipal strategies.

Our investigations, interviews and research into Lake Country's recent development history have enabled us to understand the challenges faced by the municipality. Our thirty years of experience in the real estate development and marketing industry enable us to draw from good and bad decisions made by other municipalities.

The tide has turned from the days when municipalities dictated to businesses and industries wanting to locate in their community. Today, there is fierce competition globally, between Provinces, and even between neighbouring municipalities, to attract industries to their community. Those businesses bring jobs that provide for a sustainable community.

The Marketing Plan's aim in Section 10 of the report is to provide Lake Country with a clear and concise blueprint, to entice development to the community, by providing suggestions that will make Lake Country the valley's most desirable municipality in which to invest.

### **1.1 PURPOSE AND OBJECTIVE OF STUDY**

The District of Lake Country is situated to the north of the City of Kelowna and competes directly with Kelowna, Vernon, Westside and Westbank for industrial, commercial and residential development and indirectly with other communities in the Okanagan Valley.

Rather than a "Planning" approach to formulate a method to attract investment, Lake Country is seeking a market approach. In other words – How can the District of Lake Country entice investment to the community? What policies and/or initiatives should the District of Lake Country implement to attract investment? A "Marketing" prospective will identify market needs and suggest how the community can facilitate and meet those market requirements. The assignment is to prepare a market driven Strategic Implementation Plan to attract investment.

The recommendations of the study will provide the District of Lake Country with a detailed set of steps to give the community a competitive edge, over surrounding municipalities, for immediate and long-term sustainable growth.

### **1.2 INDEPENDENCE OF J. J. BARNICKE KELOWNA LTD.**

J. J. Barnicke Kelowna Ltd. is not an associate or affiliate of the District of Lake Country. With the exception of the agreement to prepare this study accepted by Lake Country, November 21st, 2001, JJB presently has no understandings or agreements with the District of Lake Country or other parties with respect to future transactions or business dealings pertaining to projects in the District of Lake Country.

JJB is actively involved in commercial real estate brokerage, management and consulting. The firm is a full service independent real

*Recommend  
steps to provide  
Lake Country  
with a  
competitive  
edge ...*

*Over 30 years  
experience ...*

estate company. JJB has affiliates around the world through its associations with the J. J. Barnicke National network and Oncor. The study has been carried out and prepared by John Hertay RPA, who is the President of J. J. Barnicke Kelowna Ltd. Mr. Hertay has over 30 years experience in commercial, industrial and investment real estate brokerage, development, management and consulting.

## 2.0 OFFICIAL COMMUNITY PLAN GROWTH PROJECTIONS

The District of Lake Country's Official Community Plan is substantially complete and scheduled to be adopted by Council in late March or early April, 2002. The document is detailed and well written. We have reviewed the document and offer comments from a marketing prospective.

*OCP detailed  
and well  
written ...*

The population of Lake Country is 9,267 (2001 Census) persons and according to the OCP the community has grown approximately 3% per year over the past 25 years. Due to the poor economic climate over the past couple of years, there has been an exodus of working people from British Columbia to other parts of Canada, particularly Alberta. The out migration has contributed to a slowing in population growth in most municipalities in the Province.

The recent change in Provincial Government is expected to reverse the downward trend. It is important for the District of Lake Country, at this time, to implement development opportunities and position itself for the turn around, that will take effect within the next two or three years.

The new Provincial Government is keen to open the province to business. Reforms in the forest industry (lowering of excessive forest practice rules and regulations); mining industry (lowering of excessive environmental remediation standards); oil and gas industry (opening northern and off shore areas for exploration) will have a positive influence on attracting back former industries that had been driven away to other markets. The new attitude will bring more businesses, jobs and people to the province, as a whole.

*3% growth  
an optimistic  
projection for  
2002 and  
2003 ...*

We suggest that the 3% growth projected in the OCP for 2002 and 2003 is likely an optimistic projection but may be accurate for the years following. The full force and effect of the Provincial Government changes will be felt in the latter part of 2003 and throughout 2004 and 2005. The provincial turn around will be enhanced by the anticipated improvement in the national and international markets projected to begin in the latter part of 2002 and gaining momentum through 2003 and 2004.

*Market wants  
single family  
housing ...*

The OCP projects a requirement for 35 rural housing units, 84 multi-family housing units and 587 single family housing units over the next five years. As mentioned the projections appear optimistic based on past performance.

Planning dictum is to maximize density. Higher densities are more cost efficient. A condensed infrastructure is also less costly to maintain, than one spread over a wider area, but the market wants single family housing. Young families want the privacy and pride of ownership a single family home provides.

The planning objective, as well as the market demands, can be met by encouraging “zero lot line” subdivisions and cluster subdivisions – a residential development technique allowing smaller lots than those normally permitted under existing single family zoning bylaws, thereby increasing densities while being market driven.

The Economic Development section of the OCP states three specific objectives:

1. To expand the commercial tax base;
2. To accommodate new and expanded businesses in a timely manner;
3. To encourage diverse businesses to locate in the District.

*Commercial  
development  
occurs in  
accordance to  
demographics ...*

The adage of “Build it and they will come” is a fallacy. Growth in commercial development occurs in accordance to demographics. The larger the population the more new enterprises will be attracted to a community to provide goods and services. To achieve the District of Lake Country’s commercial growth objectives its focus must be to facilitate residential development as stated in the Future Land Use section of the OCP.

“The purpose of the residential designations is to provide opportunities for the creation of housing that is accessible, affordable and adequate to meet the needs of present and expected households that can be serviced in an efficient and financially rational manner.”

The Future Land Use Maps 4.0 and 5.0 in the OCP identify areas where urban and rural residential development is anticipated.

Aggressively encouraging developers to start and/or continue current applications, through the development approval process of the properties within the areas identified in the Future Land Use map, is the first step to attracting investment. Commercial retail and office development will follow once a population base is established. Attracting industrial development to the District is discussed in Section 3.3 in the report.

### 3.0 EXISTING COMMERCIAL & INDUSTRIAL LAND USES

The following table itemizes information gathered from BC Assessment on the existing commercial, industrial and office uses in the District of Lake Country.

Area	Industrial	Commercial	Office	Total
Oyama West of Woods & Kal Lake	4,484 sf	1,093 sf		5,577 sf
Oyama East of Woods & Kal Lake	43,050 sf			43,050 sf
Winfield West of Hwy 97/ South of Oleol			1,860 sf	1,860 sf
Winfield Flats & Clearwater	96,137 sf	9,890 sf	1,000 sf	112,604 sf
Winfield & Hwy 97	16,124 sf	178,065 sf	48,205 sf	242,394 sf
<b>Totals</b>	<b>159,795 sf</b>	<b>189,048 sf</b>	<b>51,065 sf</b>	<b>366,740 sf</b>

*No industrial development in the past five years ...*

We reviewed the District of Lake Country building permit statistics for the period of 1996 to 2000. During those years there was no market industrial development. The statistics do show the water treatment plant in 1998 and the salt shed for MoTH under the category of New Industrial but neither of those projects were for the lease market or use by an industrial enterprise.

The "New Commercial" category in the statistics shows the 4,000 square foot development of the Liquor Store and an expansion of the IGA store, in the Winfield Shopping Centre for the year 2000. There were three commercial developments in 1997 for a value of \$678,000.

The most significant commercial development in 2001 was the Village Centre where the Cooper's food store, Interior Savings Credit Union and McDonald's Restaurant are now situated.

Single family residential development during the same period were:

*Average single family units per year - 49 ...*

1996	74 units
1997	48 units
1998	33 units
1999	40 units
2000	51 units

Multi-family residential development consisted of three projects in 1999 for a total of 62 units, plus one development of 20 units in 2000.

