

# REPORT ON THE RELOCATION OF THE RDOS OFFICE TO A NEW BUILDING IN OKANAGAN FALLS

Prepared for the Okanagan Falls Community Association  
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**Community Association**

*Dedicated to a vibrant and revitalized community*

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## EXECUTIVE SUMMARY

The Cornerstone Planning Group (“Cornerstone”) presented solutions for the facility needs of the Regional District of Okanagan-Similkameen (“RDOS”) in their final report dated Oct 2021, by recommending 3 possible options and outlining their risks and merits:

- Strategy A: Expand/Renovate 101 Martin Street;
- Strategy B: Build New Facility (New Build); and
- Strategy C: Acquire an Existing Facility.

No consideration was given to other locations outside of Penticton, in any of these options.

On December 16, 2021, in a presentation to the Board, Cornerstone recommended only one option to the Board: to add a second story to the current office. However there are significant issues and risks associated with a renovate / expand project that is as extensive as is proposed at 101 Martin Street.

The new build option was considered more cost effective, less risky and less disruptive to RDOS operations than a renovation. The new build option also has many additional benefits for customers, staff and the RDOS itself. The primary reason it was not recommended, was because of the difficulty of finding a suitable location in Penticton. The new build option becomes feasible and possibly even favourable, when locations in Okanagan Falls are considered.

The decision by the consultants to only consider Penticton locations limits the choices for the RDOS board and staff. Relocating the office to Okanagan Falls has all the benefits of the new build option plus additional benefits that are specific to Okanagan Falls. These include:

- ✓ Several, immediately available, suitable building sites;
- ✓ Lower land costs and easier construction staging;
- ✓ Easier access for 80% of Electoral Area residents;
- ✓ Better alignment with RDOS strategic goals.

This report demonstrates that addressing the RDOS facility needs with a new build option located in Okanagan Falls, offers significant benefits over other options and warrants serious consideration by the RDOS Board.

## SECTION 1 BACKGROUND

### Building History

The current RDOS office at 101 Martin Street is more than 40 years old.

Around 2014 the RDOS undertook a space analysis and renovations to address structural, energy efficiency and staff space issues. Geotech concerns with the foundation were noted at that time.



In April 2021, IRC Building Sciences Group assessed the current facility and estimated that annual maintenance costs would be greater than \$300,000 for the next 5 years.

### Current Office and Workshop Space

In order to accommodate increasing service demands and corresponding staff increases the RDOS has continually renovated 101 Martin Street and taken on additional space. See Chart 1 below. Issues with current space Include:

- Staff are working from multiple locations in Penticton and Naramata
- Martin Street office (see insert) is over-crowded and lacks best-in-class working conditions. These include ventilation, sound, privacy, team spaces and connectivity.
- Parking for staff, directors and visitors can be difficult to find. Monthly parking is expensive and limited.

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### Current office and workshop space

Location	Ownership	Activity	Size	Staff *
101 Martin Street	Owned	Main office	14,300 sq ft building	67
		Parking	.749 acres	
105 Martin Street	Leased (expires Feb 2024)	EOC, bikes, storage	2306 sq ft	12
184 Main Street	Leased (expires 2026)	3 departments		TBC
Greyback Lodge 1655 Reservoir	Owned. Considered temporary	Parks Admin and Works yard	2400 sq ft on 6 acres	11
224 Robinson, Naramata	Owned. Shared with Museum	RDOS Water Offices and Works		6
Sather Property 1313 Greyback Road	Owned	Composting office Yard works	79 acres	

\* Information extracted from Cornerstone Planning Group Final Report draft Oct 2021

**None of the current facilities meet the long term needs**

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## Cornerstone Planning Group 2021 Report

In 2021 the RDOS appointed Cornerstone to review it's current and future facility needs and capacity requirements. An extensive report was prepared in October.

Cornerstone identified three strategies for resolving the RDOS's space issues:

- renovate Martin Street
- construct a new building in Penticton
- purchase a different facility in Penticton and renovate to suit the RDOS needs.

