

Report to Council



Date: October 28, 2024
To: Council
From: City Manager
Subject: Mill Site Area Redevelopment Plan - ARP21-0001
225 Bay Ave, 820 - 945 Guy St, 1001 Manhattan Ave
Department: Development Planning

Recommendation:

That Council receives, for information, the Report from the Development Planning Department, dated October 28, 2024, with respect to the Mill Site Area Redevelopment Plan concept plan, including technical studies and public engagement;

AND THAT Council authorize proceeding with technical studies, public engagement and developing the final Mill Site Area Redevelopment Plan for Council consideration.

Purpose:

To receive the concept plan for the Mill Site and authorize proceeding with technical studies, public engagement and developing the final plan of the Mill Site Area Redevelopment Plan.

Background:

In early 2020, Tolko Industries' lumber mill permanently closed its operations, ending nearly 100 years of lumber processing in the North End. The closure represents a 40-acre opportunity to reshape a prominent site north of Kelowna's downtown and adjacent to Okanagan Lake. An opportunity of this scale is rare and holds the potential to make a significant impact on the city.

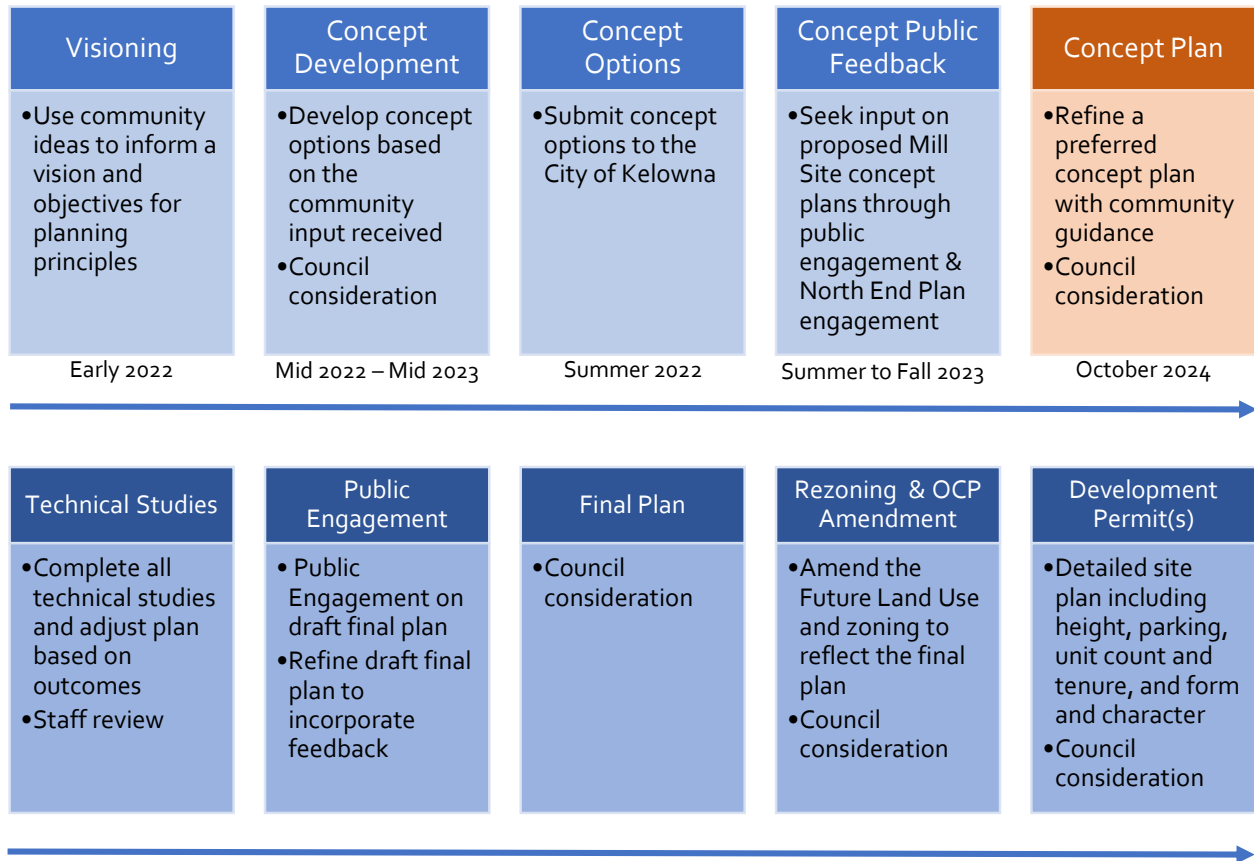
The Terms of Reference of the Mill Site Area Redevelopment Plan (ARP21-0001) was issued by the City in December 2021. Starting in 2022, the focus was on visioning, collecting community input, and establishing City criteria for the Mill Site and the larger North End Plan. Multiple concept plans were developed and reviewed with Council, Staff, and the broader community. Since spring 2024, Staff have been working with a new applicant team to refine the design options into one preferred generalized concept plan, referred to as submission six.