The OCP projects a requirement for 622 single family (rural and urban) in the next five years. On a straight-line basis that would mean 124 single family units per year. Considering the average for the period of 1996 to 2000 was 49 units, it appears a 150% increase is optimistic.

The OCP estimates 84 multi-family units will be required in the next five year period. That projection appears reasonable considering that 82 units were constructed between 1996 and 2000.

### 3.1 COMPARABLE DEVELOPMENT STATISTICS FOR KELOWNA AND WESTSIDE

CITY OF KELOWNA NEW DEVELOPMENT						
	1997	1998	1999	2000	2001	Totals
Industrial (sf)	206,100	80,534	97,947	214,215	114,551	713,347
Commercial (sf)	179,361	308,118	114,247	211,413	144,187	957,326
Office (sf)	29,716	56,413	33,694	5,628	177,180	302,631
Single Family	606	472	396	374	434	2,282
Multi-family	323	142	265	160	438	1,328

WESTSIDE NEW DEVELOPMENT						
	1997	1998	1999	2000	2001	Totals
Industrial (sf)	17,000	0	250	6,000	24,400	47,650
Commercial (sf)	14,600	22,400	12,300	6,900	4,100	60,300
Office (sf)		0	0	0	0	0
Single Family	99	94	98	95	92	478
Multi-family	0	0	0	0	8	8

Note: The Regional District keeps its statistics for new development by dollar value versus a per square foot basis. To remain consistent we have extrapolated the square foot areas by utilizing a value of \$50.00 per square foot for industrial and \$65.00 per square foot for commercial and \$75.00 per square foot for office. The number of single family units and multi-family units are actual numbers.

Average Number of Units over a Five-Year Project			
	Lake Country	Westside	Kelowna
Industrial (sf)	0	9,530	142,670
Commercial (sf)	5,000	12,060	191,465
Office (sf)	0	0	60,526
Single Family	49	96	456
Multi-family	16	2	266

*Interesting conclusions from statistical information ...*

The Westside and the District of Lake Country are considered "Bedroom" communities to the City of Kelowna. The Westside is situated south of Kelowna and Lake Country is north of the City. The above statistics were gathered to determine if the Westside was growing disproportionately to Lake Country.

Some interesting conclusions can be drawn from the statistical information. Lake Country has kept pace with single family lot development on a per capita basis. Utilizing a five-year average, 49 new single family houses per year were developed in Lake Country with a population of 9,800 providing a factor of .005 units per per-



son. Westside had 96 houses per year with a population base of 12,190 for a factor of .008 units per person; and the City of Kelowna had 456 new houses per year in a population of 100,000 for a factor of .005 units per person.

The single-family residential statistics have been given the most weight, in our analysis. The Westside has nearly double the number of homes being built per year than Lake Country. The increasing population increases the demand for commercial development to service the community. This conclusion is supported by slightly over double the amount of commercial space having been developed in the Westside as in Lake Country. There appears to be a direct correlation between the number of residential units built and the amount of commercial development. The statistics advocate that to attract more commercial development to a community the first priority is to grow the population.

The Westside has more industrial land available for development than Lake Country. The bridge is a barrier and a factor in the Industrial Development of the Westside. The statistics also disprove a common belief that more development is taking place on the Westside due to the arduous development process in the City of Kelowna.

### **3.2 COMMERCIAL VACANCIES**

Although there is a limited amount of commercial space presently on the market, there is also limited demand, as evidenced by the long periods vacant space remains on the market. The former library space of 2,861 square feet, in Winfield Plaza that has been on the market since April of 2001, remains vacant almost one year later.

The newly completed Village Centre has attracted three major tenants, Coopers, Interior Savings and Credit Union and McDonald's Restaurants. There remains three developable pods that can provide another 32,000 square feet of retail area and 3,000 square feet of office space. The owners of the centre have been aggressively marketing the developable space with limited success.



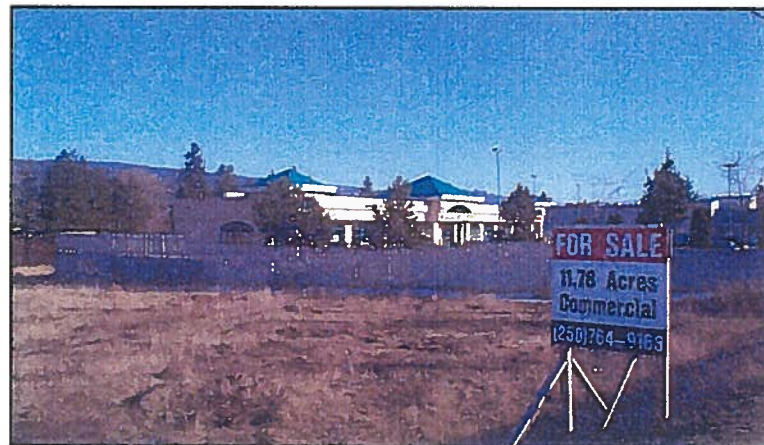
### **New Village Centre**

Adjacent to the Winfield Plaza is an 11.78-acre parcel of land with Highway exposure that could accommodate approximately 175,000 square feet of commercial development.

We were not able to obtain an accurate area for the vacant space in Lake Wood Mall however we estimate it is in the 70,000 square foot range. Although the enclosed mall is in urgent need of repairs and maintenance, it is a viable commercial project due to its location and plentiful parking.

The current vacancies and new commercial development positioned for construction on a short and long term basis, are more than adequate to satisfy the needs of the community, for the foreseeable future.

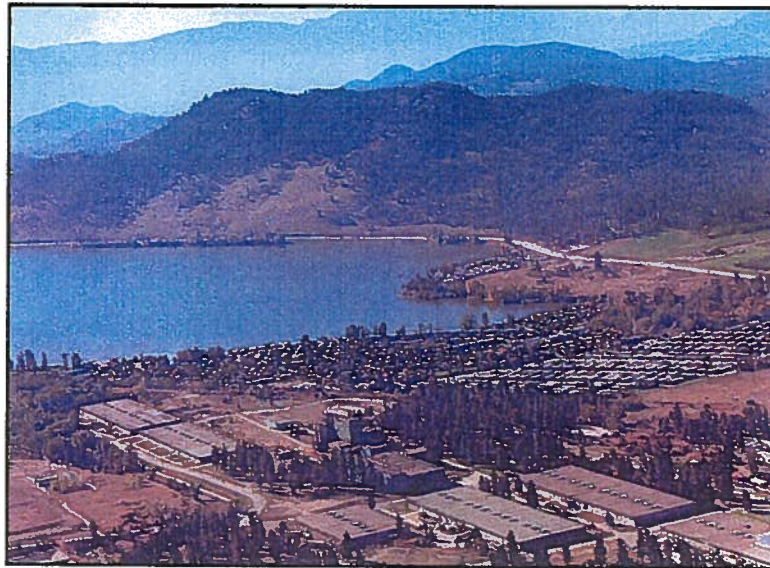
*Available commercial land adequate for the foreseeable future ...*



### **Developable Commercial Land**

### 3.3 INDUSTRIAL VACANCIES

The City of Kelowna's available industrial land adjacent to the District of Lake Country is approximately 100 acres. Freightliner's land, formerly the Hiram Walker waste treatment facility has 35 useable acres of zoned heavy industrial land. The site can be subdivided into smaller industrial parcels.



**Hiram Walker Industrial Park**

A purchaser has Hiram Walker's main manufacturing plant with 18 acres, three acres of vacant land, the 128,000 square foot Finished Goods building on five acres and a 130,000 square foot warehouse on six acres under contract for purchase. The purchaser will be leasing out the finished Goods and Warehouse buildings over the next five years until they require the space for expansion.