Merits, Risks and Cost Implications were assessed for each option.

In December 2021 Cornerstone presented a power point to the RDOS board. The focus of the presentation was a recommendation that the Martin Street building be renovated and a second story added.

Cornerstone eliminated the new build option primarily because of the difficulty of finding a suitable site in Penticton and the time involved in dealing with the issues of negotiation, acquisition, planning and design.

***No consideration was given to other locations outside of Penticton.***

## SECTION 2 NEW BUILD CONSIDERATIONS

### Renovation Risks

Although Cornerstone recommended renovation of Martin Street, their report identified substantial risks of this option. The report provided a Class D estimate of \$14.6 Million to renovate, with a caveat that the costs could be considerably higher.

Renovating an existing building often uncovers surprises that can affect cost and timing. Many of these will not be identified until the project is underway and may include:

- Unanticipated engineering or structural challenges of the current building to ensure it supports a second story
- Additional renovations of the first floor to address and resolve identified occupational health, safety and security needs
- Increased demolition costs of between \$250k to \$500k if heavy abatement or hazardous materials are encountered
- Additional time to deal with regulatory issues if hazardous materials are more than anticipated
- Design issues due to the limitations of working within existing structures and layouts



Renovating 101 Martin Street will involve specific construction challenges and additional costs:

- Proximity to existing residences and businesses may require work be limited to certain days and times
- Density of Martin Street will create staging problems and access challenges for large equipment

Renovating 101 Martin Street will create issues for staff and the public:

- RDOS will need to continue to operate during construction. Currently 70% of staff work at 101 Martin Street and will need to be relocated. Commercial office space for rent is challenging in Penticton. At present, any large-scale vacant buildings are already leased. Commercial space in Penticton is estimated at \$12 to \$15/sq foot. Lease costs to temporarily replace the approx. 10,000 sq feet of office space would be significant.
- Leasing several smaller sites is a potential solution but will affect workflow, collaboration, customer service and increases costs for administration
- There may also be incremental renovation costs to make temporary premises habitable and safe and fit for purpose.

***There are significant issues and risks associated with a renovation of 101 Martin Street***

## New Build Risks

Cornerstone highlighted the risks, merits and costs of a new build. See exert below. A new build was considered more cost effective and less disruptive to RDOS operations. Indeed, a new build enables property development to continue concurrent with continuing operations.

However, the key risk identified was the lack of suitable locations in Penticton.

### 5.2 Strategy B: Build a New Facility

Constructing a new facility on a different site will involve finding and acquiring a suitable site in an appropriate location. If the site is not already owned by RDOS, the property purchase would have to be arranged and approved. If the site is vacant, planning and design of the new facility would proceed accordingly. If there is an existing facility on site that must be demolished, that process could occur parallel with planning and design.

#### Risks

- An optimal location for new facility may not be available.
- Overcrowded conditions will be extended due to time required for site purchase, site preparation, facility planning and design, and construction. May involve disruptive temporary moves of some functions to relieve overcrowding.

#### Merits

- Reduces the number of locational shifts and operational disruptions during the implementation process.

#### Cost Implications

- Reduces temporary relocation costs (moving and rental).
- Capital cost estimating can be conducted with fewer unknowns.
- Sale of 101 Martin property could help to offset costs.

## New Build Benefits

A New Build option provides a lot of **benefits to the RDOS** compared with the redevelopment and renovation of the Martin Street site. Benefits to the RDOS arising from selling the Martin Street office, include:

- ✓ directing the proceeds of sale to a new building. In 2021, BC Assessment valued the property at \$1.4 million as a one-story government building. Certainly, a highest and best use valuation will be significantly higher.
- ✓ eliminating the renovation risks.
- ✓ projecting cost with greater certainty.
- ✓ reducing operating costs, as a new state-of-the-art building will likely be significantly less to operate and maintain than any renovation could achieve.
- ✓ providing the opportunity to create a purpose-built facility that addresses modern office needs: connectivity, remote working, barrier free/disability access, safety and security, ability to transition to new forms of work and service models, occupational health and safety including air quality, acoustic noise management, temperature, etc.
- ✓ allowing staff to continue to provide high level uninterrupted service. Construction can occur concurrently with minimal disruption and costs to ongoing RDOS operations