Process:

The applicants have submitted a revised plan (see Attachment A) to introduce the concept plan for the Mill Site to Council. Staff have worked with the applicant and recommend Council endorses the concept plan. Submission seven will involve completion of the outstanding technical analysis and will continue

with community engagement on the preferred concept. Public input, formal Staff review, and technical considerations will inform the final plan of the Mill Site for Council consideration.

An overview of the process of the Area Redevelopment Plan is shown here:



North End Plan (NEP):

The NEP supports the redevelopment of the Mill Site as an urban mixed-use, transit-oriented neighbourhood with residential, retail, office and institutional uses – provided certain public amenities are delivered and certain design criteria are taken into consideration. The vision of the NEP speaks to the expansion of Kelowna’s downtown, anchored by the Mill Site. As an extension of the Downtown, a mix of uses will be supported by amending the Official Community Plan (OCP) Future Land Use Designation to Urban Centre and rezoning the site to the UC₁ – Downtown Urban Centre zone which is an urban mixed-use zone.

Figure 1: North End Sub-Areas



Discussion:

The concept for the Mill Site has been refined to improve integration of the site with the surrounding neighbourhoods, support ease of movement in and out of the North End, and encourage year-round activity, all while staying connected to the waterfront. The site is approximately 40 acres, with an anticipated build-out over 25 to 30 years.

The concept plan provides a general indication of height and density, massing, and connectivity of the site (Attachment A). The proposed heights are similar to the Downtown Urban Centre, transitioning from Ellis Street to lower building heights along the lake. The proposed FAR for the entire parcel is 2.2, which is much lower than the Downtown Urban Centre that permits up to 5.9 FAR in areas with greater height allowances. Once park and street dedications occur and lots are subdivided, the FAR will increase on a per lot basis, but will remain relatively low across the entire Mill Site. This needs to be considered in context with the amount of open space in the immediate area, from Tugboat Beach, the Mill Site Waterfront, Sutherland Park and Knox Mountain. The building massing provides a transition from taller buildings to the south tapering down towards shorter buildings to the north.

The plan indicates that parks and outdoor spaces would be integrated into the site, with pedestrian connections and bicycle corridors running through the property. The applicant intends to incorporate and adapt as many of the remaining historical industrial buildings as possible and has organized the site around a series of character areas, which relate to public spaces and amenities. If there are structural

challenges with retrofitting any of the existing industrial structures, the applicant intends to incorporate similar design elements and features to reflect the historic narrative of the site.

The following sections provide an overview of:

- Activation and phasing
- Parks and public spaces
- Land use and parking
- Technical requirements

Activation and Phasing:

A key element of successfully developing a site of this size is a continued effort toward activation and programming of publicly accessible spaces attributable at each development phase.

