



Agenda No:

9.4

Mtg. Date: April 22, 2013

REGIONAL BOARD REPORT

TO: Regional Board

FROM: Ron Fralick, Planning Manager

DATE: April 15, 2013

SUBJECT: Temporary Use Permit (Application TUP-13-03)
(Reimund Schoenherr – owner/Rolf von Andrian – agent)

LOCATION: In the vicinity of June Springs Road, Myra-Bellevue Provincial Park and adjacent to the City of Kelowna (Central Okanagan East)

LEGAL: The South 1/2 of Section 36, Township 29, ODYD

RECOMMENDATION:

THAT Temporary Use Permit (Application TUP-13-03) for Reimund Schoenherr – owner and Rolf von Andrian – agent be conditionally approved subject to the following:

- Registration of a Statutory Right-of-Way for trail access within six months from date of issuance of the temporary use permit, as per the comments from Parks staff;
- Approval of a Development Permit is required prior to any land alteration or disturbance which addresses Aquatic Ecosystem; Sensitive Terrestrial Ecosystem, Hillside and Wildfire Development Permit Area Guidelines of the South Slopes OCP, as per comments from the RDCO Environmental Planner and the EAC;
- Applicant to obtain a Business license and Building Permits must be applied for and obtained from the RDCO for all proposed buildings and structures;
- Confirmation from the Province that the Crown land access has been addressed (File: 3409943);
- Confirmation that all issues of the Ministry of Transportation and Infrastructure have been addressed including issuance of an access permit;

THAT the applicant provide an update in writing to the Community Services Department six months after issuance of the permit confirming that all of the conditions of the Temporary Use Permit have been addressed and are being adhered to;

AND THAT the Temporary Use Permit shall expire in three years and all uses temporarily authorized by the Permit shall cease upon expiry of the Permit, unless otherwise authorized.

B.

Purpose:

To consider issuance of a Temporary Use Permit in order to establish an outdoor recreational ropes course/zip line business on a portion of the subject property.

IMPLICATIONS OF RECOMMENDATION:**Legal/Statutory Authority:**

In accord with Section 791 of the Local Government Act (Voting on Resolutions and Bylaws), all resolutions must be decided by a majority of the votes cast, and in accord with all applicable provisions. As consideration of Temporary Use Permits is consistent with the South Slopes OCP, and the property is located within a designated Fringe Planning Area, voting on the permit lies with the Electoral Area Directors and Kelowna Fringe.

Organizational:

The application was submitted and processed in accordance with requirements of RDCO Application Procedures Bylaw No. 944.

Strategic Plan:

The RDCO Strategic Plan Vision 2020 – Planning for the Future document articulates the need for the region to have a diverse economy and a region with strong cultural and recreational opportunities.

Policy:

Policies of the South Slopes OCP Bylaw No. 1304 applicable to the proposal include;

- Support tourism and related businesses in South Slopes that complement the existing parks and their permitted low-impact (non-motorized uses).
 - Support the Strategic Plan of the Economic Development Commission and its three key objectives of business retention, business attraction, and business facilitation.
 - Provide for an overall connectivity of natural open space and parkland between the RDCO, City of Kelowna and Crown lands in the South Slopes area.
-

BACKGROUND:**Project description:**

The applicant is requesting issuance of a Temporary Use Permit in order to allow an outdoor recreational ropes course/zip line business on a portion of the subject property. The business will provide an outdoor based activity site for families with children of all ages as well as for leisure and corporate groups, including school classes.

The business will utilize an approximate 8 ha (20 acres) portion of the 129 ha (320 acre) property and will include a ropes course area (40 elements), two zip-lines, and a parking area. No permanent buildings are proposed at this time and portable toilets will be used for staff and customers. The park will operate with virtually no negative environmental impact. Existing trees on site are a valuable asset to the business and are protected. Extensive information regarding the proposal is provided in the attached document 'Myra Canyon Ropes Course Kelowna' submitted by the applicant.

Site Context:

The property is accessed via a Crown land parcel to the west (License of Occupation). The applicant is in process of securing the appropriate amendment and tenure from the Province for the access. In conjunction with the Temporary Use Permit, the applicant will also be required to address the Environmental Development Permit provisions of the South Slopes Official Community Plan, Bylaw No. 1304.

In accordance with the Local Government Act, the applicant is requesting issuance of a three-year permit. It is the intent of the applicant to obtain approval and establish the business while continuing negotiations with the property owner for a long term lease and/or purchase of the property. The proponent is aware that a permanent remedy must be accomplished via submission of, and approval of an OCP amendment and rezoning application.

Additional Information:

Owners:	Reimund Schoenherr
Applicant/Agent:	Rolf von Andrian
Address:	4675 June Springs Road, Kelowna, B.C., V1W 4C8
Legal:	South 1/2 of Section 36, Township 29, ODYD
Lot Size:	129.5 ha (320 acres)
Zoning:	RU1 Rural 1
OCP:	Rural Resource
Existing Use:	Proposed ropes course/zip-line area is vacant
Sewage Disposal:	Portable toilets
Water Supply:	Well
ALR:	Not within the ALR
Fire Protection:	Kelowna Fire Protection Agreement Area
Surrounding Uses:	North: City of Kelowna lands South: Myra – Bellevue Provincial Park East: Vacant Crown lands West: June Springs Road/Rural residential

AGENCY REFERRALS:

Environmental Services staff indicate that their interests are unaffected by the application.

Parks Services has reviewed the referral (TUP-13-03) and have the following comments:

- Parks Services has had ongoing interests in the KLO Creek corridor for recreation purposes. We are interested in the KLO Creek corridor continuation through the subject property. The trail connection would provide important trail connectivity between Scenic Canyon Regional Park, KLO Creek Park and Myra-Bellevue Provincial Park.
- The KLO Creek trail corridor and trail connectivity to parks and greenways is supported in the South Slopes Official Community Plan, Bylaw No. 1304, 2012.
- The City of Kelowna 2030 Official Community Plan and the City of Kelowna Linear Park Master Plan identifies and supports the trail connectivity in the KLO Creek corridor with other trails and parks, such as Scenic Canyon Regional Park, Mission Creek Greenway, Powerline Linear Park and the SEKID Irrigation Flume Trail.
- Parks Services requests the Regional Board consider the recommendation to secure a trail connection through the subject property, via a registered statutory right of way, as a condition of the Temporary Use Permit application (TUP-13-03).

Parks staff would be in agreement to allow the applicant six months, from the time of TUP approval, to address the above noted SRW condition.

Environmental/Land Use Planner indicates approval of a Development Permit will be required prior to any land alteration or disturbance which addresses Aquatic Ecosystem; Sensitive Terrestrial Ecosystem, Hillside and Wildfire Development Permit Area Guidelines of the South Slopes OCP. The following is recommended;

- Required development approval information for the Development Permit which will include an Environmental Impact Assessment (EIA) and may include a wildfire hazard assessment and geotechnical study.
- Confirmation that approvals have been received for road access across Crown land for both the west and east sides of KLO Creek.
- Provision of adequate fire protection/suppression on site.
- Removal of the improvements if the business ceases to operate with the site restored to original condition.
- The EIA is to specifically address the provision of wildlife corridors and ecosystem connectivity with interfacing Crown lands and especially between parks (note – this is from the OCP and supports the parks recommendation).

Environmental Advisory Commission (EAC) reviewed the proposed at their April 4, 2013 meeting and the following resolution was passed;

THAT the Environmental Advisory Commission sees the proposal as a low impact and complimentary land use of the property that fits well with the proximity to the parks and the KVR trestles. EAC supports the Temporary Use Permit application with the following conditions:

- Obtain appropriate road use permits;
- Demonstrate approved access to the east side of KLO Creek, in particular access to allow construction and include restrictions to recreational vehicles;
- Provision of the required Environmental Assessment and Geotechnical Report; and
- Removal of the improvements (i.e. the zipline) if the business ceases to operate with the site restored to original condition.

Inspections/Bylaw staff advises that the applicant will be required to obtain a Business License and that Building Permits must be applied for and obtained for all proposed buildings and structures.

