

October 26, 2020

RDOS Planning Department and
Board of Directors

RE: Justification & Rationale for Rezoning of 1655 Maple Street, Okanagan Falls (Weyerhaeuser property)

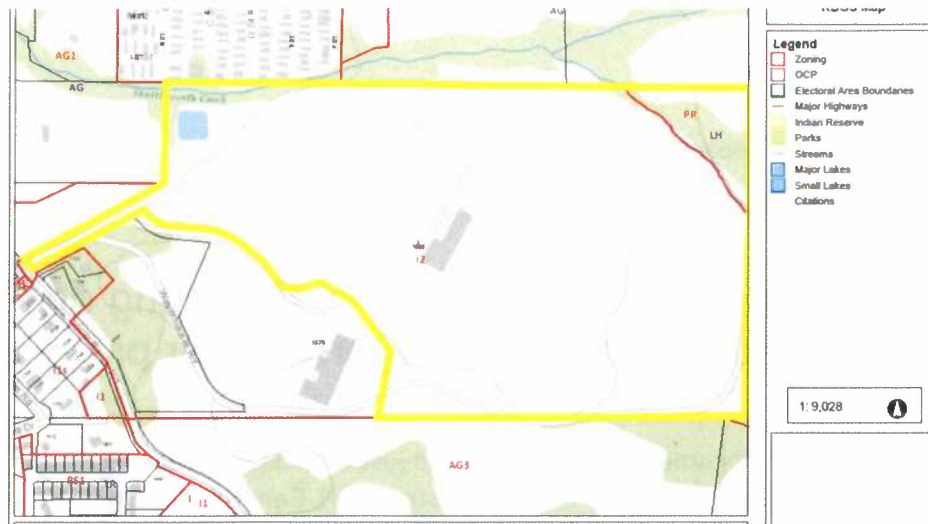
Provided in this document is a rationale and justification for proposed rezoning of 1655 Maple Street, Okanagan Falls from I2 Heavy Industrial to I1 General Industrial (Site Specific) as indicated in the submitted zoning map (attached). Laurie Schmidt from Schmidt & Associates Development Planning Ltd. has been retained to act as agent for the purposes of this application on behalf of the landowners, being 1655 Maple Street Holdings.

Subject Property

The subject property is a 114 acre industrial-zoned parcel located within the unincorporated community of Okanagan Falls, found in Electoral Area "D" of the Regional District of Okanagan-Similkameen.

The majority of the property is designated in the Official Community Plan as Industrial, with a portion of the property located in the very northeast corner, and north of Shuttleworth Creek designated LH Large Holdings.

The majority of the property is currently zoned I2 Heavy Industrial with a portion of the property located in the very northeast corner, and north of the Shuttleworth Creek zoned PR Parks and Recreation. Please find below a picture showing the existing zoning of the property:



The property is also subject to a Watercourse Development Permit area for any development located in close proximity to Shuttleworth Creek (30 m from the high-water mark) and is also subject to an Industrial Development Permit area. It is foreseen that future developments or proposed buildings will be subject to these development permits following the subdivision and sale of industrial lots.

The property is not located within the Agricultural Land Reserve, but is located within the floodplain for Shuttleworth Creek.

Property History

The subject property is most known locally as the former site of the Weyerhaeuser Mill which provided stable, full-time jobs for the community and was the primary local economic driver in Okanagan Falls for the better part of 20 years. However, due to restructuring by Weyerhaeuser, the Mill was closed in December of 2007¹.

Since that time, the property has had a number of development proposals put forward for the site. First was a proposed mixed use development of industrial, commercial, and residential uses initiated in 2009. However, this proposal was abandoned in 2013 following RDOS's unwillingness to consider other uses departing from the primary industrial usage. At the time, Electoral Area Director Tom Siddon stated **"My envisaged ultimate outcome here is we'd get an industrial park on the Weyerhaeuser land, and little by little with projects like the one Structurlam's doing, we're getting elements of a major industrial park"**².

