

Report to Council



Date: March 19, 2018
File: 1200-10
To: City Manager
From: Policy and Planning & Community Planning
Subject: Airport Business Park – CD15 Planning Background and Context
Report Prepared by: Melanie Steppuhn, Land Use Planner

Recommendation:

THAT Council receives, for information, the report from the Policy and Planning and Community Planning Departments, dated March 19, 2018, with respect to the Airport Business Park land use history.

1.0 Purpose

To update Council on the planning history and underlying rationale of the Airport Business Park – Area Structure Plan and outline risks of significant changes to future land use designations, as they relate to current development application inquiries.

2.0 Context

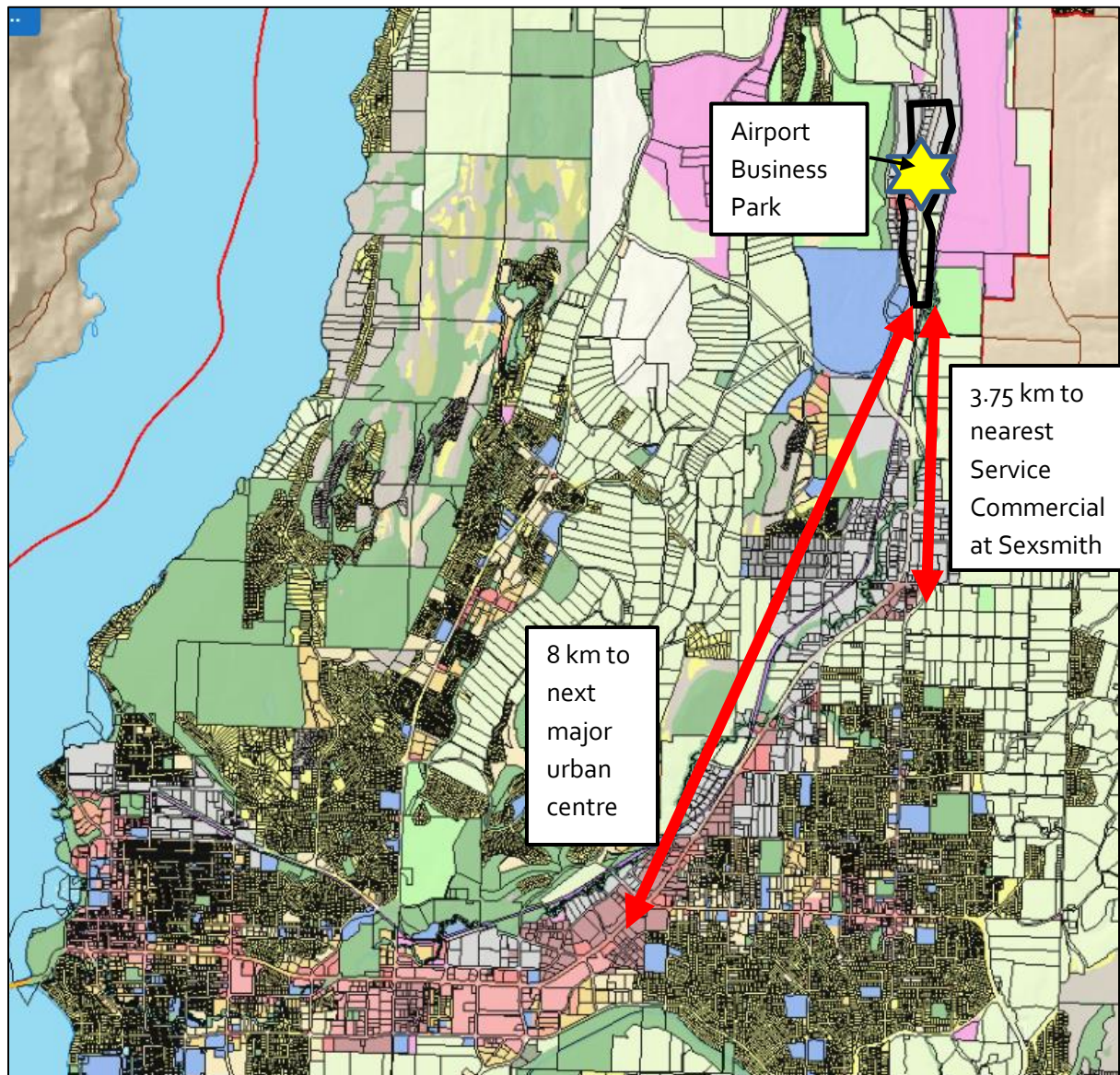
The Airport Business Park is in the Highway 97 Sector of the City. It is accessed from Highway 97 by Airport Way and is west of the Kelowna International Airport and east of Quail Ridge Golf Course. UBC Okanagan (UBCO) is southwest of the site.