Interior Health advises that their office has no objection to the issuance of a Temporary Use Permit however, IH notes the following;

- As the proposed activity will be near and crossing over KLO Creek which serves as a drinking water source for downstream water users, close regard should be given to following best practices in protecting the watershed and streams within it from activities which could impact water quality negatively;
- Proposed portable toilets for on-site washroom facilities will be acceptable provided they are well maintained and do not create a health hazard;
- Should the applicant wish to use any existing water system at the site or construct a water system to provide water for public use, they must contact IH regarding the necessary approvals and permits to ensure compliance with the *Drinking Water Protection Act & Drinking Water Protection Regulation*.

City of Kelowna indicates that the proposal will have minimal impact on their interests. Based on comment from their Engineering Traffic Technician, if the traffic volumes per day reflect what the applicant has indicated (approx. 35 vehicles per day), then there are no anticipated negative impacts to June Springs Road. June Springs Road has the capacity to deal with the anticipated volumes and is already used as an access to the Kettle Valley Railway (KVR).

Ministry of Forests, Lands, and Natural Resource Operations (Ecosystems Section) notes that the development is subject to the provincial Riparian Areas Regulation (RAR) as the proposed zip-lines traverses and includes structures in close proximity to KLO Creek, which provides habitat for rainbow trout.

The RAR assessment will define the required Streamside Protection and Enhancement Area (SPEA) setback for the property, which must be determined prior to development. RAR assessments must be completed by a qualified environmental professional (QEP) following the provincial RAR guidelines. Any works proposed within KLO Creek will require approval or notification under the provincial *Water Act* and may be subject to review or authorization under the federal *Fisheries Act*.

Ministry of Forests, Lands, and Natural Resource Operations (Crown Land Adjudication Section) has requested that the Regional District make approval of the TUP application subject to completion for the Crown land access (File: 3409943).

Ministry of Environment (BC Parks Planning Section) notes that the proposal is located on a lot that immediately borders Myra-Bellevue Provincial Park. The proponent should be advised that human activities in the vicinity of a provincial park can strongly affect its habitat and recreation values. The Ministry encourages the proponent to familiarize themselves with the values of Myra-Bellevue Provincial Park in order to limit impacts to the valuable resources of the park.

RDCO Planning staff believes that the concerns of the Ministry of Forests, Lands, and Natural Resource Operations and Ministry of Environment will be addressed in conjunction with the required Environmental Development Permit and associated environmental impact assessment that must be completed, in addition to the requirement for a trail connection identified by Parks staff.

Westbank First Nation (WFN) advises that they have reviewed the information provided. Based on this information, WFN has no objection to the proposal.

Ministry of Transportation and Infrastructure has not provided a formal response to date. Planning staff believe that the applicant may be required to obtain an access permit from the Ministry for the intended commercial use accessing onto June Springs Road.

South East Kelowna Irrigation District (SEKID) has indicated that their interests are unaffected by the proposal.

ALTERNATIVES:

Should the Board choose not to support the staff position, the following alternate recommendation is provided;

THAT Temporary Use Permit TUP-13-03 not be approved.

CONCLUSION:

The South Slopes Official Community Plan indicates that temporary use permits may be considered by the Board to allow specific land uses to occur for a short period of time (change in legislation subsequent to 2008 allows approval up to a maximum of 3 years). Policy of the OCP stipulates that the use must be temporary or seasonal in nature and the use must not create an unacceptable level of negative impact on surrounding permanent uses.

The temporary permit may include conditions such as, but not limited to; the buildings to be used, the area of use, the hours of use, appearance, site rehabilitation, and the holding of a security by the Regional District to ensure compliance.

Provided that all technical issues of affected agencies and the RDCO are addressed, the proposal represents a relatively low-impact recreational use that is compatible with other land uses in the South Slopes area. The parks recommendation for a statutory right-of-way would provide important trail connectivity between Scenic Canyon Regional Park, KLO Creek Park and Myra-Bellevue Provincial Park which is supported in the South Slopes Official Community Plan.

In accord with provision of the Local Government Act, notice of this application was published in the local newspaper. In addition, a Notice of Application sign was posted and notification forwarded to all property owners located within 100 metres of the subject property.

Further to the public notification process, one letter has been received from the owners of 4662 June Springs Road opposing the application. While they commend the von Andrian family for the initiative, they have concerns associated with the increase of traffic on June Springs Road, fire risk, and garbage/trespass that will result from the proposed business (copy attached).

Planning staff note that the applicant was made aware of potential issues that may be raised by area residents. As such, the applicant forwarded information letters to area residents and an open house was held prior to submission of their application. As noted in the application submission, the proponent has been working toward addressing all technical issues and areas of concern regarding the ropes course/zip-line business.

In recognition of the aforementioned comments, Planning staff recommends that the Temporary Use Permit be conditionally approved as per the 'Recommendation' at beginning of the report.

This is for your consideration.

Submitted by,

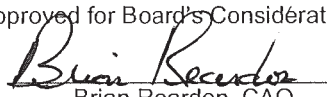

 Ron Fralick, MCIP, RPP
 Manager of Planning


 Chris Radford
 Director of Community Services

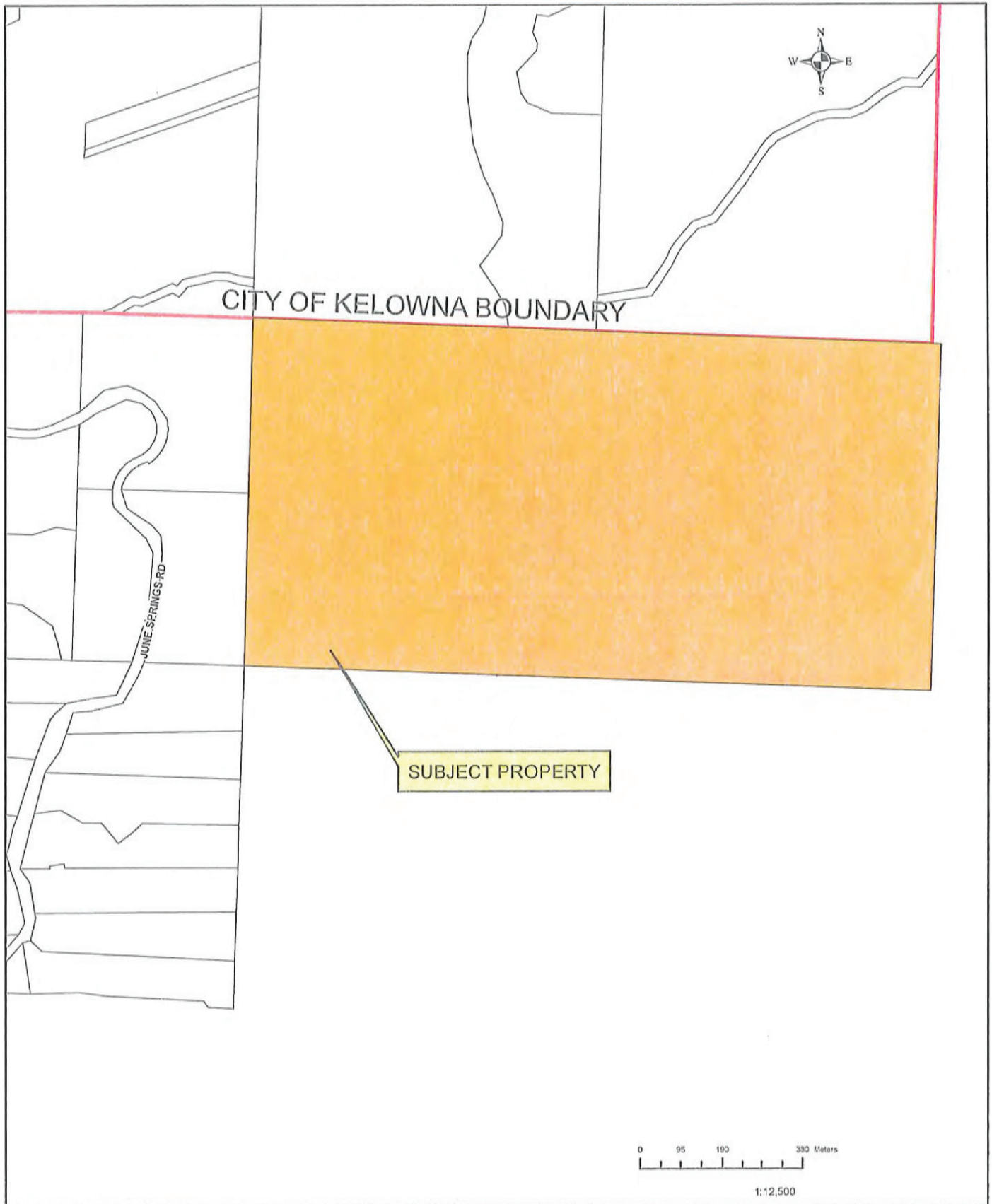
Considerations not applicable to this report:

General
 Financial Consideration

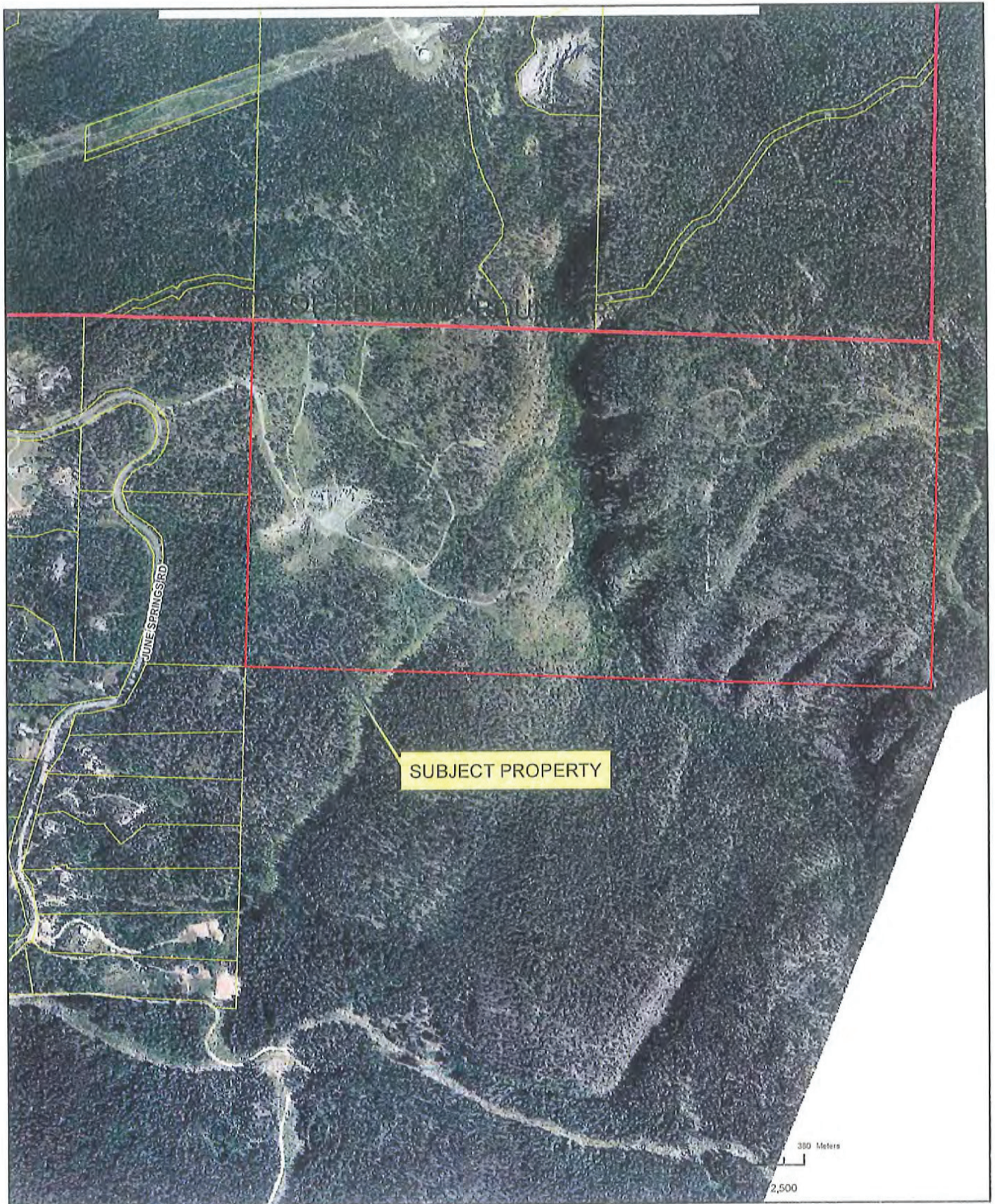
Attachments: Subject property & ortho photograph map
 Location, neighbour & site details maps
 Myra Canyon Ropes Course submission
 Abstract to Main Document
 Letter of Opposition (D. & L. Dalglish)