¹ <http://investor.weyerhaeuser.com/2007-09-17-Weyerhaeuser-Restructures-BC-Interior-Operations>

² <https://www.bclocalnews.com/news/former-mill-site-in-okanagan-falls-back-on-the-market/>

This perspective from the RDOS (i.e. the need to maintain the site as industrial land) stemmed from the community discussions that occurred throughout the Electoral Area “D-2” (now “D”) Official Community Plan review process, which took place from 2011 to 2013. A key local policy context stemming from the OCP was that the **“Okanagan Falls community envisioned a diverse industrial land use base that will create economic development opportunities and employment for Okanagan Falls and surrounding areas”**³. In addition, the community noted that the future use of the vacant land located in the south east corner of Okanagan Falls, known as the former Weyerhaeuser site, being of significant importance.

The property sat idle until 2018, when Sunniva Medical Inc. purchased the site for the purposes of developing a ~700,000 sq. ft. cannabis production facility. The facility was supposed to employ up to 240 people once constructed, and would have rivalled for the title of being one of the largest indoor cannabis production facilities in Canada. Near the same time, the RDOS went forward with a zoning amendment to allow cannabis production within industrial zones in an effort to encourage the expected growth of cannabis production facilities (and their industrial-type buildings) to be located outside of the Agricultural Land Reserve. As a result, following the adoption of the zoning amendment, an industrial development permit was issued, and the super-structure foundations were constructed on the property from 2018 to 2019.

However, in Spring 2019, Sunniva suspended construction of the building, and tried to negotiate a separate deal to sell the land and facility to another cannabis company. This deal also fell through due to lack of financing, and the property remained until it was finally purchased by the current owners in August of 2020.

Development Vision

We believe this property would not simply be the development of brick and mortar industrial buildings, rather, **Avery Industrial Park** would serve as the foundation for the future of economic development in the region. It will be the essential building block to revitalize a community that has suffered one disappointment after another, from the departure of Weyerhaeuser and Sunniva, to the most recent closure of Okanagan Falls’ only grocery store.

We understand the significant importance and broad reaching impact this property has on the future outlook of Okanagan Falls. The success of Avery Industrial Park will coincide with the community’s success. With the influx of new and growing industrial businesses comes employment and an increased tax base. Employment attract residents. Residents support community. Community encourages additional private investment. A virtuous circle.

³ Electoral Area “D” Official Community Plan No. 2603, 2013 (page 35)



Avery Industrial Park also conforms to the recently adopted Okanagan Falls Economic Development and Recovery Plan. We have had a number of initial conversations with local landowners in Okanagan Falls, and many have stated that they are waiting for us to move forward with our development project, so that they have the justification to proceed with their development project. The economic development plan recognized the need to focus on family and resident attraction, and our proposed project will help provide the full-time employment opportunities for young families to reside in the community. In addition, having more industrial and residential development within the community will help with the justification of incorporating Okanagan Falls.

Avery Industrial Park is well positioned to meet the varied industrial growth demands of the South Okanagan. Based on preliminary plan configurations, our vision is that Avery Industrial Park be comprised of one larger parcels along with a number strata lots ranging from 2.5 to 4 acre parcels. There is also the potential for the creation of one or more industrial buildings offering smaller strata industrial units ranging from approximately 1,500 to 4,000 square feet. In all, **Avery Industrial Park** will be able to support dozens of businesses that are capable of employing hundreds of people.

In the City of Penticton's recent Official Community Plan review and update, Colliers International completed a Commercial and Industrial Land Capacity Study for the City⁴. The plan projected an industrial land demand growth for the City of 60 acres required in the medium growth scenario, and 96 acres in the high growth scenario by the year 2046. However, at the same time, the study indicated that the City currently only has an available vacant industrial land supply of 7.4 acres. This indicates that the future industrial growth needs for the South Okanagan will be required to be located outside of the City of Penticton boundaries to achieve the region's economic growth potential.

