

Report to Council



Date: October 28, 2019
To: Council
From: City Manager
Subject: Doyle Avenue 350 Redevelopment
Department: Real Estate

Recommendation:

THAT Council receives, for information, the report from the Manager, Strategic Land Development dated October 28, 2019, with respect to the redevelopment of 350 Doyle Avenue.

Purpose:

To provide Council an update on the planning and disposition processes for the redevelopment plan of a portion of 350 Doyle Avenue.

Background:

RCMP Detachment

In 2013, the City acquired three properties at 1190 Richter Street for the relocation of the Kelowna RCMP detachment. The RCMP detachment was relocated to the new facility in 2018. In 2015, the City initiated a multi-phase planning process (Civic Precinct Plan) to determine the long-term land use goals for the Civic Precinct and Cultural District. Construction of the new detachment was completed in 2017, and the RCMP fully relocated to the new facility on Richter Street by 2018. The previous RCMP facility at 350 Doyle Avenue was demolished in the fall of 2018, and the parcel currently sits vacant.

Civic Precinct Plan

The City undertook a comprehensive planning process from 2015-2016 to determine long-term redevelopment goals and civic investment priorities for the RCMP site and surrounding Cultural District lands. The Civic Precinct Plan addressed the following issues:

- Land uses, including identification of sites for future civic facilities;
- Policy direction to guide future developments (public and private); and,
- Opportunities to enhance public space.

Key Civic Precinct Plan Assumptions & Constraints

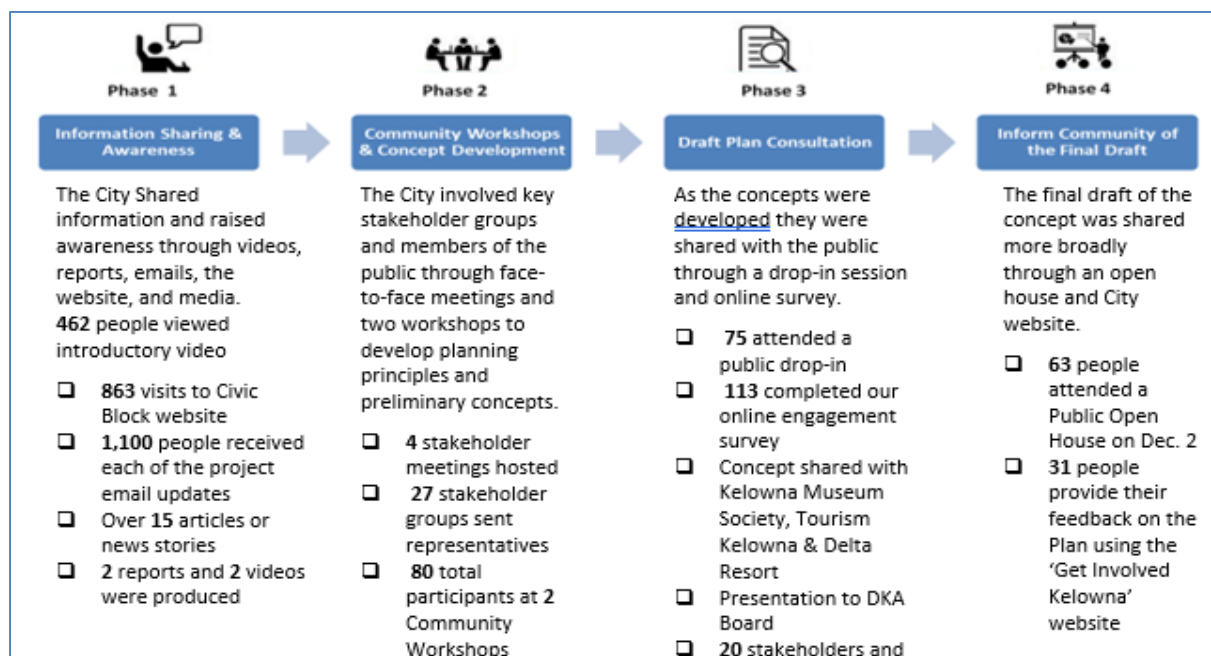
The Civic Precinct Plan was informed by the key assumptions and constraints listed below. This information framed community engagement and the subsequent recommendations to ensure key plan directions were pragmatic, but respectful of the uniqueness of this area as the civic heart of Kelowna. The key assumptions were:

1. Due to the infrastructure deficit facing the City of Kelowna and limited capacity within the Capital Plan to add significant infrastructure projects over the next 10 years, staff assumed most investment in the near-term (5-10 years) would be led by the private sector.
2. Based on the facility condition of Kelowna Community Theatre (KCT) and Memorial Arena, both facilities will have renewal needs within the near term and will likely be redeveloped within the long-term (10-25 year) plan horizon.
3. The Community Trust boundary (as shown in Schedule 'F') and conditions will not be amended, thereby prohibiting any commercial/revenue-generating uses on the City Hall block (e.g. the City Hall lot & Memorial Arena site).

Following these assumptions, the former RCMP site was identified as having the greatest potential to offset land relocation costs and deliver key public amenities in the near-term through a mixed-use redevelopment. Also, the terms of the Community Trust would limit the feasibility of a contemporary Performing Arts Centre on the City Hall Block.