Approved for Board's Consideration

 Brian Reardon, CAO

SUBJECT PROPERTY

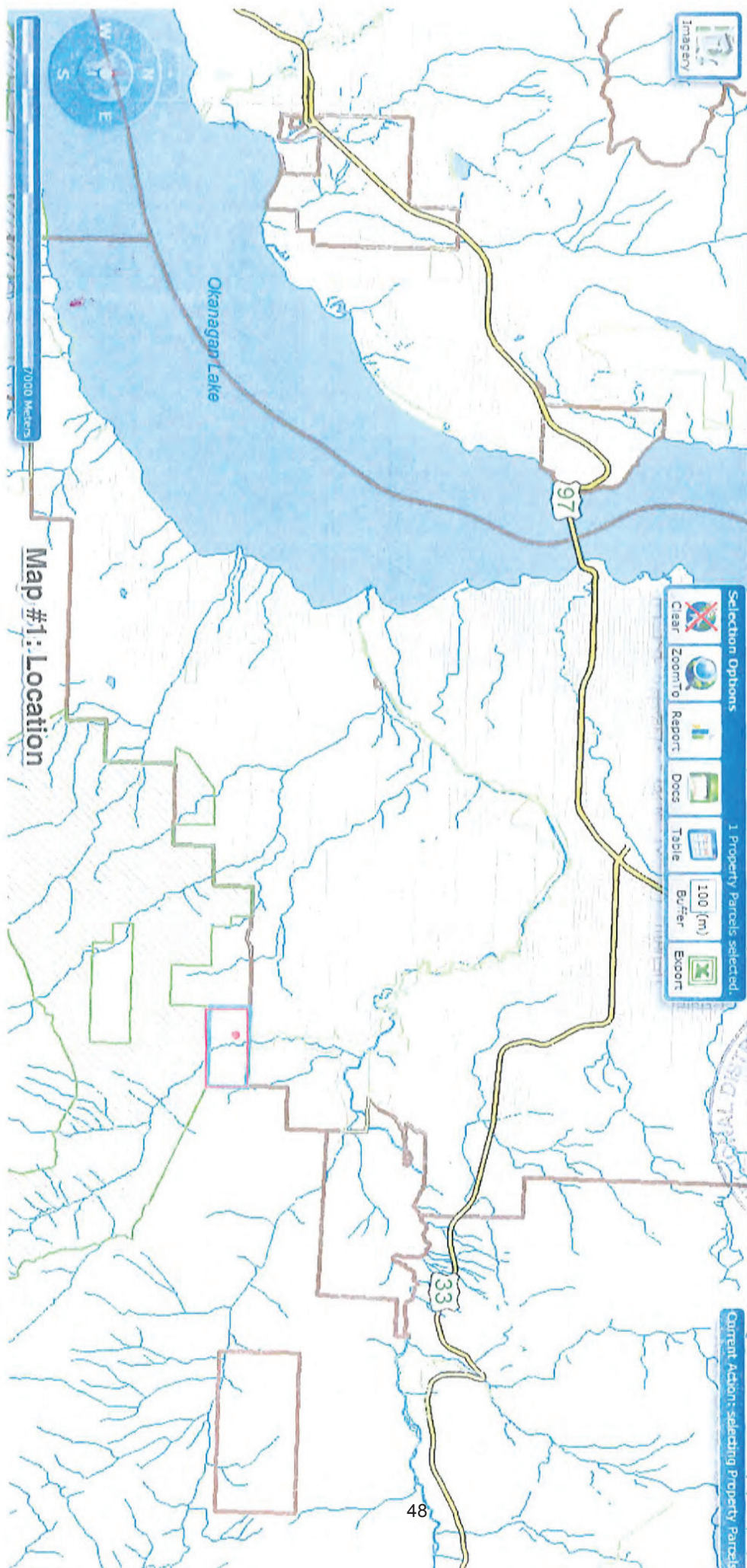


ORTHOPHOTO





Regional District of Central Okanagan Geographic Information System v2.11





Regional District of Central Okanagan

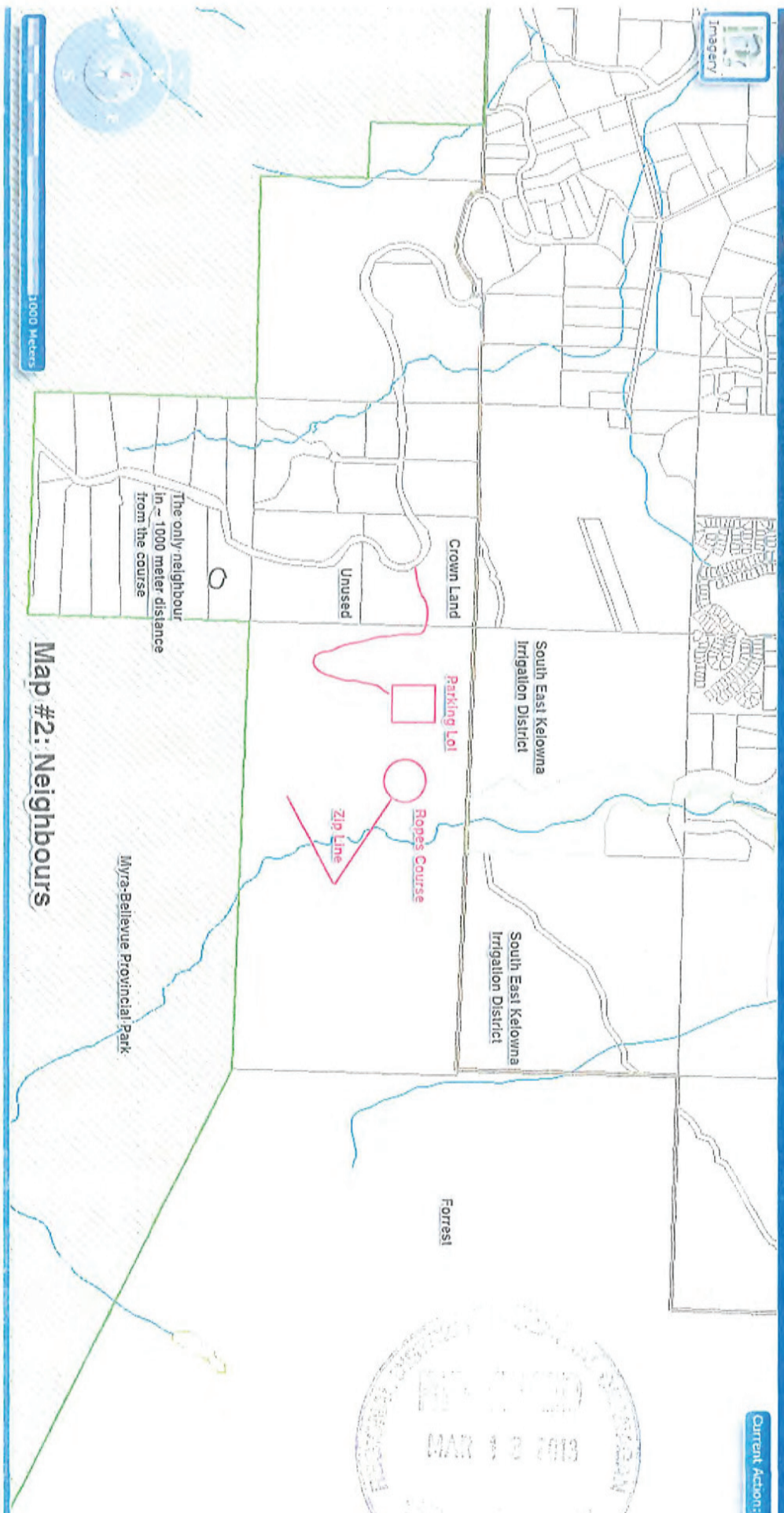
Geographic Information System v2.11

Map Tips (pop-ups): off

Bookmarks Select Pan Search Maplayers Extras

Sign In

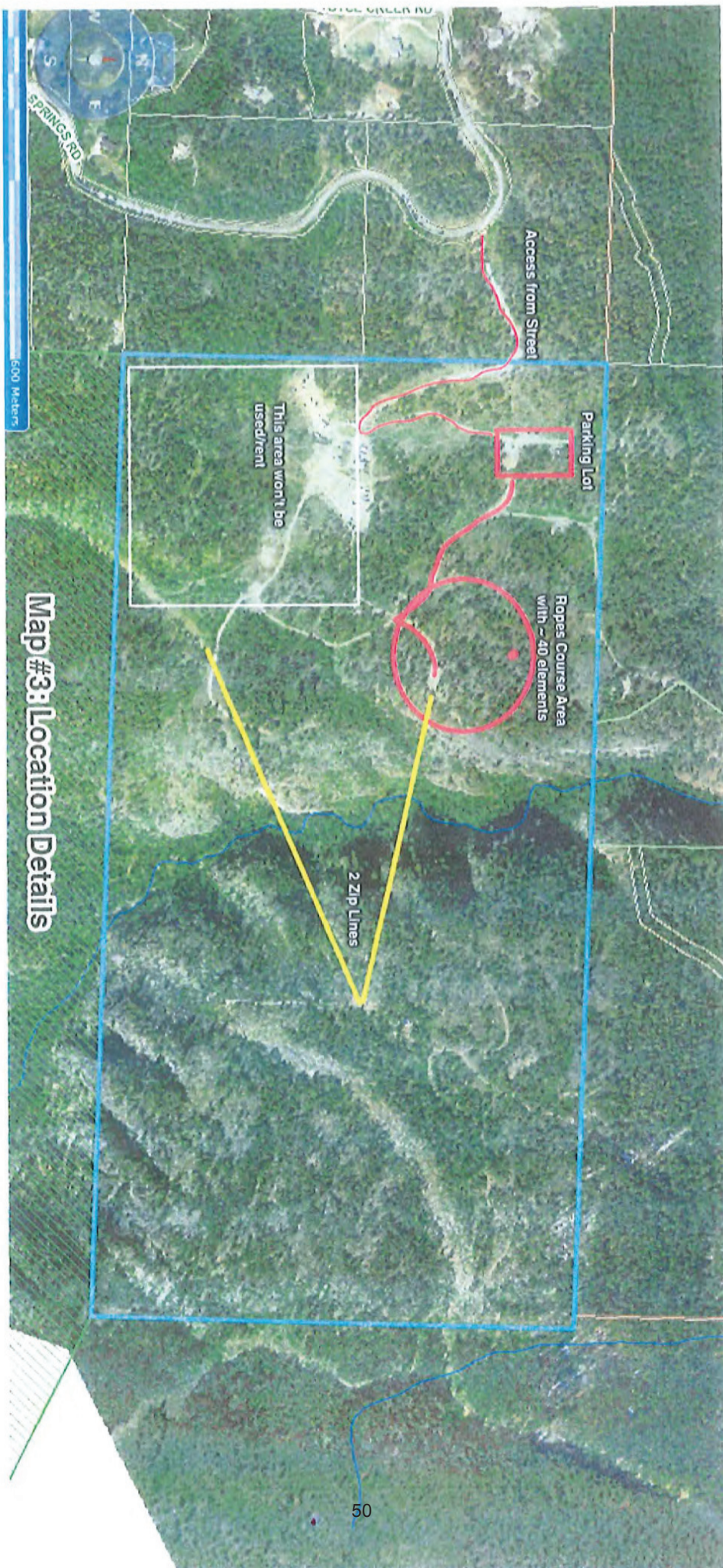
Current Action: panning the map



The only neighbour
in ~1000 meter distance
from the course

Map #2: Neighbours

2



Map #3: Location Details

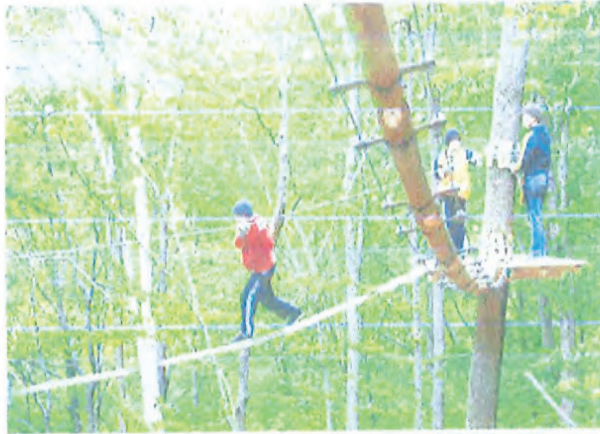


Application for Temporary Commercial or Industrial Use Permit

Abstract to the Main Document

Find here the core points taken from the main document 3.- 7.:

1. The application for a commercial usage is for a ropes and challenge course with zip line add on. Focus of the course is team building and personal development.
2. The business concept is different to the competing ropes courses and zip lines.
3. The applicants are a German family with 4 children and immigration with the Provincial Nominee Program for entrepreneurs. They are obliged to invest money and create jobs within the first 2 years.
4. The business idea is pre-discussed with local stake holders like the former Mayor and the CEO of Tourism Kelowna.
- 5 The property is at 4429 June Springs Rd. and has its "history" with Hells Angels, grow-op, shootings and fire. It is unused at present. It has 320 acre and spans over the lower part of the KLO creek. We are renting parts of the property.
6. The commercial use takes place at an area with about 20 acres at the northern border next to the canyon and in addition with 2 zip lines over the canyon.
7. There are no neighbours in sight or within a hearable distance.
8. No permanent buildings are necessary on the property. The existing ones won't be used.
9. The traffic impact along the access way is about 10 cars per day Monday to Friday and 25 cars on Saturday and Sundays. Business months are from May to October.
10. We did an open house and information letter for all neighbours and the public to explain the project and hear possible concerns.
11. Relevant local officials have been met upfront before submitting this application.



Myra Canyon Ropes Course Kelowna

RDCO Application for Temporary Use Permit



Kathrin and Rolf von Andrian
4675 June Springs Road
Kelowna, B.C. V1W 4C8
T: +1 250 899 0238
rolf@andrian.name

CONTENT:

1. Executive Summary Business Plan	3
2. Relevant Excerpts From The Business Plan With Background Details	6
2.1. The Team.....	6
2.2. Business Environment And Products/Services	7
2.3. Marketing And Sales	11
3. Specific Location Of The Proposed Activities	14
4. Frequency And Seasonal Timing Of The Proposed Activity	14
5. Location And Size Of Proposed Facilities/Structures	15
6. Access Route To The Site / Traffic	16
7. Pre Meetings with officials/Stake Holders	17
8. List Of Experiences Qualifications And Special Training Of All Staff Involved; Security	17



PRELIMINARY NOTE

The following document contains under point 1 and 2 parts of the official business plan submitted to the Province of British Columbia in the process for business immigration with the Provincial Nominee Program. It got approved and signed in March 2012. Rolf von Andrian, the applicant, signed a so-called "Performance Agreement" with the Province of B.C. and agreed to create at least 3 full time jobs and to invest a certain amount of money within two years. If of any interest the full business plan can be provided at any time. Point 3 to 8 cover the requirements of the temporary use permit.

1. EXECUTIVE SUMMARY BUSINESS PLAN

PRODUCT, MARKET AND COMPETITION:

Myra Canyon Ropes Course (MCRC) is a start-up business and will render an additional activity venue to the tourism market in the Okanagan Valley. It provides an outdoor based activity site for families with children of all ages as well as for leisure and corporate groups. It will attract additional visitors to the Okanagan Valley. Ropes courses contain small platforms constructed at various levels in the trees. The platforms are connected by different types of bridges (that are to represent obstacles) and participants, using safety harnesses, maneuver from platform to platform. The parks operate with virtually no negative environmental impact and the trees (the most important assets) are well taken care of and protected.