In addition, the Colliers study found that due to the strong residential construction industry, many trade businesses are looking for smaller format, light industrial space to purchase (ranging from 0.5 acre to 1.0 acres). Flexibility in zoning was also identified as a need to allow for more diverse uses. Business owners were also concerned about the potential of conflict with adjacent residential development, due to overlooking of industrial land.

Avery Industrial Park and the proposed rezoning from I2 Heavy Industrial to I1 General Industrial will accommodate these needs identified by business owners in the Colliers study. The I1 General Industrial zoning provides a more diverse mix of light and medium industrial uses than I2. In addition, the minimum parcel size of 1000 m² is more in line with expected the future demand projections identified in the Colliers study.

⁴ 2018. City of Penticton Commercial and Industrial Capacity Study. Colliers International.
<https://www.shapeyourcitypenticton.ca/2933/widgets/12641/documents/10696>



Regional Growth Strategy

This section includes a review of conformance of the development vision for Avery Industrial Park in relation to the goals and vision of the South Okanagan Regional Growth Strategy (No. 2770).

The vision of the Regional Growth Strategy (RGS) is:

South Okanagan residents value and celebrate living in a sustainable region that balances environmental, social and economic considerations with a high quality of life and strong sense of community.

The proposed development builds on this vision, by introducing a project that will improve the economic considerations for the entire region, through the provision of the needed supply of industrial lots, while not conflicting with environmental, social and agricultural aspects of the existing land base.

Specifically, the project conforms to the following RGS policies:

Section 1A-4: Encourage appropriately located accessible commercial, institutional, light and heavy industrial development in Primary Growth Areas.

Okanagan Falls is designated as a Primary Growth Area and the proposed project is included in the primary growth containment boundary of Okanagan Falls. As such, new industrial development should be encouraged in the proposed location.

Section 1B-1: Promote compact development in both Primary Growth Areas and Rural Growth Areas.

The proposed rezoning application will allow for a more compact and efficient form of development due to the requested zoning having a reduced minimum parcel size.

Section 2A-5: Respect and protect the ecosystem and environment by directing urban growth to Primary Growth Areas.



Allowing for the development of this parcel for an industrial park will reduce demand of placement of similar industrial uses on fragile pieces of land outside of primary growth areas, such as resource area parcels, and agricultural land.

Section 2D-1: Apply and promote best management practices for residential, commercial, institutional, industrial, and agricultural uses.

All buildings and structures proposed within the industrial park will be subject to an Industrial Development permit to ensure that best management practices of source water protection, landscaping, and storm water management are followed.

Section 3A-2: Direct new development to Primary Growth Areas to provide more cost-effective infrastructure, facilities and services.

The subject property is located in a Primary Growth Area, and also the service areas of the RDOS sanitary sewer system and the Okanagan Falls Irrigation District. Servicing is proposed from these community systems and the subject property's addition will help the functionality and maintenance of these systems moving forward.

Section 4B-1: Support economic opportunities that attract and retain young families.

The proposed Industrial park will allow for the attraction of a diverse amount of industrial businesses that will provide steady, full-time jobs and help attract and retain young families to live in Okanagan Falls.

Section 5A-2: Work with economic development partners, including the RDOS Board, to develop a diversified regional economy.

As already mentioned, the proposed Industrial park will allow for a diversity of light industrial uses, and the proposed rezoning from I2 to I1 General Industrial will provide additional zoning flexibility to allow for a diverse local and regional economy.



Section 5A-4: Encourage business retention, expansion and attraction activities with special focus on green, sustainable businesses.

Having access to a supply of industrial lots regionally will allow for local businesses in Okanagan Falls, and the greater region, to consider expansion opportunities and help retain local businesses that require additional land from moving out of the valley.

Section 5A-10: Support primary and secondary value-added industry in all sectors where feasible and appropriate.

