



COUNCIL REPORT

To: Mayor and Council

Date: May 17, 2022

From: Sandy Webster, Director of Corporate Initiatives

Subject: **Economic Development Review**

RECOMMENDATION

THAT Council consider and resolve to direct staff to begin establishing an Economic Development Corporation for the City of West Kelowna, and report back to Council with progress updates regarding the development of a Corporation Charter, budget and legal documents under the Community Charter and Business Corporations Act.

STRATEGIC AREA(S) OF FOCUS

Economic Growth and Prosperity

PURPOSE

The purpose of this report is to:

- 1) Provide Council with the outcome of Council's direction to undertake a review of the City's economic development function;
- 2) Outline the recommended third-party Corporation model that would move the City's in-house economic (primarily administrative) function to meet Council's strategic priority for more robust economic development outcomes; and
- 3) Seek Council's approval to begin establishing an Economic Development Corporation under the direction of the CAO.

BACKGROUND

In August of 2010, the District of West Kelowna Council endorsed its first Economic Development Strategy, prepared by Lions Gate Consulting. Over the past twelve years, incorporation of the City occurred along with continued growth and changing economic conditions in West Kelowna. This resulted in the current City of West Kelowna Council directing staff to evaluate the scope and delivery model of the City's economic development function.

As part of Council's 2021 Strategic Priorities review and creation of its 2022 Strategic Priorities, Council directed staff to review its in-house economic development model and assess current and future considerations of its function. The City's existing in-house economic development role primarily resulted in administrative and liaison responsibilities as opposed to strategic growth and development of West Kelowna's economy.

As a 14-year old City with significant economic development opportunities ahead, Council directed staff to conduct a review of the scope of the City's economic development, and the model in which the City uses, for Council's consideration in achieving its vision for economic development. This included departmental human resource, legal and budget considerations that required workshops with Council, staff and its consultant prior to engaging external key stakeholders in preparation for this report.

A third-party economic development model, a strategic plan that truly reflects *development* of West Kelowna's economy, including an annual work plan, resources and budget, that supports Council's *Economic Growth and Prosperity* goals, and one that aligns with the Central Okanagan Economic Development Commission (COEDC) and other economic development partners, is recommended. This would also consider economic development strategies across the Greater Westside with our good neighbour Westbank First Nation and the District of Peachland, in conjunction with other levels of governments and agencies that lead and support economic development.

The expertise of Neilson Strategies Inc. was retained to guide Council and staff throughout the review process. This included examples of other successful third-party models such as in other BC municipalities and across Canada. Several workshops were held in stages to seek input into the best model that would advance Council's vision for economic development. Thus, a corporation model has been recommended with further information from Neilson Strategies attached to this report and will be presented by Mr. Neilson at the May 17 regular Council meeting.

It should be noted that based on the outcome of this review, the City's in-house tourism function would remain unchanged within the City as the Corporation becomes established. Should a future recommendation be to transition the City's in-house tourism function to the Corporation in the longer-term (to keep Economic Development and Tourism together), staff will provide a report for Council's consideration.

DISCUSSION

In the review of the economic development function at the City, staff retained Neilson Strategies Inc. to evaluate considerations such as:

- The role of economic development identifying what's working, what's not working and Council's vision for the future;

- The economic development services provided by the City versus other government/partner organizations who also lead and/or support these services;
- Consideration of in-house versus alternative delivery models;
- The timing of the City's Official Community Plan (OCP) process, data collection and using business/community inputs that may inform an enhanced service model, strategy, tactics, timing (etc) for further developing the City's economy;
- Maintaining the economic development and tourism function during Council's review process; and
- Discussion regarding next steps and timing based on the outcome of the review.

Based on the outcome of the analysis, Council directed staff to provide a proposal for Council's consideration in establishing a mandate for a third-party economic development model in West Kelowna (a Corporation). Several workshops with Council and staff were facilitated by Neilson Strategies followed by two rounds of key economic development stakeholder meetings that would help inform the recommendation in this report and next steps.

Throughout the review process, staff also ensured the appropriate modifications were made to the City's administrative functions as highlighted below.

City's Economic Development Budget

The City's 2022 economic development budget remains unchanged. The existing Economic Development Officer position has remained vacant. Staff will have surplus budget estimates in the budget forecast report anticipated this summer.

Council's Economic Development Committee (EDC)

In early 2022 and while the review was underway, staff sought Council's direction whether to continue with EDC meetings until the Committee's term expired this fall, or to discontinue the committee pending the outcome of the review. In April 2022, the Committee was discontinued and members were sincerely thanked by the Mayor for their contribution.

City Non-voting Member of the Greater Westside Board of Trade (GWBOT), Board of Director's

City staff was a non-voting member on the GWBOT Board of Director's and, as the GWBOT is a key stakeholder in the City's economic development, staff removed its participation from the Board and transitioned to provide the GWBOT with monthly (or as-required) updates to the Board. This also allowed the Board to openly provide its input for Council's consideration of a potential new economic development model and mandate during the review process.

City's Participation with Regional COEDC Meetings/Initiatives

During the pandemic, most of the COEDC meetings were held virtually that City staff and members of Council participated in. Should Council proceed with an

Economic Development Corporation, Council's participation in COEDC meetings and initiatives are envisioned to remain unchanged. This includes advertising campaigns that the City already contributes funding to the COEDC for, business walks and other regional initiatives. For staff participation with COEDC meetings/initiatives, the CAO would become the designated representative.

FINANCIAL IMPLICATIONS

Should Council proceed with the recommended motion, staff will develop a Corporation Charter that will inform a draft budget for Council's consideration. The draft budget would also form part of the 2023 budgeting process, and annually thereafter, which is also considered by Council.

The next staff report is anticipated over the summer months that would also include the Articles of Incorporation under the Business Corporations Act and other legal documents required under the Community Charter.

CONCLUSION

The City of West Kelowna plays an important economic development role in the delivery of its services and infrastructure, but it also creates strategies that provide our community with the benefits of developing our economy through service reviews and modifications such as this. The outcome of this review and the recommendation in this report focuses on the transition to a new and enhanced economic development model for Council's consideration. The corporation would report to the CAO and staff anticipate that the next update to Council would occur this summer.

REVIEWED BY

Brad Savoury, Director of Legal Services

Paul Gipps, CAO

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

Powerpoint: Yes ☒ No ☐

Attachments:

- 1) Economic Development Corporation – Summary and Proposed Next Steps, Neilson Strategies Inc. May 2022