

Report to Council



Date: 2/18/2015
File: 1810-50
To: City Manager
From: T. Barton, Manager, Parks & Buildings Planning Manager
Subject: Heritage Asset Management Strategy - Program Update

Recommendation:

That Council receives for information the report titled Heritage Asset Management Strategy - Program Update dated February 18, 2015.

Purpose:

At the 2015 Annual Budget deliberations, Council requested a workshop with staff to overview the City's Heritage Asset Management Strategy. The intent of this report and workshop is to provide Council with the required information in order to move forward with a coordinated approach to the management of City-owned heritage properties.

Background:

City policy recognizes that heritage plays an important role in creating a distinct and unique identity for neighbourhoods and the community as a whole. Heritage can be viewed as emerging from the relationship between people, objects, places and practices. Heritage can connect residents and visitors to stories of the past and aspirations for the future, and some of the most successful heritage assets continue to participate in making new histories.

Kelowna's heritage legacy begins with the Okanagan First Nations. Additionally, important milestones include the arrival of settlers from Europe in the mid-1800s; the incorporation of the City in 1905; the dramatic changes and growth over the course of the 20th Century; and the continuing changes through to present day.

The Case for Heritage

There are many successful examples in the City of where investments in heritage have successfully generated economic, as well as cultural and social benefits. While each project is specific and unique in its opportunities, the following is a general list of benefits that heritage provide its citizens:

Job Creation - Restoration projects are more labour intensive than new construction. They stimulate demand for a wider range of skills, services and

materials within the local economy. It also ensures that a base of specialized trades people is developed within the City's labour market. This was evident on the City's restoration of the Laurel Packinghouse where the various contractors on the project went 'above and beyond' what they would normally do due to the unique nature of the project. The project allowed for learning opportunities for specialized skills in the trades sector.

Tourism - The preservation and renewal of heritage resources create historical, architectural and cultural attractions. The Father Pandosy Mission has become a destination for visitors interesting in learning about the City's history. The Laurel Packinghouse with its Wine Museum is a destination for many visitors during wine festival and wine tourism season.

Economic Development - The restoration of heritage buildings can be marketed as a tool to create positive economic development and cultural sustainability in the City. The preservation of heritage buildings and creative adaptive re-use can be stimulating to a thriving creative business sector. The restoration of Guisachan House is an example of a successful restaurant and wedding/special event venue.

Urban Design - Heritage buildings help create a city's distinctive character. They reflect the rich traditions of the community and enhance the sense of time and place for its citizens. Heritage buildings have cultural and educational benefits that link to events and styles of the past. They contribute to a vibrant culture of creativity and innovation. There are many heritage buildings near Bernard Avenue and Water Street including the City's Firehall No. 2 that contribute to the identity and character of the downtown. The Laurel Packinghouse and buildings like the Downtown Library and Cannery Lofts pay tribute to the industrial past through distinctive design features.

Reusing Resources/Sustainability

Recycling of existing buildings makes good use of the City's building stock and prevents materials from ending up in landfills. It also reduces the need to expend energy to create new material. Memorial Arena is a good example of providing valuable ice for minor hockey and other ice user groups. Without this facility a new ice rink would need to be constructed to meet City demand.

Pride

Property owners and businesses are proud of their historic properties and choose to maintain them well, as they are unique and distinctive. This is quite evident of the homeowners in the Abbott Street and Marshall Street heritage areas.

Stability

Heritage conservation provides a sense of stability in neighbourhoods that are often under change from re-development. Two schools on Richter Street, the Old Glenn Avenue School and the Old Central Elementary School are good examples of buildings that remain as anchors to their neighbourhoods while much of the other urban form in the area has changed over the decades.

Heritage buildings provide many tangible and intangible benefits and have a strong positive impact on the development of a complete community. It sets the stage for the emergence of a vibrant culture of creativity and innovation.

Heritage Asset Inventory

The City owns nineteen (19) heritage assets on the Kelowna heritage registry, 9 of which are on the National Registry and 9 of which are designated by municipal bylaw (see Attachment 1 - List of City-owned Heritage Assets). The City recognizes that heritage assets that have viable uses are much more likely to be valued and retained than assets that are maintained as 'museum pieces'. Consistent with this approach, the City has developed a Heritage Asset Management Strategy that provides a framework and overarching plan for City-owned heritage properties. It ensures wise investment decisions and provides opportunities for partnerships and creative operating models.

