
CITY OF KELOWNA

MEMORANDUM

Date: September 25, 2009
To: City Manager
From: Community Sustainability Division

APPLICATION NO. Z09-0027 **APPLICANT:** QB Habitat Resources Inc. (Q. Best)
AT: 248 Leon Avenue (Habitat) **OWNERS:** JQ Developments

Purpose: TO REZONE THE SUBJECT PROPERTY FROM C7 – CENTRAL BUSINESS COMMERCIAL TO C7LP – CENTRAL BUSINESS COMMERCIAL (WITH LIQUOR PRIMARY) TO ALLOW A LIQUOR PRIMARY LICENSE

Existing Zone: C7 – Central Business Commercial

Proposed Zone: C7LP – Central Business Commercial (Liquor Primary)

Report Prepared By: Luke Turri

1.0 RECOMMENDATION

THAT Rezoning Application No. Z09-0027 to amend the City of Kelowna Zoning Bylaw No. 8000, by changing the zoning classification of Lot 6, Block 10, District Lot 139, ODYD, Plan 462, located at 248 Leon Avenue, Kelowna BC, from the C7 – Central Business Commercial zone to the C7LP – Central Business Commercial (Liquor Primary) zone not supported by Council.

2.0 SUMMARY

The applicant is seeking to rezone the subject property from C7 to C7LP to permit a liquor primary license, replacing an existing food primary license.

3.0 ADVISORY PLANNING COMMISSION

The above noted application was reviewed by the Advisory Planning Commission at the meeting on August 4, 2009 and the following recommendation was passed:

THAT the Advisory Planning Commission support Rezoning Application No. Z09 0027, for 248 Leon Avenue, Lot 5, Plan 462, Sec. 24, Twp. 25, ODYD; to rezone property from C7 - Central Business Commercial to C7lp - Central Business Commercial (Liquor Primary) to allow for a new liquor primary license with a minor's endorsement from an existing food primary license.

4.0 BACKGROUND

Within Zoning Bylaw No. 8000, “liquor primary, minor” establishments include those establishments with 100 persons or less. “Liquor primary, major” establishments include person capacities of more than 100 persons. While “minor” establishments are allowed within a variety of zones, “major” establishments require the “LP – Liquor Primary” designation to be added to the zone through a rezoning process. Thus, the proposed zoning amendment would allow the owners to operate as a liquor primary establishment with a capacity of greater than 100 persons.

4.1 Existing Operation/Food Primary License

The Habitat, established in August of 2005, currently operates an event centre on the subject property with a food primary license that includes a patron participation endorsement (allowing for dine & dance, karaoke, etc). The venue is used for cultural events, concerts, weddings, corporate events/meetings, fundraisers, art shows, dance performances, receptions, etc. In addition to the existing food primary license, special occasion licenses have also been used to hold events which are serviced as liquor primary events.

Existing License Summary:

License Type	Food Primary
Hours of Liquor Sale	9:00am-Midnight, 7 days a week
Person Capacity	133 persons
Endorsements	Patron Participation

4.2 Proposed License

The applicant is proposing to move from the existing food primary license to a liquor primary license with a minor’s endorsement, which would allow for the admission of minors. Although minors are not necessarily the applicant’s target market, some events traditionally held at this establishment may be appropriate for the attendance of minors (i.e. weddings, community fundraisers, etc.), which would require the minors endorsement. The license would be classified as an “event centre,” as opposed to a cabaret or neighbourhood pub, meaning Habitat would only be open for a scheduled event (not simply opening nightly and operating as a pub).

Proposed License Summary:

License Type	Liquor Primary (Event Centre)
Hours of Liquor Sale	11:00am-1:00am, Sunday-Wednesday 11:00am-2:00am, Thursday-Saturday
Person Capacity	400 persons (subject to final calculation)
Endorsements	Minor’s

Based on the maximum occupant load, the applicant has requested a person capacity of 400 people. The existing food primary license has a person capacity of 133 persons. Occupant load calculations vary dramatically between food and liquor primary establishments, as food primary calculations must take into account tables, seating, etc. Final capacity would be confirmed by the LCLB prior to license issuance.

The proposed liquor primary hours of operation are as follows:

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Open	11:00AM	11:00AM	11:00AM	11:00AM	11:00AM	11:00AM	11:00AM
Close	1:00AM	1:00AM	1:00AM	2:00AM	2:00AM	2:00AM	1:00AM

4.2 Site Context

The Habitat is located in the Leon/Lawrence area, east of City Park. More specifically, the adjacent land uses are as follows:

- North** General Commercial (Restaurant, Professional, Social Services)
- East** General Commercial, Level Nite Club
- South** Hotel, Parking, Kelowna Gospel Mission
- West** Gotcha Nite Club, Motel, City Park

This area has been identified in the Downtown Plan (2000) as the “Yellow Area”, and is largely used for late-night establishments, community social facilities, and commercial parking. General commercial/retail uses on this block have been very limited in previous years.

4.3 Site Location Map

Subject property: 248 Leon Avenue



5.0 CURRENT DEVELOPMENT POLICY

5.1. Development Potential

The purpose of the C7 zone is to designate and preserve land for the orderly development of the financial, retail and entertainment, governmental and cultural core of the Downtown, which shall provide for high density residential uses, and commercial uses. The “LP” designation would allow for “liquor primary establishment, major” as a primary use.

5.2 Current Policies

5.2.1 Official Community Plan

- 6.35 – *Entertainment Establishments*: Encourage entertainment facilities to locate on lands within the City Centre, Town Centres and highway Centre that are designated for commercial uses provided that the proposed establishment uses are compatible with any surrounding residential uses.

5.2.2 Mayor’s Entertainment District Task Force Policy (Council Policy #315)

- No new, expanded or relocated Liquor Primary Establishment shall be permitted with a person capacity of greater than 500 persons.
- Any new, expanded or relocated Liquor Primary License application with a person capacity of 350 persons or more shall not be located closer than 300 m (shortest travel distance) to an existing Liquor Primary Establishment with a person capacity of greater than 350 persons* and no closer than 100 m (shortest travel distance) to another Liquor Primary Establishment with a person capacity between 150 and 350 person capacity* and not abutting or adjacent to another Liquor Primary Establishment with a person capacity of less than 150 persons.*
- No additional Liquor Primary establishment shall be considered within the Yellow Area identified by the Downtown Plan.*

The venue is located within 300m walking distance of the following liquor primary establishments:

Establishment	Proximity	Capacity	Clientele
Gotcha Nite Club*	Adjacent	473	Cabaret/Nightclub
Level Nite Club*	~50m	464	Cabaret/Nightclub
Cheetah’s*	~100m	232	Adult Show Lounge
Prestige Inn	~150m	86	Hotel/Restaurant
Liquid Zoo*	~150m	301	Adult Show Lounge

* Proposed Liquor Primary License: proximity to listed establishments contravenes Council Policy #315.