The Avery Industrial Park will provide the required serviced, industrial-zoned lots needed to allow for the primary and secondary value-added industry to be located regionally.

Section 5A-11: Collaborate with regional partners to attract high-tech, knowledge-based industries.

The promotion of locating high-technology industries in the industrial park will be encouraged. The proposed uses for the I1 General Industrial are a better fit for high-technology industries than the current I2 Heavy Industrial zone. In addition, the proposed site specific provision of including the use of “greenhouse” (discussed below) will allow for the innovative industry of ‘vertical farming’ to be permitted, providing high technology jobs to the local economy.

Section 5B-2: Identify development opportunity sites for different business types.

Section 5B-3: Protect the existing industrial land base from conversion to other uses.

Section 5B-4: Direct new industrial development to existing industrial areas.

The above three policy statements all provide justification for the proposed Avery Industrial Park and the proposed rezoning of the subject property to I1 General Industrial. Further justification of these policy goals is explored in the review of the Electoral Area “D” Official Community Plan in the following section.



Electoral Area “D” Official Community Plan (No. 2603, 2013)

In this section follows a review of how the proposed Avery Industrial Park and associated rezoning application conforms to the policies included in RDOS’s Electoral Area “D” Official Community Plan (No. 2603). As similarly identified in the Regional Growth Strategy, Okanagan Falls represents the most appropriate location for future development in Electoral Area “D”. The plan indicates that the community has the features to support new development, such as access to community water and sanitary sewer systems and proximity to social, health, and business services. The plan also indicates that the recent expansion to the Wastewater Treatment Plant in Okanagan Falls has allowed for additional capacity to accommodate future development. In addition, and as already mentioned, the subject property is identified specifically as a parcel of significant importance to meeting the growth goals of the region.

One of the broad goals (Section 6.0) of the plan is:

“To foster the creation of a diversified and resilient economy that is capable of sustaining a year round workforce.”

In conformance with the Regional Growth Strategy, Schedule “B” of the Official Community Plan provided a primary growth containment boundary around Okanagan Falls where new growth was to be encouraged. This boundary area was identified to:

- **“Maximize the use of existing water and sewer service utilities that have capacity;**
- **Avoid highly sensitive ecosystems;**
- **Avoid steep slopes;**
- **Avoid agricultural land reserve lands; and**
- **Identify known developable land that could be efficiently serviced in the future.”**

The subject property was included in the growth containment boundary due to it meeting all the above criteria. The proposed rezoning application for the site from I2 to I1 will also allow for the maximization of the development potential of the property to take advantage of the water and sewer servicing capacity found locally. There is a lack of available land with access to utility services and that is not included in highly sensitive environmental areas or the Agricultural Land Reserve, throughout the Okanagan Valley. The development of the subject property will allow for the growth objectives of the Official Community Plan to be realized.

Section 7.6.5 further states that the Regional Board:

“Encourages the most efficient use of land and existing physical infrastructure by promoting infill and intensification of land uses in the primary growth containment boundary.”

The proposed rezoning will encourage the more efficient development and use of the parcel. Rather than maintaining the current I2 zoning and developing larger sized industrial parcels, the rezoning will allow for smaller industrial lots and more efficient use of the servicing capacity located in Okanagan Falls. Having more varied light industrial businesses will also promote local economic resiliency and sustainability, and more direct and indirect jobs stemming from the development as compared to a large-scale industrial use that may be more subject to market conditions (such as a lumber mill).

As mentioned above, the subject property has an OCP designation of I - Industrial and is therefore subject to the objectives and policies found in Section 14.0 Industrial. One of the key objectives and policies provided within the plan was the retention of the Weyerhaeuser property as an industrial-zoned parcel.

Section 14.1.2 Objectives states:

“To protect the industrial area within Okanagan Falls by ensuring new development is complementary to existing industrial land uses located within the industrial area of Okanagan Falls.”

Furthermore, Section 14.2.2 Policies – Industrial states that the Regional Board:

“Recognizes the importance of maintaining the industrial land base, including the former Weyerhaeuser site and discourage the conversion to other non-industrial uses.”