The purpose of the CD15 – Airport Business Park, as outlined in the Zoning Bylaw¹ is: *a comprehensively planned business park for high technology and general industrial and business uses to complement the City's northern gateway development node. This zone will also provide for a neighbourhood commercial area as part of the airport business park development.*

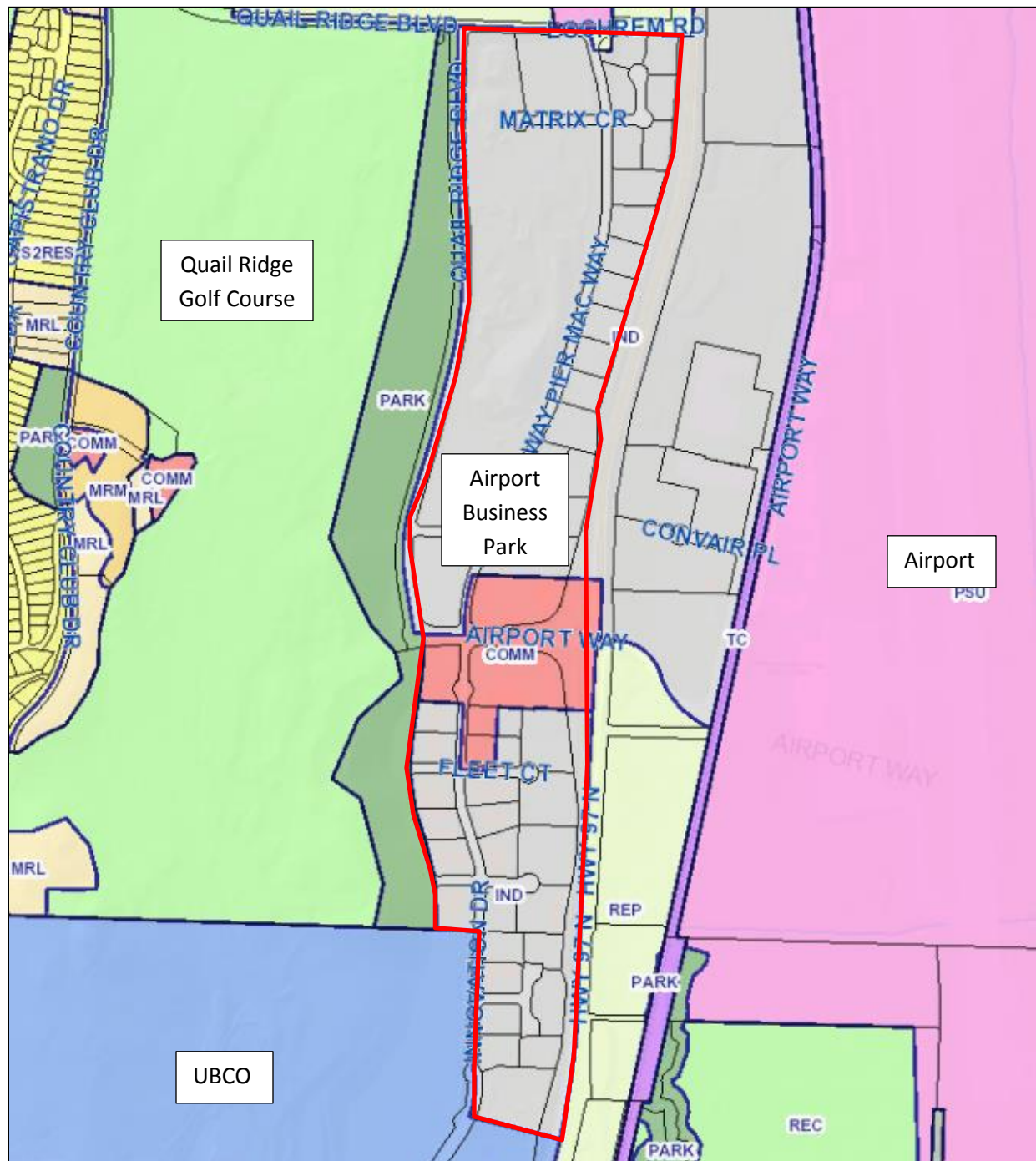
The CD15 zone future land use (FLU) is predominantly business industrial (88%), with some tourist and neighbourhood commercial (12%) designed to service the airport and workers in the industrial park. The area is 3.75 km north of the nearest Service Commercial (SC) designation, and over 8 km north of the closest urban centre. (See Maps 1 and 2).