5.0 TECHNICAL COMMENTS

5.1 Bylaw Services

No concerns.

5.2 Development Engineering Branch

The proposed liquor license application and rezoning from C7 to C7LP does not compromise servicing requirements.

5.3 Public Health Inspector

Plans must be submitted to Interior Health for review prior to final Health approval; otherwise, no concerns.

5.4 RCMP

The RCMP is very concerned about any additional Liquor Primary Licenses or Establishments being approved within the existing Entertainment District or "Yellow Zone" of Kelowna. This position is submitted in consideration of the considerable challenges the RCMP undertake to provide adequate policing services with the current number of liquor establishments in our downtown. Any additional establishments would likely exceed our policing capacity. The hours of operation proposed, the person capacity and the minor's endorsement could further enhance problems after 2am.

The RCMP request that this application be deferred until the existing operation can operate under its current license without any enforcement action from the LCLB for one year.

If approved, policing concerns should be mitigated with earlier hours, smaller person capacity and no minor's endorsement.

5.5 Real Estate & Building Services

No comment.

6.0 LAND USE MANAGEMENT DEPARTMENT COMMENTS

The Habitat describes their business as a Cultural Convention Centre/Event Facility. Through their research of existing licensing requirements, the proposed liquor primary license with a minor's endorsement would allow the facility to operate like other such venues in BC. The nature of Habitat is a departure from the existing cabarets and adult-orientated entertainment establishments in the Leon/Lawrence area, and assists in having pedestrian traffic in the area between 5pm, when downtown businesses typically close, and 11pm, when the late-night establishments typically open their doors.

During the past decade, the concentration of Liquor Primary establishments in the downtown core has been a concern of both the RCMP and the City of Kelowna. The Leon/Lawrence area was identified in the MEDTF report as an area of major concern, largely surrounding the bar flush. Enforcement and public safety have been notable issues in this regard.

The proposed Habitat rezoning conflicts with the MEDTF Policy as the establishment is adjacent to Gotcha's Nite Club. In addition, Habitat is within 300m of Level Nite Club, and Liquid Zoo (all larger than 300 persons), as well as being within 100m of Cheetah's (larger than 150 persons). The proposed establishment is also within the Yellow Area identified by the Downtown Plan, which is identified by the MEDTF Policy as an area where any new or expanded liquor primary licenses should not be supported. Aside from these policy implications, staff also have concerns with the proposed hours of operation, person capacity and Minor's endorsement. These areas are further articulated below.

As per Council's request, the findings of the Mayor's Entertainment District Task Force are currently under review by the Land Use Management Department, with a Terms of Reference for this review being presented to Council for endorsement imminently. However, the applicant has indicated that they are not prepared to wait for the outcome of this review process and wish to proceed with their application.

Although the Land Use Management Department cannot support the application outright, staff acknowledge the unique venue that Habitat operates. While it is difficult to consider this operational model as either Food or Liquor Primary, the Liquor Primary designation

would appear to most appropriately classify Habitat, based on the limited licensing options available in British Columbia. The existing Food Primary license presents operational and enforcement challenges that are jeopardizing the current business.

7.0 ALTERNATE RECOMMENDATION

Should Council choose to support this rezoning application, Staff have provided Council with an alternate recommendation. This alternate recommendation incorporates licence limitations which would be secured through a Section 219 Restrictive Covenant and would help address some of the concerns of the proposal from staff and the RCMP, while allowing the applicant to build on its role as a downtown event venue. This process would also limit future tenants to these restrictions. Without any covenant, an approved rezoning to C7LP would simply allow any liquor primary establishment with a person capacity of greater than 100 persons on the property. In this scenario, Council would only have input on future license applications through the LCLB's referral process.

The proposed limitations are:

Hours of Operation:

Applicant's Proposal: 11:00am to 1:00am, Sun.-Wed.; 11:00am to 2:00am Thurs.-Sat.

Staff proposal: 11:00am to 12:30am, 7 days a week

A 12:30am closure would require all patrons to vacate the establishment by 1:00am, a full hour before the typical bar flush period between 2:00am-3:00am. This would separate the establishment from the cabarets and late-night pubs concentrated in the area, and lessen the impact on the bar flush.

Person Capacity:

Applicant's Proposal: 400 persons

Staff proposal: Under 300 Persons

This person capacity would create less conformity issues with Council Policy #315 (although still contravening the policy). The addition of 400 liquor seats downtown would be a substantial increase. If operated in a safe, reputable fashion, the applicant could potentially request expanded capacity in the future.

Minor's Endorsement:

RCMP and staff have major concerns regarding the Minor's Endorsement, and advise that any support for the application would include no such endorsement for the license. Liquor licensing regulations for this type of facility would be very difficult to enforce, where the demographic would likely range from 15-30 years old. With liquor being served at these events, it is unadvisable to subject youth to this type of environment, especially considering the surrounding late-night establishments. The Leon/Lawrence area is decidedly adult-oriented in the evening.

THAT Rezoning Application No. Z09-0027 to amend the City of Kelowna Zoning Bylaw No. 8000, by changing the zoning classification of Lot 6, Block 10, District Lot 139, ODYD, Plan 462, located at 248 Leon Avenue, Kelowna BC, from the C7 – Central Business Commercial zone to the C7LP – Central Business Commercial (Liquor Primary) zone be supported by Council.

AND THAT the zone amending bylaw be forwarded to a Public Hearing for further consideration.

AND THAT final adoption of the zone be subject to the registration of a Section 219 Restrictive Covenant on the title of the subject property, to include the following restrictions:

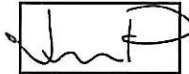
- 1) Hours of Liquor Sale in conjunction with a Liquor Primary license is no later than 1:00am.
- 2) Person Capacity of a Liquor Primary License to not exceed 349 persons.
- 3) No minor's endorsement be allowed in conjunction with a Liquor Primary license.