Since 2006, 3 of these assets have seen significant investments by the City. The Guisachan House suffered extensive fire damage and was subsequently restored, primarily funded through insurance claims at \$2.0m. The Laurel Packinghouse was restored in 2009/10 at a cost of \$2.5 m of which \$1.1 m was funded from the federal government. Lastly, \$580k of municipal funding has been invested into Kelowna Memorial Arena, however not specifically for heritage restoration. The funds were directed at improvements to its buildings systems including the electrical system, condenser replacement, exterior painting, lighting upgrades and roofing system replacement.

Public Engagement

At the request of the City, the Community Heritage Commission (CHC) struck a subcommittee in the summer of 2009 to assist the City in establishing mutually agreeable principles and criteria for the management of the City's heritage assets. The committee membership included the chair of the CHC, the Kelowna Museums Society (sub-committee chair), the Okanagan Historical Society, the Central Okanagan Heritage Society, and interested members from the general public. The City's Cultural Services Manager, Director of Infrastructure and Planning, Director of Real Estate and Building Services and the Heritage Planner also sat on the sub-committee.

The sub-committee determined an initial list of 8 indicators that could be used to evaluate heritage properties. The list of 8 was reviewed and prioritized by sub-committee members, heritage organizations not represented on the sub-committee (FRAHCA, KSAN), neighbourhood organizations (North End Residents' Association, Rutland Residents' Association) and other community stakeholders (Economic Development Commission, Tourism Kelowna). Based on the feedback, 6 of these indicators were adopted into the City's Heritage Asset Management Strategy.

The evaluation criteria include:

- Is the building **rare and at risk** relative to all assets on the municipal heritage registry?
- Once conservation work is complete, how **accessible** to the public will the building be?

- How likely is the building to provide a **community service** (or achieve a municipal policy objective)?
- How likely is the building to have a **revenue stream** that offsets its operational and maintenance costs?
- Is the building a **landmark** anchoring the character and identity of a City, town centre or village centre or the City generally?
- Is the building related to **economic, social or cultural activity or environmental adaption**, community leadership, history of an immigrant population, or history of First Nations populations which are significant to Kelowna's history?

Based upon the criteria, 3 locations containing 6 heritage assets were selected for potential private sector partnerships:

- 1) Brent's Grist Mill Heritage Park (Grist Mill, Dairy Barn, and Fleming House) on Dilworth Drive and Leckie Place;
- 2) St. Aidan's Church on N. Rutland Road and Mugford Road; and
- 3) The Ritz Café and barn on Lakeshore Road at Bellevue Creek.

Private Sector Proposal Call

In 2012 and 2013, the City proceeded with an open proposal call to the private sector and interested community groups. There were many parties generally interested in the call; however only one bid was received that met the City's minimum requirements. That bid was for the restoration and adaptive reuse of St. Aidan's Church. Working with staff, the proponent refined their proposal and in late 2014, a partnership was approved by Council. The proponent will carry-out the required restoration work including an addition to the building to accommodate a cultural centre. The City will provide the land to the proponent under the terms of the upcoming Heritage Alteration Permit and in doing so will reduce its heritage inventory to 18 assets. The City will receive a \$100k contribution from the sale of the land.

No proposals were received for the Ritz Café and barn. If a re-use for the buildings cannot be found, an alternative approach to heritage conservation could be utilized whereby only a portion of the architecture is saved and the remaining portions of the building demolished. In the case of the Barn, the western façade could be restored as a landscape structure and incorporated as a feature to the future Bellevue Creek Greenway. The foundation could remain at grade as a reminder of the past building. Historical storyboards could also be installed that further depict the unique stories of these two buildings.

No proposals were received for the Brent's Grist Mill Heritage Park. Funding of approximately \$160k approved by Council for this project in previous years was not spent pending the outcome of the private sector partnership call. The Grist Mill is of high heritage and cultural importance and is in need of immediate work to stabilize its condition from further deterioration. Staff intend to carry forth with these stabilization works commencing this year. This will allow the necessary time over the next few years to contemplate the future use of the overall site and allow the opportunity for future partnerships.

Active Projects

There are two heritage projects staff are currently working on that are triggered by failing building systems and the need for immediate improvements to maintain the leases:

Old Glenn Avenue School on Richter Street and Lawrence Avenue is a facility currently leased to the Boys & Girls Club for a downtown community centre and youth facility. Under the terms of the lease, the City is responsible for the upkeep of the building systems and the facility is in need of improvements to the exterior envelope. Council recently approved \$510k for these works in the 2015 Capital Budget.