Early site activation is anticipated in Summer 2025 and includes public spaces that contain landscaping, local food and beverage vendors that would be regulated with Temporary Use Permits. Vancouver, BC and Bellingham, WA have examples of “Container Villages” in former industrial areas that are seasonally adaptable. The villages are moveable and provide opportunities for food and beverage, flexible retail, live music and events programming. The phasing diagram below anticipates how the site will be developed over the next three decades. The early phases will focus on the waterfront, public plaza spaces, and the center location containing the proposed hotel. Public amenities and commercial frontages built in early phases will animate the area and support the long-term growth and density of the site. The current proposal enables a higher parking ratio at the outset of the development with the opportunity to reduce the parking ratio in future phases.

Figure 2: Mill Site Phasing and Activation Plan



Parks and Public Space:

The total parkland area and total area of the site will be confirmed after the Natural Environmental Development Permit and foreshore restoration work has completed. The applicant is committed to minimum 2 ha (4.9 acres) of parkland dedicated to the City. The parkland area would be in addition to the dedicated riparian area, which is approximately 0.81 ha (2 acres).

The applicant has proposed semi-public courtyards which are accessible to residents and the public atop the parking structures. The costs of operations and maintenance would be the responsibility of the property owner. The terms of public access would mimic those of City owned parks and will form part of an executed agreement with the City.

Land Use and Parking:

The land use approach for this proposed development is to create a walkable, complete community with publicly accessible amenities adjacent to downtown and the lake with a modest amount of commercial services and employment opportunities to complement downtown. Figure 3 represents the approximate share of land uses in the earlier phases of the Mill Site north of Bay Avenue.

Figure 3: Mill Site Overall Land Use Plan



A major challenge to the development of this site is parking and access. The location on the waterfront means the water table will limit the option of underground parking. Parking will likely be provided at or above-grade in structures. To avoid inefficient parking layouts, and to prevent inactive and multi-storey walls of parkade façade along the streets, the site plan utilizes two 'super-sized' blocks, to allow for two storey parkades above ground, rather than four to five storey parkade podiums associated with individual buildings. The super blocks with lower podiums will allow for parkades to be largely concealed with a mix of active residential and commercial uses. These lower height podiums would allow for a mix of private patios, semi-public and courtyard spaces, and walkways for visitors. This contributes to quality urban design that can help create a vibrant, walkable, and animated neighbourhood.

The blocks south of Bay Avenue are planned to include public amenities in the form of a Transit Exchange and a substation. Both elements will benefit the Mill Site, the North End, downtown and the city. Additional discussions and agreements with the City of Kelowna and FortisBC will be necessary.

Figure 4: Cross-Section of Selkirk Spillway and Proposed Parkades



Early phases of development in the first 10 years will include surface public parking lots. At 50% build out, the parking ratio would be over 1.5 stalls per unit. The parking ratio at full build out will depend on market conditions, and the City's parking requirements in this area in the future. The traffic impact assessment will estimate the level of public parking demand the site and public amenities will generate. The proposal includes new and improved public transit service to the Mill Site servicing the North End with a bus exchange and facilitating frequent transit service. Transit infrastructure will be critical in shifting travel demand away from heavy reliance on automobiles.

The core elements of the site include five character areas. The naming conventions for public gathering spaces and new streets will ultimately go through a review process in compliance with Council Policy 363. The five character areas include:

The Milling Place

This would be the cultural heart of the site – an area that pulls together the public and private domains in a central hub that features retail, food and beverage, hotel, and residential uses, and is also an arrival point for various modes of transportation. This is also proposed as Phase One of the development and includes the preservation of No.5 Shed and the loading dock. The No.5 Shed is a large timber frame structure built in the 1940s and was used to store finished lumber. The hotel is proposed to be located above the No. 5 Shed and is considered 'The Heart' of the development. The Rail Trail would run north-south with a new road leading north to a roundabout and drop off / pick up area for hotel guests. The area would include a civic plaza that could host community events and be a part of a signature park area.