Beaver Lake Industrial Park has been on the market for seven years. There are still approximately 20 acres available for purchase in the park in parcels of 1/2 an acre to 1 1/2 acres. Argus has a 60-acre parcel on the north side of Beaver Lake Road of which approximately 10 acres is being used for Canadian Western Waste Systems, leaving approximately 50 acres for build-to-suit lease opportunities.

*Approximately 100 acres of industrial land available at Beaver lake Road ...*



### **Beaver Lake Industrial Park**

The statistical annual absorption of industrial land in the City of Kelowna is 15 acres per year. Presently, with other sites available in the Reid's Corner area, the City has an approximate 10-year supply of industrial land on the market at the present time.

The most practical parcel of land within the District of Lake Country feasible for industrial development, is Bennett's lands on Beaver Lake Road east of Beaver Lake Industrial Park. There is approximately 100 acres of land within the section that is useable for industrial development.

A purchaser of an industrial lot looks first at location, secondly at price, then at infrastructure amenities and lastly at municipal boundaries. Simply, due to the over supply of industrial land in close proximity to the southern boarder of Lake Country, near term industrial development is not likely. A developer will not risk introducing more industrial land to the market when there is an over supply. It will be at least five years and likely closer to ten years before Lake Country can expect to attract industrial development.

Lake Country's OCP identifies areas west of Highway 97 as industrial zones. Those lands are presently gravel pits. In the distant future it can be expected that the gravel operation lands can be developed for warehousing and manufacturing uses. Expansion in the immediate area of the existing industrial corridor east of Highway 97 and south of Beaver Lake Road will likely occur before the gravel pit lands are developed.

*10-year supply  
of industrial  
land on the  
market ...*



*Gravel pits  
long-term  
industrial  
possibilities ...*

There is always the possibility that some large industry will decide to locate in the greater Kelowna area. Lake Country would have to be ready to compete, otherwise the industry will locate in Kelowna or elsewhere. The gravel pits are still operating and would not be available, therefore discussion with the Bennetts for pre-zoning their land to industrial (without property tax increases) should be initiated, in the near future. A property owner will probably be agreeable to pre-zoning their land, if they had the flexibility to change zoning in the future and property taxes are not increased due to the pre-zoning. Pre-zoning the Bennett property to industrial would be a good test of the pre-zoning concept.

### **3.4 AGRICULTURAL USES**

Agriculture is a substantial part of the land use in the District of Lake Country. Development is restricted in these areas by the Agricultural Land Reserve. The new provincial government is currently in the process of revamping the Land Commission and its powers. It is expected municipalities will be given much more control over the lands designated as Agricultural Land Reserve, within their municipal boundaries.

Due to the upcoming changes any recommendations made in this report would likely be redundant. It would be prudent for the District to institute a study specific to agricultural development, after the new rules and regulations are finalized.

### **3.5 PRIVATE, PUBLIC, PARTNERSHIPS (P3s)**

Several parcels of land were dedicated for park, to the District as a part of the subdivision approval process. Parklands are an interracial part of a residential subdivision, providing green space and neighbourhood play and/or sports areas for surrounding residences. It would be detrimental to the neighbourhoods to convert the parklands to other land uses.

*Only one P3  
opportunity ...*

The only property within the District's portfolio suitable for development is the former Okanagan Growers Packing House. The property was purchased for municipal purposes and investment.

The packing plant's waterfront provides an opportunity for a motel development discussed in the following section.



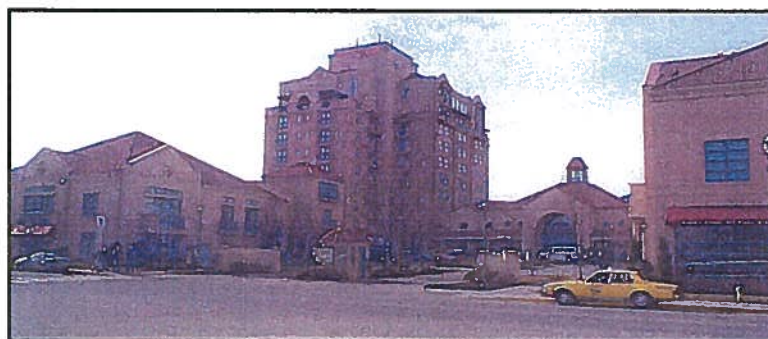
**Packing House Lands for Motel Development**

### **3.6 HOTEL AND/OR MOTEL DEVELOPMENT OPPORTUNITIES**

There are several different types of hotels and motels. For the purposes of this study we examined three basic categories: the luxury hotel, the full service motor inn and the typical motel. We spoke with the president of the Kelowna Hotel/Motel Association and others to discern the primary requirements for the development of hotels or motels in each of the three basic categories.

The luxury hotel is found in communities of 50,000 plus. The facility relies on the local population, business travelers and destination oriented tourists. The success of a luxury hotel depends heavily on the community's support infrastructure – surrounding restaurants, entertainment, casinos, museums, art galleries, sport arenas and other activity venues within a close proximity to the hotel. Typically, the luxury hotel has two or three hundred rooms. Lake Country, presently does not have the support infrastructure to attract a luxury hotel.

*Lake Country does not have the support services to attract a major hotel ...*



**The Grand —Luxury Hotel**

The motor inn is similar to the luxury hotel but a lower grade. It offers full facilities a restaurant, meeting rooms, mid-level rooms, lounge, often a swimming pool and exercise facility. The motor inn usually has 80 to 100 rooms and is less reliant on the community's support infrastructure but still requires a local population in the range of 20,000.



**Holiday Inn —Motor Inn**

The third category is the typical motel. There are a wide range of facilities offered by motels, from highway over night stops providing no other amenities than a room, to motels offering a restaurant, swimming pool or other entertainment facilities. The highway motel is usually owner, operated having 10 to 20 rooms. The latter type of motel is more geared to family stays coming to an area to enjoy their holidays or a community event such as a sports tournament. The upper end motel typically has 50 to 60 rooms. With proper planning these types of facilities can grow to a motor-inn category motel, as the community grows. Motels survive within smaller population communities.

*Waterfront is key to attracting a motel to the area ...*



**Super 8 —Motel**

Lake Country is a tourist destination during the summer months. Both Duck Lake and Woods Lake offer motel and a high number of RV park facilities. The main attraction to these facilities is waterfront, offering swimming, boating, fishing, water skiing and other summer activities. During the winter and shoulder months these facilities either close for the season or offer substantially reduced services. The key to the success of these businesses is waterfront access. They would not survive in a town centre location.

Due to the seasonal nature of the business and dependence on weather (a rainy summer can decimate the income of a tourist oriented motel) there is a reluctance by lenders to finance such ventures. The communities of Nelson, Cranbrook and more recently Salmon Arm, recognized the market challenges of attracting motel developments but had a strong desire to attract more tourists for the spin-off benefits to the community. Retail and service industries profit from motel clients buying groceries, souvenirs, clothes, gas, plus other goods and services during their stay.

To overcome the financial challenges, those communities provided incentives to attract a motel development. Salmon Arm has many similar seasonal tourist attractions to Lake Country, and a population of 16,000. Therefore we have used Salmon Arm as a model for Lake Country.

Salmon Arm entered into a partnership with the Prestige Inn Group. A 100 room motor inn was constructed on approximately three acres of land. Along with the rooms there are retail stores, a restaurant, lounge, spa and a 475-seat convention centre. The facility only opened in December 2001, therefore as of this writing it is difficult to accurately measure the success of the venture and quantify the spin off benefits to the businesses in the community.