¹ City of Kelowna, 2011. Zoning Bylaw 8000, Schedule 'B' Comprehensive Development Zone CD15

Map 1 – Airport Business Park – City Context



Map 2 – Airport Business Park (CD15) – Future Land Use



3.0 Planning Hierarchy

The Official Community Plan (OCP) outlines a hierarchy of plans, including:

- OCP
- Sector Plans
- Area Structure Plans
- Area Redevelopment Plans

An ASP provides an intermediate link between the OCP and Sector Plans, which are prepared at a broad scale, and a development proposal prepared at a property scale. An ASP must adhere to the intent of the OCP and resulting Sector Plans. The function of an ASP is to assess opportunities and constraints for a proposed land uses of an area, prior to a development application.

An ASP is required when a proposed land use change impacts the 20 Year Servicing Plan and Financing Strategy, and/or may impact natural or hazardous areas. Background technical reports assess the impact of the proposal on the community, and determine if the site has any significant geotechnical, environmental or servicing constraints. Technical reports include Traffic Impact Assessments (TIAs), servicing, stormwater and geotechnical assessments. Their results are relied upon through to subsequent OCP and zoning amendments. Notably, should land use changes result in revised servicing or land dedication requirements, there will be reduced opportunity to do so as the subdivision has been completed.

Of critical importance to the technical reports are the underlying assumptions informed by the proposed land use configuration(s). From the proposed land uses, other assumptions are modelled into the results, including traffic rates and service demands. These in turn inform rezoning and/or subdivision conditions, including road dedications and infrastructure requirements. Any subsequent changes to the land uses have consequential impacts to the City's overarching growth strategy and community impacts, that would include traffic and servicing. Alternate land uses will result in unforeseen impacts to growth outcomes, resulting in unstudied and unintended consequences.

The City's current growth strategy is guided by policy direction of the current 2030 OCP. The Policy and Planning Department completes additional topic-focused land use analysis, of which pertinent to this report, is the 2015 Vacant Lands Report², which analyzed available vacant land within the urban core and opportunities for redevelopment. Specific to industrial lands, the report presented a clear picture of land available for this use category. Industrial lands were analyzed from a citywide perspective, with much of the designated industrial land located outside of the Urban Core. The report noted that the needs of industrial activities are not generally compatible with other uses within the Urban Core, as industrial uses typically require large lots, separation from residential areas to ensure land use compatibility, and good access to trucking routes. For these reasons, the security of the existing industrial land base should be secured, as sourcing these parcels in the future may be challenging.

² City of Kelowna, Dec. 2015, Vacant Lands Report.

4.0 Pier Mac Business Park Process Background

Planning for the Pier Mac lands began in 1991 with the Sector Plan, with the anticipation that the sand and gravel operation would be drawing to a gradual close. It continued into 1996 with an application to the Agricultural Land Commission for an exclusion of 25 acres from the Agricultural Land Reserve (ALR), at the northern portion of the site. In 2000, an Area Structure Plan³ was developed. This ASP was the foundation for the OCP and zoning amendment applications south of Airport Way in 2003, and those north of Airport Way, in 2013.