The Selkirk Spillway

This is a centrally located pedestrian corridor that runs north-south, around which the bulk of the residential is massed. Townhouses are proposed to wrap around two-storey parkades and face the

Figure 5: Five Character Areas

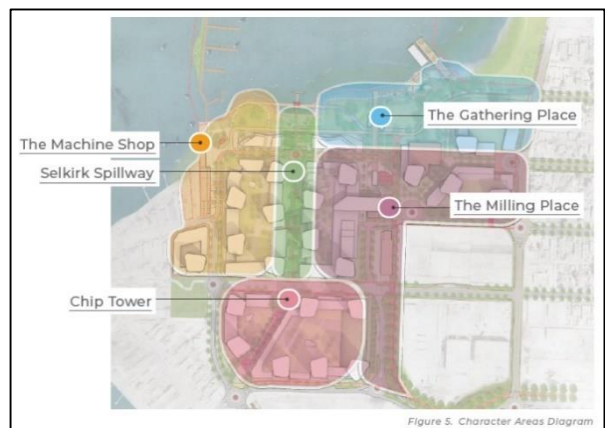


Figure 5. Character Areas Diagram

corridor, which in turn features a bioswale between block two and block three that functions as a linear park. Where the pedestrian corridor meets the shore, there are pedestrian and bicycle walkways and bridges proposed connecting visitors to the lake. Elements of these pathways extending over the water are dependent on the results of the Natural Environmental Development Permit. A bioswale of this scale has not been constructed in Kelowna and the City's engineering department will review technical aspects of stormwater discharge into the lake.

The Machine Shop

This is the junction point of the east-west public trail along the waterfront and the north-south access that connects the lake to Guy St and Sunset Blvd and beyond. One can imagine pedestrians, cyclists, joggers, and strollers connecting through this area from Downtown Kelowna to Knox Mountain and vice versa. Anchoring this junction is the machine shop which was originally built in 1930. A portion of the machine shop is built over the lake and into the riparian area providing spectacular viewpoints and connections the lake. This area forms part of proposed Phase Five and includes residential development with limited ground floor commercial.

The Gathering Place

The Mill Site needs a place to gather and commemorate; a place to listen, observe and celebrate. The concept of the gathering place is to provide a world class public space that sits at the water's edge, anchoring the terminus of a north-south axis that extends down to the Rail Trail and then the wider community beyond. The facility featured here is the old plywood shed that will be rehabilitated. This is a large-span steel structure with dimensions of approximately 50 metres by 50 metres.

The Chip Tower

The Chip Tower serves as a landmark on the journey from Marsh to Mountain; a visual anchor located in the middle of the site and a physical reference to the site's past as an active lumber mill. It is a visual break-up mid-block on the long corridor that is Bay Avenue. The structure once helped to transport wood chips across the Mill Site and will be rehabilitated as a play structure or possible launch point for a pedestrian bridge. This is a busy part of the site in terms of cross-flow – pedestrians, bikes, and cars passing through and by the physical centre of the development. The design images show relocating the chip tower from its current location north of Bay Avenue to the south side of Bay Avenue with a pedestrian bridge crossing Bay Avenue.