Doug Lagroe who coordinated the venture on behalf of the municipality states Salmon Arm is very pleased with the early results. Bus tours are now making regular stops at the motor inn bringing tourists to the community that were formerly passing by. The District of Salmon Arm's council met with substantial opposition to the partnership proposal. Residents wanted the community to remain small and exclusive to those people already established in the town. On

*Development  
opportunity of  
the "Grower's"  
property for a  
motel ...*



*Salmon Arm  
partnership  
model ...*

the other hand the businesses in the community needed to enhance the amenities in the area to stay in business. The District's solution was to attract more tourist to the area by having modern accommodations, to meet the tourist's requirements and approached the Prestige Inn Group.

The partnership was straight forward. The District of Salmon Arm provided \$60,000 "service in kind" and committed to renting the convention facility for 50 days per year for five years, at a cost of \$100,000 per year. The \$100,000 is paid each year on the anniversary date of the building permit being issued for the project. The total cost to the municipality will be \$560,000 over five years.

The Prestige Inn Group purchased the land, set up the financing, built the structure, furnished and fixtured the facility and operates it. Mr. Lagroe spoke highly of the Prestige Inn Group's professionalism and assistance in putting the venture together. We spoke to Mr. Huber of the Prestige Inn Group, about Lake Country. His opinion was that a town centre location for a motel or motor inn would not be viable. He suggested that people would travel twenty minutes to Kelowna versus stopping in Lake Country however he felt that a lakefront facility may be feasible. Considering Salmon Arm's experience and their high regard of the Prestige Inn Group it would be worth while exploring a partnership to develop Lake Country's former Grower's Packing House property with the Group.

*Financing is a  
means to  
attracting a  
motel  
development ...*

There are several different ways to approach a partnership with a motel developer, for the development of the former Grower's property. One example would be through creative financing. The District could sell the land to a developer, carry back a second mortgage for the full sale price for a 10 or 15 year term, at a preferential interest rate and favourable repayment conditions – lower payments in the first five years, moderate payments in the second five years and heavier payments in the last five years after the business has been established. The District might also consider providing substantial upgrades to the beach and infrastructure amenities at no cost to the developer; or even a combination of financing and upgrades.

The construction of an upper-end motel development on the former Grower's property will enhance the immediate neighbourhood and add another tourist attraction to the community.

*Focus on  
attracting  
residential  
development ...*

*Kelowna is Lake  
Country's  
shopping  
centre ...*

#### **4.0 CONCLUSION**

The preceding statistical information and commercial/industrial analysis clearly concludes the District of Lake Country should focus its efforts on attracting residential development to the community, with the possible exception of attracting a motel development to the former Grower's packing plant site.

The quantity of commercial investment is governed by population and trading area. The immediate valley trading area requirements are satisfied by big box retailers, Orchard Park Mall and other established stores and services in the City of Kelowna. Those facilities are in close travelling proximity to the District of Lake Country. People can drive from Lake Country to Kelowna's commercial corridor in twenty minutes. It is unrealistic to believe a major retailer will locate in Lake Country to attract customers from Kelowna. Even if Lake Country gave the land to a "big box" retailer to locate in the community it is very doubtful the retailer would move to the District.

Synergism is a major marketing factor when deciding where to locate a business. An example is an Auto Mall where several different dealerships will band together in one area. The car-shopping public can go from one dealership to another comparing products and prices. Another example is fast food outlets. Restaurants can be found in close proximity to one another. People will head to the general area, then decide if they want burgers or pizza.

The commercial goods and service outlets needed to satisfy the local population of Lake Country are established. There are adequate sites available for commercial development to satisfy the community's growth, for the foreseeable future.

An over supply of industrial land and buildings for warehousing and manufacturing uses are available in the immediate area abutting the District of Lake Country, within the City of Kelowna. It is not economically feasible to introduce more industrial land at the present time. As previously mentioned there is presently a ten-year supply of industrial land on the Kelowna market.

*Lake Country  
enjoys large  
community  
amenities  
without the  
disadvantages ...*

The established commercial and industrial uses of the City of Kelowna should be viewed as a major advantage for the District of Lake Country. The District has a "small town" atmosphere yet enjoys all the amenities of a large community without the congestion, traffic problems, crime and other negative disadvantages.

To recognize and expand upon Lake Country's residential opportunities will best serve the existing and future population of the community.

## 5.0 DEVELOPMENT CHALLENGES

The preceding establishes that it is not viable for developers to invest in new industrial and commercial ventures within the District of Lake Country. The former Growers Packing House site owned by the District is a development opportunity. However, the primary opportunity for Lake Country lies with expanding its population by encouraging investment in residential developments.

We have interviewed several different developers and reviewed the summary of the "Developers Meeting" held by the District on April 4th, 2001. The concerns expressed at the Developers Meeting and during our interviews were similar. The following ten grievances were most often voiced:

*Bylaws urgently need review and changes ...*

- Zoning and Subdivision bylaws are onerous, unclear and subject to interpretation, causing conflicts;
- Servicing costs and required off-site infrastructure upgrades are too high;
- Staff are not helpful in assisting a developer in working through the bylaws;
- When applications are reviewed, problems are identified but suggested solutions to the problems are not offered;
- All too often one problem is resolved, then another problem is identified, that problem is resolved, then another is presented and so on and so on, versus all the issues needing resolution being put on the table at the onset;
- Costs are added to the project as it progresses through the approval process versus being clearly defined up front;
- The development approval process time is too long;
- Development Cost Charges are too high;
- Building permit fees are too high;
- Conflicts between the developer's consulting engineers and District engineers are common.

The District of Lake Country also has its challenges.

- The District's population is divided between anti-growth and pro development factions;

*The District is experiencing "growing pains" ...*

- At incorporation the District was not provided adequate funds to properly begin the transition to a self sustained community;
- Infrastructure is lacking;
- A small population and therefore a small tax base is not adequate to fund needed infrastructure upgrades;
- Previous Councils were anti development;
- The District inherited antiquated bylaws;
- And simply – "Growing Pains".

## 5.1 SOLUTIONS

The District's Council and staff recognize a need to make changes. This is evidenced by the call for this study and report. Seeking out a market perspective on how to attract investment to the community versus another planning document, demonstrates a desire and willingness to understand the issues of investors.

The 2002 Corporate Plan further recognizes the need for change and itemizes the goals and objectives of the community for the coming year. The Corporate Plan is positive and lists strategies to achieve the Council's Vision to:

- Be Open for Business
- Facilitate and Promote Growth in an Affordable and Sustainable Manner
- Be Customer Oriented – Innovative, Efficient and Minimize Bureaucracy
- Protect Lake Country's Unique Features – Promote Lake Country as a Great Place to Live
- Encourage Public Participation.

*2002 Corporate Plan is on the right track ...*

There are immediate or short-term solutions that can be implemented to resolve some of the issues that the development community have and address some of the challenges the District faces.

## 5.2 CUSTOMER SERVICE

A recognition by District staff that developers are investors and thereby “customers” of the municipality will go a long way to addressing the four primary concerns expressed by the development community.

- Staff are not helpful in assisting a developer in working through the bylaws;
- When applications are reviewed problems are identified but suggested solutions to the problems are not offered;
- All too often one problem is resolved, then another problem is identified, that problem is resolved, then another is presented and so on and so on, versus all the issues needing resolution being put on the table at the onset;
- Costs also keep being added to the project, as it progresses through the approval process versus being clearly defined up front.