2000 Airport Business Park – Area Structure Plan

The vision and purpose of the Airport Business Park Area Structure Plan⁴ was to provide an industrial business park focused on airport and university associated uses, predominantly business industrial with limited tourist and neighbourhood commercial, adjacent to Airport Way (Maps 3 and 4). The intention was to increase the range and diversity of the City's industrial land supply⁵. Early on, the site's location was recognized as unique, both as being a gateway to Kelowna, but also with its proximity to the Kelowna International Airport and UBC Okanagan (UBCO).

The City's position on commercial uses in the ASP area was clear and consistent, reinforcing the area to have minimal neighborhood commercial uses to support those working in the immediate area. Retail or service uses oriented to the traffic along Hwy 97 were not permitted. The vision was for neighbourhood-scaled commercial, with tourist commercial to accommodate an airport hotel. At the time, it was noted that community commercial uses would be more appropriate in the University South Neighbourhood, where a greater density of residents⁶ could support the commercial without being car dependent.

2003 OCP03-0003 / TA03-0004 / Z03-0016 (South of Airport Way)

In 2003, it was determined that a comprehensive development zone was a better fit for the site than using conventional zones. The proximity to the airport and the university required a unique list of uses, which is why a Comprehensive Development (CD) zone was sought to accommodate a discrete and customized list of land uses. The resulting CD zone combined select uses from the Business Industrial zone, the I2 – General Industrial zones⁷, and limited uses from the C3 – Community Commercial zone. The commercial uses specifically are those that support the airport and the business park. The servicing plan and TIA used these land uses and their layout in the corresponding infrastructure analysis. As an outcome, the CD zone controlled the location/allocation of the commercial uses with a location map.⁸

Through the process, the City was consistent in its direction regarding commercial uses⁹. Communication continued to reiterate that service commercial and automobile oriented uses would not be supported in this area as enticing traffic from the highway and inner City was undesirable. In addition, it was contrary

³ TRUE / Abbarch, 2000. Airport Business Park Area Structure Plan (Draft), for Pier Mac Petroleum Installation Ltd.

⁴ TRUE / Abbarch, 2000. Airport Business Park Area Structure Plan (Draft), for Pier Mac Petroleum Installation Ltd.

⁵ TRUE / Abbarch, 2000. Airport Business Park Area Structure Plan (Draft), for Pier Mac Petroleum Installation Ltd.

⁶ City of Kelowna, Apr. 2001. Circulation comments for the Airport Business Park ASP.

⁷ City of Kelowna, Oct. 21, 2003. City of Kelowna, Memorandum OCP03-0003 / TA03-0004 / Z03-0016

⁸ City of Kelowna, Oct. 21, 2003. Memorandum OCP03-0003 / TA03-0004 / Z03-0016

⁹ City of Kelowna, May 6, 2003. Circulation comments for OCP03-0003 / Z03-0016 / S03-0031 / TA03-0004