Public Engagement Process

A broad cross-section of the community was engaged through face-to-face meetings, community workshops, drop-in sessions and online tools to understand the community priorities for the long-term redevelopment of this area. The public engagement process (graphic below) followed four phases of work and responded to the key plan objectives.



Key Engagement Themes

The following key themes emerged from the engagement process:

- **Bring activity to the area** – boost vitality and vibrancy throughout the year.
- **Enhance the Artwalk** – extend the Artwalk as a pedestrian spine to link the Cultural District.
- **Maintain cultural facilities and enhance presence** – position civic facilities for long-term growth, ensuring the Cultural District remains the heart of arts and culture in Kelowna.
- **Finance creatively** – explore ways to generate revenue and partnerships through the build out of the plan to deliver identified amenities.
- **Create a central public plaza** – develop a central public space as an amenity for residents, employees and visitors to downtown and cultural district.
- **Encourage pedestrian / cycling mobility** – make it easy for people to walk and cycle.
- **Minimize and disguise parking** – limit visual impact; avoid using prime real estate for parking purposes and find ways for parking to be shared in non-peak hours.

Key Policy Directions of the Civic Precinct Plan

Based on the engagement themes as well as technical analysis, the following policy directions were developed to guide redevelopment and civic investment priorities for the Civic Precinct and disposition process for the former RCMP site.

- **Housing:** by signaling new sites for mixed-use redevelopment (e.g. RCMP site, BC Government site on Ellis Street) there is an opportunity to increase residential density and enhance activity in the Civic Precinct and leverage private investment for public amenities in the Cultural District.
- **Public Space:** by enhancing public space in the area through a new Civic Plaza, redesign of the Bennett Plaza, Artwalk extension and a new courtyard at the rear of the Laurel Packinghouse the area will be positioned to serve the growing population and downtown workforce.
- **Community and Cultural Amenities:** key sites will be protected for future expansion of cultural facilities. For example, the Kelowna Community Theatre site is identified for a future Performing Arts Centre (PAC) as a landmark site for the Cultural District. Also, new cultural/community spaces will be provided through future mixed-use redevelopment (e.g. 6,000 sq. ft in RCMP redevelopment) to enhance cultural vitality in the near-term.
- **Transportation:** infrastructure investments and human scaled urban design will make walking and cycling safe and convenient transportation options. The extension of the Artwalk will serve as a north-south spine for walking and cycling through the area. In addition, enhancements to Doyle Avenue will shift the focus from cars to people.

The Civic Precinct Plan identifies near-term and long-term objectives to increase vibrancy and establish a foundation of amenities, while protecting for the future expansion of cultural facilities. The redevelopment of the RCMP site through the disposition process will advance a range of the plan's objectives for urban design, increased vibrancy, public space improvements (Artwalk & Civic Plaza) as well as new community/cultural space in the Cultural District. At the same time, the plan also anticipates

a growing cultural sector by designating a number of civic sites to enhance the presence of the Cultural District. Overall, the plan provides a comprehensive vision to support the on-going growth of this area as a vibrant mixed-use district.

Future KCT Development (Parcel 'A' as shown in Schedule B)

The Civic Precinct Plan prioritized the location of a future theatre at the corner of Water Street and Doyle Avenue. The plan established that this site provides an exemplary long-term location for an important civic facility and that the future development of a new theatre in this location should be protected. It is recognized that redevelopment of the theatre in the current location challenges ongoing operations during re-development. Staff will formulate a contingency plan at the time of redevelopment of the theatre consistent with City practices for the replacement or repair of other major civic facilities.

In examining the redevelopment potential of 350 Doyle Avenue, staff considered ensuring that the future redevelopment needs for the Kelowna Community Theatre would be met. Colliers Project Leaders ("Colliers") were engaged to perform a market demand, facility size and site suitability analysis (attached as Schedule 'C') to ensure that those future needs could be accommodated on the remnant site to the west of the Artwalk extension. Staff are confident that future theatre land requirements are protected, and redevelopment of the remnant lands can proceed. The report prepared by Colliers will also contribute to future planning for the Kelowna Community Theatre redevelopment. The report outlines future theatre size alternatives for consideration by staff which will impact use and capital costs. Ultimately, the City will need to determine whether to invest in a community theatre of similar size and operations as the current model or proceed with development of a larger, costlier theatre; in either event, both development scenarios can be accommodated on the existing site.

Development Site (Parcel B as shown in Schedule B)

The Civic Precinct Plan outlines several important outcomes for redevelopment of land within the precinct. The key outcomes for the redevelopment of lands are outlined in the attached Civic Precinct Plan.

