



Good afternoon everyone and thank you for this opportunity to provide an outlook for the year ahead from the City of Kelowna's perspective.

2011 follows an unprecedented year of infrastructure construction, expansion and improvement in Kelowna. The number and scale of projects for 2011 is more modest than in 2010, but then – last year really was exceptional. So much was accomplished – most of it with 33-cent dollars, thanks to one-time stimulus funds from the federal and provincial governments.



This year, “Connections” is the theme emerging for 2011 as we begin to close the loop on some of the projects we’ve worked on for the last few years, and as we consult with the community on projects for future years.



In 2011, we will see the full benefits of new physical connections between neighbourhoods by road, multi-use pathway, pedestrian overpass and transit expansion.

We also continue to connect with residents through important consultation processes such as the new Cultural Plan, the Official Community Plan, the Downtown Plan, Bernard Avenue Revitalization and Youth Forums.



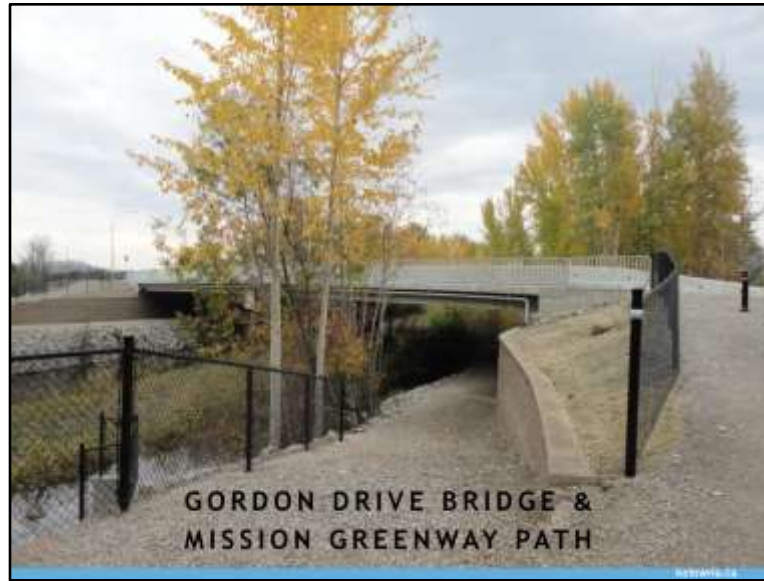
The \$23 million in stimulus funds received for 2010 allowed the City to complete projects that otherwise would have waited years before we saved enough money to get started.



The infrastructure gains were not without some pain, as anyone travelling on Lakeshore or Gordon last summer will know. But this short-term pain has given us infrastructure that will last many years and brings us closer to our vision for a sustainable and progressive city.



Some of those gains include a new four-lane Gordon Drive bridge...



...with a safer pedestrian crossing, a pedestrian overpass, Highway 97 transit improvements, Glenmore Bypass...



...and \$11.5 million in off-road paths for walkers, rollers and cyclists.



With all those matching funds we received last year from the province and Government of Canada – including nearly \$4 million for recreation facility upgrades at our stadiums and arenas, and another \$1.1 million for the Laurel Packinghouse restoration – Kelowna in 2010 had construction projects worth a total of **\$200 million**. And that figure does not include the massive construction projects happening at UBCO and at Kelowna General Hospital.

It's worth noting the economic impact of this infrastructure work was shared with many local companies, providing jobs and income to consultants, suppliers and contractors.



2011 PROJECTS

- ▶ \$21 million on infrastructure
- ▶ 135 capital projects
- ▶ \$68 million total spending
- ▶ \$16.5 million from taxation
\$51.5 million from user fees, grants,
development charges, reserves

kelowna.ca

2011 infrastructure projects will be limited compared to 2010, but we still have a number of significant projects happening in Kelowna. The City will invest nearly \$21 million in new infrastructure this year, including completion of the Highway 33 widening project, Kelowna Family Y expansion, Parkinson Recreation Centre expansion for a multi-generational centre, along with road resurfacing, sidewalk construction, expansion of the bike network and RapidBus transit system.