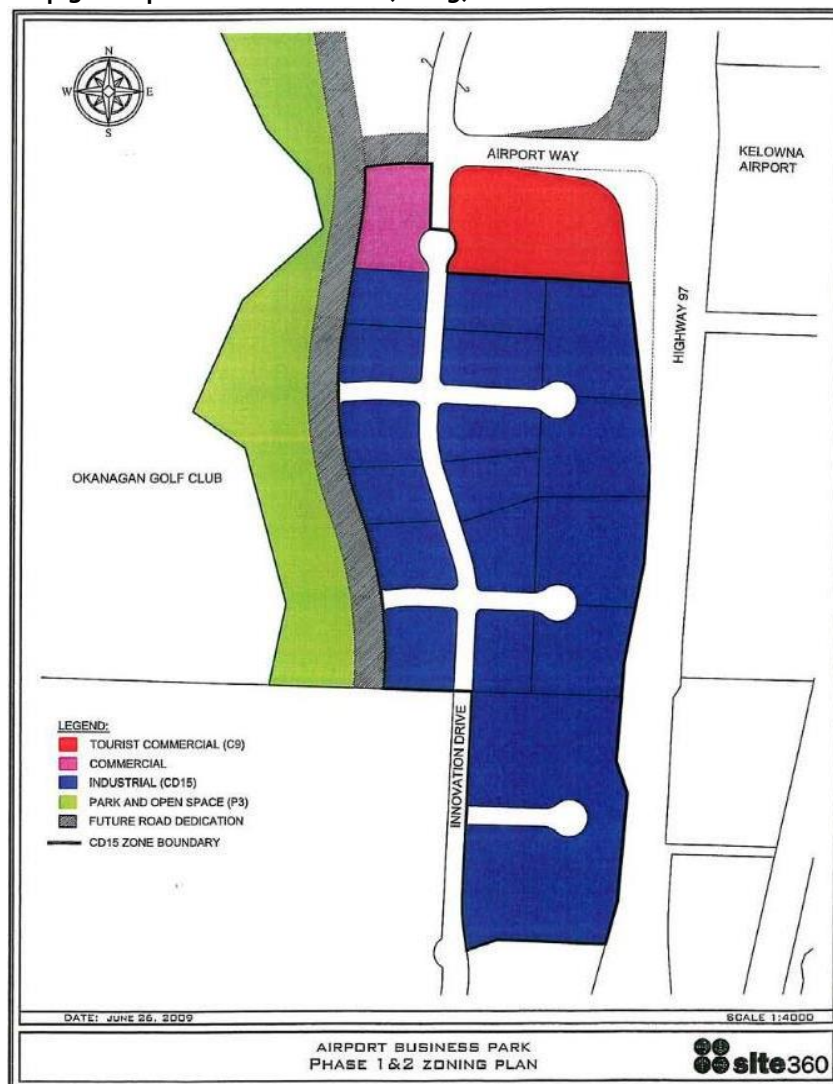
to the overall principle of the gateway initiative which was to build on the site's relationship to the airport and the research and design potential associated with UBCO. The intention was not to create another highway oriented commercial node.

Notably, warehouse sales were of particular concern, specifically citing “big box” stores (and secondarily, automotive sales) that would entice significant traffic volume from inner City areas. Stand-alone offices were not supported, as these uses should be directed to the Urban Centre locations.

2007 – Letter RE: Airport Business Park Retail Use Limit (Pier Mac Petroleum Installation Ltd.)¹⁰

In 2007, Pier Mac Petroleum Installation Ltd. Clarified their understanding of the restriction of retail uses for the CD15 zone in a letter to the City, and underscored their awareness that the intention was to limit the amount of retail in order to prevent a large retail shopping centre being built.