## Report On The Relocation Of The RDOS Office To A New Building In Okanagan Falls

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Employees will receive many benefits if a new build is selected. Cornerstone's report identified through employee surveys substantive issues that needed remediation in the current location. Staff identified key issues affecting their performance at the existing site including privacy, acoustics and noise, temperature control, access to washrooms, meeting space sizing, storage and ability to use technology. These limitations would be addressed for all employees in a purpose-built space.

A New Build option also provides ***benefits to the City of Penticton***. These include:

- ✓ Redevelopment of Martin Street with a change from government to residential would significantly increase property tax revenue, as currently the RDOS does not pay property taxes on Martin Street. Strata owners next door at 75 Martin Street paid between \$2,700 - \$9,200 in property taxes with most units paying more than \$5,000 in 2020 taxes.
- ✓ Enables much needed downtown housing, with the existing building replaced by a multi-storied and possibly multi-use building offering residential units and office space.
- ✓ Supports downtown vitality by increasing the number of people living, shopping and enjoying entertainment in the area.

***There are significant benefits to building a new office facility. A 1980's building no longer meets the needs of the 21<sup>st</sup> century RDOS.***





## SECTION 3 SOLVING THE NEW BUILD CHALLENGE IN OKANAGAN FALLS

Cornerstone identified many benefits of the New Build option. And one significant challenge – finding a suitable site in Penticton. Once the site search expands to include Okanagan Falls, many of the challenges associated with finding a suitable site in Penticton as identified by the consultants ARE RESOLVED. Indeed, the benefits of a new build option in Okanagan Falls are numerous. They include:

### Financial Benefits

There are at a minimum four large parcels of land suitable for a new building and parking **immediately** available in Okanagan Falls, reducing search time and costs (Appendix A) Owners of those lots have been contacted and are interested in discussion with the RDOS.

**Land** cost is significantly less in Okanagan Falls. Sample valuations based on 2021 BC Assessment are:

Address	Assessed Land Value	Size in Acres	Cost per acre in millions
101 Martin St.	\$1.419M	.749	1.9M
Parking – City of Penticton	\$1.135M	.367	3.1 M
450 Martin Street	\$1.971M	1.05	1.877
5350 Hwy 97, Okanagan Falls	\$1.729M	2.9	0.596
5126 9 <sup>th</sup> Avenue, OK Falls	\$0.938M	1.8	0.508

**Construction** costs will be approximately the same in Okanagan Falls and Penticton. Estimated costs would be \$300-\$350 per sq foot in either location excluding demolition costs. And there will be no demolition costs in Okanagan Falls.

**Time to complete** will be significantly less in Okanagan Falls as all sites are open and build ready. Staging and getting large equipment to the site will be much easier. A build on an open site is estimated to take 16 months minimum.

### Benefits to Customers

In addition to the benefits to customers of a new building as set out in the previous section, there are additional benefits specific to Okanagan Falls.

**Access** for over 80% of residents of the Electoral Areas will be shorter and faster to Okanagan Falls than to the current office in Penticton. (See Chart 2 below) It is the residents of the Electoral Areas that are directly governed by and receive direct services from the RDOS.

Cornerstone assumed that Penticton is the most central location for the RDOS to operate from, but this did not consider that the residents of Penticton, Summerland, Osoyoos, Oliver and Princeton directly provide their residents with municipal services. The RDOS exclusively provides municipal services to the 22,256 residents of the Electoral Areas plus the 1600 residents of Keremeos. (See Appendix D for Census data).

From an access perspective, Okanagan Falls is more central geographically. (See Appendix C) It is closer to all but two of the Electoral Areas and Towns. And it is still only 20 minutes from Penticton.