More than 135 capital projects have been budgeted for 2011, totaling \$67.7 million. These projects are mostly funded from reserve fund accounts, with \$16.5 million coming from taxation.



But before we get too deep into the numbers and details about specific projects for 2011, I want to talk more generally for a moment about what drives the City of Kelowna, where we're going and how we're getting there.



This is what drives us. We are motivated by our role as caretakers of Kelowna's future. That means preserving the **environment** and ensuring the local **economy** is as strong as we can make it for future generations.



This is what drives us. We are here to make sure our citizens are **protected** with police and fire services that address local priorities. We support the most vulnerable in our city with more than \$100,000 annually in grants to local non-profit social services.



This is what drives us. We keep our financial house in order through sound **financial management** so that we can build infrastructure and provide services that reflect Kelowna's beauty and vitality.



What drives us is our motivation to make Kelowna better, in large ways...



... and small ways.



While **these** jobs are being done and tangible benefits are being produced, the City is **also** working behind the scenes with other levels of government, other municipalities, business associations, community groups and citizens to address strategic needs for the future. These partnerships help us determine where we want to go in the future and how we can get there.



For example, the City has partnered with researchers at UBCO on two areas of study. One team is researching a process to break down landfill biosolids faster to produce and capture more gas that generates more electricity. Another UBCO project will look at the Glenmore area as a “living laboratory” for as many as four research studies.



The Kelowna Chamber of Commerce is a key business advisor – along with the Economic Development Commission, Uptown Rutland Business Association, Pandosy Merchants and Downtown Kelowna Association – helping to shape our economic and business strategies. We are aligned with the Chamber’s Municipal Affairs Policy governing issues such as transportation, alternate modes of transportation, affordable housing and other important issues.



I was pleased to read in the Chamber's 2011 Economic Outlook Survey that members are optimistic 2011 will be more profitable than last year. Kelowna area housing starts for 2010 indicate that optimism is warranted. Starts increased to 957 homes in 2010 from 657 homes the previous year, according to Canada Mortgage and Housing Corporation.

We're a long way from the building pace of 2008, but the trend is moving in the right direction.

The Chamber's Outlook survey from Meyers-Norris-Penny chartered accountants also notes that more than half of respondents have had difficulty hiring young, qualified employees.

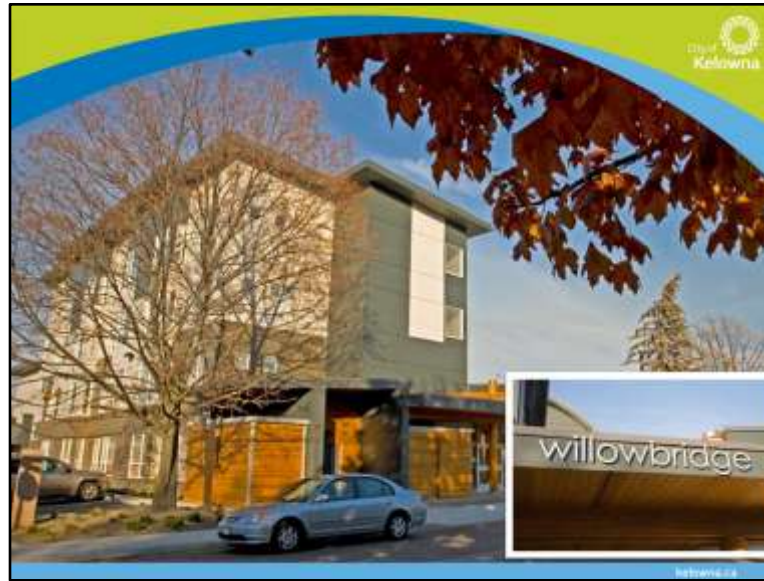
That challenge – attracting and keeping talented young entrepreneurs and employees – requires long-term, collaborative work to encourage more affordable housing and more dynamic local employment options.