Map 3 – Airport Business Park (CD15) – Future Land Use – South of Airport Way



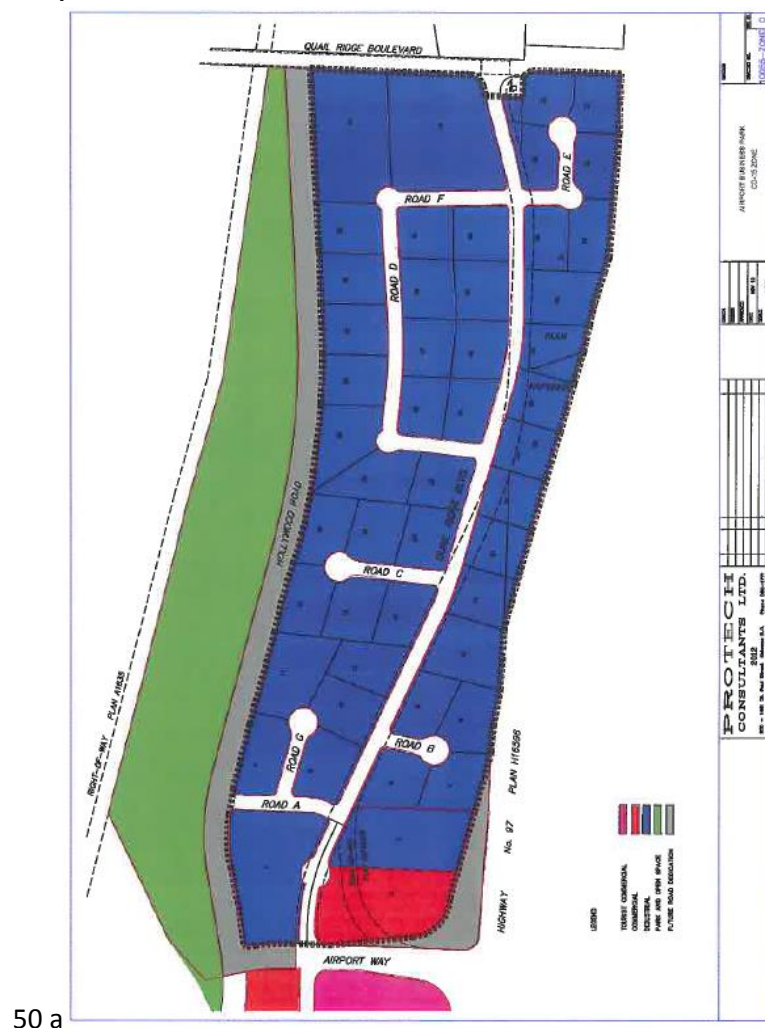
¹⁰ Pier Mac Petroleum Installation Ltd., Nov. 26, 2007. Letter to the City of Kelowna – Airport Business Park Retail Use Limit

2013/2014 OCP13-0002/TA13-0004/Z13-0003 (North of Airport Way)

In 2014, the OCP/Zoning Amendment report noted that the proposed land uses augmented the City's existing industrial land base with the addition of 50 industrial parcels of various sizes that would satisfy a wide variety of business needs. It noted that the site is a key location for receiving raw materials and shipping finished product by air, and also that it functions as a gateway and connection to UBCO.

The report noted that, given the scale of the development and limited access, that an interchange would ultimately be required at the Highway 97 & Airport Way. The intersection would also serve other stakeholders in the area. In 2003 there was a multiple stakeholder Gateway Study¹¹ initiated. However, financing strategy was not developed at the time.

Map 4 – Airport Business Park (CD15) – Future Land Use – North of Airport Way



2018 Okanagan Gateway Transportation Study (OGTS)


¹¹ Urban Systems Ltd., 2003. Kelowna 'Gateway' Partnership Functional Planning & Design Project (Draft)

At present (2018), the Okanagan Gateway Transportation Study (OGTS) has been re-initiated, and will advance infrastructure planning to secure mobility and safety along Highway 97 and the local road network within the study area and accessibility to the Kelowna International Airport (YLW). The Ministry of Transportation and Infrastructure’s (MOTI) on-going Central Okanagan Planning Study (COPS) has identified the need for upgrades to the Highway 97 corridor through to 2040. The Okanagan Gateway will continue to experience rapid growth over the coming years and requires a multi-modal transportation network to support forecast growth. The study will rely on assigned land use designations to project future traffic scenarios. The project has multiple partners and stakeholders including MOTI, the City of Kelowna, YWL and UBCO. The study is currently in application for funding.

See Appendix A for a detailed chronology of plans and technical reports.

5.0 Current Status of Applications and Inquiries

The Community Planning Department continues to field a host of development inquiries, and pre-application meetings. Notably, a large majority of these inquiries are a departure from the intended land uses of the CD15 zone. The status of applications is included in the table below:

Subject Property	Project Image
<p><u>Development Application In-Stream</u></p> <p>1708 Innovation Drive</p> <p>November 2017</p> <p>Gas Bar & Convenience Store with Car Wash and Quick Serve Restaurant with Drive through Services</p>	