The proposed rezoning from I2 to I1 will maintain all existing industrial-zoned areas within the industrial land base, and will further open up additional industrial business operations to being located and developed on the parcel. The proposed rezoning will not lead to any conversion to non-industrial land uses. The intent of this policy goal was to provide for more diverse business opportunities and that the parcel should accommodate a range of complimentary industrial land



uses. The I1 zone provides a much broader range of industrial land uses and potential business opportunities for Okanagan Falls as compared to the I2 zone.

Section 14.1.3 Objectives states:

“Promote industrial activity in the Okanagan Falls area that is clean, light, sensitive to the environment and generate employment for local residents.”

Furthermore, Section 14.2.1 Policies – Industrial states that the Regional Board:

“Generally supports the following type of land uses in areas designated “Industrial” in Schedule B: manufacturing; warehousing; wholesaling and storage; processing; assembly; machining; and fabricating; sales, service and repair of industrial and business and automotive equipment; trucking; utilities and public works; limited retail sales associated with the industrial uses and high technology.”

And, Section 14.2.7 states that the Regional Board:

“Encourages clean, light, environmentally friendly industrial uses and discourage those which have a negative impact on the environment.”

We note that although the subject property is designated “Industrial” many of the proposed uses provided for in Section 14.2.1 are currently restricted on the subject property due to the I2 Heavy Industrial Zone. The uses provided in Section 14.2.1 are more conducive to a I1 General Industrial Zone, which also allows accessory uses of retail sales and high technology. These uses coincide with the proposed development vision of the site, and better meet the objective of Section 14.1.3 to provide a “clean, light, and sensitive to the environment” industrial development. The I2 zone allows for environmentally impactful and nuisance permitted uses, such as a concrete plant, generating plant, and stockyards and abattoirs which do not meet the intentions of objective 14.1.3 and would have a greater impact on the adjacent neighbourhood properties.



Policy Section 14.2.5 provides that the Board:

“Will not permit re-designation or rezoning of land to allow industrial uses unless it meets at least the following criteria:

- a) the area must be adjacent to or within 100.0 metres of the industrial designations existing at the date of adoption of this Bylaw;**

The subject property is currently designated I – Industrial

- b) the area is not located within the Agricultural Land Reserve;**

The subject property is located outside the Agricultural Land Reserve.

- c) the area proposed for construction does not contain moderate or high hazard areas as identified on slope stability mapping (See Section 18);**

The subject property is located outside the high hazard slope area.

- d) the area is not located within a floodplain;**

The property is subject to a floodplain exemption that was approved by the RDOS Board in June, 2018.

- e) access can be provided to the area without constructing new roads or utility corridors through environmentally sensitive areas, as shown on Schedule ‘C’, the Agricultural Land Reserve, moderate or high hazard areas as identified on slope stability mapping (See Section 18), and without creating a permanent visible scar on side slopes;**

The existing panhandle coming off Maple Street will be utilized to provide access to the subject property.

- f) the location of the development will not have a negative impact on the quality of life of existing residents;**

The subject property is surrounded primarily by agricultural land, and the topographic characteristics of the site hide the development site from adjacent properties, due to its bowl-like shape. The property is surrounded by hills to the south, east, and west to



reduce visual and noise nuisance impacts. Shuttleworth Creek also provides a substantial landscaping screen from the mobile home park community, Peach Orchard Estates, located to the north. Furthermore, the proposed rezoning from I2 to I1 will help reduce potential negative impacts on adjacent residents due to general industrial uses not being as impactful on the surrounding community as heavy industrial.

g) the buildings will not be located on slopes with grades greater than 30%;

The previous owners underwent significant grading works to level off the site to allow for future development.

h) the development is located where it can connect to the community water system and where it can connect to the community sewer system, or, if located on a parcel greater than 1 ha in size, can provide a package sewage treatment plant that meets relevant Provincial standards.”

