

City of Kelowna
Regular Council Meeting
AGENDA



Monday, April 8, 2024
9:00 am
Council Chamber
City Hall, 1435 Water Street

Pages

1. **Call to Order**
2. **Confirmation of Minutes** 2 - 3
Regular AM Meeting - March 25, 2024
3. **Reports**
 - 3.1 **Alternative Revenue Initiative** 45 m 4 - 128
To receive information on the Alternative Revenue Initiative and the Driving Municipal Revenue Study.
4. **Resolution Closing the Meeting to the Public**

THAT this meeting be closed to the public pursuant to Section 90(1) (e) and Section 90(2) (b) of the Community Charter for Council to deal with matters relating to the following:

 - Acquisition of Land
 - Confidential Information from the Province
5. **Adjourn to Closed Session**
6. **Reconvene to Open Session**
7. **Termination**



**City of Kelowna
Regular Council Meeting
Minutes**

Date: Monday, March 25, 2024
 Location: Council Chamber
 City Hall, 1435 Water Street

Members Present Mayor Tom Dyas, Councillors Ron Cannan, Maxine DeHart, Charlie Hodge, Gord Lovegrove, Luke Stack and Rick Webber

Members Participating Remotely Councillor Mohini Singh

Members Absent Councillor Loyal Wooldridge

Staff Present City Manager, Doug Gilchrist; City Clerk, Laura Bentley

(* Denotes partial attendance)

1. Call to Order

Mayor Dyas called the meeting to order at 10:00 a.m.

2. Confirmation of Minutes

Moved By Councillor Hodge/Seconded By Councillor Lovegrove

THAT the Minutes of the Regular AM Meeting of March 18, 2024 be confirmed as circulated.

Carried

3. Resolution Closing the Meeting to the Public

Moved By Councillor Stack/Seconded By Councillor Webber

THAT this meeting be closed to the public pursuant to Section 90(1) (c) (e) (f) (i) and Section 90(2) (b) of the Community Charter for Council to deal with matters relating to the following:

- Employee Relations
- Disposition of Land
- Law Enforcement
- Legal Advice
- Information from the Provincial and Federal Government

Carried

4. **Adjourn to Closed Session**

The meeting adjourned to a closed session at 10:00 a.m.

5. **Reconvene to Open Session**

The meeting reconvened to an open session at 12:10 p.m.

6. **Termination**

The meeting was declared terminated at 12:10 p.m.

Mayor Dyas

lb/acm



City Clerk

DRAFT

Report to Council



Date: April 8, 2024
To: Council
From: City Manager
Subject: Alternative Revenue Initiative
Department: Partnerships Office

Recommendation:

THAT Council receives, for information, the report from the Partnerships Office dated April 8, 2024, with respect to Alternative Revenue Initiative.

AND THAT Council receives, for information, the Driving Municipal Revenue Study.

Purpose:

To receive information on the Alternative Revenue Initiative and the Driving Municipal Revenue Study.

Background:

As one of the fastest growing communities in Canada, the City of Kelowna is undertaking an Alternative Revenue Initiative to look for new opportunities to generate municipal revenue. This initiative supports the corporate priority of “Active Financial Management – targeted projects to **increase non-tax revenue** are minimizing the City’s reliance on the tax revenue” which focuses on ensuring the financial well-being of the City. The City is looking to be a leader in alternative revenue generation to support the needs of our growing community through implementing user pay models, service improvements, and innovative technology, policies and practices.

Alternative revenue includes innovative tools, approaches, and opportunities to generate municipal revenue growth for the City of Kelowna while reducing the tax burden on residents. The City has assets which can be monetized and legislative abilities that the City is currently not utilizing. There are several alternative revenue opportunities including tools to recover costs and tools to raise money.

Discussion:

The City is well-positioned to meet its financial obligations, however, is looking to be a leader in innovative municipal revenue generation to have a well-diversified revenue stream and proactively supplement property taxes. As Kelowna changes and the demand for programs and services increases, this is a critical time to look for new methods to generate municipal revenue.

An example of a successful alternative revenue opportunity is the 2020 new Parks Development Cost Charges (DCC) program which now enables the City to include park development costs. This new DCC assists the City in recovering costs from development to build parks to support growth in our community. Through this new DCC, the City has generated funds to construct several parks including the newest Waterfront Park, Ballou Park, Tallgrass Park, the Pond's Community Park, and Gopher Creek Linear Trail.

Another example of a successful alternative revenue opportunity is the Grants Management Program. This program has resulted in significantly increased revenue through a three-fold increase in grant contracts managed over the last three years. These grants are used to leverage City funds for priority Council, corporate and community projects.

As part of the Alternative Revenue Initiative, a cross-departmental staff committee was formed to collaborate with Urban Systems and Neilson Strategies to provide expertise and support in the development of the Driving Municipal Revenue Study. This skilled staff committee included staff from Partnerships & Investments, Finance, Infrastructure, Information Services, Active Living & Culture, and Planning & Development.

The goal of the Study was to undertake a discovery process to document and explore innovative approaches, tools, and opportunities for the City of Kelowna to drive non-taxation revenue growth, while using a lens of equity to users. A gap analysis, best practice scan, and review of legislation were all completed as part of this study to find ways to amplify alternative revenue opportunities. This project outlines options on how the City can shape the delivery of services and attract partnerships to assist in achieving the corporate priority of active financial management.

This Study was developed over four phases:

1. Discovery – outlined gaps and opportunities in the City's current revenue generation efforts.
2. Discernment – developed a set of guiding principles and evaluation criteria.
3. Development of Options – a national network scan to highlight the best approaches.
4. Detailing the Approaches – identified the top 22 innovative revenue approaches.

During the Discernment phase of the Study, guiding principles and evaluation criteria were developed to assess the effectiveness, feasibility, and suitability of each of the potential revenue ideas. The five guiding principles that were used include:

1. Effective revenue tool: to ensure the tool will strengthen Kelowna's financial position.
2. Alignment with municipal priorities: to ensure alignment with ongoing plans and priorities.
3. Administrative efficiency: to ensure the development and implementation balance the demands of the existing initiatives and operations of the City.
4. Social impacts: to ensure the tool includes an equity lens and doesn't disproportionately affect equity-deserving groups.
5. Innovation: to showcase the City's leadership, progressive thinking, and consider new ideas.

Fourteen evaluation criteria were also included to provide a standardized framework to determine the merit of the revenue tool. These criteria included: legal authority, net revenue potential, social and political risk, financial risk, maintenance of levels of service, fairness, ease of implementation, assessment and start-up costs, technological readiness, social acceptance, economic impact, internal consistency, environmental responsibility, and flexibility and scalability.

During the Development of the Options phase, 125 revenue generation opportunities were identified. These opportunities were scored using the assessment matrix to determine their potential for Kelowna. The matrix provided a standardized framework to assess the proposed revenue tools using the five Guiding Principles and 14 Evaluation Criteria.

During the Detailing the Approaches phase, 22 innovative approaches were detailed, including cost recovery, raising money, cost avoidance, and other tools. Each approach includes revenue potential, complexity, and case studies from other jurisdictions in British Columbia and across Canada.