Development Application Approved

1665-1697 Innovation Drive

6 Storey Hotel

DP Issued April 2017



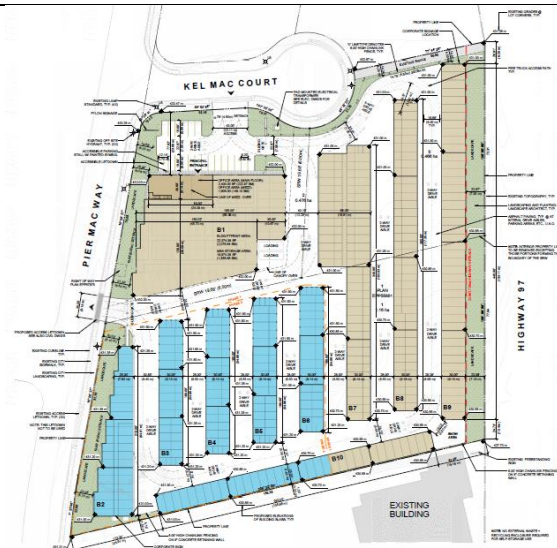
Development Application In-Stream

1805 Pier Mac Way, 3515 & 3525 Kel Mac Ct

Form and Character DP

Industrial Warehouse and Storage

December 2017 Application



Development Application On-Hold

1915 Pier Mac Way, 3520 Kel Mac Ct, & 3510

Kel Mac Ct

6 Storey Hotel - TA

Deferred November 2017





Development Application Approved
 3483-3485 Velocity Ave
 Occupancy February 2018
 DP Industrial Building



Development Application Approved
 1449 Velocity St
 Occupancy February 2018
 Geometrik-Acoustic Panel Manufacturing



Development Inquiries

The property indicated by the star is; and has been the subject of multiple development inquiries. Inquiry scope includes a large format big box retailer and Cannabis production facilities. Neither land use is currently supported by the CD15-Airport Business Park Zone.



6.0 Potential Unintended Consequences of Diverging from Future Land Use Designations

Diverging from assigned land uses may result in unstudied and unintended consequences. These may include traffic implications, significant deficits in required infrastructure, a reduction of diverse and suitable industrial land availability, a location that increases commercial sprawl with no supported transit viability, and provide considerable risk to the upcoming Gateway study.

Traffic and Land Use Implications

Land use assumptions are a critical component of a Traffic Impact Assessment (TIA) in order to properly assess the traffic these land uses will generate. The OCP / Zoning Amendment of 2014 was informed by a TIA that assumed that less than 5% of the site would be commercial, and the rest would be industrial¹². The trip generation rates for commercial, and particularly big box commercial, can be up to 5 times that of business industrial uses¹³. Changes to the land use configuration would render TIA assumptions of peak hours, flows, and volumes incorrect. For example, the 2014 TIA used a commercial (office) trip generation rate of 2.08. However, rates for big box retail stores are higher, with an afternoon peak of 4.33¹⁴. The current rate for a big box store is over 5 times the rate used for industrial in the 2014 study, which was the use anticipated for over 95% of the site.

In addition, the trip distance is a consideration. Given most commercial trips in Kelowna come from the centre or south, a big box retail use in the location would increase travelling distance by 15 kilometres for the majority of trips, increasing congestion along the Highway 97 corridor, as well as the amount of time each trip is on the network.

Infrastructure Requirements

In 2014, the requirements allocated at zoning were based on the land uses provided in the TIA and outlined the developer's responsibilities for road dedication widths, traffic lights, turn lanes, road standards and all associated improvements, which were secured through subdivision. Should these requirements change, it may be difficult to secure them all, as the road dedications and land allocations have already occurred through subdivision.

Industrial Land Use Inventory

A transition from industrial to commercial uses would reduce the available industrial land inventory in the City, and limit options and the diversity of this land use category. As noted, industrial uses are often not compatible with other uses in the Urban Core. Erosion of the industrial land base would be difficult to replace, potentially putting pressure for other lands, such as agricultural lands to transition or to indirectly promote illegal use.