AND THAT the owner be responsible for all Land Title Office fees and charges resulting from the registration of the Section 219 covenant.



Shelley Gambacort
Director, Land Use Management

Approved for inclusion

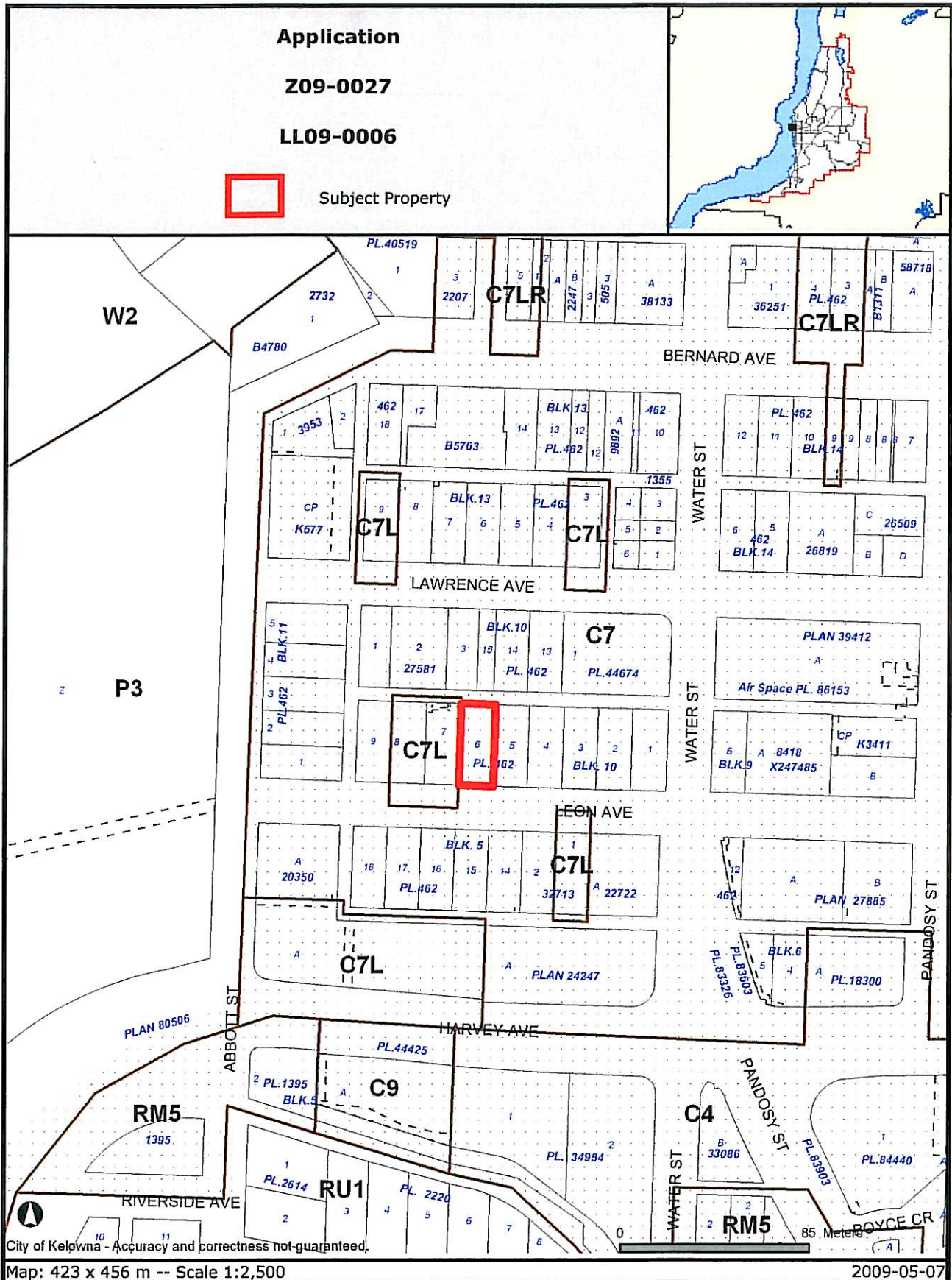


Jim Paterson
General Manager, Community Sustainability

ATTACHMENTS

Subject Property Map
Applicant's Letter of Intent
Existing Food Primary License
Existing Floor Plan
Downtown Plan Map Showing "Yellow Area"





City of Kelowna - Accuracy and correctness not guaranteed.

Map: 423 x 456 m -- Scale 1:2,500

2009-05-07

Certain layers such as lots, zoning and dp areas are updated bi-weekly. This map is for general information only. The City of Kelowna does not guarantee its accuracy. All information should be verified.

COPY

LETTER OF INTENT
FOR THE APPLICATION OF A LIQUOR PRIMARY LICENSE

LOCATION:
THE HABITAT
248 LEON AVE.
KELOWNA, B.C.

APPLICANT:
QB HABITAT RESOURCES INC.

April 30, 2009

V.03

INTRODUCTION

This Letter of Intent is written in support of the Application submitted to the Liquor Control & Licensing Branch for a Liquor Primary License to be located at 248 Leon Avenue in Kelowna, B.C. This application will require the approval of the Liquor Control & Licensing Branch and the City of Kelowna.

EXECUTIVE SUMMARY

In August of 2005, after extensive renovations, the facility at 248 Leon Ave. was opened as an Events Centre and operated for close to 2 years under a Banquet Hall License from the City of Kelowna. Since July 2007, the facility at 248 Leon Avenue has operated as a Food Primary establishment with a Patron Participation Entertainment Endorsement. In consideration of the expansion of downtown Kelowna, the official City of Kelowna Rezoning and Redevelopment plan, and the Tourism Kelowna goals of creating a Cultural Corridor in BC's Interior, there is an increased need for Cultural Convention Centres and Event Facilities within the downtown core. The venue at 248 Leon Avenue is perfectly situated to be a thriving cultural community venue and convention facility in the heart of downtown Kelowna.