Of the 22 approaches, there are seven that have been identified as immediate priorities to analyze, and/or implement. The seven immediate priority were chosen to showcase a variety of tools and approaches that are implementable in a short time-frame and have revenue potential and include the following:

Category	Initiative	Current Work	Opportunity
Cost Recovery Tools	Fees and Fines Review	The City's Fees and Charges Bylaw No. 9381 was reviewed and amended in 2023.	To conduct annual Fees and Fines Review to provide ongoing revenue-generating opportunities.
	Facility Fees	The City charges facility use fees and rental fees to users of City-owned facilities including the Kelowna International Airport, recreation and community centres, and sports fields.	To establish an effective pricing structure for City-owned facilities. This could include a dynamic pricing model.
	Storm Drainage Utility	The City currently does not have a dedicated Storm Drainage Utility but is actively pursuing one.	To establish a user-pay storm drain utility fee to cover storm drainage operations and capital costs.
	Frontage Works Program	The City's Subdivision, Development & Servicing Bylaw No. 7900 includes some standards for frontage improvements.	To expand into a formal program to recover development costs to help fund streetscape improvements.
Raise Money Tools	Dark Fibre	The City has invested in the fibre optic network over the last decade and the network has grown to 36 kilometers since 2015.	To expand investment in fibre optic cables and focus on increasing leasing opportunities.
	Marine Facility User Pay Program	The City conducted an operational review of municipal boating facilities in 2022 and implemented a successful commercial license program.	To expand the commercial license program to include a public user pay system for marine users.

Other Tools	Monetization of Value-Added Data	The City is at the forefront of digital advancement through a focus on digital transformation including the AI Chat Bot that speeds up building permit applications.	To develop customized solutions and implement fees for value-added data.
-------------	----------------------------------	--	--

The next steps involve further assessment of the above immediate priority initiatives. This will involve forming an ongoing Alternative Revenue Governance Committee consisting of senior staff from Partnerships & Investments and Finance to examine and assess the immediate priorities to determine the path forward. This will involve developing procedures and a comprehensive evaluation of the initiatives based on several factors such as government-based initiatives vs. potential business initiatives, alignment with City plans and priorities, resources required, feasibility analysis, revenue creation potential, financial estimates, risks and impacts, and implementation factors.

For the immediate priority initiatives that fit within the lens of a business venture, such as Dark Fibre and Monetization of Value-Added Data, the Alternative Revenue Governance Committee should take a dynamic approach, be nimble and agile, and move the viable initiatives forward that meet an alternative revenue financial business case.

The Alternative Revenue Governance Committee will also lead and champion new Alternative Revenue ideas and proposals through ongoing innovation, collaboration, analysis, and prioritization of initiatives.

Conclusion:

The City of Kelowna, like many other municipalities, has yet to unlock the full potential of existing revenue sources or implement new approaches to revenue. Alternative revenue can provide tools to improve fiscal health and improve services for residents while reducing the demand on property taxes in alignment with the City’s corporate priorities.

The amount of revenue that alternative revenue tools can generate for cities varies depending on several factors. By further exploring these tools the City can support economic growth, reduce tax burdens, and demonstrate innovative governance and leadership. An annual report to Council will provide updates on this initiative.

Internal Circulation:

- Partnerships & Investments Divisional Director
- Infrastructure General Manager
- Financial Services Divisional Director
- Planning, Climate Action and Development Services Divisional Director
- Partnerships Office Director
- Information Services Director
- Real Estate Department Manager
- Capital Planning and Asset Manager
- Energy Manager
- Administration & Business Services Manager
- Financial Planning Manager

Considerations applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Fees and Charges Bylaw No. 9381

Council Policy No. 376 – Corporate Sponsorship and Advertising

Financial/Budgetary Considerations:

Kelowna's 2024 property tax increase remains well below the average increase being considered throughout the province. Unlike higher levels of government, the City has a legal obligation to not run a deficit. Maintaining its financial health is prioritized through a corporate priority of Active Financial Management. The 2024 Budget maintains the City's commitment to keep the tax rate as stable as possible by ensuring expenditures and revenues are closely aligned.

Only ~25 per cent of the City's 2024 operating and capital costs will come from annual taxation. This is in-line with the City's commitment to seeking own source revenues and partnerships to fund services, reducing the burden on taxpayers. Other revenue sources include reserves, grants, and income from user fees including those from self-funding business units such as, Kelowna International Airport, the City's water and wastewater utilities and solid waste operations.

Consultation and Engagement:

Communications Comments:

Considerations not applicable to this report:

Submitted by:

M. Kam, Grants & Special Projects Manager

Approved for inclusion: Derek Edstrom, Partnerships & Investments Divisional Director

Attachments:

- Phase 4 Driving Municipal Revenue Study



CITY OF KELOWNA

DRIVING MUNICIPAL REVENUE

PHASE 4 | BOOK OF IDEAS



URBAN
SYSTEMS

PREPARED FOR:

CITY OF KELOWNA

1435 Water Street
Kelowna BC V1Y 1J4

ATTENTION:

BOB EVANS, PARTNERSHIPS OFFICE DIRECTOR

PREPARED BY:

URBAN SYSTEMS LTD.

Jasmine Patrick

E: jpatrick@urbansystems.ca | T: 778-738-4001

Martin Bell

E: mbell@urbansystems.ca | T: 250-300-7365

NEILSON STRATEGIES INC.

Allan Neilson

E: aneilson@neilsonstrategies.ca | T: 778-214-3405

DATE: SEPTEMBER 2023 | EDITED: JANUARY 2024

File: 000467.0563.01

This report is prepared for the sole use of the City of Kelowna. No representations of any kind are made by Urban Systems Ltd. or its employees to any party with whom Urban Systems Ltd. does not have a contract. Copyright 2024.

TABLE OF CONTENTS

1.0	EXECUTIVE SUMMARY.....	1
1.1	PROJECT OVERVIEW.....	1
1.2	PROJECT METHODOLOGY.....	1
1.3	SUMMARY OF TOOLS.....	2
2.0	INTRODUCTION	5
3.0	METHODOLOGY.....	6
3.1	PHASE 1 - DISCOVERY.....	7
3.2	PHASE 2 - DISCERNMENT.....	7
3.3	PHASE 3 - DEVELOPMENT OF THE OPTIONS.....	8
3.4	PHASE 4 - DETAILING THE APPROACHES (BOOK OF IDEAS).....	8
4.0	CULTURAL CONSIDERATIONS	9
5.0	NEXT STEPS & IMPLEMENTATION.....	11
6.0	TOP REVENUE TOOLS.....	12
6.1	SUMMARY OF TOOLS.....	12
	Book of Ideas	14
	Cost Recovery	15
	FEES & FINES REVIEW	16
	STORM DRAINAGE UTILITY	21
	FACILITY FEES	24
	MONETIZATION OF CUSTOMIZED CITY APPLICATIONS	27
	FRONTAGE WORKS PROGRAM	30
	DEVELOPMENT AGREEMENTS	33
	PARKING FEES & STREET PARKING PERMITS	38
	FILMING FEES	42
	LANDFILL FEES	44
	Raise Money	47
	DARK FIBRE	48
	MARINE FACILITY USER PAY PROGRAM	51
	COMMUNITY DEVELOPMENT CORPORATIONS	53
	SPONSORSHIP, ADVERTISING, PARTNERSHIPS & FUNDRAISING	56
	GREEN UTILITY	61
	OFFER EXISTING SERVICES	65
	ASSET DEVELOPMENT & LEASING	67
	RIGHT-OF-WAY & AIR RIGHTS LEASING	71
	LEGACY FUND	74
	Cost Avoidance	76
	OPTIMIZE SERVICES & RETURNS	77
	DIGITAL TRANSFORMATION	80

