



COUNCIL REPORT

To: Mayor and Council

Date: November 14, 2023

From: Paul Gipps, CAO

Subject: **West Kelowna Economic Development Corporation - Update**

Report Prepared by: Trevor Seibel, Deputy CAO

PURPOSE

To update Council on the status of the incorporation submission for the West Kelowna Economic Development Corporation (WKEDC), seek Council's direction on the budget options and outline next steps.

RECOMMENDATION to Consider and Resolve:

THAT Council endorse Option #1 for the 2024 Budget for the West Kelowna Economic Development Corporation (WKEDC).

Alternative Recommendation

Should Council wish to endorse Option #2 for the Budget funding, the following resolution would be required:

THAT Council endorse Option #2 for the 2024 Budget for the West Kelowna Economic Development Corporation (WKEDC).

STRATEGIC AREA(S) OF FOCUS

Pursue Economic Growth and Prosperity – We will work with stakeholders throughout the region to advocate for and support efforts aimed at helping West Kelowna businesses prosper. With a focus on the future, we will advance opportunities to expand our economy, increase employment, and develop the community in ways that contribute towards prosperity for all.

DISCUSSION

At the June 13, 2023 Regular Meeting of Council, direction was provided to staff to seek approval from the Inspector of Municipalities to establish the WKEDC and report back on the outcome and next steps. On September 14, 2023 the City received approval from the Inspector of Municipalities to incorporate WKEDC (Attachment “A”). With the approval now in place, Administration has started to map out the next steps of the process.

Budget

In the materials provided to Council at the June 13, 2023 meeting, the draft service agreement between the City and WKEDC indicated annual base funding of \$400,000 was required in order to ensure financial stability of the Corporation as it commences operations. This base funding would be indexed by the change in the Consumer Price Index (CPI) from January 1 to December 31 of the previous year for years 2 through 5 of the agreement.

The annual budget for Economic Development is \$142,410. There will be an estimated accumulated surplus of \$193,400 at the end of 2023. Meaning, the available budget funding for 2024 would be \$335,810. This is more than sufficient funding to get activities and operations started once the corporation has been incorporated.

However, there are two options for Council to consider as it relates to how the base funding is increased to \$400,000.

Option #1 – Increase budget from \$335,810 to \$400,000 in 2025

With this option, a tax increase of 0.62% would be needed in 2025. This would leave the 2024 budget at \$335,810.

Option #2 – Increase budget from \$335,810 to \$400,000 in 2024

With this option, a tax increase of 0.15% would be needed in 2024 and a further increase of 0.47% in 2025.

These options are summarized in the following table:

| | OPTION #1 | | OPTION #2 | |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2024 | 2025 | 2024 | 2025 |
| Accumulated surplus | \$ 193,400 | \$ - | \$ 193,400 | \$ - |
| Existing Annual Budget | 142,410 | 142,410 | 142,410 | 206,600 |
| | 335,810 | 142,410 | 335,810 | 206,600 |
| Tax Increase | - | 257,590 | 64,190 | 193,400 |
| TOTAL BUDGET | \$ 335,810 | \$ 400,000 | \$ 400,000 | \$ 400,000 |

NOTE: With Option #2, the annual budget in 2025 is increased by the tax increase amount from 2024.

Year End

Pursuant to the Articles of Incorporation, which were previously provided to Council, the corporation must have a December 31 year end to be consistent with the City. In order to prevent additional reporting requirements, the WKEDC corporation would be incorporated in January 2024.

Next Steps

A detailed report will be forthcoming at the December 12, 2023 Council meeting that will outline the process of the initial set up post incorporation, appointing the Board of Directors and hiring the Chief Executive Officer. This will also include the consideration to proceed with the Corporation. Our consultant on this project (Nielsen Strategies Inc.) was unable to provide the detail information needed for inclusion with this report.

COUNCIL REPORT / RESOLUTION HISTORY

| Date | Report Topic / Resolution | Resolution No. |
|---------------|---|-----------------------|
| June 13, 2023 | <p>THAT Council approve the formation of a West Kelowna Economic Development Corporation, created pursuant to section 185 of the Community Charter as a municipal corporation wholly-owned by the City of West Kelowna;</p> <p>THAT Council direct the Director of Legal Services and Risk Management to request and obtain the approval of the Inspector of Municipalities to establish the Corporation; and</p> <p>THAT Council direct staff to report back with confirmation of the approval from the Inspector of Municipalities, and outline next steps in establishing the Board of Directors.</p> | C228/23 |

REVIEWED BY

Warren Everton, Director of Financial Services

Brad Savory, Director of Legal Services

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

Powerpoint: Yes No

Attachments:

Attachment "A" – Inspector of Municipalities – Approval to Incorporate WKEDC