Cameron House is located in Cameron Park on Richter Street near the South Pandosy Town Centre. The tenant was removed in 2012 due to deteriorating conditions and concerns for safety. There are a number of building systems that are failing including the foundation, envelope, flooring system and roof structure. Council approved \$330k for this project in 2012 and an additional \$200k is requested as part of the 2015 Capital Budget. More details regarding this project will be provided in an upcoming report to Council.

Future Projects

Staff have conducted a building and masonry condition assessment on Firehall No.2 on Water Street. Portions of the mortar from the original 1924 construction have failed due to age-related deterioration and weathering. Repointing is required and the addition of a vapour-permeable water barrier is recommended to improve the brick's ability to shed water and extend its service life. In addition, bracing is required on the original 1924 parapets, as well as repair to the concrete sills and lintels and replacement of the cornice cap flashings. The restoration project would be an appropriate time to restore the original windows, which have deteriorated and are in poor condition. Consideration should also be given to internal functional upgrades to support the firehall operations.

Financial/Budgetary Considerations

Heritage buildings require four different types of investments: i) on-going maintenance and operations budget including small repairs; ii) replacement of components and building systems that have reached the end of service life; iii) restoration of heritage elements in need of repair; and iv) functional improvements to ensure current space remains appropriate for the use.

Adequate budgets are not in place and this has resulted in several of the heritage properties being vacant and in very poor condition. Furthering the issue, past federal and provincial heritage grants programs have evaporated as the issue is downloaded to the municipal level.

Staff recommend a proactive approach to financial planning for the City's heritage asset program. This coming year, the City's Infrastructure Division will be developing a 20 Year Strategy Plan as well as updating the City's 10 Year Capital Plan. It is recommended that as part of these plans, a consistent funding program be established as part of the City's overall

asset management strategy. Staff will present these plans for discussion to Council later in 2015.

In addition to taxation allocated through the annual budget, heritage projects are now eligible for funding from the Provincial/Federal Gas Tax programs. The eligibility list has been broadened to include a wide variety of community and infrastructure projects. This option may help to supplement taxation funding.

A local heritage foundation or trust is another way to successfully manage and restore heritage assets. A heritage foundation has greater ability to raise funds from the community in a way that the City cannot. The ability to raise funds, combined with the ability to raise heritage awareness in the community could be an attractive and feasible option to supplement the City's funding strategy for heritage. There will be more discussion in the coming months with Council regarding the foundation or trust model as part of the Heritage Review by Policy & Planning staff.

Adaptive Reuse

Each investment into a heritage asset needs to be rationalized with its function and use. The use of the space needs to go hand-in-hand with the funding program and asset management strategy. 'Adaptive reuse' is a heritage term referring to the reuse of an old site or building for a purpose other than which it was originally built or design for. It is often regarded as a compromise between historic preservation and demolition. Through adaptive reuse old, unoccupied buildings can become suitable sites for many different types of modern uses.

There are many successful adaptive reuse projects throughout North America. Success often depends upon bringing a high level of creativity and innovation in order to imagine the building being used as something other than its original purpose. With seven (7) of the City's heritage assets vacant and unoccupied, a process is needed to re-establish purpose and use for these buildings. Each building provides a variety of re-use opportunities depending upon the goals of the City in delivering economic, social and cultural objectives. Once the vision and interpretive elements are determined, the restoration and physical improvements follows suit.

Existing Policy

City Heritage Strategy 2007 - 2016

Vision Statement: Kelowna will be a viable and strong community that balances growth with support for the protection of our distinctive and authentic natural, cultural and built heritage assets through: diverse partnerships; heritage incentives; and integrated and innovative approaches to heritage conservation, community development and public awareness (Pg 2).

Internal Circulation:

Property Management, Real Estate
Cultural Manager, Active Living and Culture
Heritage Planner, Policy & Planning

Considerations not applicable to this report:

Legal/Statutory Authority
Legal/Statutory Procedural Requirements
Personnel Implications
External Agency/Public Comments
Communications Comments
Alternate Recommendation

Submitted by:

T. Barton, Manager, Parks & Buildings Planning

Approved for inclusion:



A. Newcombe, Director Infrastructure

Attachments: 1 - List of City-owned Heritage Assets

cc: Property Management, Real Estate
Cultural Manager, Active Living and Culture
Heritage Planner, Policy & Planning