The application for a Liquor Primary License is to provide the service of liquor as an additional amenity to the various events that will be hosted at the venue. The facility will not function as a night club with the primary focus being the service of liquor. The primary focus instead will be entertainment, arts, and culture. Liquor service will be offered as an additional amenity so that patrons can enjoy the basic hospitality of food and beverage service while they attend an event. The events offered will be diverse and will require different levels of hospitality depending on the style of event. As a Convention Facility, the venue will cater to cultural events, concerts, weddings, corporate events and meetings, community fundraisers, art shows, dance performances, and receptions, while also providing a rental venue for private bookings. Through the rental facility, clients will have the convenience of a "one stop shop" for planning their event

without having to go to a range of other suppliers. This keeps the costs down and the quality of service high. The majority of public events will be ticketed with patrons having to purchase tickets in advance or at the door, while private events will be booked in advance and will be closed to the public.

Through intensive market and licensing research with a licensing consultant, it is clear that in order to operate such a Convention Facility, a Liquor Primary License with a Minors Endorsement is required. As the centre will cater to a wide variety of events, a minor's endorsement is being requested in order to permit minors to attend events and activities during which liquor service may be provided to adults. This request is the same one made by other Cultural Centres and Convention Facilities that operate under similar guidelines.

The establishment is a 6,778 sq. ft. building, which consists of two floors. The first floor will make up the Convention Facility operating under the Liquor Primary License. The second floor is 1,700 sq. ft. and is split into two offices and a green room space for touring artists and event planners. One office is provided for the building operations management and the other houses the Music BC Interior Office, which is a non-profit organization that provides services to local musicians. The building falls under the City of Kelowna C7 zoning, which is for the use of commercial stores. The City of Kelowna has recently passed the new CD21 zoning, which will put the building into this new Comprehensive Development zoning. Both types of zoning allow for Liquor Primary establishments.

The area of Leon Avenue and surrounding blocks is currently undergoing revitalization and should see significant property value increases in the next five years. Since the applicant is a building shareholder of the property at 248 Leon, he has a vested interest in making improvements to the neighborhood and in seeing the area increase in value. The opening and renovation of this building has, thus far, been one of the key projects in the revitalization of this forgotten area of downtown Kelowna and has the support of the business community as well as the general public.

TARGET MARKET

The Cultural Convention Facility will provide a special event venue that caters to a broad audience including community groups, local businesses, corporate groups, local and touring artists, event planners, and non-profit agencies. Therefore, the establishment will have a broad target market depending on the type of event. In general, for cultural and community events the target market consists of working adults between the ages of 25 and 55. They are professionals, some married with children, with moderate-to-high income. One-third will be visiting Kelowna from near-by cities while the remaining two-thirds will be local, regular customers who live and work within the community. The facility will not target younger persons, however, at certain appropriate events such as weddings and community fundraisers, the admission of minors would be permitted, subject to the Minors Endorsement.

A secondary target market is the business community for corporate events and workshops in the downtown core. For companies needing a unique venue in a convenient location, this will be the place. Staff and customer appreciation nights for local businesses as well as networking events, and executive luncheons with presentations and guest speakers will mostly target older professionals.

Another secondary target market is the growing university student population in Kelowna that will be expanding in the coming years with the growth of UBC-O and Okanagan College. Each month there will be less expensive ticketed events that target students with lower incomes, either in college, university, or trades programs. This will allow students to be exposed to arts and culture despite their low incomes. These events will range from writing workshops and speaker series to student art shows and live music nights.

For venue rentals, the target market is corporate groups, non-profit groups, and individuals or event planners booking a private event. Events will range from corporate product launches and workshops, to fundraisers and weddings. The facility is customized for those wanting an event with a unique atmosphere and a more modern setting. The venue, equipment, hospitality, and service level are flexible to offer many options.

HOSPITALITY/TOURISM DEVELOPMENT FACTOR

As stated above, one-third of our target market year round is based on tourists visiting Kelowna. Habitat is very well located for this because most of the tourism focus is on the downtown core of the city. We cater to year round visitors as well as seasonal visitors. Year round we have customers who travel from Kamloops, Vernon, Penticton, Osoyoos, Naramatta, and Armstrong in order to attend certain events. At Habitat we bring in big touring artists that do not stop in smaller cities and only stop in Kelowna on their way from Vancouver to Edmonton. Therefore, people drive from the surrounding cities to Kelowna in order to attend a special event at Habitat.

In the Fall there is increased tourism due to the local wine industry. During the different wine festivals we host special evenings that bring in local chefs and winemakers for pairing dinners. Our regular menu also features local wines and local fresh produce which visitors to the area appreciate. We have partnered with some local Bed and Breakfasts to offer Wine Festival Packages to visitors as well. In the winter there are many groups that travel from abroad to come to Big White for ski and snowboard events. We have hosted several movie releases for these touring groups who often bring in professional athletes for locals to come and meet. In the spring and summer months there is an increased focus on outdoor festivals in Kelowna. Habitat is perfectly located within walking distance from the major festival sites downtown, which allows us to host events that complement the festivals. We are within one block of City Park, two blocks from the downtown Kerry Park site, and six blocks from Waterfront Park. Due to sound regulations, festival organizers cannot have concerts in the outdoor sites past 8 or 9pm. Therefore we have hosted evening concerts where anyone with a festival pass can walk over from the site and attend the concert at Habitat in conjunction with the Festival. During the day we have also acted as a meeting place for festival volunteers to come for breakfast and lunch and pick up their info packages. In 2007 we hosted the riders and sponsors wrap up event for Wakefest, an international wakeboard competition held at Waterfront park. In 2007-2008 we hosted the fashion show fundraiser events for Volleyfest, an international beach volleyball competition held at City Park. In 2008 we also hosted the Telus IMG Skins Game wrap up event for the golf pros and their

sponsors. We have hosted several of the Dragon Boat teams for celebration dinners as well as other traveling sports teams because many downtown facilities do not take large team reservations of 30 or more people.

We are also involved in Kelowna's tourism industry outside of Habitat. Last year we sponsored the Kerry Park stage and provided musicians for the Downtown Kelowna Association Mardi Gras Street Festival. We are also on the Board of Directors for Festivals Kelowna. Recently Habitat took part in creating a host committee that applied to host the 2010 Western Canadian Music Awards in Kelowna. This festival would be the largest one to ever come to Kelowna and we are currently looking to expand existing facilities and create new ones in order to accommodate such a large event.