*A major change in District staff attitude is needed ...*

Our personal experience with the City of Vancouver may best illustrate what we mean by customer service. We were engaged by the Weston Group to dispose of a redundant bakery at the corner of Lougheed and Boundary in the City of Vancouver. The 7.5 acre site was too small for a “Big Box” retailer and too large for other users. Our solution to marketing the property was to subdivide the parcel into three lots ranging from one to three-and-one-half acres in area.

We brought a site plan on how we proposed to subdivide the property to a preliminary “Concept Meeting” at the City of Vancouver. Virtually everyone that would have input on the proposal was at the concept meeting. Furthermore, they came prepared. The utilities people had information on location and sizes of sewer lines, water lines etc. The transportation engineers had information on the current status of the surrounding roadways and future plans for signal lights, etc. Copies of all the information that was brought to the meeting by the various city departments were given to us to take back to our consulting engineers.

*A need for a  
spirit of  
cooperation ...*

The City wanted to minimize the number of access points to Boundary Road, a major arterial roadway, by having a service road constructed within the site being subdivided. Secondly, the sanitary sewer service in the area was the old style concrete pipes that needed replacing.

Approximately, two weeks later we returned to the city for a second meeting. All the same people that were at the first meeting were there again. Our engineers had laid out a service road. The costs were reasonable but the loss of one and one half acres to facilitate the service road was not. Land in the area was valued in the range of \$1 million per acre. Losing one and one half acres was an unacceptable cost.

*Look for solutions  
not problems ...*

The city transportation engineer looked at the plan and offered a solution. Rather than creating a service road, a lane way was created whereby a row of parking paralleled the street, then the access/egress lane and then a second row of parking facing the future buildings. Effectively the lane between the two rows of parking would become the service road.

The cost of replacing the existing sanitary sewer was extremely high because of the depth of the service, besides the disruption it would cause traffic along Boundary Road. This time the utility engineer, punching numbers into his calculator, came up with a solution to reduce the costs substantially. Rather than having to dig up the existing sewer line he suggested we snake a flex pipe inside the existing cement pipes. The cost savings, not to mention the reduced traffic disruption was to everyone's benefit.

This experience illustrates how attitude can make a project flow smoothly and to both the municipality's and developer's benefit. Lake Country can institute an attitude of being "open for business" and at no cost by:

*Be upfront – be  
prepared ...*

- Having a true spirit of cooperation to get the project done.
- Having everyone on staff that will have input into a project be on hand for the initial and subsequent concept meetings.
- Being proactive in searching out and recommending solutions to identified problems.

- Making sure all issues are on the table at the onset not continually adding problems and road blocks, during the development process.
- Making sure all development costs are identified to a prospective developer up front.
- Searching out creative means to reduce development costs.

During the past year there has been a concentrated effort by the District's administration to be more accommodating to developers. Evidence that a sincere effort is being made by the District to attract investment to the community has been shown by:

- The creation of a series of information pamphlets outlining development application procedures.
- The implementation of the "Bundled Process" to fast track developments.
- The establishment of a Comprehensive Mixed Density zoning to facilitate a multi-use, phased development.

These initiatives and others that are currently being contemplated will assist in changing the common perception in the development community that lake Country is anti-growth and a difficult community in which to invest.

### 5.3 TIMING

Timing is absolutely critical to a development project. Not only because time is money but markets are in a constant state of change. If it takes two or three years to take a project from conception to completion in the District of Lake Country, the market for the product i.e. residential lots, could have passed by or been satisfied by other projects within Kelowna. The repercussions can be severe – financial ruin for the developer and lost tax revenues and opportunities for Lake Country.

The municipality of Surrey and the City of Vancouver have a Certified Professional Program to help move building permits through the system quickly. A developer has three options:

1. Follow the standard procedure in the usual time for approvals of 2 to 4 weeks.

*CP Program  
to move  
projects through  
quickly ...*



*Streamline  
the approval  
process ...*

2. Or an overtime review where a municipal plan checker voluntarily agrees to perform the review after business hours, reducing the approval time to one week. The Developer pays the entire overtime costs to the municipality.
3. Or the developer can choose a Certified Professional review. The municipality will have selected a number of qualified architectural or engineering professionals to approve the plans. The Certified Professional review is at the sole cost of the developer. This process usually takes a few days.

The program is presently used by Surrey and Vancouver, for Building Permit applications. The District of Lake Country could implement the CP Program for building permits and possibly to other applications such as Layout Approvals and Development permits.

The program will assist in expediting an application while not burdening the municipality with additional costs. It is our understanding other internal ways and means to streamline applications are presently being examined and implemented by District staff.

#### **5.4 DEVELOPMENT COST CHARGES**

We have completed a Development Cost Charge comparison for a single family lot between the City of Kelowna (\$10,000 to \$17,000) ; Westside (\$8,000 to \$15,000) and Lake Country (\$10,500 to \$15,700).

*The District's  
DCC's are 50%  
higher than  
surrounding  
municipalities as  
a percentage of  
lot value ...*

DCC's are difficult to compare because different charges apply to different areas in each community, therefore comparing apples to apples is challenging. Although, the DCC ranges between the communities are comparable on the surface when going a little deeper there are large differences. For example, the approximate DCC charge in Kelowna for a Mission lot with lake view is \$15,000 whereas the same DCC charge applies to a lot in the Southwest Winfield area. Lots in the Mission with lake view sell for \$120,000 and lots in the Southwest Winfield area sell for \$80,000. In other words  $15,000/\$120,000$  is 12.5% whereas  $15,000/\$80,000$  is 18.75% effectively a 50% higher DCC cost, in Lake Country.

The "Growth Strategy" in the District of Lake Country's 2002 Corporate Plan suggests a review of the DCC Bylaw, for adoption by fall of 2002. It is important for the District to be competitive with surrounding municipalities by lowering its Development Cost Charges. We suggest the District should be at least 10% less than the City of Kelowna and Westside. Other municipalities are also reviewing their DCC s with a view to lowering the charges. For Lake Country to aggressively attract residential development it is not good enough to match the DCC's of Kelowna and Westside. The District must be a leader in reducing up front development costs.

## 6.0 BYLAWS

Both District staff and developers agree that the District of Lake Country must review and amend its current zoning and subdivision bylaws. We suggest that most of the conflicts between District staff and developers evolve from the interpretation and strict adherence of the antiquated bylaws.

*Bylaws should be  
in a constant  
state of review ...*

Development consultants are constantly attempting to improve the cost efficiency of a project by seeking means to do things differently. If the intent of a bylaw is being met, the District staff should have the flexibility to allow for minor variances, even if it may not meet the strict wording of the bylaw. Reasonableness should be the test whenever a difference in approach to meeting the requirement of a bylaw occurs. Bylaws should be in a constant state of review. As new technology, new materials and changes in community attitudes evolve – bylaws need to be updated.

The review and revision of the bylaws will take time to complete. In the meanwhile it is important to not interfere or delay development applications during the interim period that the bylaws are being amended. This could be accomplished by increasing the Board of Variance's authorities and frequency of their meetings.

A complete review of the bylaws goes beyond the scope of this report but there are some market driven suggestions worthy of mention.

## 6.1 ZONING

Previously we established that Lake Country should concentrate on promoting residential development. Further, that the major market demand is for a mix of affordable and traditional single family lots. Affordable housing lots can be accomplished by reducing the minimum lot sizes and the utilization of zero lot line formats. The City of Calgary has an R-1A – Residential Narrow Lot Single-Detached District bylaw. The bylaw allows a building to be situated to the boundary line on one side of the lot with spacing between houses being facilitated on the opposite side of the lot. This permits for a lot width of 9.7 metres versus the more typical 13.0 metres width, yet

maintains reasonable spacing between structures. The smaller lot is more affordable and increases density for better use of infrastructure while meeting market demand for single family homes.