Important considerations specific to the redevelopment of the former RCMP site include:

- The extension of the Artwalk south to Doyle Avenue upon redevelopment;
- The inclusion of a 6,000 square foot community space within the development;
- The inclusion of residential development in the form of a maximum 13 story tower;
- The inclusion of a Civic Plaza at the northwest corner of the site to the east of the Artwalk extension with the following features:
 - The Civic Plaza should have active edges defined by new buildings with public or commercial retail uses (the new Performing Arts Centre and new mixed-use building should be oriented and designed to open onto the plaza);
 - The Civic Plaza should be designed as a primarily hard-surfaced space that can be programmed to accommodate a multitude of uses and events;
 - The Civic Plaza should be designed to work with, and accommodate, the grade change to permit easy and universal pedestrian access;

- The Civic Plaza should be designed to work as an integrated expansion of the Artwalk, linking the existing Art Walk in the north to the proposed extension of the Art Walk in the south;
- The Civic Plaza should be designed as a well-lit, safe, high quality, flexible use space with durable, long-lasting materials; and,
- The footprint of new buildings on the Kelowna Community Theatre site and the former RCMP site should follow the schematic design for the Civic Plaza.

Further important planning considerations endorsed within the Civic Precinct Plan included:

- Protection of the current Kelowna Community Theatre site for redevelopment of the facility (it was identified in the plan that the future theatre should remain in its current location)
- The inclusion of residential and commercial occupancy within the precinct to support activity and vibrancy in evenings and weekends in the area, promoting safety and vitality.
- Building height considerations were identified for all properties to protect views, appropriately shadow public spaces and reinforce the *My Downtown Plan*.

Disposition (Land Lease: Parcel B)

Staff examined the market potential for the development of an up to 13-storey residential tower on the lands and confirm that there is significant desire to develop the property consistent with the Civic Precinct Plan objectives and standard development parameters established by the City. The property has been marketed consistent with the desired objectives of the plan and staff will be reporting to Council in-camera to recommend disposition under the following conditions:

- 80-year land lease;
- Developer requirement to construct the Civic Plaza and significant portion of the Artwalk extension;
- Doyle Avenue frontage improvements; and,
- Development covenant to be registered on title that would require:
 - Residential use above grade;
 - Commercial use at grade;
 - Minimum number of residential units;
 - 13-storey (40m) maximum height requirement ;
 - LEED certified standard;
 - Adherence to the site-specific design guidelines of Civic Precinct Plan¹ ;
 - Parking shall be provided on site within a 2-level parking podium structured, accessed from the lane off of Doyle;
 - The first level of parking shall be at or below the elevation of Doyle, and the parking podium shall be set back from the edge of the Art Walk and appropriately screened with landscaping along this edge; and,
 - The building's podium shall include an active public use edge defining the new Civic Plaza.

¹ Civic Precinct Plan: Site Specific Design Guidelines, Section 3.0, p. 58-65.

The long-term land lease will be used as a mechanism to ensure future civic interest in the property is protected. Upon the expiration of the 80-year term, the land and building revert to City ownership. This structure ensures future control of this land within the important civic block.

Staff will recommend a preferred proponent to lead the redevelopment of the site for Council consideration at an in-camera meeting in November. The standard practice of confidentiality throughout the disposition process is required in order to protect transactional integrity and allow the City to negotiate the best possible agreement terms. Upon completion of a typical due diligence period, Staff anticipate being in a position to publicly announce the successful proponent (and the related development details) in early 2020.

Artwalk & Community Amenity Space

The contractual requirement to construct the majority of the Artwalk extension and civic plaza will provide valuable amenity to the community. The Civic Precinct Plan identified a desire to include 6,000 square feet of community space in the redevelopment of Parcel B to complement the plan objectives. This space is expected to be delivered in 'shell' form by the developer and conveyed to the City as a strata title.

Staff envision the community space as a cultural/creative hub which will complement the new development and adjacent cultural facilities, provide valuable creative space for the local arts community, and fulfill objectives in the Civic Precinct Plan and the newly-adopted Cultural Plan.

Staff will be providing more information about the cultural hub development process in an upcoming report.

Financial/Budgetary Considerations:

The anticipated value of the lease of \$6,500,000 ensures that significant community benefit (in the form of the Artwalk extension and Community Space) will be contributed with no direct impact to taxation.

Leasehold Disposition Summary – Key Financial Details	
Disposition Price (as listed)	\$6,500,000
Less: cost of Artwalk extension	\$2,300,000
Less: cost of Community space	\$1,800,000
Net Disposition Proceeds (est.)	\$2,400,000

Internal Circulation:

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Divisional Director, Partnerships & Investments
Department Manager, Policy & Planning
Manager, Parks and Public Spaces
Manager, Cultural Services
Communications Advisor, Corporate Strategic Services

Community Communications Manager, Corporate Strategic Services

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

External Agency/Public Comments:

Communications Comments:

Submitted by: G. Hood, Manager, Strategic Land Development

Approved for inclusion: J. Säufferer, Department Manager, Real Estate

Attachments:

1. Schedule A – Civic Precinct Plan
<https://www.kelowna.ca/our-community/planning-projects/long-range-planning/urban-centres/mydowntown/civic-block-plan>
2. Schedule B – Subdivision Plan
3. Schedule C – Colliers Report
4. Schedule D – Staff Ppt. Presentation
5. Schedule E – Colliers Ppt. Presentation
6. Schedule F – Community Trust Boundary

cc: J. Gabriel, Divisional Director, Active Living and Culture
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