Habitat is extremely well situated within walking distance of the major downtown Hotels that service visitors to the city. We are within the same block as the Kelowna Travelodge and The Prestige Inn, one block from the Same Sun Hostel, three blocks from the Royal Anne Hotel, and five blocks from the Grand Hotel.

BENEFITS TO THE COMMUNITY

In the 4 city blocks surrounding Habitat there are sparse daytime businesses which close at 5pm and then in the evening there are two night clubs and two strip clubs which open around 10pm. Therefore, from 5pm to 10pm Leon and Lawrence Avenues, from Abbott St. to Pandosy St., are dead with no walk by traffic except for the long line up at the Gospel Mission Homeless shelter for dinner. In 2005 the Kelowna City Council created the Mayors Entertainment Task Force document in which the issues facing these city blocks just described are addressed. In the minutes for this document, local liquor Inspector Ron Hollingsworth commented that this area needs to have businesses that open earlier in the evening and create walk by traffic. He also commented that we need to see more mixed use venues. In the City of Kelowna Redevelopment plan one of the stated goals is to "develop safe streets by providing more eyes and ears on the streets to reduce demand for law enforcement in the area." In the City of Kelowna Official Community Plan it states that part of the plan for arts and culture development is to "encourage the private-sector provision of entertainment venues within designated Urban Centres," and

to “promote economic opportunities in the arts and cultural sectors.” The OCP also states that it will, “pursue commercial revitalization partnership initiatives in the Urban Centres, in co-operation with respective business communities.”

We took our direction from documents such as this when designing our business plan. We are the first business in 10 years to open in this area of town while several businesses have left and relocated to other areas such as La Bussola Restaurant which left Leon Avenue after having been there for years. This is even despite the fact that the City of Kelowna created hefty tax incentives for new businesses willing to move into these few blocks of town. The Official Community Plan for Urban Centres states that these blocks of the “Downtown Urban Centre are designated as Revitalization Tax Exemption Areas because they are not perceived as viable re-development sites and the Revitalization Tax Exemptions are intended to encourage re-development in these specific areas.”

Some have compared this area of Kelowna to Vancouver’s Downtown Eastside with its issues of homelessness. When we purchased our building we wanted to make sure that we became a part of the solution and were able to give back to help this community. With this goal in mind we have opened our doors each year to the Homelessness Awareness Week hosting free art classes, and movie nights. We have also opened our doors to a church group every Sunday morning for the past 2 years who hold a service and a free pancake breakfast every week. Over the past few years we have had the opportunity to hire a few men from the Gospel Mission as cleaning staff and have helped them get back on their feet again. This area of Kelowna is truly a difficult area to run a successful business but we believe we have been open and flexible in trying to help find solutions and inspire change.

We have experienced much growth and support from our local community and have had the opportunity to take an old, tired, and vacant building that had been boarded up for over a decade, and turn it into a 2.4 million dollar project. Since opening our doors in 2005 we have held well over 250 events as well as opening regularly 4 nights per week since July 2007. Of those events, 63 have been for non-profit organizations or for charitable causes. From these events Habitat has donated over \$31,500.00 to local and

international organizations that support our local and global community. We believe that we have made every effort as a business to help the community around us and through these positive contributions have shown that we are operating within the public's best interest.

One of the reasons we have been able to host so many charitable events is because there is a real lack of available and affordable rental facilities in Kelowna. In our original market research we discovered that most rental halls in Kelowna start at \$750 for a weekend evening and that does not include any amenities. That puts a small concert at over \$2000 for event start up costs, which is completely unaffordable for most individuals or charity groups. Because we are an established venue with stage, sound, and lighting, we are able to host these events at a fraction of the cost of renting a facility and doing it all yourself.

Another market need that was addressed in our analysis was a growing desire for unique, flexible, moldable spaces. We have found that many companies are tired of holding events in hotel conference rooms and truly desire a different and unique experience. Many couples are also searching for that unique wedding experience that is more casual and not the typical formal, hotel ballroom style event. Because we provide in house event planners that will decorate the room to cater specifically to each event, people can truly create a unique experience. We have received overwhelming positive feedback from customers because we are able to make their events more unique while at the same time more affordable.

The overall benefit of our business to the community is that there is a unique and affordable place to have any style of dinner or gathering. Our business brings needed walk by traffic to the area earlier in the evenings that will be an inviting factor for new businesses looking to locate in this area of town. We have helped to increase property values in this area of town by being a key player in the revitalization of the Leon corridor. We bring in national and international artists, and cultural events that would not come to Kelowna otherwise. When we applied for our Patron Participation Entertainment endorsement we submitted over 300 support letters to City council from clients, patrons, downtown businesses, and citizens who believed that Habitat was a benefit to the

community.

SOCIAL FACILITIES AND PUBLIC BUILDINGS

There are no major social facilities or public buildings located within the vicinity of Habitat that are affected in any way by patrons of the Habitat. The only nearby school is the Pacific Interior School of Dance which is 4 blocks away. There is a day care located on the edge of downtown, 10 blocks from Habitat. There is a medical clinic one block away on the corner of Abbott and Harvey. Within 2 blocks there is the Gospel Mission Homeless shelter, the Indian Friendship Center, and the Women's Resource Centre. All of these facilities are closed by 6pm on weekdays and several do not open at all on weekends and therefore their hours of business do not coincide with our hours of business. Further in this letter, it is explained that we contacted all of these businesses in 2007 to find out if they had any concerns with Habitat and none of them did. If in the next few years someone were to open a major youth centre or recreational facility nearby we would not be the least bit concerned that our patrons would have any negative impact on the people attending these facilities. Our patrons are mature, upstanding citizens with respect for those around them and the community they live in. If anything, Habitat would have a symbiotic relationship with these surrounding facilities.

