

Economic Directory

April 2013

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1.0 Background

A sustainable economy is “one that exhibits diverse and viable economic opportunities and is resilient and responsive to changing circumstances, while also supporting the achievement of environmental and social sustainability.”¹ A healthy local economy has employment and a solid tax base to support services that create a liveable community.²

Economic development is central to Kelowna being able to thrive and grow into a self-sustaining community that attracts innovation and entrepreneurial activity.³ One of the main goals of Kelowna’s OCP is to “foster a healthy, dynamic and sustainable economy by retaining and attracting youth and talent, supporting business, encouraging appropriate new investment, providing for environmentally sound growth and improving the quality of life for Kelowna residents.”⁴



The \$14 million Bernard Avenue Revitalization investment will help rejuvenate downtown, enhance residents' and visitors' experiences, as well as replace aging utilities and roadway.

The City is involved in economic issues in three ways:

- City Finances
- Business with the City
- Business in the City

The OCP devotes Chapter 8 to economic development policies. In addition, policies throughout the OCP seek to retain and improve upon Kelowna’s economic advantage, and as such are identified with an icon (\$).

The following pages of the Economic Directory illustrate the additional roles the City of Kelowna plays in economic sustainability through its infrastructure, policies and programs.

The other three pillars of sustainability, Environment, Culture and Social are not included in this directory. The City, however, recognizes that they significantly influence economic sustainability.

- Culture - Culture plays a significant role in economic development as demonstrated in the [Economic Impact Assessment](#) which measured the magnitude of the revenues of the creative sector, as well as the significance of this income in generating employment and further income.
- Environment - A healthy natural environment positively impacts both quality of life and economic vitality.⁵
- Social - A socially sustainable community is one that allows residents to meet basic needs for food, shelter, education, work, income, recreation and safe living and working conditions.⁶ Further, quality of life is essential for economic growth and vitality.⁷

¹ Capital Regional District, Economic Sustainability Regional Sustainability Strategy Policy Options Series, Fall 2010, sustainability.crd.bc.ca/media/807/economic_sustainability_policy_brief_small.pdf

² City of North Vancouver, www.cnv.org/?c=3&i=502

³ City of Kelowna, Official Community Plan 2030, page 8.1

⁴ City of Kelowna, Official Community Plan 2030, page 1.4

⁵ City of Kelowna, Official Community Plan 2030, page 6.1

⁶ City of Kelowna, Official Community Plan 2030, page 10.1

⁷ Strathcona County, Economic Sustainability Framework, <http://www.strathcona.ca/files/files/at-cpia-economicsustainabilityframework.pdf>

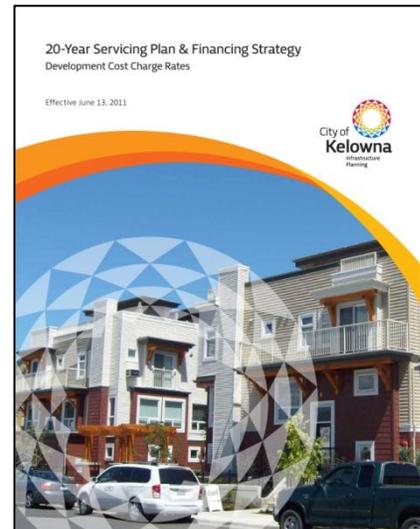
2.0 Economic Policy, Plans, Strategies and Services

The following provides an index of the economically-related policies, programs and services provided by the City of Kelowna. Some economic programs and services are operated at a regional level as a sustainable way of effectively distributing resources. For brevity, each item may be noted only once, although it may be applicable in multiple sections and/or be applicable as both a policy and a program.

2.1 City Finances

2.1.1 Policies and Strategies for City Finances

- [20 Year Servicing Plan and Financing Strategy](#) - The City's 20-year Servicing Plan and Financing Strategy supports the infrastructure needs called for in the OCP. The Strategy provides for the Development Cost Charge (DCC) program to ensure new developments pay an appropriate share of the infrastructure required to support their development.
- [Annual Financial Plan / Budget](#) - The annual budget aims for a balance between setting a reasonable tax rate and delivering services expected by residents and businesses.
- [Annual Financial Plan Policies](#) - There are various policies adopted by Council that guide the City and are used in the preparation of the financial plan:
 - Financial Planning Policies:
 - Balanced budget - the Financial Plan is developed for the City to operate within its means.
 - Long Range Planning - The Community Charter mandates that a 5 Year Financial Plan be prepared.
 - Asset inventory - Civic facilities are reviewed on an annual basis to determine the requirements for maintaining the asset.
 - [Revenue and Expenditure Policies](#):
 - Revenue - The level of community resources that the City dedicates toward municipal services is directly related to the extent of benefit to the community and the City's ability to pay.
 - Expenditure - Regular monthly and annual financial reports are prepared to compare the actual revenues and expenditures to budgeted amounts.
 - Debt - The maximum debt servicing should not exceed 5% of annual tax demand and cannot exceed debt servicing limits established by the Province.
 - Reserves - The City maintains a surplus account within the general fund of 5% of the previous year's taxation requirement to assist with the expenses of unforeseen emergencies and to ensure a continued strong financial position.
 - Surplus allocation - Any surplus generated in a year is allocated to reserves as recommended by the City's Audit Committee.
 - Investment and Cash Management Policies - The City maintains sufficient short term liquid assets to enable it to meet its annual operating budget as required.