Jim Paterson, the City’s General Manager for Community Sustainability, and his team work with Weldon, Robert Fine of the EDC, Peggy Athans of the DKA, Nancy Cameron of Tourism Kelowna, Randy Shier of the Urban Development Institute, Dave Willoughby of URBA and other business organizations to put all our challenges on the table and then work through them.

These groups are also plugged into the Business Recruitment Team, which organizes a Breakfast with Business a couple of times a year attended by City Council. We share information and ideas at these meetings and receive feedback from businesses on economic issues.

One issue I just touched on that we have discussed at a Breakfast with Business session is how to attract talented entrepreneurs and employees to a relatively expensive community. Together with the City, these business groups are working to create a positive climate for investment and wealth creation that capitalizes on Kelowna’s strengths and resources.



As efforts to build wealth continue, we are also working to encourage more affordable housing. In the last couple of years, we have successfully partnered with the provincial government and social agencies on four projects to house the most vulnerable in our community.

Willowbridge, operated by the Canadian Mental health Association, opened last summer. Tutt Street Place for women and children is nearing completion and New Gate Apartments on Rutland Road North will be under construction this summer. The first of these partnerships, Cardington Apartments, has been a great success and now you can enjoy a snack and a drink at the One Cup at a Time coffee shop on the ground floor of Cardington Apartments.

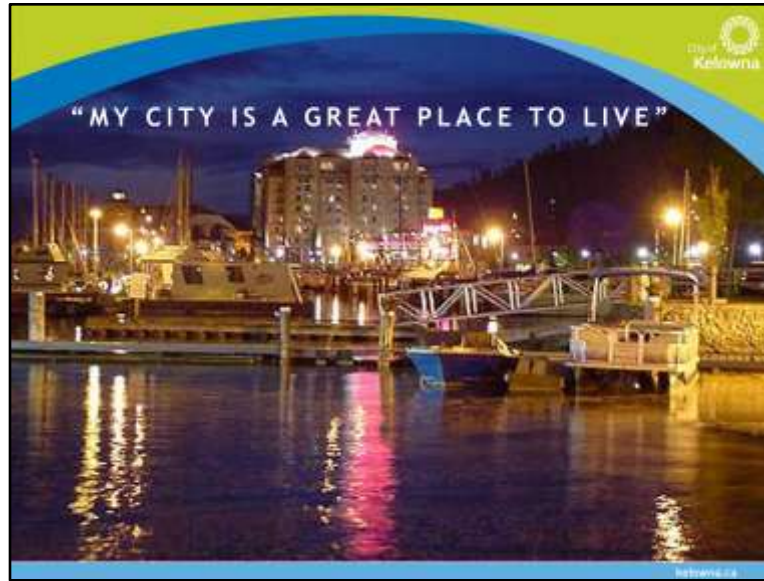


The City is also engaged in a new and extensive housing strategy, involving the development community, non-profit groups and other government partners. This housing strategy will focus on creating more rental housing, developing housing partnerships and exploring housing options for city-owned land.



So, we are **driven** to engage in those collaborations that make Kelowna a great place to live, and we're **getting there** by working with community partners to map out strategies for success.

And you know what... it's working.



More Kelowna residents agree with the statement, “My city is a great place to live,” than citizens of any other Canadian city.

Results of an Ipsos-Reid national survey released in September found 91 per cent of Kelowna residents believe this city is “a great place to live.” The national average was 82 per cent and nowhere else came closer than 88 per cent.

Creating a great place to live doesn’t happen by accident. It takes vision, commitment, thoughtful financial planning, and great people to get there. Wonderful scenery will only get you so far – after that, you need excellent services and facilities to be a truly “great” city.



The City of Kelowna plays a leadership role in helping to create a great city by facilitating working relationships between levels of government, neighbouring municipalities, business associations, community agencies and citizens to produce the services and facilities people want.

For example, we know businesses want less red tape at City Hall. That's why we created the one-window system for business needs.