Kelowna counts about 1.2 Mio visitors per year and roughly 1 Mio overnight stays. Tourism statistics show that the majority chooses Kelowna due to its climate and the many nature-based activities. Over two thirds (71%) of visitors to the Okanagan Valley were travelling for leisure and 60 % rate nature-based activities as primary interest. In total visitors to the area approximately spend \$346 million per annum in the region. BC studies of 2001 showed that on average nature-based businesses generated \$632 per client day.

Target market are individuals, families and visitor groups from packaged tour operators or companies. Our research showed a market demand for a nature-based activity which does not take too much time and is short distanced to the lake and the main lodging establishments. A ropes course is attractive as an alternative activity to golf, winery tours or water-based tourist offers.

MCRC offers a nature-based activity for customers of all ages at a prime location. In the first year it will start with a course with about 40 challenge elements running at medium and high level including 2-3 zip lines. Additionally it will offer a course with low elements for smaller children and more cautious customers thus being well-suited as entry level and to gain confidence. Next to this recreational part of the course we will offer an educational program to groups and companies/departments. Here the focus lays on team building and personal development. These groups will be supervised/attended/coached by dedicated trainers who will lead them through a set of special challenges with a high level of group interaction.

MCRC competes with the many activities in the valley like golf, biking, water-based etc. and first and foremost with two zip lines and another ropes course. Pure zip lines are more an allure to the thrill-seeking customer and offered at steep. Their prices are on a much higher level. This is an excluding factor for many visitors. We see our advantage in the fact that literally everyone is able to take part in a ropes course with zip lines as add-ons as it offers all possible challenge levels. The location both, close to the city/lake and to the Myra Canyon/Kettel Valley Railway Trail makes it attractive for visitors to combine it with other activities. From interviews with regional officials we learned that a ropes course would perfectly fit into Kelowna's tourism portfolio not only for private users and families but also for companies and groups. The nearest comparable ropes course opened in July 2012 at Hwy. 33 on the way to the Big White Ski Arena. They follow a different concept, though.

LOCATION AND PROJECT EXPENDITURES:

A location should be within a 30 minutes' drive to the lake and situated in a forest with a view over the valley. The necessary size of the land is 6-10 acre with healthy trees. We have been in discussions with the municipality of Kelowna and the Regional District of Central Okanagan (RDCO) about locations along the so called "South Slope", a region Southeast of Kelowna. From the planner table of the city of Kelowna and also from the manager of district planning we got the signal that the concept is well received. The location at 4429 June Springs Rd. fulfills all requirements.

A Canadian ropes course/zip line constructor did the pre-planning and developed a quotation for constructing and building of the course. He has planned and build nearby zip lines and is familiar with the local requirements. Except the land this is the main expenditure and contains the many challenge elements and the two zip lines which get build into the forest.

OWNERSHIP, ROLES AND NEW JOBS:

The owner of MCRC will be Kathrin von Andrian, a sports teacher and trainer, and Rolf von Andrian, a lawyer and IT professional with lifelong outdoor sports background. For more than twenty years Kathrin has been working as a sports trainer and PE teacher at various schools and for associations and companies. Her profound and vast professional experience is one of the main assets for this business. Kathrin has given countless seminars and courses in many indoor/outdoor sports. For many years Rolf had been working for consulting companies such as the Boston Consulting Group and KPMG. In addition to his consulting job he worked as skiing instructor and mountain guide in the Alps in Europe. Rolf brings his consulting and economic experience into the business. Working as the managing team both owners can most perfectly combine their experience and skills in order to cover the different challenges of the business.