Other	83
MONETIZATION OF VALUE-ADDED DATA	84
INNOVATION FUND	87
Appendix A: Phase 1 Report	90
Appendix B: Phase 2 Report	91
Appendix C: Phase 3 Report	92

1.0 EXECUTIVE SUMMARY

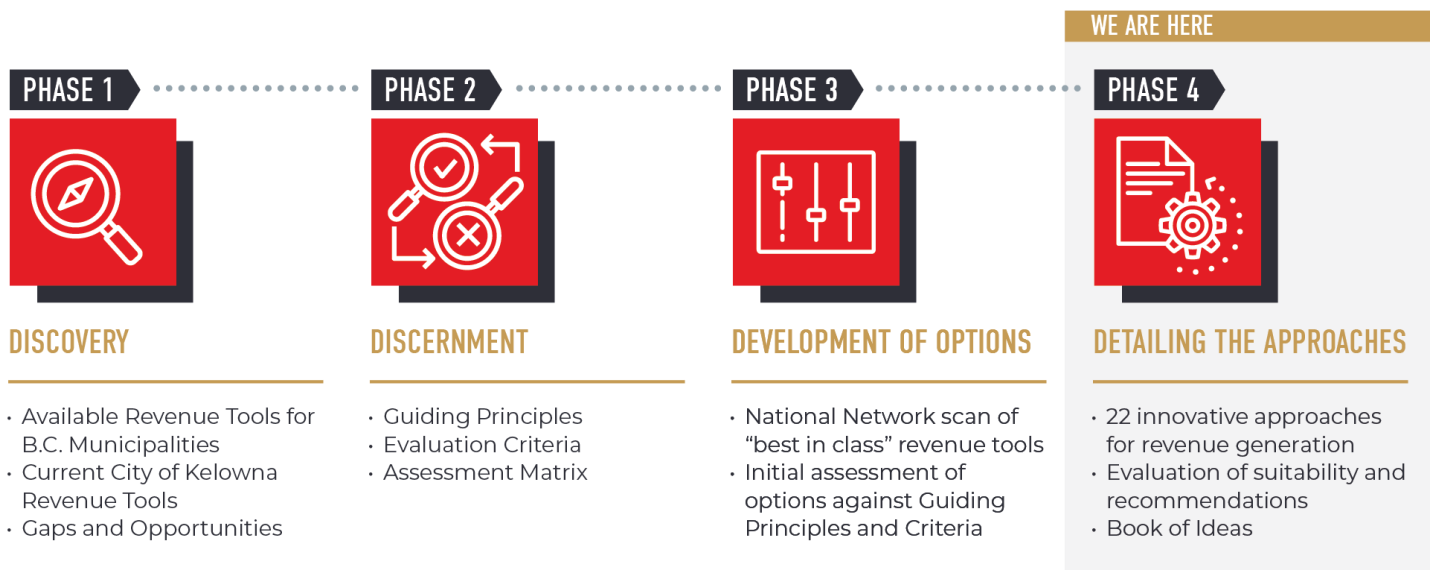
1.1 PROJECT OVERVIEW

The City of Kelowna (the City) is one of the fastest growing and fastest changing cities in Canada. The City's financial situation is healthy, but Kelowna's current evolution and growing demand on programs and services suggest this is a key time to proactively explore new tools and tactics to generate municipal revenue. The City is well-positioned to become a leader in municipal revenue generation that serves the needs of residents while leveraging cutting-edge technology and embracing equitable and sustainable practices.

The *Driving Municipal Revenue* initiative seizes this opportunity to discover and explore innovative tools, approaches, and opportunities to generate municipal revenue growth for the City of Kelowna while reducing the tax burden on residents.

1.2 PROJECT METHODOLOGY

Over four phases, an inventory of potential revenue tools was developed, then evaluated to narrow the inventory down to the 22 most effective, innovative, sustainable, and equitable options. Based on this assessment, the top tools have been further refined and researched to provide a comprehensive overview of each approach outlined in this report.



1.3 SUMMARY OF TOOLS

Based on the guiding principles, criteria, and national network scan, the top 22 innovative approaches have been described in detail, including revenue potential, complexity, and case studies from other jurisdictions in British Columbia and across Canada. The 22 solutions presented in this report are as follows:

COST RECOVERY

Revenue tools that prioritize cost recovery are designed to collect fees from the user to recover costs incurred by the City for a specific benefit or service provided.

Immediate Priority: Fees and Fines Review: Conducting an annual Fees and Fines Review will provide ongoing revenue-generating opportunities and ensure those charged by the City of Kelowna are reasonable, fair, in line with similar-sized municipalities, consistent with the community's needs and values, and reflective of the costs associated with implementation and monitoring.

Immediate Priority: Storm Drainage Utility: A Storm Drainage Utility fee could be collected to cover storm drainage operations and capital costs. This utility fee would employ a user pay approach, based on the philosophy that those who use the system pay for it. In this case, properties with larger surface areas or more impervious surface areas that caused more runoff, would be charged higher fees.

Immediate Priority: Facility Fees: Facility use fees and rental fees are charged to users of City-owned facilities such as Kelowna International Airport, recreation and community centres, sport fields, arenas, the Community Theatre, swimming pools, meeting rooms, and more. These fees could be increased or adjusted to better align with private sector market rates. Dynamic pricing may also be used to introduce fee levels and bundling.

Monetization of Customized City Applications: The City of Kelowna has developed several applications that could be sold to other municipalities or used as the basis for a customizable application platform to be sold or leased for various purposes.

Immediate Priority: Frontage Works Program: The City may collect fees from all redevelopments within a defined area to help fund streetscape improvements. Developers who choose not to pay into the fee program can be required to construct the necessary off-site improvements.

Development Agreements: Development Agreements are made between a municipality and a developer as a condition of development approval or zoning for the provision of infrastructure, community amenities or specific features in the development. This includes Development Works Agreements, Comprehensive Development Agreements, and Phased Development Agreements.

Parking Fees and Street Parking Permits: Parking fees are charged to drivers to park in municipally-owned buildings, parkades or public streets. The City has the ability to increase fees or introduce dynamic fees to better align with pricing in other mid-size municipalities.

Filming Fees: In addition to charging a filming permit, the City can implement fees for filming on municipal property such as use of right-of-way, clean-up fines, fees for City staff overtime, deposits in case of damage, and fees for police or bylaw support.

Landfill Fees: Fees for disposing of waste at landfill and recycling centres to recover additional costs and encourage recycling could be raised, or new fees could be added for items such as household hazardous waste, electronic waste, plastics and more.

RAISE MONEY

Revenue tools that prioritize raising money cover the cost of implementation, generate additional earnings for the City beyond its costs, and create a net positive impact on the City of Kelowna's revenues.

Immediate Priority: Dark Fibre: Dark fibre is dormant optical fibre that can be leased to businesses to provide high-speed internet connections.

Immediate Priority: Marine Facility User Pay Program: User fees for use of the City's marine facilities could be reviewed and updated to better recover operations and maintenance costs and generate additional revenue.