The Canadian Federation of Independent Business ranks Kelowna 5th best in the country as a base for entrepreneurs. Kelowna is the Interior's hub for small business, many of which also do business in neighbouring communities. That's why we continue to work with other Okanagan municipalities to streamline common services, such as the valley-wide business licence, harmonized bylaws and dispute adjudication, along with common policing and transit issues.

Again, those are some examples of how working collaboratively, we find ways to give our citizens what they want. We know there is always room for improvement, but we are listening and we are making changes that work.



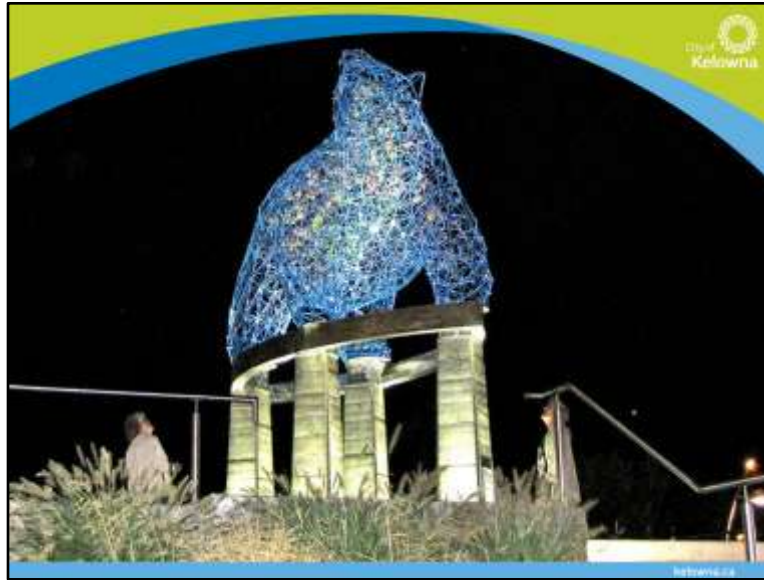
Meanwhile, the Frontier Centre for Public Policy ranks Kelowna as the most transparent local government in Canada. This is something we take some pride in – a local government should be open to its citizens. We have a new system to track public requests for services and to ensure those requests are answered.

We've also invested more resources in communications and we are beginning to see the benefits as City of Kelowna information and projects are made more accessible, thanks in part to emerging new technologies, such as Twitter and Facebook.



This year, accessing City information will become easier when we implement an online communication system that lets you subscribe for emailed updates on specific city projects and initiatives, or to receive an email newsletter from the City. If you have not visited the City's website in a while, please take a moment in the days ahead to explore the vast amount of information and resources available at kelowna.ca.

So, where **do** we want to be? We know we want to be a great city, but what will that look like?



If there is one project from the past year that helps illustrate all the challenges, benefits and potential of a great city, it would be Stuart Park.



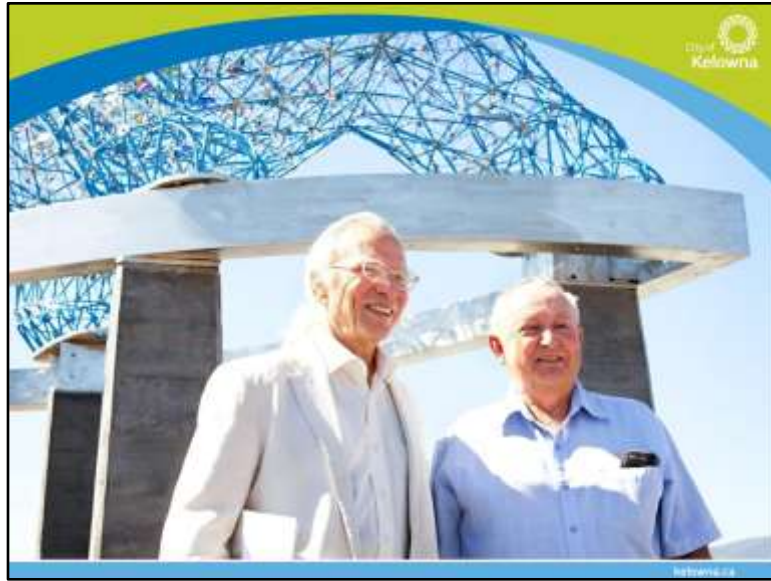
This was a project that certainly has had its highs and lows, but construction of the park started in October of 2009...



and opened to the public last spring on the May long weekend.