It is planned to connect to both the community sanitary sewer system and water system located in Okanagan Falls, and a connection point is located in Maple Street for both systems.

Policy 14.2.6 provides that the Board:

“Encourages diversification of the industrial base, particularly through high technology and value added processing of local agricultural products.”

Further, Policy 14.2.8 states the Board:

“Will review the zoning bylaw to accommodate the changing industrial market and make provisions for emerging industries.”

The proposed rezoning from I2 Heavy Industrial to I1 General Industrial helps the RDOS Board achieve both these policy goals. High technology uses, and value added agricultural uses are currently restricted in the I2 zone, but the I1 zone allows for food and beverage processing (i.e. like a brewery), packing, processing, and storage of farm products, service industry establishment, and warehousing and wholesaling businesses. These types of uses will support the regional agricultural

industry and provide greater spin-off economic benefit to existing farm business operations than the continued use of the property for heavy industrial.

Policy 14.2.8 refers to the changing dynamics of the industrial land market, and the Colliers study indicates that there is greater demand for small format industrial space (1 acre). Currently, there is a lack of available inventory in the South Okanagan for these industrial parcels. The rezoning of this parcel will allow for greater capture of emerging industries, and will include a more efficient usage of the limited industrial land base, than what a comparable industrial development utilizing the existing I2 zone.

Electoral Area “D” Zoning Bylaw (No. 2455, 2008)

As mentioned above, the property is currently zoned I2 Heavy Industrial, and the proposed application is to rezone those areas of the property currently zoned I2 to I1 General Industrial. The intention of the rezoning is to provide more potential light industrial uses to occur on the property than the previous heavy industrial uses found in I2. As well, the secondary uses of retail sales, and offices are seen to be complementary to the development vision of the site.

Another intention of the rezoning is to allow for a subdivision plan to be submitted conforming with the minimum parcel size of I1 General Industrial of 1,000 m². It is proposed to use the property more efficiently and have more flexibility on the property to provide for the development of a number of smaller sized industrial-zoned lots, depending on market demand of parcel size.

Most of the other development regulations are the same for I2 and I1. The only other difference is a 40% maximum parcel coverage for I1 and 60% for I2.

Site Specific Requirement

The proposed rezoning application for 1655 Maple Street includes a proposed site specific amendment to the I1 General Industrial zone to include the permitted use of “greenhouse” as defined under Electoral Area “D” Zoning Bylaw No. 2455. The purpose of this site specific amendment is to allow for the potential future use of a greenhouse and associated vertical farming industrial operation on one of the proposed parcels. Vertical farming is a relatively new industrial innovation where food is grown sustainably, using minimal water, in vertically stacked shelves in controlled indoor environments. This practice aims to optimize plant growth, yield, and production per square foot through the use of hydroponics, aquaponics, and artificial sunlight. It may represent the future for agriculture to help address local food security and food resiliency concerns. Agritech, including vertical farming, is predicted to become a multi-billion-dollar industry within a handful of years. It has already received huge investments globally and is a growth sector well supported by the Government of Canada and the Province of British Columbia. The landowner is interested in potentially moving forward with a greenhouse and vertical farming industrial operation on the property, and as such is requesting that it be permitted through this zoning amendment.



Electoral Area "D" Zoning Bylaw No. 2455 defines a "greenhouse" as:

means a structure covered with transparent material, and used for the purpose of growing plants, which is of sufficient size for persons to work within the structure.

Although a vertical farming building does not necessarily require to be constructed from transparent material, it is envisioned that the future vertical farming building for this site will have portions of 'greenhouse' type structure with transparent material.

In many ways the vertical farming operation will be a similar use to that previously proposed on the site with the Sunniva Cannabis proposal, except reduced in scale. Plants are expected to be grown indoors for commercial sale, in a state-of-art sealed building, and providing a number of high-tech, full-time jobs for the community of Okanagan Falls.