TRAFFIC IN THE VICINITY

During the past three and a half years of business on Leon Avenue we have had no major issues with traffic flow pertaining to Habitat. According to the City of Kelowna 2008 Traffic Map, Leon Avenue receives a fraction of the traffic that is seen on other downtown streets. This is partly because it is a one way street which decreases traffic flow, but there are also fewer businesses open on Leon Avenue during the day and evening, giving people less reason to drive down it. There are no major residential units nearby and we have never received any complaints pertaining to traffic noise caused by our patrons. Habitat is directly on the bike route from the mission area, which runs along Abbott, and in the summer months many of our patrons ride their bikes and are able to park them behind Habitat, which decreases vehicle traffic to the area. For patrons taking

taxis there are two conveniently located taxi stands within 1/2 a block walking distance: one on Water and Leon, and one on Abbott and Lawrence. There have been traffic issues on Leon Avenue between the hours of 1:30 and 3:30 am when the patrons from the nearby nightclubs are leaving the area. In 2007 when we applied for our Food Primary License the City of Kelowna Planning department thought that it might be an issue if patrons of Habitat added to this increased traffic. Therefore we recorded several time lapses on busy weekend evenings of Leon Avenue and showed them to Kelowna City Council which clearly demonstrated that Habitat patrons are cleared out between midnight and 12:30am and that if they are parked on Leon Ave. that their cars are cleared from the area by 12:30am leaving at least an hour window before the time of increased traffic concern. The Kelowna City Council was satisfied with this and did not see it as being a problem. Therefore we do not expect to have any traffic issues arise with this new license.

NOISE IN THE COMMUNITY

Over the past three and a half years of business doing concerts, weddings, and many other events with live music, we have not received any noise complaints and it has not been an issue. The building is an extremely thick concrete building that is incredibly sound proof, and you would only be able to hear music if the doors were left open. When we were applying for our Food Primary License in 2007 we wanted to take the initiative and address any concerns of the downtown community before going ahead with the Patron Participation Entertainment Endorsement. Therefore we did two things: we paid for the downtown flyering service to deliver hundreds of flyers to all of the downtown addresses letting them know that we were applying for a new entertainment endorsement and that if they had any concerns that they could phone or email us. Everyone was also invited to an open house which we held for an entire day when people could come down and ask questions about what we did, or voice their concerns. We did not receive a single reply to the invitation for emails or phone calls, and only a few curious people stopped by to the open house. Therefore we feel that we adequately attempted to discover and deal with any concerns that the downtown community had with regards to our business before

continuing with a new license application. With this new license, there should be no changes in noise affecting the surrounding community.

PARKING

Throughout the past three and a half years of business in our location we have had no issues with providing adequate parking for our patrons. We have three reserved parking spots behind the building designated for staff vehicles. The surrounding blocks have metered parking spots, which are free after 6pm. The Chapman Parkade is less than one block's walking distance at 345 Lawrence Avenue and is the mainstay of parking for our customers. It is free after 6pm and is several stories high. Even on the busiest weekends of the summer it has not been completely full. In addition, there is another public city lot located within 2 blocks at Ellis St. and Lawrence Ave. as well as a private lot located directly across the street from Habitat on Leon Ave., which is also never full. When we have touring artists that bring tour vans or buses, there is designated tour bus parking at the end of our block on the corner of Water and Leon, which does not affect any of the existing vehicle parking stalls. Since we do not anticipate any changes in our numbers of clientele with this new license we do not believe that any parking issues will arise.

COMMERCIAL/RESIDENTIAL/LIGHT OR HEAVY INDUSTRIAL NEIGHBOURHOODS

Since Habitat is located in the heart of downtown Kelowna, we are surrounded by buildings zoned for commercial or mixed commercial use. The closest Residential zoning is separated from Habitat by several barriers: there's one commercial city block, then a 6 lane highway, another commercial block, a creek, and then the residential area begins. As mentioned previously the downtown core is currently undergoing shifts in zoning from commercial zoning to comprehensive development zoning. This is being done so that the official community plan can be put into action to establish a more

cohesive building strategy that considers the entire fabric of downtown and not just the wishes of individual businesses. There will be many new exciting changes with the redevelopment of Kelowna's downtown and we would like to have the flexibility to adapt to the new strategies being put into place.

OTHER LICENSED ESTABLISHMENTS

The following licensed establishments are within a 2 block radius of Habitat:

Gotchas
238 Leon Avenue,
Kelowna, BC
1 block

Level Nightclub
275 Leon Avenue
Kelowna, BC
1 block

Cheetahs
Strip Club
220 Lawrence Ave.
Kelowna, BC
2 blocks

Liquid Zoo Show Lounge
274 Lawrence Avenue,
Kelowna, BC
2 blocks

The first two nightclubs listed, Gotchas and Level, are owned by the same people and serve the same market. They generally don't open up until 10pm, are not busy until midnight, and close at 2am. Their clientele include university students, tourists, and locals generally under the age of 30. They host DJ's, and the occasional bikini contest or modeling event. Cheetas is a strip club that recently underwent renovations and upgrades to make it classier in order to cater to higher end clientele, generally older business professionals ages 30-50. However they do draw in a younger 20-30 year old crowd as well on occasion. Liquid Zoo is also a strip club and is similar to Cheetas. They have

similar clientele but aren't geared as heavily on the high end crowd.

NATURAL OR MANMADE BARRIERS

There are no major natural or manmade barriers separating Habitat from the establishments previously listed.

OTHER FACTORS

INDUSTRY OVERVIEW

According to a previous BCRFA poll, most online British Columbians are eating out, and spending the disposable income they have on food and entertainment. The Chair of the BCRFA has said that the modernization of B.C.'s liquor laws in recent years is also driving consumer choices. "Archaic rules have given way to exciting new choices and dining concepts." In addition to the BCRFA survey, venue rentals are in increasingly short supply in Kelowna. As well, many government bodies are promoting cultural tourism as the strongest trend, including the Thompson Okanagan Tourism Association. The Cultural Corridor Project recently said that Kelowna is ideally positioned to become the leading cultural tourism destination in Western Canada. Similarly, the region is well-positioned to become a cultural industries centre.

SUMMARY

It is clear that this Application as outlined above has significant benefits to the City of Kelowna and the Province by providing new and unique convention and conference facilities that will showcase the many different cultural facets of the Okanagan.

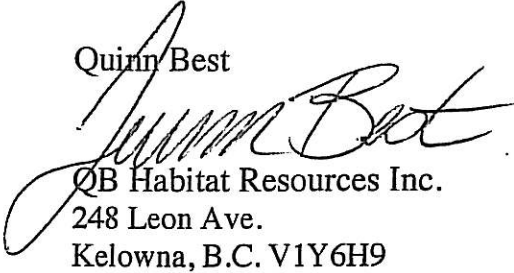
It should also be noted that:

- Cultural centres have not represented problems in terms of licensing or impact on the community because of the nature of the events, the clientele and the fact that Liquor is only an added amenity.
- The establishment will further diversify the Tourism/Hospitality base of the community.