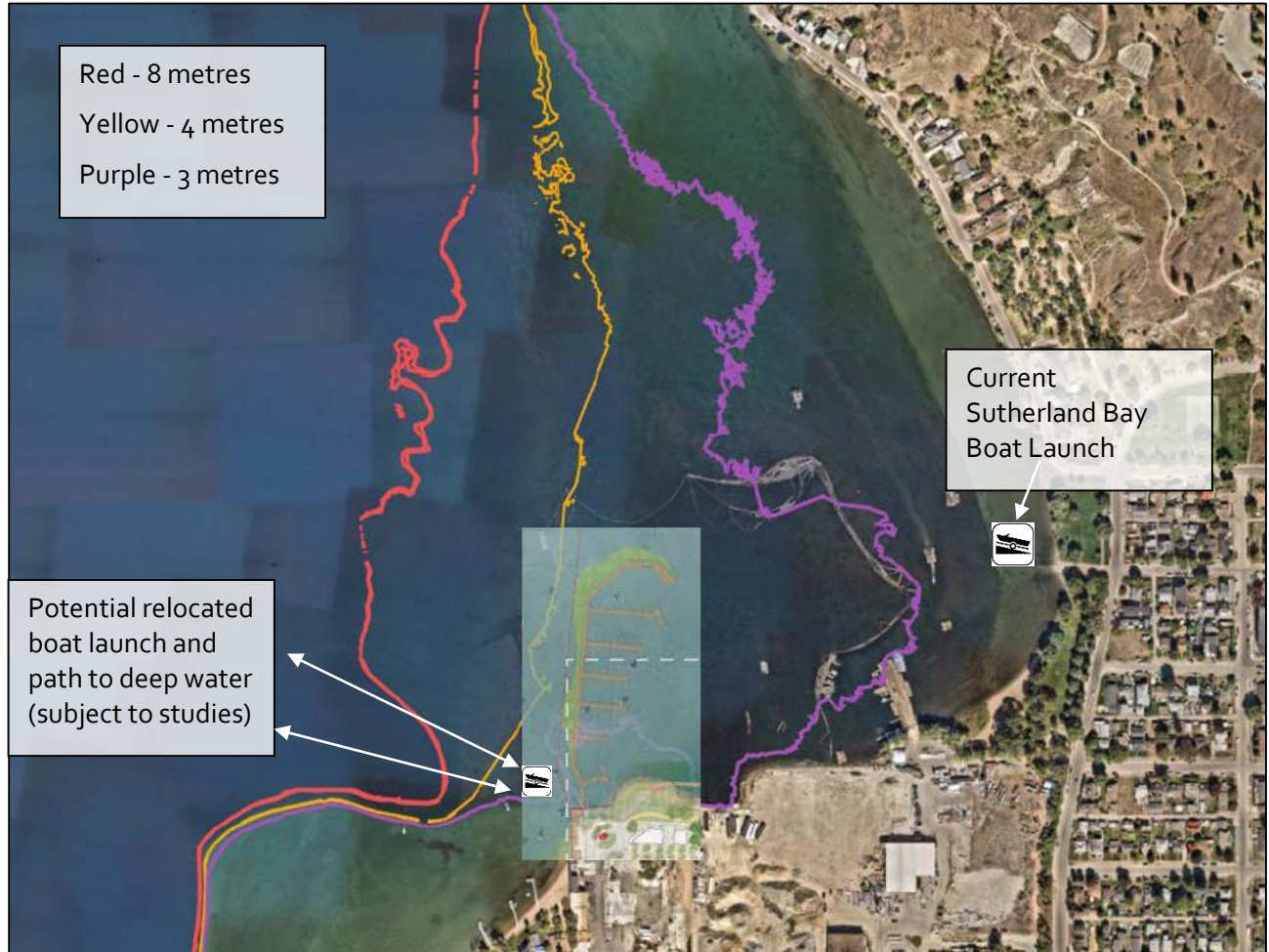
Technical Studies:

- 1) The high-water mark, the riparian restoration area, and the 15-metre riparian setback have not yet been approved by Staff. The applicant team will be required to apply for a Natural Environmental Development Permit to determine these key site planning constraints. Typical practice is to have the developer remove all the structures built into the lake, clean up and rehabilitate the water lot, and a natural shoreline restored. Opportunities to retain some of these industrial waterfront structures and elements could enhance activation of the waterfront. The applicant and City will work together on the application details, as the foreshore will be dedicated. See Key 2040 Official Community Plan policies below:
 - a. Policy 14.3.3 Foreshore Structures
 - i. Ensure structures that obstruct public access along the foreshore are brought into compliance with current regulations prior to the approval of an upland development application.
 - b. Policy 14.3.4 Shoreline Erosion Protection
 - i. Where possible, use **green infrastructure** and natural asset management to protect the foreshore during flooding (e.g. expanded **riparian areas**, stabilize

foreshore with natural materials, etc.). Avoid **hard armoring shoreline** with retaining walls.