The legal structure will be a corporation with an allocation of 50% shares per owner. We both will actively work and manage the business. Rolf will have joint managing responsibility for daily operations and Rolf will take care for all legal, human resources, accounting and back office tasks and the inspection and maintenance of the course. A yet to be hired assistant manager will be key staff for daily operations and group trainings. MCRC will create at least five new jobs for outdoor/ropes course guides and trainers with educational background for team-building and personal development. The number of employees will increase in the following years.

SOURCES AND FINANCING:

A ropes course is a seasonal business from May to October depending on the weather. Both the owners will invest private funds of \$300,000 (Rolf: \$250,000, Kathrin: \$50,000) in the construction and another \$100,000 as cash flow capital for the first year.

BUSINESS OPPORTUNITY SOURCE:

Ropes courses have gained high popularity in Europe within the last years. In the vicinity of main tourist spots and bigger cities there are opening new ropes courses every year. Friends of ours are developing and constructing ropes courses and from them we learned about the industry and the market. We have met local officials to present our plans and got very positive feedback.

REFERENCES:

"I was pleased to meet with Kathrin and Rolf von Andrian recently in my office regarding their vision of a business venture they would like to bring to the Okanagan in British Columbia. They were very articulate, had researched the

project, and were very enthused about relocating to a new country. The high rope/ challenge park is apparently a very accepted concept in Europe and would certainly be a unique and exciting addition to our community. I understand that they are already pursuing a site and are doing their due diligence in what will be required to implement their plan. I wish them well and look forward to a positive outcome in their pursuit of this new business to our region."

Sharon Shepherd, Mayor of Kelowna 2011

"The Kelowna destination brand revolves around healthy outdoor experiences and an attraction of this magnitude and quality would be a tremendous addition to our current tourism assets."

Nancy Cameron, CEO, Tourism Kelowna

"The high rope course/challenge park proposed by Kathrin and Rolf von Andrian will fit nicely into the business community of the Okanagan. This region is recognized as a year-round playground; and, this type of initiative fits well into this environment."

Weldon LeBlanc, CEO, Chamber of Commerce Kelowna 2011

2. RELEVANT EXCERPTS FROM THE BUSINESS PLAN WITH BACKGROUND DETAILS

2.1. THE TEAM

MANAGEMENT TEAM PROFILE & OWNERSHIP STRUCTURE

Myra Canyon Ropes Course is a start-up business being incorporated in Kelowna, BC, Canada, with the business name Androka Hospitality & Activities Ltd.

1. Kathrin von Andrian, Owner/Operator, 50 % shareholder.

Job Description: Responsible for ensuring that the business earns a profit and generates sufficient cash flow. Oversee all aspects of the business. Runs daily operation and organization. Kathrin is the primary contact for customers.

Qualifications: Diploma of Technical University of Munich, Germany as a sports trainer and teacher. 20 years of experience in teaching PE and as trainer of various kinds of sports with dedicated trainer qualifications.

2. Rolf von Andrian, Owner/Operator, 50% shareholder.

Job Description: Responsible for set-up and maintenance of the ropes course in all aspects. Takes care of legal, tax and accounting matters. Runs back office, general organization and recruiting/human resources. Runs daily operation.

Qualifications: Law degree of Ludwig-Maximilian University Munich, Bar exam. 15 years of practice as consultant in the IT business, law practice and forensics. Former employers are The Boston Consulting Group and KPMG. Outdoor and sports background as a skiing instructor and outdoor enthusiast. Kathrin and Rolf are the parents of four children, aged 13, 15, 18 and 20.

HUMAN RESOURCES REQUIREMENT

For the daily operation of the business there will be need of a constant presence of 3–5 people. Rolf von Andrian will manage the business and will be primarily present during the business hours. In addition to Kathrin von Andrian we will need three FTE on a permanent basis supporting Rolf von Andrian. This does not cover peak times at the weekends or during high season weeks in July/August, when we will need more staff on a freelance basis.

A ropes course is a seasonal business and annual working hours are calculated with a 10 hours working day per FTE in 26 weeks from May to October. At the beginning and at the end of season the course will be closed for one or two days each week. Depending on the weather some additional weekends in spring and late autumn will be offered. Considering the factors mentioned above the total amount of working hours per FTE ranges between 1800 – 2000 per year with a season break in winter time.

2.2. BUSINESS ENVIRONMENT AND PRODUCTS/SERVICES

BUSINESS SUMMARY & HISTORY

Myra Canyon Ropes Course will render an additional activity venue to the tourist attractions of the Okanagan Valley. It provides an outdoor based activity for families with children of all ages as well as for tourist and company groups. We brought the idea with us from the German tourism market, where this kind of business is strongly evolving in the vicinity of cities and tourist destinations. It offers fun, sport and educational experience with a “green” touch, which fits well in Kelowna’s tourism portfolio.

Our target region is called "South Slope" and is located along Kelowna's city border at the East side close the Myra-Bellevue Provincial Park. From the planner table of the city of Kelowna and also from the manager of district planning we got the signal that the concept is well received and supported. The ideal location is along the access roads to the Myra Bellevue Provincial Park. A Canadian ropes course/zip line constructor from Kelowna did pre-planning and a quotations for construction as well as erection of the course. An insurance broker already made us an offer for coverage.

PRODUCTS IN THE INDUSTRY

A ropes course or challenge course is a series of individual and group challenges, posing physical, social and emotional challenges that require a combination of teamwork, skills and individual commitment. Challenge courses are constructed outdoors using trees or utility poles and ropes, cables and wood. High elements require a person to climb higher than can be safely spotted from the ground and demand a belay system to protect the participant. Low elements are partly non-belayed activities below shoulder height, which focus on a set goal within a supportive group environment. Low elements can be removable. Initiative tasks challenge the group to make use of all its resources in order to solve a problem given (or set). Initiatives can use permanent or portable equipment either indoors or outdoors. Challenge courses are installed in wide variety of places – schools, camps, park districts, and outdoor education and corporate training centers. A ropes course exclusively in a forest is also known as aerial forest park and it has become a very popular experience for outdoor enthusiasts of all ages in Europe and the US.

Ropes courses are to be distinguished from so-called zip lines or canopy tours. Zipline/Canopy tours were originally an outgrowth of techniques developed by biologists seeking to study the ecosystems of the Tropical Rainforest. Observation posts and transportation routes through the canopy were established by several means, including Tyrolean traverses and zip lines, rope ascension devices, towers and cranes, suspension bridges, etc. zip line/Canopy tours now operate primarily as vehicles for recreation and amusement: the thrill of the ride is the principal attraction. Such courses typically feature an interconnected series of traverses and crossings over a route that runs above a sloping forest floor, valley, ravine, or canyon.

Ropes courses are either recreational or educational/developmental. For the most part a recreational facility is designed for a very high throughput of people with an emphasis placed on reducing the need for supervisory staff. Although a recreational ropes course can sometimes be used for developmental purposes, the reverse is less true because restricted throughput generally

makes recreational use commercially unviable. All together, a higher fee is charged for those on a developmental programme so a higher level of supervision and slower throughput is more acceptable. Recreational applications rely on a high volume of participation and will offer developmental programmes as separate and additional product.

TOURIST INDUSTRY OF CENTRAL OKANAGAN

Statistics Canada estimates that there was a total of 1.2 million non-local residential visitors to the Kelowna area in 2004, 1 million (83%) of which staying there overnight with the rest being day visitors. Each visitor to the Kelowna area spent an average of \$425 during his/her stay on accommodation, retail, food and beverage, attractions, and other expenditures. In total, it was estimated that visitors to the area spend approximately \$346 million per annum. The tourist sector in the Central Okanagan exhibits significant seasonality. Roughly two thirds of revenue is earned during the seasons of spring, summer and fall. July and August are the key revenue months.

OUR PRODUCT/SERVICES

MCRC offers a nature-based activity for customers of all ages at a prime location. In the first year it will start with a course with about 40 challenge elements which are integrated as best as possible into the trees and running at medium and high level. In addition to that the course will offer low elements for smaller children and cautious customers in order to encourage them to build up more self-confidence. Climbing the course will give our customers the feeling of being part of the surrounding forest and offer an unforgettable top-view down into the valley. The focus lays on a nature-based activity for the complete family and also for groups with different skill levels. The rating of the course ranges from very easy up to really hard, so undoubtedly everyone is capable of climbing on his/her level. Timeframe for a standard customer climbing the course is about 2-3 hours, which makes it a good half-a-day excursion. In the second year of operations we will raise the amount of elements in an extended course.

