

Rationale for Chute Lake OCP/Zoning bylaw amendment:

Chute Lake has been accessed and occupied since the turn of the 20th century. The KVR at this section was completed in 1915 and was a water refilling station for trains. By 1921 there was a sawmill on site that extended out into the lake. Originally called Lequime Lake named after the post master in Kelowna the lake was barren and stocked in the early 1920's with rainbow trout. Horse logging around the area supported a box mill for the orchard industry in the South Okanagan. Steam trains and the sawmill secured water from Elanor Creek and the four-inch ductile iron pipe and water supply is still being used today at Chute Lake Lodge.



The area may have been occupied and used by the Okanagan Nation alliance tribes but recent field studies (2020) have found no evidence to date. The general area was logged and mined and local lakes were and are used for a gravity source of water to Naramata and Indian Rock residents. The old bunk house for the sawmill is part of the existing Chute Lake Lodge.



The KVR was not economically sustainable and when roads were built in the Okanagan it was eventually abandoned. Chute lake is situated half-way between Penticton and Kelowna on the east side of Okanagan Lake and the land is administered by the province and Regional District of Okanagan Similkameen (RDOS). Long before the Regional Governments were established in the 1960's, the area was publicly used for trapping, guiding, fishing, hunting, mining, camping and outdoor recreation.



The sawmill was abandoned after the KVR was no longer used by trains and the waterfront started to heal.

In the late 1940's after the second world war aerial photography was initiated for forest inventory. The photo below depicts the state of the tracks and the waterfront in the late 1940's.



By the 1960's year-round recreation was normal at Chute lake. The old water tower on the KVR lasted into the early 1970's and eventually burnt down. There have been a few full time residents over the years and Jack Graham was the local trapper and resident at Chute lake. His cabin still stands and is leased by the previous owner of Chute Lake Lodge. Currently there is one full time resident on the KVR about 500 meters south of the Lodge.



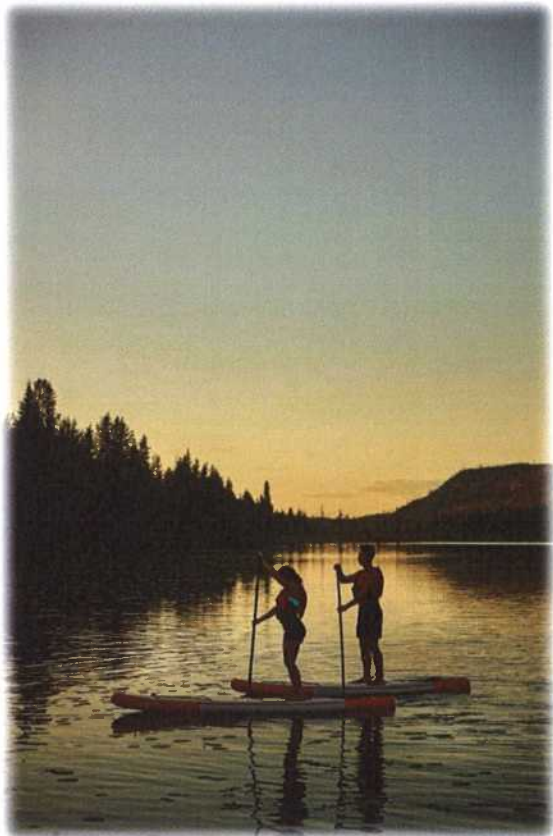
The logging in the area is operated by Gorman Brothers out of West Kelowna. They have the volume-based tenure in the area and have the road permit for the Gillard forest service road that goes from Chute lake to Kelowna. The RDOS has an agreement with the Province to maintain and manage the KVR where the Lodge is located. Access from Penticton is via the Chute Lake Road and is maintained year-round by the Ministry of Transport. Access to Kelowna is not maintained year-round via the Gillard Forest Service road. The other roads in the area are considered wilderness roads and only maintained when logging is active. Parking at the lodge is significant and can accommodate all of guests when we are fully booked (70 people staying overnight). The general public tend to park along the right of way of the KVR which we also maintain. Long term public expansion of use will have to consider public washrooms and more parking.