The City's 20-year Servicing Plan and Financing Strategy supports the infrastructure needs called for in the Official Community Plan.

- [Five Year Financial Plan](#) - Adopted as bylaw each May after final budget, the Five Year Financial Plan contains current year operating and capital costs along with projected future costs. The plan sets the objectives and policies of the municipality in relation to: the proportion of the revenue that is to come from each major funding source; the distribution of property taxes among the various property classes; and the use of permissive tax exemptions.
- [Council Policy 262: Financial Plan Amendment Policy](#) and [Council Policy 261: Financial Plan Transfer Policy](#) - These policies define situations and create a process whereby financial plan amendments and transfers can be completed while meeting the City's overall internal control objectives.
- [Tangible Capital Asset Policy](#) - This policy promotes sound corporate management of capital assets and complies with the Public Sector Accounting Board (PSAB) Handbook.
- Utilities Rate Models - Models are developed for the Water, Wastewater, Airport and Landfill to ensure fees and charges are set appropriately in those areas to cover their operating and capital requirements.
- [Ten Year Capital Plan](#) - Ten-year Capital Plan models help guide the City through the next ten years of growth and is a vital component of the comprehensive Five Year Financial Plan. Capital strategies approved by Council help provide direction for the Ten Year Capital Plan.

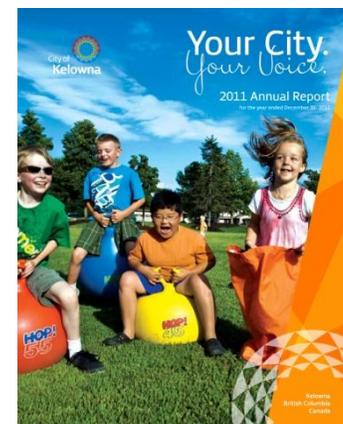
2.1.2 Programs and Services for City Finances

- [Annual Report](#) - In addition to summarizing the City's achievements, the annual report also provides financial information for the year.

2.2 Business with the City

2.2.1 Policies and Strategies for Business with the City

- [Bylaw No. 9590: Purchasing Bylaw](#) - This bylaw provides for the expenditure of municipal funds and delegates authority for the approval and execution of certain contracts and agreements.
- [Development Cost Charges](#) - Development Cost Charges are monies collected from land developers by a municipality to offset some of the infrastructure expenditures incurred in servicing new developments.
- [Property Taxes](#) - Property taxation is the most important single source of municipal revenue for the general fund. The annual tax distribution review with Council helps stabilize the tax rates across the different tax classes. Kelowna's tax ratios for business are one of the lowest in the province.
- [Permissive Tax Exemption](#) - [Bylaw No. 10759: Permissive Tax Exemption Bylaw](#) and [Council Policy 327: Permissive Tax Exemption](#) outline the tax exemption policy for qualifying, registered non-profit organizations using property for municipal, recreational, religious, cultural or charitable purposes.
- [Council Policy 335: Rental Housing Grants](#) - Each year the City offers grants to encourage the construction of affordable rental housing units.



The Annual Report summarizes achievements and provides financial summaries.

2.2.2 Programs and Services for Business with the City

- [Utilities Billing](#) - Depending on property location, your utility bill could apply to any combination of water, sewer and electrical services.

- [Business Opportunities](#) - The City issues tenders and requests for proposals for a wide variety of goods and services and are advertised in numerous ways.
- [Partnerships](#) - The City has launched a number of differing partnering projects, such as the Capital News Centre and Prospera Place, to help provide community facilities, programs and services without increasing general taxation.
- Annual Capital Program - Through the City's Annual Capital Program, businesses have an opportunity for employment and construction contracts.
- Local Area Service - Local Area Service allows for a form of partnership to achieve additional infrastructure in a specific neighbourhood.