Community Development Corporations: Community Development Corporations (CDC) provide municipalities with the ability to support community development at an arm's length. CDCs can be used to execute public infrastructure programs, ensure the effective use of city-owned real estate assets, and support private-public cooperation and innovative partnerships, among others.

Sponsorship, Advertising, Partnership, and Fundraising: Enhancing the work of the Partnerships and Sponsorships department could support the pursuit and development of new advertising, sponsorship, strategic partnership, and fundraising opportunities.

Green Utility: Investing in green energy projects on existing City assets, such as the roofs of office spaces, parkades and at the landfill, can help achieve energy savings. These green energy projects could also be sold or leased to a private company or non-profit entity.

Offer Existing Services: City departments could provide skilled services such as risk-based inspections, building inspections, and technical safety services to private companies or provincial agencies for a fee.

Asset Development and Leasing: Public and municipally-owned assets such as land, buildings and roadways can be developed, sold and leased through a variety of ways, including public sector partnerships and public-private partnerships.

Right-Of-Way and Air Rights Leasing: Right-of-way leasing refers to leasing available space below, alongside or above municipally owned property. For example, the rights-of-way above utilities can be leased for billboards. Air rights leasing of municipal properties can allow for additional development densities.

Legacy Fund: The City of Kelowna's Legacy Fund consists of more than \$111 million and earns approximately \$4 million in interest per year. This interest could be reinvested to maintain the fund and continue generating a revenue stream for years to come and used to offset tax increases.

COST AVOIDANCE

Revenue tools that prioritize cost avoidance are designed to offset or save costs where appropriate by optimizing services, increasing efficiencies, eliminating redundancies, discouraging use, or using cost control measures.

Optimize Services and Returns: The City of Kelowna could consider evaluating all current programs and facilities to determine where efficiencies and cost savings can be achieved based on community needs and aspirations.

Digital Transformation: The City's Intelligent City Strategy helps guide the use of technology to improve public services, increase efficiency, and enhance citizen engagement. The strategy has been effective in creating new revenue streams and increasing operational and long-term planning efficiencies and could be enhanced to increase cost savings and generate additional revenue.

OTHER

Revenue tools that fall under all three categories.

Immediate Priority: Monetization of Value-Added Data: Monetizing value-added data can provide the City with new revenue streams to offset costs associated with collecting and managing data. Along with a robust open-data platform for the public, it is possible to develop customized solutions and implement fees for value-added data.

Innovation Fund: An innovation fund can be used to provide and prioritize funding support for innovative ideas generated by staff across the City to improve service delivery, find efficiencies, reduce costs and establish new ways of generating revenue.

2.0 INTRODUCTION

The *Driving Municipal Revenue* project has been guided by the commitment to identify and explore the use of innovative tools and approaches to generate new sources of revenue for the City of Kelowna. The following report outlines 22 options which could help uncover new ways to fund city programs, services, and infrastructure without increasing the general tax burden on taxpayers.

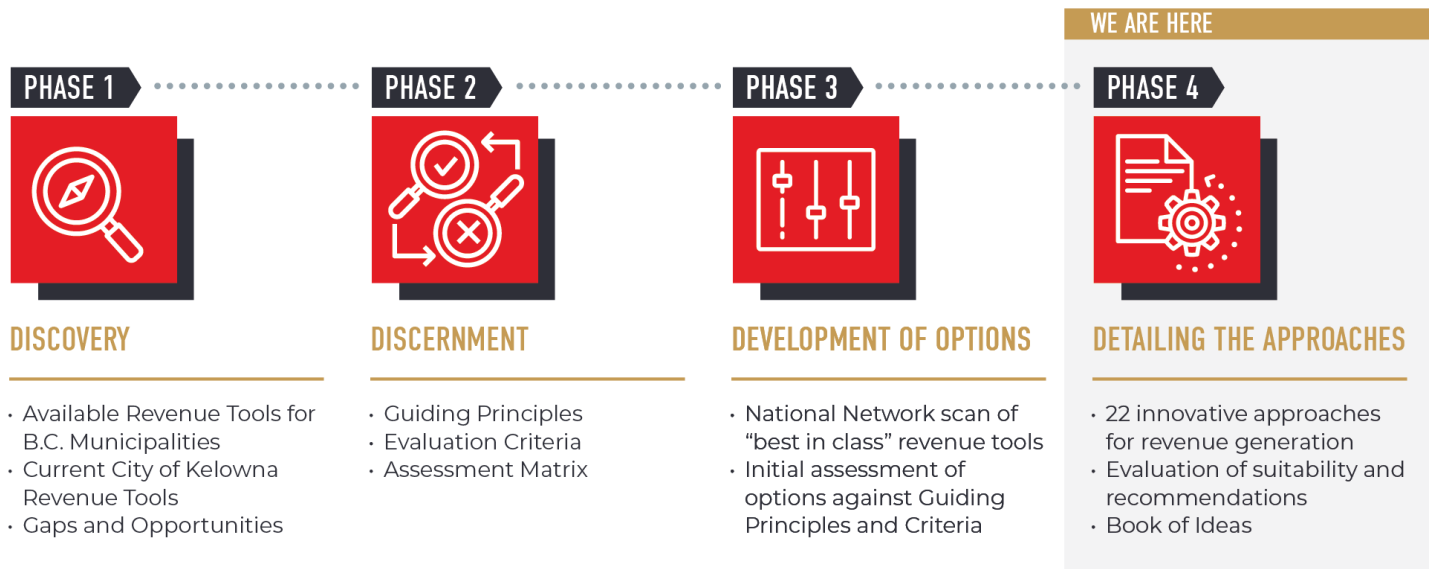
The City is well-positioned to become a leader in municipal revenue generation that serves the needs of residents while leveraging cutting-edge technology and equitable and sustainable practices. While the City's finances are currently healthy, taking a proactive approach to exploring new tactics and tools will help ensure that Kelowna remains a leader in municipal innovation and continues to provide top-quality services to residents.



3.0 METHODOLOGY

The work program consisted of four phases, the first of which – Discovery – outlined gaps and opportunities in the City’s current revenue generation efforts. The second phase – Discernment – involved developing a set of guiding principles and criteria designed to help assess where revenue can be grown through both conventional and innovative tools. The third phase – Development of the Options – included a national network scan to highlight “best in class” municipal approaches, tools, and innovative structures for alternative revenue generation, and explored specific ideas raised by City staff. All relevant options discovered through the scan were assessed against the guiding principles and evaluation criteria.

In this final phase – Detailing the Approaches – a “Book of Ideas” has been developed, describing the top 22 innovative revenue approaches the City is recommended to consider for implementation.





3.1 PHASE 1 - DISCOVERY

The first step of developing the list of potential tools and approaches was building an inventory that outlined:

- Revenue generation tools available to the City of Kelowna within British Columbia's local government legislative framework.
- Revenue generation tools the City currently uses to raise the operating and capital funds needed to provide a broad range of municipal services.
- Gaps between what the City currently uses and what tools are available to use.

In this phase, more than 50 potential options were developed under the categories of user fees; property taxes; sales of service; penalties and fines; development finance tools; government transfers and grants; leases and sales of assets; partnerships, sponsorships and corporations; earnings on investments; and reparations and tools not currently available. More information can be found in **Appendix A**.



3.2 PHASE 2 - DISCERNMENT

In Phase 2, guiding principles and evaluation criteria were developed to assess the effectiveness, feasibility, and suitability of each of the potential revenue generation tools and approaches.