The Lodge was purchased by Gary and Doreen Reed in 1985 and they owned approximately four acres of land and leased two small parcels from the Province. They operated the lodge and cabins and did several small improvements by adding public washrooms, cabins and provided RV sites, and dry camping. There is a Forest Service Recreation site on the south end of Chute lake. It is a self-maintained site after the province dropped the commitment to manage recreation sites. The general area is used year-round for recreation, including by not limited to cross country skiing, snowmobiling, hiking, climbing, canoeing, paddle-boarding, wildlife viewing, hunting, fishing, mountain biking, and off- road vehicle exploring. Local residents have been using the Chute Lake area for over 100 years and recently provincial, national and international guests are enjoying the outdoors.

The property was purchased in 2018 by Chute Lake Holdings as a community legacy by the Kenyon family who has resided in the Okanagan since the late 1800's. They owned a cabin on the KVR in the 1950's- to the 1990's. It was obvious at the time of purchase that it was not financially sustainable. On Average, monthly accommodation revenue at Chute Lake during our off season will generate on average 30 thousand dollars. This is not a sustainable financial number due to the large amount of expenses operating a 100-year-old remote mountain lodge. We have high labour costs, utilities, fuel, garbage disposal costs, and continuous repair and maintenance, which often leaves us with no profit. This revenue is based on 100% occupancy on the weekends too, which shows us there is a demand to increase our offering to guests. This would also help us become more financially viable year-round.

The company and the family is interested in keeping the legacy of the historical buildings and restoring the waterfront to a more natural setting while creating enough revenue to sustain the legacy economically. Plans were set in motion to upgrade the electrical water and sewer services so people could be safe. This would also provide potential for additional accommodation to generate a sustainable business model. A well was placed on the property in 2018 and the sewage field was upgraded for future expansion in 2019. In 2020 primary electrical was upgraded to a 1000 amp service for current and future expansion. Kelly Kenyon the primary owner, has a vision to keep the aesthetics as natural as possible and build out minimizing environmental impacts and using local natural materials like logs and mass timber beams. The vision is to provide a wilderness experience that is environmentally sustainable while maintaining the natural habitat.







Covid-19 and the internationally recognized KVR recreational corridor has played a significant role in getting people back into nature. Chute Lake Holdings wants to meet the growing public demand for a diverse set of recreational opportunities. Current accommodation includes seasonal dry camping with tents and RV's, RV hook ups with electrical and water service, Glam tents, Yurts, Cabins and lodge rooms. Currently full bookings could accommodate up to 70 people staying overnight and a portion using our restaurant. After one full year cycle of operation Chute Lake Lodge needs to double the accommodation to become financially sustainable. Occupancy is over 60% year-round in the cabins, yurts and glam tents and over 90% during peak operating times during June-November. This expansion will provide for staff housing and the public demand of a diverse set of experiences.

There are many year-round benefits for Electoral Area E community residents as there is year-round access (less than 40 minutes away) to drop in for a meal, a hike, paddle, cross-country ski, or bike trip. Family oriented, this place is a special gathering opportunity for one day excursions for up to week of adventure in nature with lots of recreational amenities for individuals, families and their guests. While there is a provincial recreation site near-by on the lake it is not managed for waste, firewood or safety. With additional accommodation at the Chute Lake Lodge with access to public washrooms, a restaurant and overnight

accommodation, this will lessen the environmental impact of disturbance in adjacent crown land and provide a safe, family oriented place to go all year-round.

The Lodge currently has a manager suite, 6 rooms and 6 washrooms, a commercial kitchen with a restaurant that holds 60 people. There are 8 cabins, 4 Yurts, 11 Glam Tents, RV sites and dry camping spaces. The cabins have a range of accommodation amenities, some just as sleeping units with others that have simple kitchens, washrooms and two with showers, toilets and kitchens sleeping 4-9 people. There are four Yurts; one 12-footer, two 15-footers and one 24-footer. We have several glam tents that range from 10x15 to 20x24 feet. There is electrical lighting for the Yurts and Glam tents but no water or sewer hook ups. RV sites have electrical and water but no sewer hook ups to overnight stays are short in duration.