- 2) A Transportation Impact Assessment (TIA) is a requirement of submission seven to evaluate the impact of development proposed. This TIA will build upon the work the City has completed on the North End Plan's Transportation Assessment. Total number of units, total commercial floor area, and parkland destinations will create a certain number of trips into and out of the Mill Site and the resulting traffic will have impacts on adjacent roads, intersections, and on-street parking. The maximum dwelling unit count or commercial floor area restrictions for the site will be evaluated in conjunction with a completed TIA.
- 3) A marina and water use study will be a requirement of submission seven. Currently, the City advises against swimming in the southern portion of Sutherland Bay. The City engaged a consultant to investigate the impact of marinas on water quality, including sediment quality. It specifically looked at Sutherland Bay to understand the current conditions, risks, and potential impacts of activities in the bay (August 2024). Key findings in Sutherland Bay include poor water quality and fine sediment lakebed which is prone to turbidity issues and includes high contamination concentrations (E. coli, hydrocarbons, metal). The City-commissioned study concluded "water depths under 5 m were rated as high risk of sediment suspension caused by wake-surf and water-ski boats". Sutherland Bay is best suited for non-motorized recreation to protect source drinking water to the north at the Poplar Point intake. Submission six includes a proposed marina in the figure below. The lines show the contour depth. There is some potential to relocate the Sutherland Bay boat launch to within the Mill Site but that will require further investigation. There are multiple methods that can be used to clean up the water lot. The Natural Environmental Development Permit process will determine restoration methods and time frames relative to various stages of development. These will come forth for Council review within the next submission package.

Figure 7: Sutherland Bay Bathymetry



Council Priority Alignment:

Affordable Housing: The Housing Needs Assessment completed in 2023 indicates that housing of all types, sizes, and tenures is required. Increasing housing supply in strategic locations works toward the goal of creating affordable housing by meeting pent up and future demand for housing. The applicant has committed to providing affordable housing as part of an overall amenity and contribution package which must be detailed with the future phasing plan in submission 7.

Transportation: Staff recommend basing parking requirements on the availability of frequent transit. This likely means increasing parking requirements until frequent transit options can be built and then incorporate a reduction in parking rates for future phases to support sustainable alternate transportation options.

Climate & Environment: The concept plan aligns with the climate lens objectives of protecting the riparian area of Sutherland Bay, as well as being well connected to services, employment, recreation, and alternate transportation options which can reduce reliance on the automobile and reduce greenhouse gas emissions. The potential for adaptive reuse of existing historic buildings can reduce the amount of waste from demolitions. Model City Infrastructure was used as part of a technical analysis to estimate

the impacts of the North End Plan. Model City Infrastructure measures the relative life-cycle costs and benefits of new growth. The preliminary results from Model City Infrastructure indicate that targeting this area for future growth would support the City's objective of addressing our infrastructure deficit by focusing development nearer to core services.

Staff Recommendation & Next Steps:

Staff recommend supporting the concept plan in submission six and ask Council for authorization to continue to work with the applicants to proceed with submission seven. The submission documents and concept plan indicate an urban mixed-use, transit-oriented neighbourhood with residential, retail, office, and institutional uses with public amenities and parks is suitable in this location. Submission seven will include technical reports and a public consultation process that will provide the necessary information to craft an accurate final plan for Council consideration as part of the last ARP submissions. An OCP Amendment and a rezoning application would follow.

Internal Circulation:

Development Engineering
Parks & Building
Real Estate Services
Transportation
Utility Planning

Considerations applicable to this report:

Existing Policy: Council Policy 363, Housing Needs Assessment (2023), 2040 Official Community Plan, 2040 Transportation Master Plan

Submitted by:	A. Cseke, Planner Specialist, Development Planning
Reviewed by:	T. Atwood, Development Planning Manager - Central
Reviewed by:	N. Kilmartin, Development Planning Department Manager
Approved for inclusion:	R. Smith, Planning, Climate Sustainability and Development Services

Attachments:

Attachment A: Submission Six – Concept Plan
Attachment B: Official Community Plan Growth Strategy

For a complete copy of the Applicant's Submission, please visit our Current Developments online:

[ARP21-0001 | City of Kelowna.](#)