The Guiding Principles each represent a key element of the City's decision-making process and high-level priorities. Each tool that satisfied the guiding principles was then scored based on the evaluation criteria by multiple individuals and compiled to develop an average score for each tool. More information can be found in **Appendix B**.

3.2.1 GUIDING PRINCIPLES



**EFFECTIVE
REVENUE TOOL**



**ALIGNMENT WITH
MUNICIPAL
PRIORITIES**



**ADMINISTRATIVE
EFFICIENCY**



**SOCIAL EQUITY
IMPACTS**



INNOVATION

3.2.2 EVALUATION CRITERIA

- Legal Authority
- Net Revenue Potential (Cost-Benefit Analysis)
- Social and Political Risk
- Financial Risk
- Maintenance of Levels of Service
- Fairness (Benefiter Pay Principle)
- Ease of Implementation
- Assessment and Start-up Costs
- Technological Readiness
- Social Acceptance
- Economic Impact
- Internal Consistency
- Environmental Responsibility
- Flexibility and Scalability



3.3 PHASE 3 - DEVELOPMENT OF THE OPTIONS

The 20 tools that scored the highest based on the evaluation criteria were further refined based on a national network scan to highlight “best in class” municipal approaches, tools, and innovative structures.

This initial shortlist of tools was reviewed, discussed, and expanded upon by the City of Kelowna Project Working Group to inform the more detailed “Book of Ideas.” More information can be found in **Appendix C**.



3.4 PHASE 4 - DETAILING THE APPROACHES (BOOK OF IDEAS)

After input by the staff, a total of 22 tools have been included in the Book of Ideas. Each of the tools has been described in detail, including implementation considerations, key considerations, examples of successful application in other communities, and an estimate of the revenue potential.

These tools have been organized into four categories: Raise Money, Cost Recovery, Cost Avoidance and Other. The detailed options can be found in **Section 6**.

4.0 CULTURAL CONSIDERATIONS

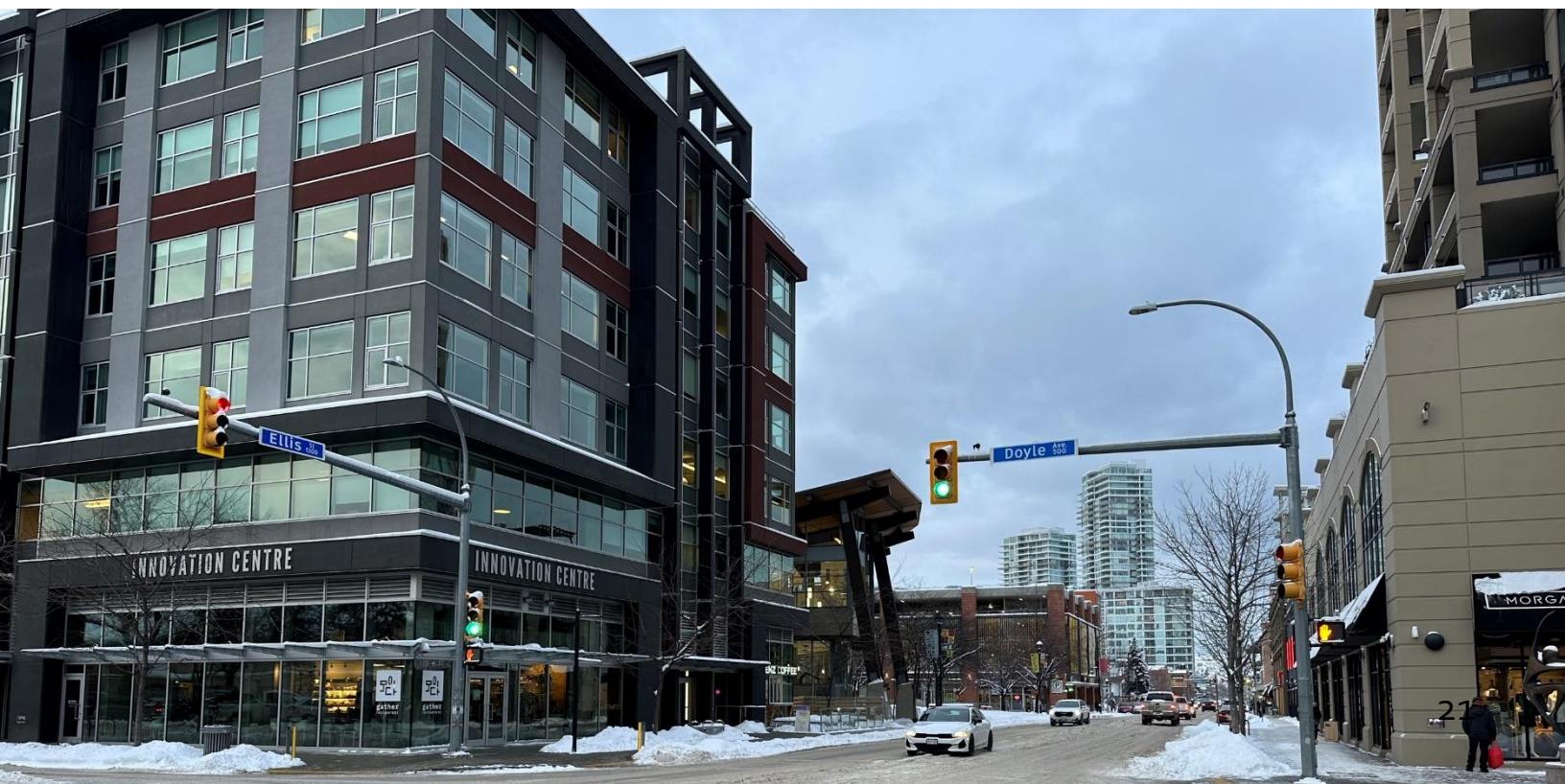
The success of the top 22 revenue tools outlined in this report will thrive on internal enthusiasm and support from all City departments. Encouraging staff to embrace new mindsets and disrupt the status quo may pose some challenges, but the result will be a highly innovative and agile culture that continues to eagerly welcome fresh ideas and make bold changes to better serve the community.

As more research is conducted to explore the revenue tools outlined in this document, it will be important to incorporate the following cultural considerations:

4.1.1 INCENTIVIZING INNOVATION + ENTREPRENEURIALISM

The City of Kelowna has encouraged and fostered an organizational culture which is innovative and entrepreneurial. Staff commitment in this regard is core to achieving the vision of the "City of the Future," actively seeking ways to enhance efficiencies, reduce costs, and improve services.

Encouraging innovation involves sharing success stories and recognizing those who adopt new approaches. Recognition of impact through innovation and entrepreneurialism sets the tone for continued growth and evolution in the culture.



4.1.2 BUILDING STAFF CAPACITY & EXPERTISE

Despite the challenge of having to achieve the same results with proportionately fewer resources due to the community's growth, City staff consistently demonstrate their ability to find innovative ways to enhance efficiency and serve their clients.

As new staff join the civic team, bringing with them fresh perspectives and technical expertise, exciting opportunities are also opened to adopt technologies and best practices from other municipalities and organizations. This creates a culture of open, continuous improvement, where innovation is celebrated and rewarded. Simultaneously, this culture makes the City an even more attractive employer, drawing in additional new talent with fresh insights.