Part of the ropes course will be 2-3 zip lines spanning over the KLO canyon. We see these zip lines as an extension of the course and not as dedicated zip line activity as our competitors offer. Therefore the zip lines will be integrated in the ropes course.

In addition to this recreational part of the course we will offer an educational product for groups and companies/departments. Here the focus lays on team-building and personal development. This product needs a dedicated guide or trainer with a high professional level of education and experience. This track is

specially set up for this type of clientele and separated from the recreational part the other visitors enjoy to use.

Driving distance from downtown Kelowna is about 20 min. The location nearby the Kettle Valley Railway Trail as one of Kelowna's tourist attractions makes it easy to combine a ropes course visit with other activities.

SECURITY

MCRC will be equipped with a so-called "permanent belay system" of a French industrial systems provider for security. This system uses a set of two carabiners running on a safety wire. It is absolutely impossible to unhook both carabiners at the same time. At least one safety hook is always firmly anchored. This system ensures a maximum security even for small children. We invest in this expensive technology to guarantee the maximum security. The overall security standards will be at the highest available level and will be certified by acknowledged standards by the Association for Challenge Course Technology (ACCT) and/or the European counterpart European Ropes Course Association (ERCA). Both organizations have developed accredited standards and guidelines for the installation, inspection and operation of ropes courses. Insurance companies offer coverage only for certified courses.

COMPETITORS

The nearest ropes course with a similar concept is located at Hwy. 33 about 30 minutes from downtown Kelowna and opened in July 2012. They are located at a RV park with a restaurant and a bar and seem to follow more the concept of an entertainment park. Their construction uses many poles and focuses on the recreational and fun element like a huge "King-Swing".

In contrast to that MCRC will focus on the experience of the forest and the quietness of the location. We want our clients to have the feeling of being part of nature and absorb nature from the perspective of a squirrel, so to speak. Our main client group are groups with team trainings and personal development.

In the Okanagan valley, within 30 minutes from Kelowna, there are two zip lines that started their operation in 2011. Zip lines like bungee jumping offer much "adrenaline-adventure" for thrill-seekers. Prices are about 2-3 times higher (\$80-\$100) than the ones for ropes courses (\$30-\$40). There is usually either an age limit or underage customers are only permitted with a guarding coach by their side. High prices and the requirement to be quite courageous are little attractive to larger families and groups or people with special needs because it is nothing that can be done easily by everyone. For that reason we concentrate the concept of the ropes course with a zip line extension in that niche: A nature-based adventure for everyone.

Considered to be competitors could count the numerous small ropes courses in youth camps and similar locations. They offer a very small set of elements and are rarely built in trees. Adults usually don't visit these camps as they are for students and the primary focus is on team-building and education. This is why they are no immediate competitors. In the vicinity of Kelowna only one camp offers that kind of a ropes course with a few elements and built with poles. It is part of a scout and youth camping site and not accessible to the public.

2.3. MARKETING AND SALES

CUSTOMER GROUPS IN THE MARKET

Divided in segments there are the following customer groups as targets for MCRC:

1. Individuals, families with children of all ages and small travel groups wishing to enjoy a nearby nature-based activity, which can be done together and everybody finds his level of challenge.
2. Students, seniors or package tourists etc. who mostly travel in groups and seek a one-fits-all activity close to the touristic hot spots at the lake.
3. Company/institutions incentives and convention participant groups. These groups are also a target market for team-building and personal development services.
4. Casual visitors, partly as drop-by customer to the nearby Kettle Valley Railway Trail.

SERVICES/PRODUCTS

The following services and products will be part of our opening season:

1. Recreational: Medium and high courses with 40 – 50 challenge elements. They will have different combinations and alternative routes.
2. Recreational: A low course for small children and people with special needs.
3. Educational: Special team-building elements in small distance to the main courses.
4. Recreational and educational: Packaged services
5. Merchandising products: T-shirts with logo etc.

SALES PLAN

Primary sales channel is the awareness level in the regional tourism market. This will be established through participating in the local and regional tourism platforms. Although the location is near the Myra-Bellevue Provincial Park and on the way to the Kettle Valley Railway Trail official parking space there are not many visitors driving along because the primary access to the trail comes via another road. MCRC makes this access more attractive with a combined excursion possibility.

DIRECT SALES

MCRC will be open for everyone dropping in without prior booking over the season from May to the end of October. The members of the visitor information center will have all necessary information to send interested visitors to the MCRC. Local hotels and convention centers will also act as promoters and will be equipped with information material. A preliminary website is already online: <http://www.ropescourse.ca>.

INDIRECT SALES

Group bookings and distribution will be done in cooperation with travel traders, meeting planners and the local Tourism Kelowna office. Organized groups and conventions can choose from a vast variety of activities, with golf and water-based ones being the most popular. When planning for groups often one or the other does not play golf, which leads to the demand for additional activities nearby. We learned from Nancy Cameron, CEO of Tourism Kelowna, that a ropes course visit will be a very good supplement to these activities and can be offered also in spring and autumn, when water based activities have lost their attraction due to the change in weather. These group bookings will be served with an indirect sales channel using the visitor information center and meeting planners as distributors.

Indirect sales will be also established as environment for external trainers and companies HR development center, where the training should remain internally in the hands of a certain trainer. In these cases MCRC will act as training environment with all infrastructure components.

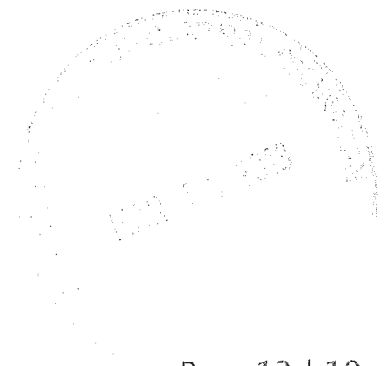
ADVERTISING AND PROMOTION PLAN

MCRC will be promoted with print advertising, extending the existing internet presence, usage of the regional tourist offices (website listing, Flyer etc.) and word of mouth. The aimed location close to the Myra Canyon Trestles and the closed by tourist destination will act as brand. Key promotional factors are:

- Team-Building and personal development, focus on companies
- Nature-based activity; "feel" the forest
- 100 % security
- A challenge for everyone on her/his level
- Close to the Okanagan lake and Myra Canyon
- A two hours excursion for the complete family
- Can be combined with horseback riding/biking etc.
- Perfectly suited to groups
- A view to the forest from a totally different view

RESEARCH

We did thorough market research on site and also with help of advisors, friends and relatives in the valley. We got direct feedback on our business plans in meetings with Sharon Shepherd – Mayor of Kelowna, Robert Hobson – Regional District Board Chairman, Nancy Cameron – President and CEO of Tourism Kelowna, Weldon LeBlanc – CEO Chamber of Commerce Kelowna until April 2011 and John Perrot – Business Development Officer of the District of West Kelowna. We established contact and clearance of many relevant questions with officials of the city of Kelowna and the District. The Central Okanagan Economic Development Commission provided advice and statistic material about the tourism industry in the region.



3. SPECIFIC LOCATION OF THE PROPOSED ACTIVITIES

The property we are applying for a commercial usage permit is located at June Springs Road at one of the access ways to the KVR. It has a local level of publicity due to the fact that the previous tenants have been a subdivision of the Hells Angels. The news from the last years are full with weird stories about that property. The owner contacted us after a park usage permit application and an article in a local newspaper about us. The park application got denied to our surprise after long pre-discussions and encouragement from the park administration to move forward with it. We live nearby at the end of June Springs Rd. We are planning to rent a part of the property on a long term basis.

The property enfolds over the the KLO creek, which crosses it in the middle. The eastern part can be accessed only via rough roads and is hardly accessible with standard cars. The western part has access via an access road from June Springs Road (see attached maps for details). The “famous” part of the property will not be used.

We are using only a small portion of the property at the north boundary near to the canyon. The location will not use the sensitive area along the canyon. The existing buildings and infrastructure will not be used because it is too far away for our guests. No permanent building is planned at the course location itself.