### **Side Yards**

1.2 metres for laned subdivisions.

1.2 metres for laneless subdivision except a minimum of 3.0 metres on one side of the site where no provision is made for a private garage to the front or side of a building.

A modified lot line can be reduced to less than 3.0 metres where the owner of the adjacent site grants a private access easement which shall:

- (i) in combination with the reduced side yard, provide for a separation of 3.0 metres from buildings on the adjacent site,
- (ii) be registered by caveat against the title of the site proposed for development and the title of the adjacent site, and
- (iii) be maintained free of any fences, trees, or other obstructions to vehicular traffic.

### **Zero Lot Line**

A 1.2 metres required side yard may be reduce to 0 metres where, on the opposite side of the site, a side yard is provided in accordance to other sections for corner sites –

- (A) the owner of the adjacent site grants a 2.4 metres private maintenance easement which shall:
  - i) be registered by caveat against the title of the site proposed for development and the title of the adjacent site; and
  - ii) include a 600 millimetre eave and footing encroachment easement.
- (B) all roof drainage from the building is directed onto the site by eaves troughs and downspouts.

*Smaller lots are more affordable and higher density ...*

When reviewing the zoning bylaws the writers should keep the following points in the forefront of their thinking.

*Reduce front end costs ...*

- Minimizing up front costs of the re-zoning process.
- Grant zoning approvals on concept plans and general conceptual servicing plans. Servicing details etc. can to be worked out at the subdivision layout approval stage.
- Do not require expensive traffic studies, environmental assessments, water and sewer studies at the zoning stage. Those requirements can be implemented after the basic question of “Does the community, in principle, want the proposed type of development in the area?” is answered.
- Minimizing approval time by categorizing applications and dedicating staff time to applications that significantly contribute to the growth of the community.
- Property tax increases to take effect only at stages in a development when the developer is starting to realize income. For example - at the footing and foundation permit stage, for a house in a new residential subdivision.

## 6.2 SUBDIVISION

Amendments to the Subdivision Bylaw should recognize the need to reduce costs and reduce time required for approvals. Phasing infrastructure and bonding payments will enhance Lake Country’s competitiveness.

*Dedicate staff resources to substantial projects ...*

- Minimizing up front costs of the subdivision process.
- Minimizing approval time by categorizing applications and dedicating staff time to applications that significantly contribute to the growth of the community.
- Phase infrastructure upgrades required for a subdivision.

Search out ways and means to reduce the front end infrastructure upgrades for a development. Let us use an example of a subdivision planned for 500 single family lots, phased over ten years at 50 lots per year. To facilitate the 500 lots requires additional fire flow storage but the additional storage is not required until year four when 200 houses are build. The developer’s

*Declining  
bonding formula  
will demonstrate  
Lake Country's  
leadership ...*

contribution for the additional fire storage should be paid at year four when approval for construction of the next 50 lots is granted. Alternatively, proportional payments could be structured. If the subdivision's contribution to a new reservoir is calculated to be \$500,000 then the developer would pay \$50,000 at the time of constructing 50 lots and the balance in accordance to the number of lots being constructed in following years.

- Introduce a reducing bonding formula.

Developers are required to bond (provide a Letter of Credit) for the full projected costs plus a contingency allowance for infrastructure construction. The bond is only released when the project is completed, meaning that the developer's capital requirements are doubled – once to secure the bonding and secondly to actually construct the improvements.

A bonding formula can be devised where the bond is reduced proportionally to work being completed in dollar values. For example, if a project calls for \$1 million in bonding including the contingency allowance, when \$200,000 of the work is completed and approved by the District's engineer then \$200,000 of the bond is reduced, and so on, until only the maintenance portion of the bond remains.

- Intervention with Utility Suppliers.

Part of the subdivision approval process is obtaining approvals from utility providers such as power and telephone. Telus is notorious for requiring developers to install more conduits than required to service the subdivision. The additional conduits are for future development of lands beyond the subdivision. In other words the utility company is off loading their future development costs onto the subdivision. The practice is particularly offensive when considering only the utility supplier will be receiving the revenues generated from the utility and the developer (eventual lot owners) and the municipality are burdened with the costs.

The District should search out legal means to make the utility company responsible for the cost of additional improvements over and above the infrastructure required to service the subdivision being developed.

*Utility providers  
are taking  
advantage of  
municipalities ...*

## 7.0 RESIDENTIAL DEVELOPMENT

At present the District of Lake Country has six different major residential development applications in various stages of the approval process.

### Woodsdale Ranch

*Exciting Golf  
Course project...*

This project is situated north east of the Winfield area. The owners of the 1,300 acre, non-irrigated ranch are proposing to develop 538 acres as an 18 hole Golf Course and 400 to 500 mixed single family and multi-family residential subdivision. The remainder of the property will continue as a ranch and possible fish farm. The development of a golf course in the District of Lake Country is exciting. A golf course will not only serve the population of Lake Country, and entice new residences to the District surrounding the course but also add a tourist attraction to the community. The project should be encouraged by the District.

The Concept Plan was presented to the District in December of 2001. The zoning application has not been made as yet because of ALR issues. The upcoming governmental changes to the administration of agricultural lands will have an affect on the approval process.

### Pollard's Pond

*Long term  
development...*

The project is presently at third reading for zoning the property R1, R2, R3 and R6 and future neighbourhood commercial land uses. Fourth reading is expected in late spring of this year 2002. The approximate 320 acre site proposes 1,200 units over a phased development time frame of 25 years.

Part of the project (300 units of acreage type parcels) was originally proposed when the area was still in the Regional District. After incorporation the lands were outside the Urban containment area but was subsequently brought inside the containment area and a revised proposal was submitted approximately one year ago.

It is our understanding that the owners will search out a developer partner after preliminary approvals are obtained before proceeding to the next stages of the development approval process.

*Lakeview lots...*

### **Lakeside Properties**

The proposed project is located south and east of the District's town centre. The 500 acre site is suggesting the development of approximately 1,000 mixed single and multi-family units. Presently the proposal has received third reading of a Comprehensive Mixed Density Residential development. Fourth reading will be given after park and road dedications have been resolved.

*Town centre expansion ...*

### **Clearwater Extension**

A rezoning application was made about one year ago for the site directly south of the existing Clearwater neighbourhood. First reading was completed but has since stalled because of a District requirement to substantially upgrade and extend Lodge Road.

The required road upgrade and extension far exceed the financial feasibility of the phased project that could eventually develop some 300 single and multi-family units. The developer is presently examining his options.

*Affordable waterfront project...*

### **Kopji Park**

First reading of the proposed 100 unit strata development on the waterfront in the Carrs Landing Neighbourhood, has been given. The project proposed the development of 100 cottage style units.

The District's dilemma with the project is that if the development is considered to be residential then it is counter to the Official Community Plan. As a Resort Development it meets the objectives of the OCP.

The project is an interesting concept, worthy of consideration. The strata cottage style units will make lake front property affordable to those people who do not have the financial wherewithal to purchase a larger parcel of land and build a home.

### **Emerald Beach**

The water front project is attempting to meet a similar market as Kopji Park but with a different style of building. The proposed 50



*Lakefront high-density townhouses...*

unit townhouse style of strata units brings a higher density to the site. The project is at third read and negotiations are presently taking place for public land dedication. There is also a future plan to develop a 70 unit apartment at the rear of the site along Woodsdale Road.