Embracing these new ideas not only builds a reputation for innovation but also appeals to new staff who are eager to contribute their innovative thinking. This cycle ensures that the City remains at the forefront of cutting-edge tools and best practices.

4.1.3 ENSURING EXCELLENT SERVICE

Any new tools introduced by the City must ensure either the same or improved levels of service for residents. Upholding the City's commitment to excellent service and a people-centered approach remain essential. By adopting innovative service-delivery approaches like automation and enhanced data analysis, the City has the potential to notably enhance service quality and efficiency.



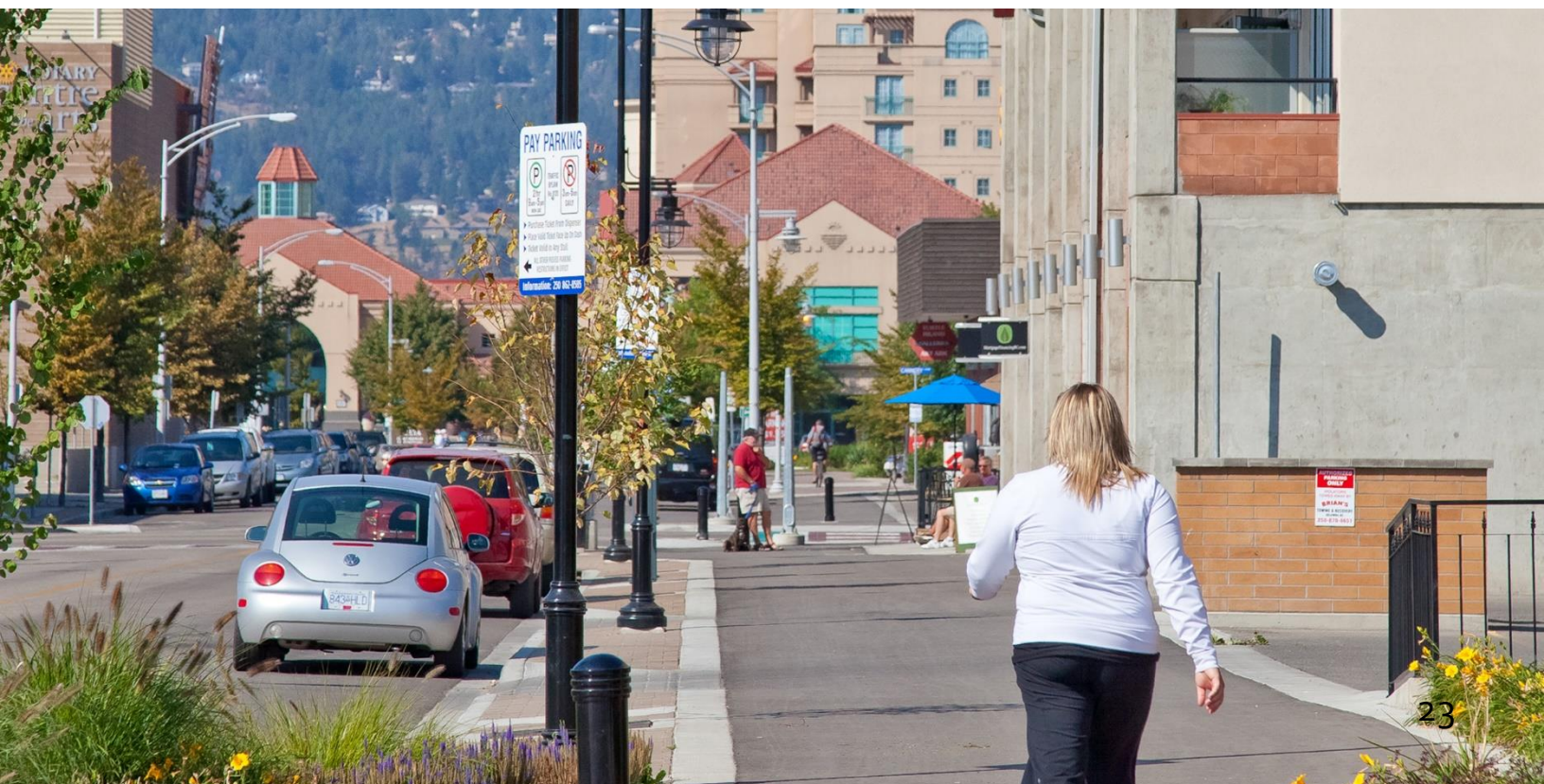
4.1.4 CAPITALIZING ON CHANGE

The world is in a period of rapid change, from technology to social development. Technological innovations such as Generative AI (Artificial Intelligence), automation and increased capabilities for data collection and sharing unlock new possibilities for delivering services and managing workloads. Concurrently, Kelowna and the surrounding region are growing and evolving, marking a pivotal moment for the city to embrace the progressive outlook of a bigger city with the agility and flexibility of a smaller organization.

5.0 NEXT STEPS & IMPLEMENTATION

The top 22 tools below have the potential to increase revenue for the City of Kelowna while building a stronger, more equitable, innovative, and sustainable city.

These tools will require further assessment and exploration to determine if they are the right fit for Kelowna and the City's current priorities; however, as these ideas evolve and are applied, they have the potential to help Kelowna become a leader in municipal revenue generation, innovative governance, and technological advancement.



6.0 TOP REVENUE TOOLS

Results from the assessment matrix scoring revealed several viable revenue options for further exploration. The top 22 revenue tools with the highest scores have been selected, analyzed, and revised. These top tools have been classified into four categories: Cost Recovery, Raise Money, Cost Avoidance, and Other.

6.1 SUMMARY OF TOOLS

COST RECOVERY

Revenue tools that prioritize cost recovery are designed to collect fees from the user to recover costs incurred by the City for a specific benefit or service provided.

- **Immediate Priority:** Fees and Fines Review
- **Immediate Priority:** Storm Drainage Utility
- **Immediate Priority:** Facility Fees
- **Immediate Priority:** Frontage Works Program
- Monetization of Customized City Applications
- Development Agreements
- Parking Fees and Street Parking Permits
- Filming Fees
- Landfill Fees

RAISE MONEY

Revenue tools that prioritize raising money cover the cost of implementation, generate additional earnings for the City beyond its costs, and create a net positive impact on the City of Kelowna's revenues.

- **Immediate Priority:** Dark Fibre
- **Immediate Priority:** Marine Facility User Pay Program
- Community Development Corporations
- Sponsorship, Advertising, Partnership, and Fundraising
- Green Utility
- Offer Existing Services
- Asset Development and Leasing
- Right-Of-Way and Air Rights Leasing
- Legacy Fund

COST AVOIDANCE

Revenue tools that prioritize cost avoidance are designed to offset or save costs where appropriate by optimizing services, increasing efficiencies, eliminating redundancies, discouraging use, or using cost control measures.

- Optimize Services and Returns
- Digital Transformation

OTHER

Revenue tools that fall under all three categories.