**Parking** will be easier and less expensive in Okanagan Falls.

Chart 2: Driving Times from Sample Locations in the Regional District (source Google Maps)

From	To Penticton	To Okanagan Falls	Percent of the Electoral Areas population*
Area A	56 minutes	35 minutes	9%
Area B			5%
Area C	38 minutes	17 minutes	18%
Area D	20 minutes	n/a	18%
Area E	18 minutes	36 minutes	9% 18 minutes further
Area F	7 minutes	18 minutes	9% 11 minutes further
Area G	46 minutes	46 minutes	10%
Area H	1 hour and 21 minutes	1 hour and 10 minutes	10%
Area I	15 minutes	7 minutes	10%
Keremeos* Key services are outsourced to RDOS for its 1502 residents	37 minutes	27 minutes	
Princeton	78 minutes	68 minutes	
Summerland	16 minutes	36 minutes	
Penticton	n/a	20 minutes	

## Benefits to Staff

In addition to the benefits of working in a state of the art, purpose-built office there are benefits to working in Okanagan Falls. These include:

- ✓ availability and lower cost of parking.
- ✓ lower house prices than in Penticton, as over time staff come to live in Okanagan Falls. See chart 3 below.
- ✓ commuting from Penticton or other areas by vehicle is on a well-maintained highway.
- ✓ commuting 'off highway' by bike and / or e-bike from Penticton on the KVR, is also possible and increasingly common place.

Chart 3: Housing Costs March 2022

Location	Benchmark Cost	% difference relative to OK Falls
Kelowna	\$1,100,000 single family home	65% more expensive \$432,200
Penticton	\$ 731,000 single family home	9% more expensive \$63,000
Okanagan Falls	\$ 667,800 single family home \$ 400,000 condo	

## Benefits to RDOS Stature

Relocating its office in Okanagan Falls will provide significant benefits to the South Okanagan, benefits that will in turn enhance the RDOS' stature in the community. These include:

- ✓ recognizing the importance of residents and customers from RDOS' 9 electoral areas.
- ✓ enhancing the strategic goal of being a sustainable region: economically, environmentally and socially (see Appendix B).
- ✓ supporting the Regional Growth Strategy by providing an anchor and a draw, for development and economic growth in the South Okanagan.
- ✓ demonstrating commitment to environmental goals with a sustainable build.
- ✓ improving board effectiveness by reducing cumulative travel times for board and residents to attend and participate in meetings
- ✓ demonstrating long term commitment to staff with improved work/life balance considerations.
- ✓ supporting expanded transit development.

## Benefits to Okanagan Falls

A relocation of the RDOS office to Okanagan Falls would add considerable economic value to that community:

- ✓ providing a catalyst for further community and economic growth, with this office as a major employer in the community and Okanagan Falls already attracting interest from developers and home buyers.
- ✓ enhancing resident attraction, with two income families benefitting from employment opportunities in addition to those of other major employers already in the community, such as Structurlam and UEE.
- ✓ leveraging current lifestyle friendly recreational amenities including walkability, beach and lake access, nature reserves, nearby campsites, wineries as well as RDOS recreation programming and RDOS trail enhancements.
- ✓ supporting the growth of new amenities including restaurants, hotel / motel, fitness centers, services and retail establishments.

***There are significant benefits to relocating the RDOS office in Okanagan Falls, and these warrant full consideration by RDOS Board.***

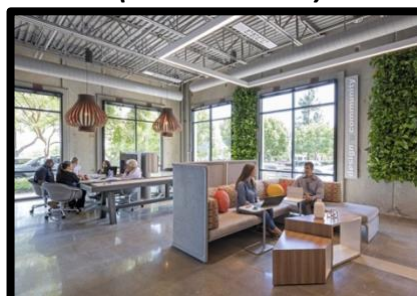
***“Change is hardest at the beginning....***



***Messiest in the middle....***



***and best at the end”  
(Robin Sharma)***



## APPENDIX A. LAND OPTIONS IN OKANAGAN FALLS

There are several land parcels available immediately for the RDOS to consider including, but not limited to:

**1. 5350 9th Avenue (Highway 97),**

- Owned by Mountain Enterprises Ltd.
- High visibility retail plaza development anchored by Belich's AG Foods
- Property fronts onto Highway 97, bounded by 8th Avenue and Cedar Street with lake views and access from Cedar Street and 8<sup>th</sup> Avenue.
- Entire parcel is 2.96 ac, with an assessed value of \$2.07M. In Jan 2022, the owner offered to sell, lease, or build and lease a subdivided portion of the property to the Regional District.