We celebrated the park and unveiled the *Bear* sculpture on a beautiful day in September with former mayor Jim Stuart.





This park was an **environmental** project, with a rehabilitated and naturalized lakeshore, drought-tolerant plantings and low-water-use irrigation for the lawn areas.



It required sound **financial management** to accumulate the \$3.5 million needed to make this park a downtown destination for families and visitors.

Stuart Park was built with the local **economy** in mind. Foot traffic and spin-off opportunities for downtown businesses are created by having an active place downtown where people gather. It was built on community trust land with some unique legal parameters attached to it, but we are finding ways to serve the community while respecting the conditions of this property.

To me, this park demonstrates where we're going as a city. We're building the infrastructure that citizens want. We're providing services they want.

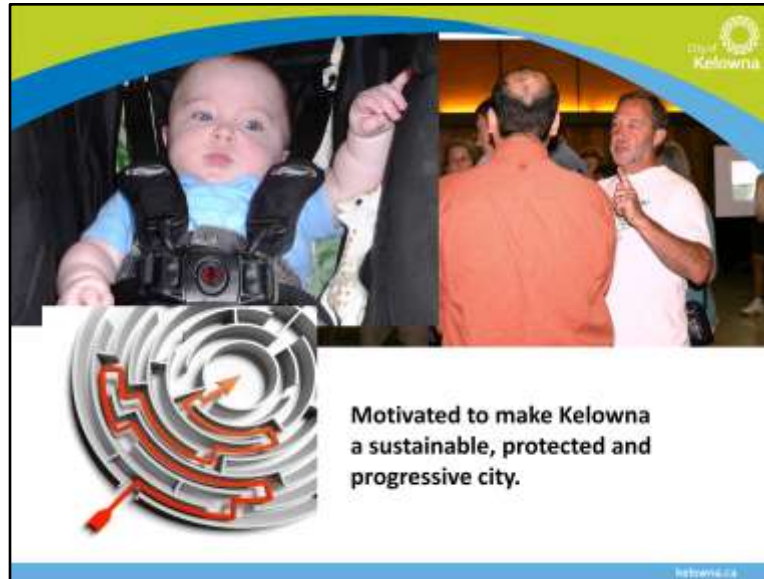


When I say this is a Year of Connections, Stuart Park is a great example of a physical connection with the community. It's also an example of how important it is to connect with residents through ongoing communication before, during and after a project is complete.

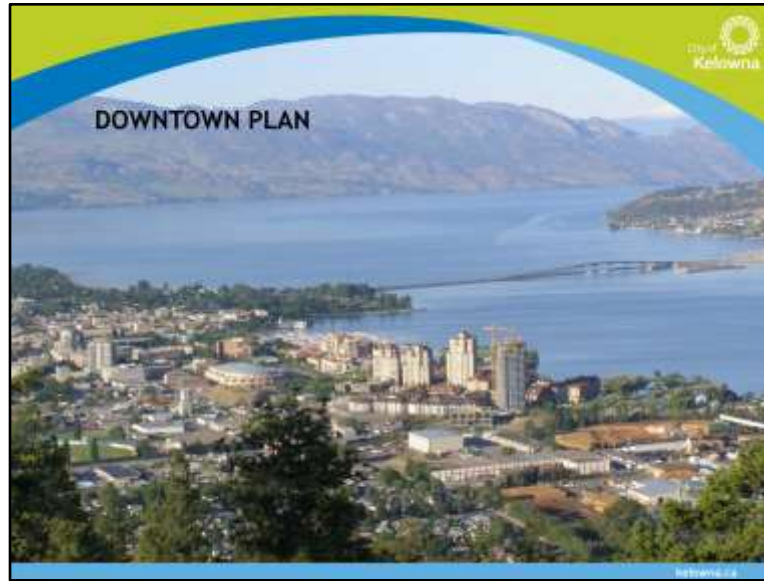
This kind of connecting with citizens is happening right now on numerous projects, such as the Official Community Plan, Bernard Avenue Revitalization and the Downtown Plan.