- **Immediate Priority:** Monetization of Value-Added Data
- Innovation Fund

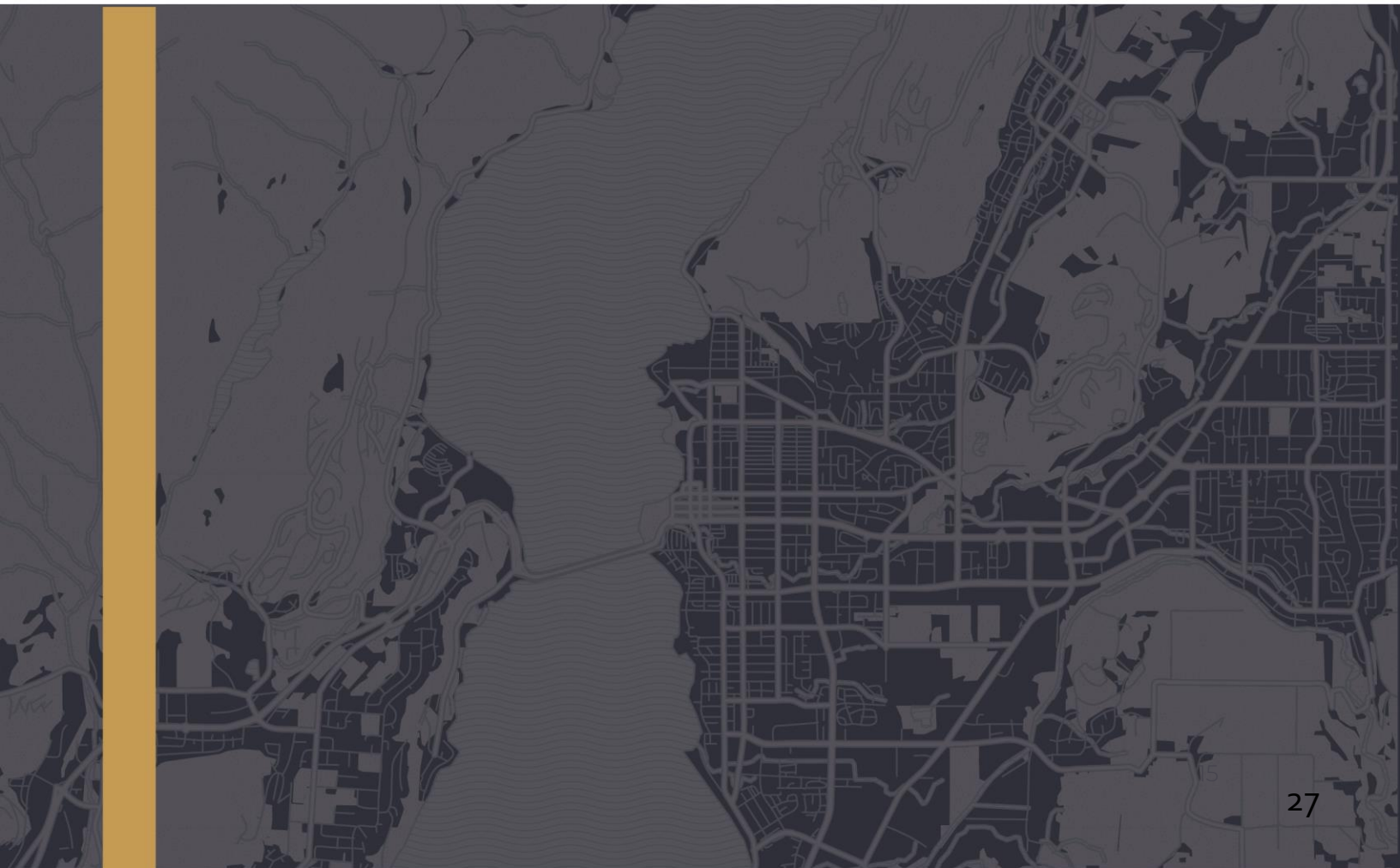




BOOK OF IDEAS



COST RECOVERY



PRIORITY

FEES & FINES REVIEW

CATEGORIZATION:	Cost Recovery
TYPE:	Fees and Fines
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Various
COMPLEXITY:	Low
PRIORITY:	Immediate
REVENUE POTENTIAL:	Significant

DESCRIPTION

Fees and fines are the City's second highest revenue stream. Conducting an annual Fees and Fines Review will provide ongoing revenue-generating opportunities and ensure those charged by the City of Kelowna are reasonable, fair, in line with similar-sized municipalities, consistent with the community's needs and values, and reflective of the costs associated with implementation and monitoring.

A review may also allow the City to introduce new pricing models, such as Dynamic User Fees or Fines. Dynamic User Fees are based on supply and demand. They include fees during peak times, and for initiatives such as expedited municipal services (e.g., faster processing times or concierge-level service for complex applications). Dynamic user fees can be applied to any service but are most commonly seen in paper-based transactions or services, such as licensing fees or development fees. Fee structures and tools such as micro-payments, pay-by-text, or one-click may also be considered in the implementation of dynamic pricing models.

Another key consideration for fees and charges would be to develop an overarching policy related to annual inflation increases for fees and fines. This would help ensure rates are set at appropriate levels.

TOOL USE & IMPLEMENTATION

Fees

- Fees for City services such as utilities, including water and wastewater, are charged to residential and commercial customers within the City's service boundaries. There is an opportunity for the City to increase or adjust fees and services. Dynamic pricing may also be used to introduce fee levels and bundling.
- Currently, utility fees are operationalized through the bylaw, with fee increases established for each year. There may be potential to apply dynamic pricing for utility fees during peak use times and periods (e.g., water demand by time of year, month and/or day), which could drive and/or shape the size of future infrastructure and infrastructure investments. The impact of fees on behaviour change should also be considered when setting fee schedules.

- Some municipalities have also introduced dynamic pricing for parking meters, transit fares, road tolls, and facility use to collect higher fees during peak periods.
- The City of Kelowna is currently in the midst of a five-year project to replace aging water meters and add advanced metering infrastructure. This new metering equipment could be used to better monitor and manage water pricing. Using this data and technology, dynamic pricing could be applied to manage demand and generate revenue during peak periods. These tools could also potentially assist with monitoring and the issuance of fines when watering is occurring contrary to water use bylaws.
- A key element of managing demand through dynamic pricing is communicating changes in price to consumers. The EyeOnWater platform could enable sending water pricing alerts to residents.
- There is potential for the City to introduce higher fees for after-hours services or rush requests for inspections, licensing, permit approvals and administrative information requests.

Fines

- The City of Kelowna issues a number of fines for bylaw contraventions such as traffic, vehicle, parking, nuisances, disturbances, public health and safety, idling and more. A review of fines can be conducted, determining where socially acceptable increases to fines can be made. Dynamic pricing for fines can also be implemented based on a variety of factors such as volume, location of the contravention, or time of the infraction.
- The primary objective of bylaws is to influence and manage undesirable behaviour. Fines are typically set at levels that effectively dissuade a specific behaviour, not necessarily to generate additional revenue.

KEY CONSIDERATIONS



- A fees and fines review can help the City identify inconsistencies or inequities in the current fee and fine structures. For example, a review may reveal that certain groups of people are disproportionately impacted by certain fines or fees, which can help the municipality adjust its policies to be more equitable.
- A review may lead to greater compliance with bylaws and regulations, as the fees and fines associated with violations are more accurately aligned with the actual costs or impact of the infraction.
- A review can help municipalities to increase transparency and accountability around their revenue-generating practices. By clearly documenting the costs associated with providing services or enforcing fines, and by regularly reviewing and adjusting those fees and fines as needed, the City can demonstrate that they are acting in a responsible and fair manner and better explain the rationale behind the fees and fines being charged.
- One of the key aspects of utility pricing is the ability to manage demand during scarce periods. With the increasing frequency of extreme weather events and projected population growth, the utility system needs to be prepared for a greater strain on water and sewer infrastructure.