2.3 Business in the City

2.3.1 Policies and Strategies for Business in the City

- [Bylaw No. 9561: Revitalization Tax Exemption Bylaw](#) - As an incentive for development in portions of the City Centre and Rutland areas, a moratorium on taxes is provided for new development projects that meet the terms of this bylaw. Encouraging development in the urban centers helps sustain and enhance the existing commercial centres, reduces greenhouse gas emissions associated with transportation, and promotes healthy and pedestrian-oriented lifestyle.
- [Business Improvement Areas](#) - Kelowna has two Business Improvement Areas which are an association of property owners and tenants within a specified district, who join together with official approval of the City in order to stimulate business and promote their commercial area.
 - [Bylaw No. 10010: Kelowna Downtown Business Improvement Area](#) - This bylaw establishes a local area service for the purpose of annually funding the Downtown Kelowna Business Improvement Area (2009-2013).
 - [Bylaw No. 10730: Uptown Rutland Business Improvement Area](#) - This bylaw establishes a local area service for the purpose of annually funding the Uptown Rutland Business Improvement Area (2013-2017).
- [Council Policy 318: Heritage Building Tax Incentive Program](#) - This incentive policy has been created to encourage the restoration and rehabilitation of agricultural, commercial, industrial and institutional buildings listed on the City's Heritage Register.

2.3.2 Programs and Services for Business in the City

- City of Kelowna Business Development Office - Reporting to the City Manager, the Executive Director of Business Development advocates for business/economic development within City Hall; provides a problem solving role for proposed business and/or investment by linking business to services and possible partners; acts/facilitates short term opportunities; partners on future opportunities; and recommends service improvements to meet the needs of business.
- [Chamber of Commerce](#) - The City partners with the Chamber on various initiatives.
- [Central Okanagan Economic Development Commission \(CO EDC\)](#) - Representatives from the City participate on the advisory board and the executive of the Economic Development Commission. The CO EDC looks at economic development from a regional/macro perspective, enhances existing business and seeks to attract new business and investment.
- [Property Development](#) - The City's one window customer service agents help with a full range of development services including the [land development](#), [building](#) and/or [licensing](#) process.
- [Business Licenses](#) - Any person owning or operating a business within the City of Kelowna must obtain an annual Business License to be prominently displayed in their place of business.

- [Inter-Community Mobile Business License Program](#) - Companies doing business in more than one community (with only one fixed location) may now purchase a Mobile Business License for an annual fee.
- [Urban Centre Revitalization](#) - The City offers a variety of incentives, to stimulate mixed use developments within specific areas of the Downtown and Rutland Urban Centres.
 - Downtown incentives include:
 - Lower Development Cost Charges (29% lower than the City average)
 - Cash in-lieu of parking provisions
 - [Council Policy 314: Parking Credits for Mixed Use Developments within the Downtown Urban Center](#) - Through this policy, Council annually supports the provision of 8 parking stall credits within the Downtown Urban Center that can be applied to mixed use development projects meeting specified criteria.
 - [Bylaw 9561: Revitalization Tax Exemption Bylaw](#) - This bylaw encourages new residential and commercial development to locate within the [Downtown Urban Centres](#).
 - [Downtown Plan](#) - This plan sets a 10-year strategy for this 123-hectare area bordering the shores of Okanagan Lake.
 - [Bernard Avenue Revitalization](#) - The \$14-million investment will aid in rejuvenating downtown, enhancing residents' and visitors' experiences, as well as replacing aging utilities and roadway.
 - Uptown Rutland incentives include:
 - [Bylaw 9561: Revitalization Tax Exemption Bylaw](#) - This bylaw encourages new residential and commercial development to locate within the [Rutland Urban Center](#).



Improvements being made as part of the Bernard Avenue Revitalization improvements include wider sidewalks, a coordinated complement of street furniture, as well as more trees and vegetation.

- [Kelowna International Airport](#) - Kelowna International Airport (YLW) plays a vital part in the economic development and prosperity of the Okanagan Valley impacting jobs, wages, and economic output.
- [Tourism Kelowna](#) - A representative from staff and Council provide leadership and guidance on Tourism Kelowna's board of directors. Tourism Kelowna creates a measurable, healthier tourism industry through innovative marketing and advocacy initiatives.



YLW's total economic impact in 2010 was 2,730 jobs, representing \$140 million in wages and \$610 million in total economic output to the province of BC.

3.0 Economic Indicators

The City has committed to annually track indicators to assess progress towards achieving Official Community Plan objectives. The table below outlines the indicators that directly relate to the economic directory. It should be noted that many of other OCP Indicators (environment, social, cultural) also have an influence on the local economy.

Goal	Supporting OCP Indicator
Well paying jobs	<ul style="list-style-type: none">• What is the median household income for those employed in Kelowna relative to the provincial median?
Growing businesses	<ul style="list-style-type: none">• How many businesses with employees are in Kelowna (Census Metropolitan Area)?