So, what **drives** us is our desire to plan for the future and give residents and businesses the facilities and services they want. (SLIDE – seniors) We're **getting** there by collaborating with groups to map out a strategy, and then (SLIDE – Maze) **following** that strategy to make Kelowna an even greater place to live than it already is.



With that direction in mind, let's return to 2011 and have a look at the projects we have on the books.

The Downtown Plan is obviously another complex project with many interests involved.

The process and parameters this time around are different than the CD21 proposal. The current process will take a broader look at downtown, including the cultural district to the north of Bernard Avenue. Unlike the CD21 proposal, the Downtown Plan does not propose a prescribed, comprehensive development plan.

Instead, the Downtown Plan will receive input from stakeholders during a week-long urban planning exercise this spring to establish a vision for the area that is workable and will lead to redevelopment. Throughout the process, the public will have opportunities to provide input as the plan develops.



At the same time, we will finalize the planning that started last year to revitalize Bernard Avenue.

Again, community engagement is a crucial part of the Bernard Avenue planning process and it really helps everyone involved in that process to see the challenges and benefits of the proposed streetscape options. A fourth Bernard Avenue workshop was held Monday to update participants and present more details about the two design options proposed for Kelowna's main street, including the costs for the streetscaping options. A construction schedule and public engagement plan for Bernard Avenue will be determined this year.



These consulting processes follow a model that proved successful during the formulation of the Central Green project. By hearing from all voices in the community, Central Green evolved into a comprehensive development that the community supports.



The rezoning of land parcels at Central Green is well on its way for the site near the corner of Highway 97 and Richter Street. At its heart will be Rowcliffe Community Park, which will be designed this summer.

Through our Citizen Surveys, residents tell us parks are an aspect of life in Kelowna that helps them connect with their community and their neighbours. Along with Rowcliffe Park, we will see more park space added in 2011.



Mountainside Park will be constructed in the Kettle Valley neighbourhood, along with a small park at Pacific Court and the linear park along Gopher Creek in Rutland, which will also include an underpass under Highway 33.

We'll see more park trail development this year, including trails, signage and restoration projects for Knox Mountain Park, including expanded hours for pedestrians and cyclists on Knox Mountain Road approved on Monday by Council.



Recreation corridor expansion will continue in 2011, and this is where you can really see the “Connections” theme in action.

Here, you see where we are our major paths and recreation corridors.



And here you see where we're going with these pathways.



Our city can look forward to better connections, more reliable service and new technologies that will make this type of travel more convenient and enjoyable. The RapidBus lines are also important because they provide better connectivity to other forms of active transportation such as multi-modal corridors and trails.



2011 DESIGN & CONSTRUCTION

- ▶ Planning for Frost Road improvement from Chute Lake to Kildeer.
- ▶ Complete bridge design for new Lakeshore Road bridge over Mission Creek.
- ▶ Replace the Hereron Road Bridge (near airport).
- ▶ Planning for Phases 2 to 4 of the Glenmore connection to UBCO.
- ▶ Dehart Avenue widening from Gordon to Lakeshore (near Mission Hall).

kelowna.ca

Along with these off-road paths and the road projects that started last year such as Highway 33 widening, work has begun on plans for more road design and construction in 2011.



Other major capital construction projects for 2011 include a million-dollar telecommunications tower at the fire hall on Enterprise, construction of public washrooms at the new Gerstmar Park along Mission Creek near Springfield Road and a \$3.2-million dollar Parkinson Recreation Centre expansion to accommodate the eventual move of the Water Street Seniors Centre.