Commercial Sprawl

Introducing big box retail sprawl, approximately 8 kilometres north of the urban core will expand commercial strip sprawl and may lead to additional spill-over effects. These may include unanticipated effects such as:

¹² Tetrattech, June 2013. Pier Mac Industrial Development Traffic Impact Study. Trip Generation, Build-out p. 20

¹³ Trip Rates, 2016. Free Standing Discount Super Store (813), Weekday Peak Hour PM

¹⁴ Trip Rates, 2016. Free Standing Discount Super Store (813), Weekday Peak Hour PM

- The re-location of a significant commercial/big box anchor tenant that would inherently attract additional retail;
- Encourage the speculation and expectation of commercial uses from the urban core to Pier Mac Business Park;
- Dilution of anticipated commercial activity from the urban core;
- Increased car trip length and dependency on the highway for shopping traffic; and
- Require a significant shift in transit models that would detract from other areas where higher service delivery is needed.

Risk to Gateway Study

By changing the underlying land uses in the Okanagan Gateway Transportation Study, it has the potential to impose significant risk to this analysis. Further, potential traffic and resulting infrastructure requirements may go unassessed and/or unable to require the necessary infrastructure upgrades as zoning and subdivision have already occurred.

7.0 Conclusion

In summary, the purpose and intent of the Airport Business Park was to provide for a planned business park that supports high technology and general industrial uses that complement the activities of the Airport and UBCO destinations. This purpose and vision has been consistently reiterated through the sequence of plans and communications through development to date.

Should development applications proceed that are a significant departure from this original vision, significant unintended consequences are at risk. The City's overarching growth strategy has strategically assigned various land uses (notably industrial in this case) to support the anticipated demand in the current OCP. Significant departures from this could have ripple effects, and create unanticipated challenges to traffic volume and pattern changes, infrastructure requirements, reduced industrial land availability, dilution of commercial activity outside of the Urban Core, lack of supporting transit, and add risk to the upcoming Gateway study.

In conclusion, the CD15 zone purpose and intent should be upheld via inquiries and development application processing, to promote certainty about what this industrial node is going to serve now and in the coming years. By providing strong, clear, and transparent direction, the City will signal the highest and best use for these parcels, and reduce speculation.

Internal Circulation:

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Approved for inclusion:



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Appendix A – Chronology of Reports and Communication

Date	Stage
1991- 1994	Highway 97 Sector Plan
1991	Pier Mac Concept Development Plan initiated (south portion / non-ALR lands)
1996	Pier Mac Business Park Area Structure Plan (Draft) USL
1996	Application for exclusion of 25 acres from the ALR (A96-111)
1996	Mould Engineering – Proposed Water Supply System –Business Park Conceptual Plan
1998	Application for OCP/Zoning Amendments and PLR (TRUE Engineering)
2000/03	Area Structure Plan (Draft) (TRUE Engineering/ Abbarch) Phases I & II – south of Airport Way / Phase IA – parcel just north of Airport Way Commercial only immediately north and south of Airport Way & next to hwy
2000/07	TRUE Site Reclamation Plan and Phase I Drainage Study (TRUE Engineering)
2001/02	Pier Mac Industrial Park – Traffic Impact Assessment – Draft Report
2001/04 - 06	City of Kelowna – Long Range Planning Circulation Comments ASP
2003/03/24	Airport Business Park Engineering Plan (TRUE Consulting Group)
2003/03	Airport Business Park – Development Applications (TRUE Consulting)
2003	Proposed Water Supply System –Business Park Conceptual Plan (Mould Engineering)
2003/08	Kelowna 'Gateway' Partnership Functional Planning and Design Project (Draft) MOTI/OUC/City of Kelowna
2003/10/21	Report to Council –OCP13-0003/TA0004/Z03-00016 Amend the OCP / Zoning Bylaws
2005/07/25	Phases I and II of the Airport Business Park Adoption
2007/11/26	Letter from Pier Mac – understanding of limit retail to prevent large retail shopping centre
2013/06	Traffic Impact Analysis
2013/11	Traffic Impact Analysis Addenda
2014/03/31	Supplemental Report – Transportation Impact Assessment
2014/10/06	OCP13-0002 / TA13-00004 / Z13-0003 Adopted