- It will provide unique additional meetings and exhibition space in Kelowna, catering to corporate events, private functions and tourist groups.

All of which is respectfully submitted to the Liquor Control & Licensing Branch
this 30th day of April, 2009.

Quinn Best



QB Habitat Resources Inc.
248 Leon Ave.
Kelowna, B.C. V1Y6H9



FOOD PRIMARY LICENCE

COPY

Establishment Name: The Habitat
Licence Name: The Habitat
Mailing Address: Unit 206 686 Lequime Rd.
Kelowna , BC V1W 1A4

Licence Number
302570
Expiry Date
May 31, 2009

Location Address: 248 Leon Ave.
KELOWNA, BC V1Y 6H9

Issued to: QB Habitat Resources Inc.

Third Party Operator: N/A

Hours of Sale:

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Open	9:00 AM	9:00 AM	9:00 AM	9:00 AM	9:00 AM	9:00 AM	9:00 AM
Close	Midnight	Midnight	Midnight	Midnight	Midnight	Midnight	Midnight

Capacity: Person01 133

TERMS AND CONDITIONS

- For the sale and consumption of all types of liquor in establishments with a primary focus on the service of food.
- The terms and conditions to which this licence is subject include the terms and conditions contained in the publication 'Guide for Liquor Licensees in British Columbia' as that publication is amended from time to time.
- Liquor may only be sold, served and consumed within the areas outlined in red on the official plan, unless otherwise endorsed or approved by the LCLB.
- Patron participation entertainment other than games permitted within the premise.

Local Government: KELOWNA (CITY OF)
LDB Addresses: KELOWNA ORCHARD PK. GLS #167

May 05, 2008
Printed Date

Karen Ayers
General Manager

PROPOSED CHANGES TO THE EXISTING PLAN

It is recommended that the proposed changes to the existing plan be approved. The proposed changes are minor and will not affect the overall layout of the premises. The proposed changes are as follows:

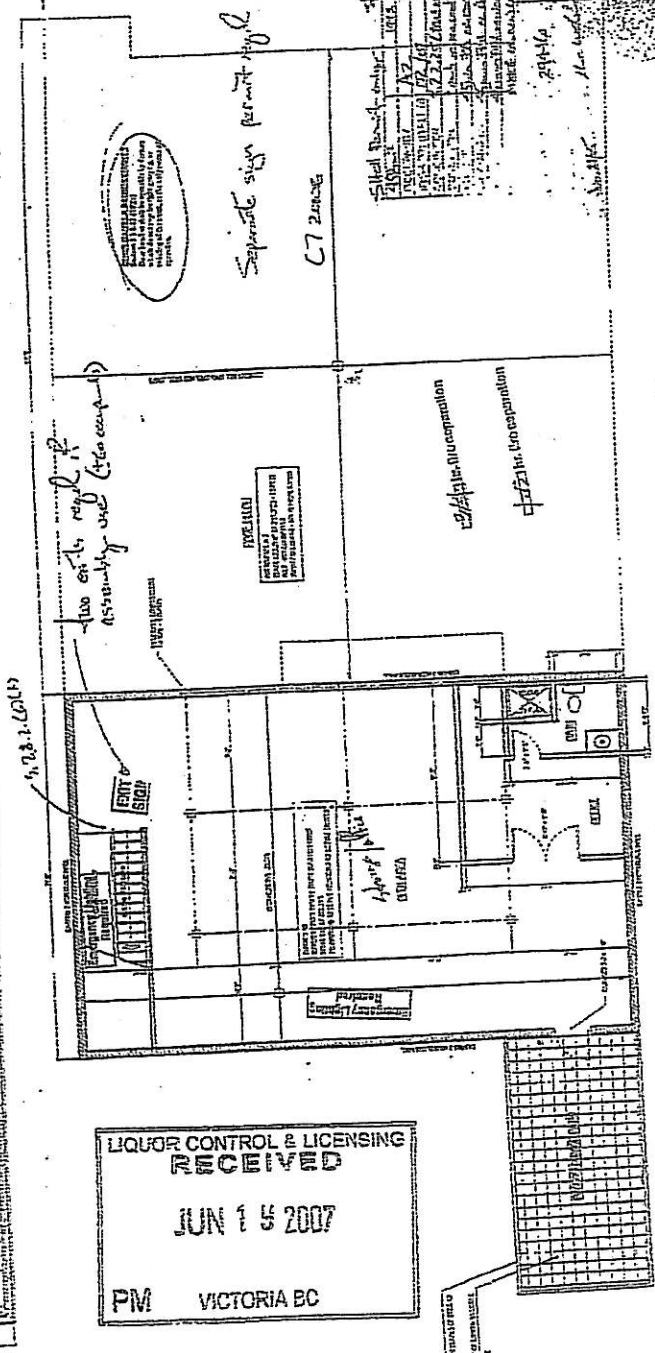
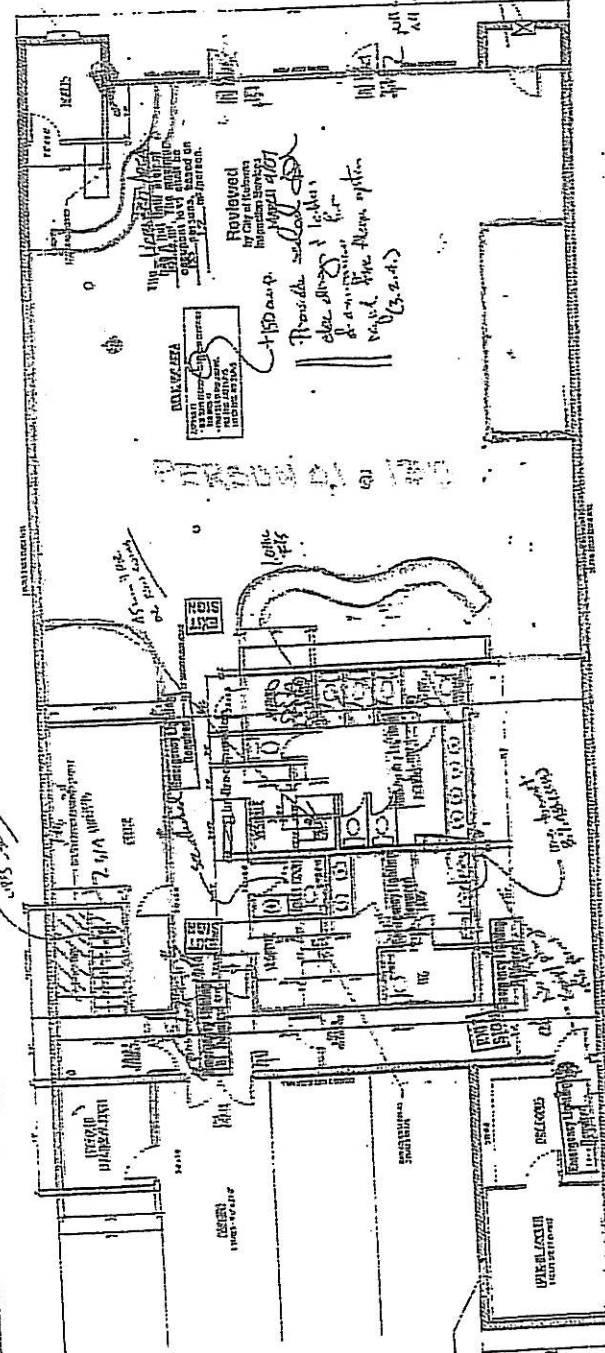
No exterior changes will be required by the Planning Dept. LIZABELLE, OLAN 2007 JUN 15