There are no direct neighbours in the vicinity of the planned location. The only direct neighbour adjacent to the property is at the south west corner, but without sight contact and to far away to hear anything. On the west side of the canyon there are no neighbours at all. This side of the canyon is used for one zip line platform.

We plan to open the property for the strong horse riding community along June Springs Rd and we got very good feedback from the neighbours that something “normal” will take place at that property.

4. FREQUENCY AND SEASONAL TIMING OF THE PROPOSED ACTIVITY

CAPACITY INDICATORS AND SEASON

Standard season for MCRC will be from May to end of October. Weather statistics for these months show not more than 15 rainy days with more than



5 mm per day. This enables an almost permanent opening time during the season. The daily opening time will be from 10:00 am to 8:00 pm with last entry at 5:30 pm.

Picturing a realistic scenario for our first year we see the basic amount of 5400 customers per season plus a volume of 600 from group bookings. The 5400 is based on the following calculation: Beginning in May and ending in October we count 26 weeks. Per week we expect an average minimum of 20 customers per weekday and 50 per day on Saturdays and Sundays, which sums up to 200 customers per week and up to 5400 for the complete season. From schools, companies and institutions etc. we see at least 30 bookings with 20 people over the season, which sums up to 600.

As a thumb rule for ropes courses a single challenge element can be accessed by two climbers at the same time. The little platforms in the trees can bear the space for three climbers at the same time. As a consequence the maximum capacity for a ropes course with 50–60 elements is 100 – 150 people at the same time.

5. LOCATION AND SIZE OF PROPOSED FACILITIES/STRUCTURES

1. Parking lot and welcome centre:

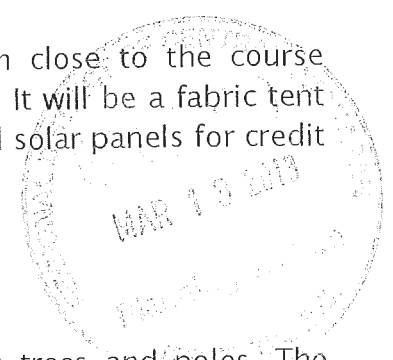
a) A banner or flag shall show the entrance at June Springs Rd. The parking lot will be located in an area close to the course – see attached maps for details.

b) Welcome centre: In an area with about 100 sqm close to the course location we plan a shed as front desk with 10'x20' ft. It will be a fabric tent or a gipsy wagon. No electricity is needed except small solar panels for credit card readers etc.

c) 4 portable toilets

2. Recreational area:

a) Installation of ca. 40 challenge elements between trees and poles. The trees or poles will be used as fix points for small wooden platforms with about 5'x5' ft and for the connecting steel cables which hold the various challenge elements. The fixation of the platforms and cables will be done according to the ACCT standards in a way without disturbing the trees health and can be removed without leaving any traces.



Installation of 2–3 zip lines. Two of the zip lines will span over the canyon, one leads along the canyon (see attached maps). The landing platforms are in safe distance to the sensitive area along the canyon. Depending on the quality of the ground all platforms have to be constructed with ground anchors and/or concrete footings.

b) On the clearing in front of the location will be a 20'x30' ft wooden platform to put on the safety harnesses.

To prevent unauthorised access all course starting points will be locked with flat panels around the tree trunks. Trash cans and fire extinguisher all 50 meters. Ground clearing of larger logs of dead trees and brush.

3. Educational area:

a) Installation of ca. 3 challenge elements between trees/poles in the same way as described above.

b) Construction of ca. 3 elements on poles for special team-building tasks. This is for instance a single pole where one individual stands on it and jumps down while all other team members do the belaying.

Trash cans and fire extinguisher are placed all 10 meters. Ground clearing of larger logs of dead trees and brush.

6. ACCESS ROUTE TO THE SITE / TRAFFIC

To access the area there is only one possible road: June Springs Rd as one of the access routes to the KVR. Our pre-discussions with the Ministry of Transportation and Infrastructure and the planners table of the city of Kelowna showed no concerns for the proposed usage.

The last 160 meters from June Springs Rd. to the entrance of the property is a road on crown land on a lease basis. The owner of the property did not prolong the contract in 2012. We will take care about the prolongation of the contract.

Based on our expected clients per day figures there would be ca. 10–15 cars (20 clients) more on weekdays and 25–35 (50 clients) more on weekends. Small busses can reach the area.

We did an open house in fall 2012 and invited all neighbours for information, especially about the increased traffic along June Springs

7. PRE MEETINGS WITH OFFICIALS/STAKE HOLDERS

After the initial meeting with RDCO we had meetings already with:

Lynda Lochhead, Ministry of Transportation and Infrastructure

Bryn Lord, Interior Health Authority

Birte Decloux, City of Kelowna Planning Department

Toby Pike, South East Kelowna Irrigation District

Margaret Bakelaar, RDCO Environmental / Land Use Planner

Patty Hanson, Central Okanagan East Electoral Area Director

From their side we heard no concerns about the proposed use. An environmental impact assessment has to be done.

8. LIST OF EXPERIENCES QUALIFICATIONS AND SPECIAL TRAINING OF ALL STAFF INVOLVED; SECURITY

From clients' side no qualification or certification is required. From operators' side there are requirements on the part of the ACCT/ECRA for both the ropes course constructor and the operator.

ROPES COURSE CONSTRUCTOR

With our support and guidance the course itself will be built by professional builders. We have two quotations, one from a Canadian and one from a German constructor. The Canadian company is the leading provider in the country and has a profound experience in planning and constructing large projects. They are Professional Vendor Member of ACCT and work on the North American construction standards. The German provider is one of the market leaders for our kind of ropes course with challenge elements in trees. They are members of ERCA, the European equivalent to ACCT and work according to their construction and security standards. The German provider is more creative at better prices, the Canadian is closer with more experience with the local market conditions. Price proposals for 40 elements + small zip lines range from

\$220,000 to \$250,000. We prefer to go with the Canadian vendor as the local one from Kelowna.

INSURANCE

From a Canadian Insurance Broker we got clearance for insurance coverage for construction and operation of a ropes course with both standards, ACCT and ERCA. The quotation for a coverage is attached.

CERTIFICATION AND COURSE SECURITY

Both owners register and fulfill the necessary courses and certifications of the ACCT. We will take part in a series of training which is necessary to fulfill the ACCT standard for operating a course. Staff training and certification for our own course in Canada will be done during the building phase and thereafter in regular intervals. Once certified both owners are in the position to give trainings. These trainings will take place on a regular basis and are mandatory for all employees. In addition the core security elements like harnesses, challenge elements and belay systems have to be controlled and partly or completely replaced according to their actual condition. The course itself including the trees needs constant controlling with the help of an arborist.

OPERATING KEY FACTORS

- The permanent presence of well trained MCRC-employees in the course as constant watching and surveying guides. It is important for customers to get prompt support and instructions if they are struggling with a challenge element. It is equally important to the customer to always be ready to stop and get safely rappelled at any time. Team-Building and personal development groups are even more dependent on a high professional and motivated trainer personality.
- Maximum security. Our customers get a course-briefing and short training session with the permanent belay system. Once hooked onto one of the main courses there is practically no chance to unhook both carabiners at the same time.
- Constant development and adaption of the course to our customers demands.
- To make it attractive for returning customers we will extend the course in every season with variations and new course elements.

FIRE AND FOREST HEALTH

Core element in a ropes course is the forest and its health. Trees are our main construction elements and will be constantly checked by an arborist. In addition

the surrounding ground is subject of the highest attention to ensure the health of the trees. Any compacting of the ground disturbs the eco-system of a tree. To avoid that we will block the direct access to the lower parts of the trees partly with rope-barriers. In BC the pine beetle is a constant threat and expected to increase until 2016. In our lot only a small portion of the trees are pines and we will avoid the usage of pines as construction base.

Concerning fire and fire prevention there is a constant risk with that many people in a forest. To eliminate the risk of fire we will cover the ground with bark mulch. In addition fire extinguishers will be placed everywhere within reachable distance. A strict no-smoking policy will be pursued.