When the Water Street Senior Centre is vacated, work will begin on the next phase of Stuart Park, with a new Kelowna Yacht Club.



An exciting design project this year will be for the new RCMP detachment on Clement Avenue between Ellis and Richter Streets. The current RCMP detachment building is crowded and at the end of its lifecycle. Protective Services – police, fire and bylaw enforcement – is one of the City of Kelowna’s core services, accounting for about 40 per cent of the tax revenue we spend annually.

The RCMP operates under a contract with the City, and Superintendent Bill McKinnon works with the City’s General Manager for Corporate Sustainability Paul Macklem. Superintendent McKinnon has ongoing communication with city administration and provides a monthly report to City Council on police activity.

We are fortunate to have a good working relationship with the RCMP and we are able to work through challenges and look at ways to maintain and improve local services.



More design and construction work for 2011 is planned at Kelowna International Airport. And – while we’re talking about connections – Your Link to the World, YLW, continues to expand its direct-flight connections and prepare for continued growth. Even in the sluggish economy of 2010, Kelowna International Airport set new passenger number records, with nearly 1.4 million people arriving or departing.

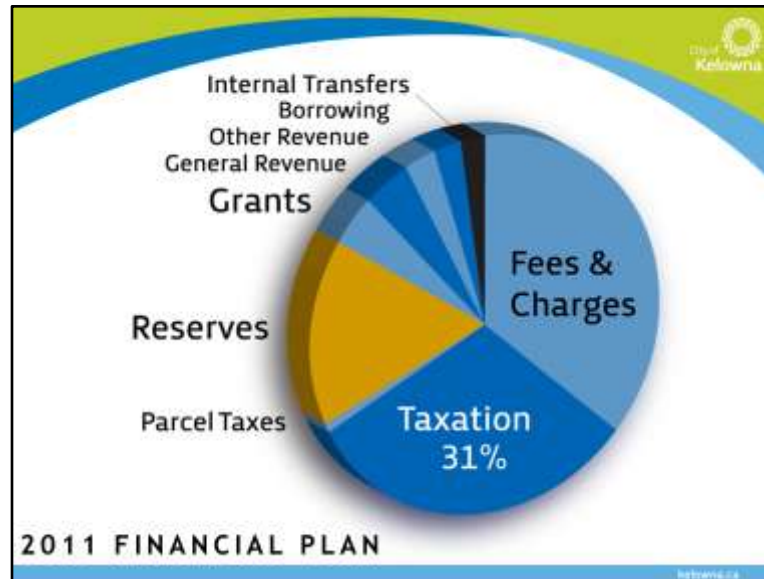


) YLW's Drive to 1.6 Million campaign is a phased plan to accommodate the expected growth in passenger numbers. Those numbers are forecast to grow to 1.6 million passengers by 2015, which will require \$62 million in improvements to the airport. Some of that work starts this year, including the expansion of the customs facility to accommodate 250 passengers per hour.