**2. Avery Business Park**

- More than 50 acres located on Maple Street
- Vacant land within a new business park being actively marketed.
- Owner is open to build to suit, lease and/or sell property to meet RDOS specifications, including provision of additional amenities to attract and service evolving needs of new businesses using the 5 acres of Lot 1



**3. 5126 9th Avenue**

- Recently listed by HM Commercial Group and owned by Agur Realty & Management Inc.
- High visibility vacant land offering lake views, bounded by Highway 97 frontage on the south, and 8th Ave to north. Steps from food anchored retail plaza development
- 1.84 acres, with access from Highway 97 and 8<sup>th</sup> Avenue.





**4. 1209 – 1251 Willow Street and 5035 Veterans Way**

- Owned by Royal Canadian Legion – Branch 227
- Opportunity for long term lease of the 4 properties
- Approximately .860 acres



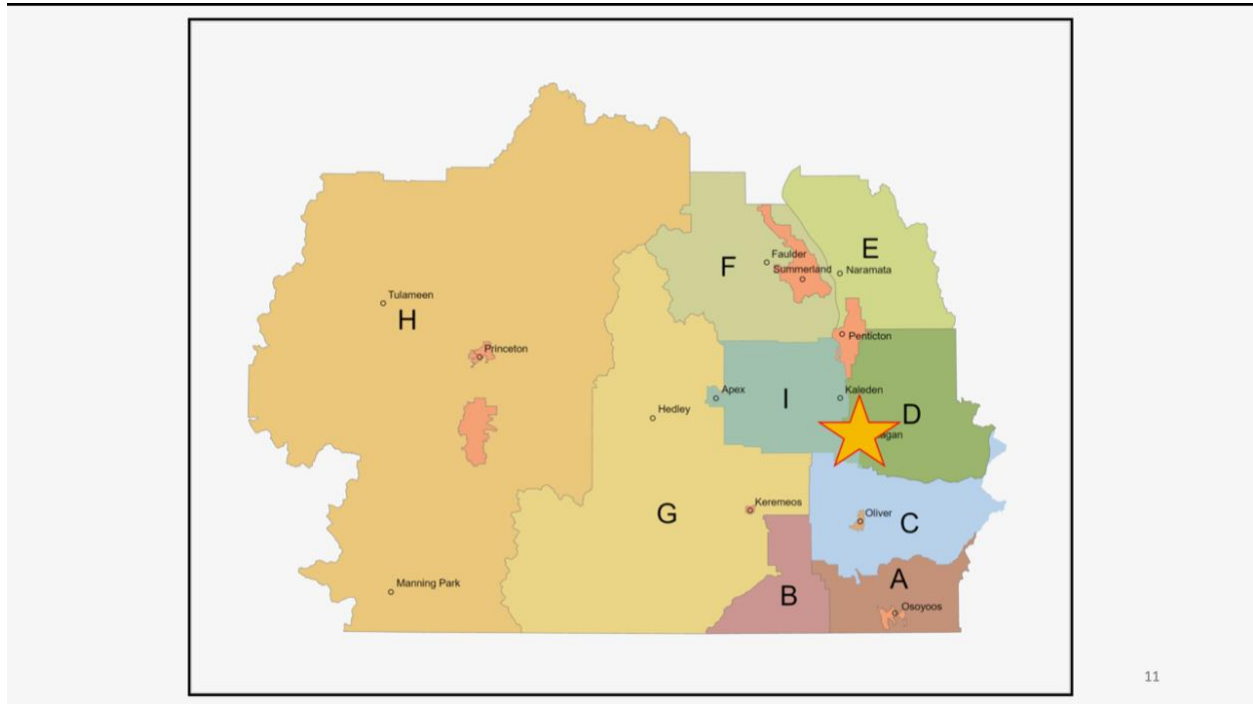
## APPENDIX B. STRATEGIC ALIGNMENT WITH GOALS OF THE REGIONAL DISTRICT

Relocating the offices from downtown Penticton to the Area D townsite of Okanagan Falls aligns with many of the strategic goals for the RDOS as noted in italics below:

### Strategic Goals 2018-2022

KSD 1: High Performing Organization
✓ <i>Goal 1.1: To be an effective, fiscally responsible organization.</i>
✓ <i>Goal 1.2 To be a healthy and safe organization.</i>
✓ <i>Goal 1.3 To cultivate a high performing organizational Culture.</i>
KSD 2: Optimize the Customer Experience
✓ <i>Goal 2.1 To provide a high level of customer service.</i>
✓ <i>Goal 2.2 To meet public needs through the continuous improvement of key services.</i>
• Goal 2.3 To provide adequate access to health care in the Regional District.
KSD 3: Build a Sustainable Region
✓ <i>Goal 3.1: To develop a socially sustainable region.</i>
✓ <i>Goal 3.2 To develop an economically sustainable region.</i>
✓ <i>Goal 3.3 To develop an environmentally sustainable region.</i>