Our Goal eventually is to have a maximum density of 20 fully serviced year round cabins, 10 Yurts, 15 Glam tents and 10 lodge rooms with washroom facilities for the Yurts and Tents. There will also be opportunity for dry camping. Phase 1 would be to test the market with one fully serviced 600sq/ft cabin. We have a Temporary Use Permit for this. If successful in marketing this, phase 2 would be to develop the waterfront with 5 cabins and pump waste to our new tanks and field location. Phase 3 would be to complete cabins in the private section of the property and phase 4 would consider off grid accommodation on the lease expansion area. Phase 5 may would be to build a new lodge if and when necessary but keep the existing legacy building for staff housing.

We have applied in 2020 for an expansion to the adjoining provincial lease property Chute Lake Lodge holds to provide space for an expanded outdoor liquor licence, staff housing and high-end year-round cabins. The long term vision for staff housing is to have 14-16 staff reside in the existing lodge and build a new lodge. The short term execution for staff housing is to use trailers that are self-contained and hooked into sewer water and electrical. The application is currently sitting at Lands (FLNRO). They have advised the process takes up to two years for approval. We completed the application in January of 2020 and delivered on the provinces obligation of consulting and referring with First Nations, corporate stakeholders, immediate neighbors and the RDOS. A copy of our application is available for our rezoning application (the Province has forwarded the referral to the RDOS). We are finalizing field reviews with the Province in August 2021 for their decision process.

As the rezoning process takes some time we have applied for a Temporary Use Permit in order to get one high end log cabin approved so we can build this year. We are hoping to build out the other cabins in the future once we can test the market.

We think and believe there is a significant opportunity for winter accommodation with full kitchens and bathroom facilities. As such, no current zoning fits the existing or proposed land use. We are applying for a combination Zoning and OCP amendment that designates the fee simple property and the leased property as a "Comprehensive Development Zone" with the flexibility to provide seasonal accommodation and year-round accommodation in certain portions of the area. See attached master/development plan.

Visitor stays are generally two nights up to one week. Managers, staff and caretakers are housed year-round and there is always someone at Chute even during the current two month shut down for renovations and infrastructure upgrades.

Without an amendment to the existing OCP and zoning bylaw we will continue to be non-conforming and if we are not able to grow to meet public demand we will not be environmentally or financially sustainable. There is significant public use of the area it is growing. We need to provide water, firewood and washrooms for the general public or the natural habitats will be negatively affected. The provincial recreation site at Chute Lake is not managed and there is always garbage and human waste problems locals have to clean up. Firewood cutting is a continual destructive practice from May 24th to snow time. We contract

legal logging loads of wood from Gorman's contacts to supply our guests at Chute lake lodge. Last year we went through thirty cords of wood.

When the property was purchased in 2018 there was a dump site behind the lodge that was actively used for 40 years or more. This was on provincial land. We took the extraordinary stewardship measure of cleaning up the landfill which had glass, metal, plastics, vehicles, machinery and domestic waste. It took twenty ninety cubic meter containers to go the regional landfill as a hauling cost of 20K plus machine and staff time to complete the cleanup. Since that time, we have grass seeded the area. It is now part of our proposal for a lease expansion with the province.

We are working with a qualified environmental professional (QEP) on developing a Riparian plan, environmental sensitive ecosystem assessment, and Environmental Sustainability Plan. (See attached reports by Wildrock Ventures.) We are planning joint operations with the Naramata Fire Department as well as being certified for Firesmart. We are planning to partner with the RDOS for a fee for service for structural fires and mosquito control as those services are not provided.

In conclusion, we are seeking the Board's support in a Comprehensive Development Zone that gives us and the community, the opportunity to be nimble to make development decisions that best suite us all collectively.