*Six proposed projects for different market demands...*

### **7.1 Different Markets**

It is interesting to note the six listed development applications, albeit residential in nature, meet different market demands. The Emerald Beach and Kopji Park developments are designed to satisfy the waterfront market. Emerald Beach with a townhouse style is different to Kopji Park's detached cottage buildings. Woodsdale Ranch will satisfy the growing desire by purchasers to be on a golf course. The Lakeside Properties development will provide upper end lake view lots. Pollard's Pond provides valley views. And the Clearwater development can satisfy, affordable and more town centre type buyers.

The only market sector that is not addressed is for the acreage buyers. This is the least desirable form of development for a municipality due to the low densities achieved with one residence, on two, three or more acres.

Although, the developments will be competing with each other, the differences of each development broaden the market appeal and allow the projects to complement one another.

*Existing applications represent a 30 to 60 year supply ...*

The six projects when fully "built out" will have accommodated over 3,000 single family residences and several hundred more multi-family units. Considering the statistics demonstrate that 49 new single family homes were constructed on average over the past five years in the District, the projects represent a 60 year supply of lots. Even if population growth doubled past performance, there would still be more than a 30 year supply of lots.

In other words due to Lake Country's appeal as a place to live, it has already attracted substantial interest for residential development. The challenge will be to convert that interest to marketable lots.

## 7.2 PHASED DEVELOPMENTS

*Expected high demand for waterfront projects...*

The two waterfront projects, Emerald Beach and Kopji Park land are building projects. The high demand for affordable waterfront residences suggest that both projects will sell out within a year or two from completion of construction. These projects are straightforward when applying the economic feasibility test. The cost of land, the design, DCCs, off-site infrastructure improvements, financing costs, construction costs, contingencies and selling costs can be calculated fairly accurately. Sale prices for the end product can be conservatively projected by comparing sales of similar projects. Simply, if the projected sale revenues exceed expected costs and allow for a reasonable profit to be earned, then the project proceeds. If not, ways to reduce costs are explored and implemented or the project is abandoned.

The District's charges on DCCs, off-site improvements, infrastructure upgrades and timing have a major impact on the economic feasibility of a development. Market forces keep land and construction costs in check. Municipal charges are not market driven; therefore the municipality must diligently strive to minimize development costs to attract investment.

The other applications – Pollard's Pond, Woodsdale Ranch, Lakeside Properties and Clearwater development are not projecting that they will develop all their proposed lots in one or two years. They are projecting developmental time frames of 10, 15 or more years. It is important for the District to facilitate the projects in the context of the longer time frame.

*Residential lot subdivisions have developmental time frames of 10, 15 or more years ...*

The present absorption of new residential homes is 49 single family units per year. For sake of argument lets double the past performance to 100 units per year. If each of the four applications share equally in the 100 units it would mean each project could expect to sell 25 lots per year. For volume pricing the developers will likely construct a two-year projected supply at one time – 50 lots. The second phase would be brought on stream when about two thirds of the first phase lots are sold, and so on.

*Front-end loading of infrastructure improvements is detrimental to attracting investment ...*

The four projects are in different areas of the community. Although in this scenario we are projecting the construction of 200 lots, the impact of the 200 lots is spread over two years. Remember we doubled the historic absorption and it would be reasonable to suggest the impact is truly spread over four years. We suggest the lots, in four different areas of the municipality will not have a significant impact on existing infrastructure and road systems. Front-end loading the cost of required infrastructure improvements projected on the development when fully “built out” is detrimental to attracting investment.

The requirement for off-site infrastructure upgrades could correspondingly be phased with a development. As an example, the proposed Clearwater calls for the upgrade and extension of Lodge Road. The cost of the road will be in the range of \$500,000. Over the projected 300 lot development, the cost per lot is \$1,667 – a reasonable amount. The developer informs us that his proforma indicates only an 80 lot single-family “affordable” subdivision is feasible for the site, in the near term. Apartments may form a part of the development but that there is no market for that type of housing in Winfield, at this time.

There is approximately \$10,000 profit per lot. If the cost of the road is deducted from the potential profit on the 80 single family lots that possible profit is reduced to \$3,750 per lot. The risk is too high and that is one reason the project is stalled.

*Existing infrastructure deficiencies should be funded by the municipality, not imposed on new developments...*

It is our understanding the road is required to provide a second access to the existing Clearwater neighbourhood – that it is the existing residences in the area asking for the road. If this is the case in fairness and equity it is unreasonable for the District to load the whole cost of the road onto the new development. The District by long term borrowing, repaid by property taxes, should fund infrastructure upgrades required to service existing deficiencies. The District will not attract but rather scare investment away, if it continues to attempt to finance existing needs for roads and services, on the backs of new development.

### 7.3 FAIRNESS & EQUITY

*Costs recoverable by "latecomer" charges should be funded by the municipality...*

Two formula's for fairness and equity are required. Firstly, a formula that phases roads and infrastructure upgrades for new development, on the basis of impacts to the systems versus "built-out" projections. The second formula is a fair means for the District to financially participate in infrastructure upgrades that will benefit existing neighbourhoods or provide benefit to future development beyond the scope of the applicant's project. The present practice is to load the costs of infrastructure improvements onto the proposed development and allow the developer to recapture parts of the costs from future developments, "late comer" fees, benefiting from the improvements. In effect the developer is financing the improvements on behalf of the District and future investors, not knowing when and how much of the costs will be recaptured.

The cost of real estate development has been transformed over the years. Before the sixties municipalities paid all the front-end costs of the community's infrastructure. Communities issued 30-year municipal bonds and repaid the borrowings over the term with property taxes. Upgrades were funded by local improvement taxes on the properties directly benefiting from the improvements. Over time the costs of funding roads and services were transferred to new development, to the point that today, new developments are funding costs to upgrade facilities for existing neighbourhoods and future development.

*Front-end loading makes affordable housing difficult to achieve...*

Effectively, infrastructure costs were transferred from the municipality onto the purchase price of new lots. It is debatable if this transference is of long-term benefit. Affordable housing today is hard to achieve, to a degree caused by the front-end loading of costs onto residential lots.

A balance between property taxes funding infrastructure improvements and new development must be struck to attract investment, in residential subdivisions.

## 8.0 MUNICIPAL INFRASTRUCTURE

The District of Lake Country provides basic utilities to parts but not all of the municipality. Some water is provided by Irrigation Districts. Telephone, power and cable services are provided by others.

*Sewer collection infrastructure require upgrades...*

The sewer treatment plant was brought into operation three years ago. The design provides for a seven-stage expansion. At the final stage the facility will service a single-family equivalent of 20,000 units. Collection point infrastructure including lift stations, etc. will develop in the community over time.

*Additional water sources will be needed in the distant future...*

There is concern that there is not sufficient water in the present system, to service all of the proposed subdivisions currently in the approval process when fully "built out". This concern is certainly valid but considering it will likely be 25 years before full "built out" is achieved, it is reasonable to expect that additional volume from Lake Okanagan or underground aquifers can be secured when needed.

The primary concern is finding the right balance of cost distribution between the municipality and new developments to finance the expansion of the sanitary collection system and water distribution system. It is important to keep in mind the objective of minimizing up front development costs to attract investment and yet not burden the residences of Lake Country with unreasonable debt service.

## 8.1 MUNICIPAL EXPENSES

Municipalities traditionally attempt to keep residential property taxes lower than the actual costs to service a residence, by loading hefty property taxes on to industrial and commercial users. There are a limited number of commercial and industrial properties within the District of Lake Country. As discussed, increasing the commercial and industrial sector is unlikely. Therefore, the municipality must rely on residential property taxes to support the operating costs of the District.