KSD 4: Provide Governance & Oversight in a Representative Democracy
• Goal 4.1: To execute a well-defined strategic planning cycle.
✓ <i>Goal 4.2: To promote Board and Chair effectiveness.</i>

## APPENDIX C. GEOGRAPHICAL PROXIMITY OF OKANAGAN FALLS



Okanagan Falls is ideally situated only 20km south of Penticton and closer to 80% of the residents and customers of the Rural Electoral Areas.

## APPENDIX D. 2021 RDOS FEDERAL CENSUS POPULATION DATA

Rural Area	Population	% of RDOS	% of Rural Areas
<b>A</b>	2,139	2.5	9.6
<b>B</b>	1,151	1.3	5.2
<b>C</b>	3,986	4.6	17.9
<b>D</b>	4,016	4.6	18.1
<b>E</b>	2,015	2.3	9.1
<b>F</b>	2,092	2.4	9.4
<b>G</b>	2,298	2.7	10.3
<b>H</b>	2,232	2.6	10.0
<b>I</b>	2,301	2.7	10.4
<b>Total Rural Areas</b>	<b>22,256</b>	<b>25.7</b>	
<b>Keremeos</b>	1,608	1.9	
<b>Oliver</b>	5,094	5.9	
<b>Osoyoos</b>	5,556	6.4	
<b>Penticton</b>	36,885	42.7	
<b>Princeton</b>	2,984	3.5	
<b>Summerland</b>	12,042	13.9	
<b>Total RDOS</b>	<b>86,405</b>		

## APPENDIX E. SERVICES IN OKANAGAN FALLS

Okanagan Falls is a growing community of approximately 2400 residents with access to a full range of services. Some of these are set out below:

<b>Food</b> Full-service grocery with bakery, butcher and deli Specialty foods market Convenience stores with liquor Bakery and coffee shop Tickleberry's Ice Cream	<b>Recreation</b> Gymnasium in Elementary School Pickleball/Tennis court Zen Fitness centre Baseball diamond Skate Board park Cricket pitch Water Park and children's playground Senior's Centre Legion
<b>Eating Out</b> Pizza and Italian Chinese Fried Chicken Deli	<b>Automotive</b> Gas stations, one with car wash Mechanic Electric charging station
<b>Health</b> Medical clinic with 2 doctors Dentist Naturopathic doctor Wellness practitioner Pharmacy	<b>Community</b> Elementary School Library Heritage Museum Lion's Club Churches
<b>Other</b> Hair salons Retail stores	