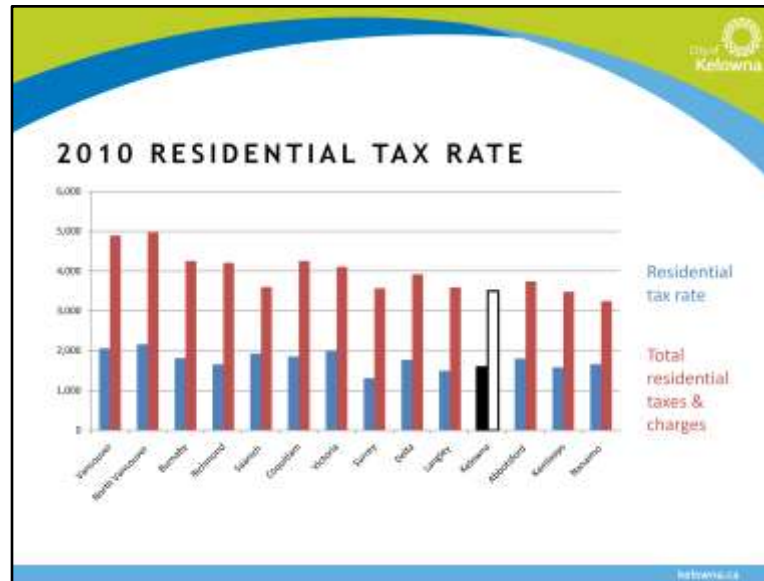


Kelowna International Airport represents an employment cluster of nearly 2,000 jobs and \$310 million in economic activity annually.

I like to remind people that the airport, our electrical utility, water utility and landfill are all self-funding. Revenue generated from users – not tax dollars – funds the operation, maintenance and expansion of these civic operations. 2010 marked the 9th year in a row the City has received the Government Finance Officers Association award for annual financial reporting.



The figure varies every year depending on the nature of work being planned, but taxes collected for municipal purposes represent roughly one-third of the City's 2011 budget. The provisional budget for 2011, which will be finalized in May, will see revenues of \$209 million dollars – \$96 million dollars of that from property taxes. The rest – \$113 million dollars – will come from user fees, development charges, reserve funds, self-funding facilities such as the airport, city utilities or landfill and partnerships with other levels of government.



We know the economy is still recovering, so we are keeping taxes as low as we can. This year’s residential tax rate is projected to be 2.05 per cent and with the exception of two years in the past decade, Kelowna’s annual property tax increase was 2 per cent or less, consistently ranking among the lowest tax jurisdictions in B.C.



On the business tax side, Kelowna also continues to rank among the least expensive jurisdictions in the province. Among B.C. cities with a population of 75,000 or more, Kelowna has the lowest tax rates for Business, Light Industrial and Utilities, and is among the lowest in Major Industrial and Non-Profit.



Something that helps us anticipate needs and plan for growth is the Official Community Plan. We will complete the OCP update this year, giving us a 20-year framework to address needs for housing, transportation, infrastructure, parks, economic development and our natural and social environment.



For example, our transportation servicing plan for the next 20 years forecasts a reduction in road construction compared to previous OCPs. This reflects an expected decrease in single-occupant vehicles and an increase in transit use and other forms of transportation such as multi-use corridors.

The main changes you will see when you review the OCP at a series of open houses this month will be a modified permanent growth boundary, a health district, a 5th town centre in the Capri/Landmark area, and a new hillside residential designation intended to regulate the visual character of hillside development.



I am also hopeful that one day we'll have a light rail service running from downtown to the airport and UBCO and on to the North Okanagan. This slide shows the light rail service that started in Phoenix in 2008. The OCP also takes into account the provincially mandated reduction in greenhouse gases to a target 33 % below 2007 levels within 10 years. To achieve that, we need to take steps today and a number of initiatives are underway to meet this goal.



Kelowna is already a leader in British Columbia for solar energy applications, and now District Energy is another innovation we'll be moving ahead with in the years to come. District energy is the sharing of excess energy from one or more sources with other nearby buildings. We already do this with our Waste Water Treatment Plant, which pipes purified heated water to Okanagan College to warm buildings on campus.

In October, Terasen Gas and the City of Kelowna reached an agreement to develop two more district energy systems valued at a combined \$38 million dollars. These systems, in Central Kelowna and South Pandosy, will help the City reduce its energy use and greenhouse gas emissions.



That's my time for today. Here are a few photos of the International Children's Winter Games, which was a smashing success – thank you to Chamber members who supported the Games through sponsorships or with in-kind donations, or maybe you were a host family. Your efforts contributed greatly to the success of the event.



I hope this presentation gives you a sense of what's happening in your city this year, and an idea of how the City of Kelowna is working with the community to meet the high expectations we have for our goal of making Kelowna the best mid-sized city in North America.

Thank you again for the invitation to speak to you.