We recognize the implications of our finds, on the financial planning of the District. As with most municipalities, Lake Country was look-

ing forward to attracting more commercial and industrial development to offset residential property taxes. It is hoped that this report alerts the District of Lake Country to commence searching for cost reductions versus increase property tax revenues, from commercial and industrial developments.

It is beyond the scope of this report and our expertise to make recommendations on the financial planning of the District. It is assumed that many of the operating costs are fixed and that increasing the number of residential units in the community will at least spread those expenses over a larger base and thereby keep property taxes to the lowest possible level.

*Lake Country is  
a very desirable  
community in  
which to live...*

## 9. IMPLEMENTATION PLAN

As the research was completed for this report, it became evident that neither commercial nor industrial development will be attracted to the community in the next five years. Although, the District itself is anxious to accommodate commercial and industrial development, market conditions indicate it is not economically feasible, for developers to invest in such projects.

Lake Country is a desirable community in which to live. It has waterfront on Okanagan Lake, waterfront on Woods Lake, hillsides for valley views and an abundance of "green space" facilitating agriculture. To grow and have a sustainable community, we recommend the District focus on residential development. Eventually, the increased population will attract more commercial and industrial investment.

The District of Lake Country is in direct competition for residential development with the City of Kelowna and the Regional District that have similar desirable living amenities to that of Lake Country. Our suggestions are geared to not only making Lake Country competitive, but to becoming a leader among the valley's municipalities for attracting investment to its community.

*No growth  
policies will  
stagnate the  
community...*

Before implementing the suggestions the District should address a fundamental issue in the community. We have found that there appears to be a fairly even split between pro and anti development factions in the community. No growth will stagnate the community and eventually lead to decline.

We suggest many of the anti-development proponents are reacting to projected development numbers of 1,200 units for one project, a 1,000 units in another and so forth. Those numbers instill visions of massive traffic jams and congestion. Realistically, it will take 25 or more years for those projects to "build out". The actual growth will be in the range of 50 to 100 units per year, disbursed over a wide area of the community – not congregated in one location. That type of growth will have a barely noticeable impact on the community on a year-to-year basis. Expelling the vision of an invasion and expounding on the pragmatic slow growth will likely quell many of the fears of the anti-development faction.

*Information  
pieces  
emphasizing  
moderate  
growth ...*

For the pro-development faction we hope this report will provide a “real world” look at what can be accomplished. Visions of attracting a major industry or a “Big Box” retailer to Lake Country is not practical. Community planning and financial planning for the District should focus on attainable residential development. The task will be challenging but unrealistic expectations only serve to postpone inevitable decisions.

The adoption of the new Official Community Plan provides an opportunity for the District Council to distribute to the community an information piece summarizing the OCP and emphasizing moderate sustainable growth for the community.

If the District of Lake Country accepts the recommendations of this report, the following steps, in order of priority are suggested, to market the community to investors.

#### **Change of Attitude**

*Work with,  
versus against  
developers ...*

The most difficult, yet the most important step is for District staff to change its attitude towards development. Change, in any aspect, is easier said than done. Bureaucracies at all levels of government have evolved from “civil servants” to “civil rulers”.

Implement a rule that any problem identified in a development application must be accompanied with a cost effective solution. Imposing expensive solutions is relatively easy. Suggesting cost-effective alternatives is much more challenging and requires staff to work with, versus against, developers.

The positive changes recently implemented by the District’s administration to improve the development process should be continued and aggressively applied to current residential development applications.

*DCC’s 10%  
below that of  
surrounding  
municipalities ...*

#### **Reduce Development Cost Charges**

The District’s DCCs are substantially higher than surrounding municipalities based on the percentage of DCCs to the sale value of



a lot. An objective of setting DCC's at 10% below that of the City of Kelowna will go a long ways to attracting investment to the community.

Undertaking a detailed review of the projects falling under the DCCs umbrella with an objective of reducing DCC costs is warranted. A more conservative infrastructure development program, creating alternative means of financing than through DCCs or a blending of DCC financing with other means of municipal financing should be explored.

*Bylaws are antiquated ...*

### **Reform of Existing Bylaws**

The District's existing bylaws are a major cause of dissension between the development community and the District staff. Staff must follow the bylaws and developers blame staff for being too rigid and inflexible because they are following the bylaws. We believe everyone agrees the bylaws are antiquated and need to be completely re-written.

Setting out the principle objectives will be the first task in reforming the bylaws. Designing new bylaws more as guidelines versus regulations, to allow District staff flexibility to deal with development issues will enhance the long term utilization of the bylaws.

Technology and society are in a constant state of change. Flexible bylaws will enable the District to deal with those changes in a timely fashion.

It will take months for new bylaws to be prepared. In the meanwhile, it is important not to impede or delay current applications. The District can arrange for more frequent meetings to facilitate Development Variance Permits, so as to deal with matters while the bylaws are under review.

*Reduce development approval process time ...*

### **Improving the Review Time of Development Applications**

Time is of the essence in all developments. In concert with reviewing the Bylaws, ways and means of streamlining every part of the development approval process should be examined with the objective of reducing the time for reviewing each phase of the development approval process.

### **Phasing Infrastructure Upgrades**

The municipality has constructed an expandable sanitary treatment facility to adequately service 20,000 single-family equivalent units. The collection system is in place or in progress, to service a substantial portion of the populated area of the Winfield neighbourhood. To service other neighbourhood constituencies of the community additional infrastructure will be needed. The majority of the populated areas of the community are serviced for water but adequate fire flow pressures and water storage reservoirs are lacking in areas. The construction of proposed new roads or extensions will be driven by development.

*Fair cost sharing of infrastructure improvements between the District and new development ...*

The preparation of a formula to fairly cost share the expansion of the municipal systems between new development and the municipality is suggested. The developer should bare the cost of upgrades to service the subdivision in portions, as the site is developed versus on the basis of final "build out". The municipality should recognize that extension of sewer, water and roads benefit existing neighbourhoods and future development. It is suggested the municipality fund the portion of expansion costs that benefit existing neighbourhoods and recapture costs on a "latecomer" basis from future developments.

### **Motel Development**

The District of Lake Country owns a waterfront property suitable for a motel development. The property would likely attract a purchaser for a residential development similar to Emerald Beach however, if the District's objective is to encourage commercial development, then a P3 venture is feasible for the site, in combination with public community uses.

## **10.0 Marketing Plan**

It is our opinion that if the District of Lake Country implements the six suggestions above, it will attract new residential development and see the completion of the applications currently in the approval process.

We do not see any need for the District of Lake Country to embark on a major marketing campaign to attract residential development to the community. There are already worthy projects in for approval that will satisfy market demand.

If the municipality chooses to assist investors in the promotion of their developments it could create and provide print and web site pieces expounding on “what a great place the District of Lake Country is to live”. Those materials can be provided to investors and would assist them in promoting the community.

Any marketing piece the community decides to prepare should contain an abundance of pictures and moderate text depicting –

- ◆ Recreation Facilities
- ◆ Parks
- ◆ Lakes
- ◆ Beaches
- ◆ Hillside
- ◆ Senior Housing Complexes
- ◆ Elementary and High Schools
- ◆ Churches
- ◆ Orchards
- ◆ Different single family neighbourhoods
- ◆ Local shopping amenities
- ◆ Local restaurants
- ◆ Close proximity to major shopping in Kelowna
- ◆ Easy highway access
- ◆ New Municipal Hall
- ◆ Statistical information on low crime rate
- ◆ Stressing a “Clean and Safe” community

The District of Lake Country has a natural beauty and a small town atmosphere with all the amenities of a larger community only a short 20-minute drive away. These attributes are what people are searching for in a community to live and raise their families. The story only has to be told.