See also the attached report

THE FOLLOWING IS A SUMMARY OF THE PROPOSED CHANGES TO THE EXISTING PLAN. THE PROPOSED CHANGES ARE AS FOLLOWS:

WATER LEVEL PLAN

RECEIVED JUN 15 2007



LIQUOR CONTROL & LICENSING RECEIVED JUN 15 2007 PM VICTORIA BC

1066-896

LEGEND

■ ■ ■ PLAN BOUNDARY

■ Land Use Area 1
12 storeys

■ Land Use Area 2
12 storeys

■ Land Use Area 3
6 storeys

■ Land Use Area 4
6 storeys

Refer to Downtown Plan text
for Land Use Area description

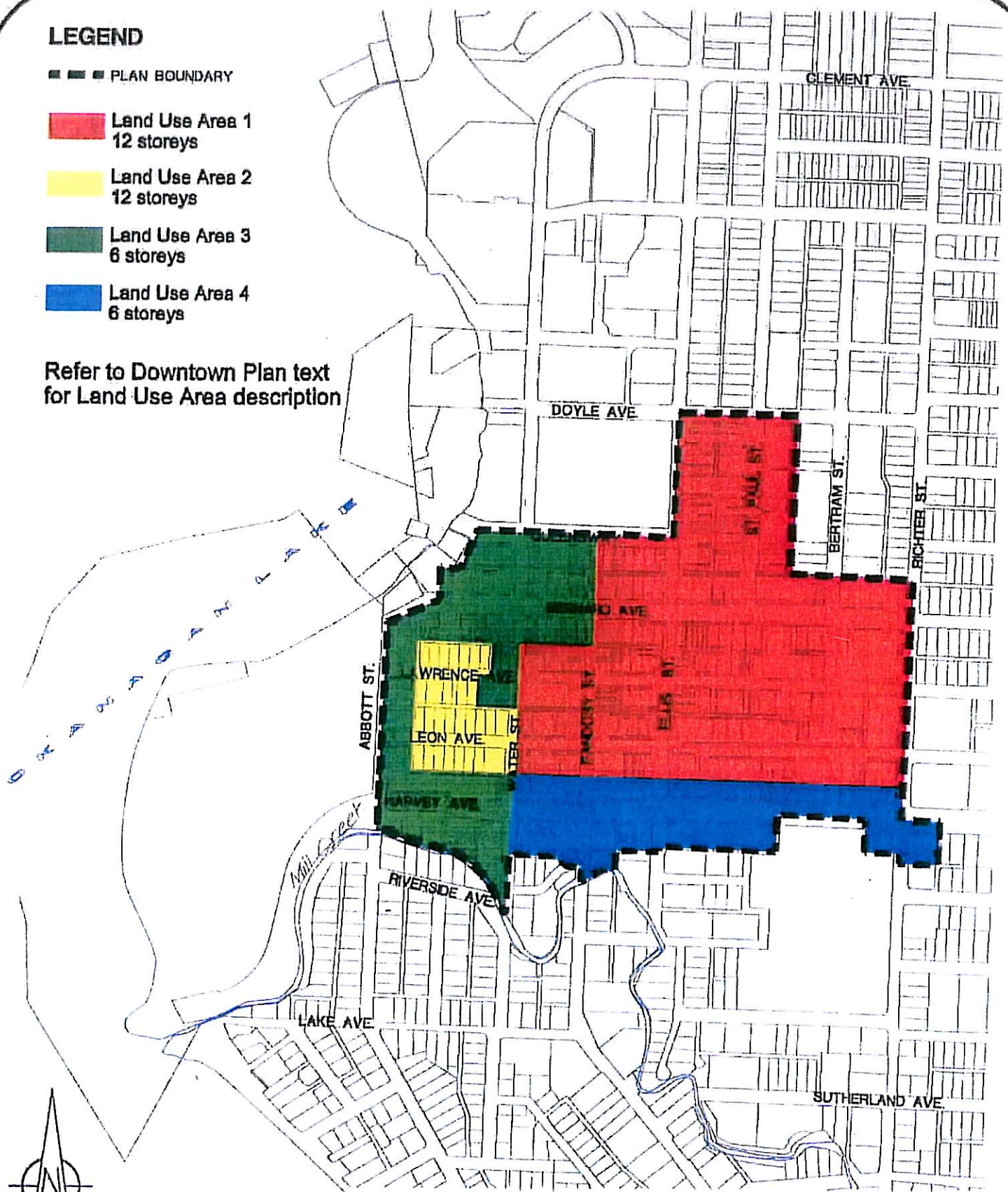


Fig. 10
PROPOSED LAND USES and BUILDING HEIGHTS
DOWNTOWN PLAN

0 50m 150m

REV. OCT. 8/99