- Increasing or introducing new fees and fines can be unpopular with residents and may result in public backlash and negative media attention.
- A fees and fines review can be a complex and time-consuming process that requires significant staff and administrative resources.
- The review may not result in significant changes to fees and fines, or the changes may not have the desired effect on behaviour or revenue.
- It is challenging to accurately collect data related to bylaw contraventions. The data collection approach will be refreshed later in the year, but until a more effective tool is in place the ability to comprehensively plan and project for an increase in revenue from fines would be challenging.
- Introducing dynamic pricing could lead to more equitable rates for current and future water system users; However, raising water prices based on scarcity or demand could have harmful impacts. For example, in California, residents have faced extreme spikes in water prices leading to struggles paying for water use during droughts and extreme heat. A more equitable approach to raising water pricing could be to charge higher prices to heavy commercial water users such as golf courses.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **City of Vancouver:** The City of Vancouver charges different rates for water during high season (May to October) and the low season. This rate structure has been in place since 2012, with the rates and periods adjusted as needed to reflect demand. Charging peak rates during periods of high demand helps support conservation efforts, change consumption behaviours, and recover infrastructure and system costs.¹ The City of Kelowna employs a similar approach to manage water conservation, but does not incorporate demand directly into the pricing structure.
- **City of Vancouver:** Vancouver has also implemented a dynamic model for parking meter rates and parking time-limits to help increase parking availability and reduce congestion, air pollution, and traffic safety risks. Parking meter rates are set based on demand and may vary by time of day, and the duration of time-limited parking gets shorter as the demand for parking increases.²
- **HydroQuebec:** HydroQuebec launched dynamic pricing in 2019 with two dynamic rate options for electricity in the winter. During peak demand, electricity is billed at a higher rate and consumers are sent a notification to limit electricity use. Outside of peak demand, the rate offered is below the base rate.³
- **City of Surrey:** Several municipalities charge additional fees for rush services or services provided after work hours. For example, Surrey charges \$214 in special inspection fees during work hours, but \$744 plus an hourly charge in special inspection fees for work done after hours.⁴ The City of Vernon increases the fee for tax and utility information requests by \$10 for rush requests.⁵
- **City of Kingston:** In 2016, Kingston underwent a Parking Rate and Fine Review. The City increased permit, hourly parking, meter and event rates as a result.⁶

REVENUE POTENTIAL: SIGNIFICANT

- The potential to generate additional revenue from utility rate increases is limited unless rates were increased by a significant amount, potentially to the point of unaffordability for residents. However, introducing a rate structure that more effectively captures demand and infrastructure capacity could provide a more sustainable approach as Kelowna's population grows and demand changes.

¹ City of Vancouver: <https://vancouver.ca/home-property-development/metered-rates.aspx>

² City of Vancouver: <https://vancouver.ca/streets-transportation/time-limited-metered-parking.aspx>

³ HydroQuebec Dynamic Pricing: <https://www.hydroquebec.com/business/customer-space/rates/dynamic-pricing.html>

⁴ City of Surrey: <https://www.surrey.ca/sites/default/files/media/documents/BuildingFeeSchedule.pdf>.

⁵ City of Vernon: https://www.vernon.ca/sites/default/files/docs/bylaws/fees_and_charges_bylaw_3909_consolidated.pdf

⁶ City of Kingston: <https://www.cityofkingston.ca/city-hall/projects-construction/archived-projects/parking-rate-and-fine-review>

CITY OF KELOWNA

DRIVING MUNICIPAL REVENUE

- For example, the District of West Vancouver increased water and sewer and drainage utility fees by 5% to 7%. These increases were required to meet an increase in budgeted expenditures primarily due to operating cost increases and infrastructure replacement. Solid waste utility fees were also increased by approximately 10%, both to cover increasing service costs and build up reserve funding for public realm refuse and collection programs.⁷
- In 2019, the City of Montreal planned to generate more revenue from fines. Increases in parking tickets were projected to generate an additional \$10.9 million for the City. The extra money was allotted for funding a Vision Zero committee to further improve pedestrian and cyclist safety across the city, and create an express bike network⁸. The City projected a total revenue of \$218.6 million for all fine revenues⁹.

⁷ District of West Vancouver: <https://www.westvancouverite.ca/budget>

⁸ CBC: <https://www.cbc.ca/news/canada/montreal/fines-for-illegal-parking-going-up-1.5065075>

⁹ CBC: <https://www.cbc.ca/news/canada/montreal/montreal-hunts-for-more-cash-by-raising-fines-on-bylaw-violations-1.5373204>

STORM DRAINAGE UTILITY

CATEGORIZATION:	Cost Recovery
TYPE:	Fees and Fines
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Utility Services
COMPLEXITY:	High
PRIORITY:	Immediate
REVENUE POTENTIAL:	Significant

DESCRIPTION

Similar to water and sewage utilities, Storm Drainage Utility fees could be collected to cover storm drainage operations and capital costs. A Storm Drainage Utility would employ a user pay approach, based on the philosophy that those who use the system pay for it. In this case, properties with larger surface areas or more impervious surface areas that caused more runoff would be charged higher fees.

The City currently does not have a dedicated Storm Drainage Utility but is actively pursuing the development of one in 2023. The tentative timeline is to have the utility established by the end of 2023, adopted by Council in 2024 and in the operating budget in 2025. Currently, select storm drainage infrastructure directly associated with new development are included in the City's development cost charges (DCC) Bylaw and are typically covered by either the drainage rates or indirectly via the roads rates.

TOOL USE & IMPLEMENTATION

- Storm drainage utility fees could be collected to cover the costs of financing storm drainage operating and capital costs. The utility could aim to fund all Priority 1 projects and Priority 2 projects that would otherwise require taxation.
- Utility charges must be established by bylaw and must be clearly related to the cost of providing the service (e.g., water, sanitary sewer). Utility fees and charges may vary by property, business, and activity to reflect the different impacts on a service that various users may have.
- Municipalities support their fee structure through the provision of a report which outlines how a fee was established. Several municipalities in BC refer to their stormwater funding as a utility; however, these organizations raise funds through parcel, property, or frontage taxes to address stormwater service costs. Each of these municipalities has simple regulatory frameworks to guide the use of taxes (rather than service fees) to fund for stormwater management.

KEY CONSIDERATIONS



- A user pay approach provides greater fairness (benefiter pay principle).
- It is transparent and sustainable.
- It may result in more storm drainage projects being completed, since there would be a defined funding source.
- The establishment of a stormwater utility shows civic progress against an environmental issue (e.g., lake health, proactively addressing/mitigating flooding activity).
- It may incentivize property owners to use more sustainable rainwater management tools on their property.



- A new utility may add cost to property owner.
- Implementing utility fees can be complex and public education and engagement is required.
- There are varying service levels across the City (gravel strips in front of some properties and curb and gutter elsewhere). It may be difficult to justify similar charges with differing service levels.
- The conversion from general revenue to storm-specific funding requires careful analysis and explanation.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **City of North Vancouver:** North Vancouver established a Sewerage and Drainage Utility in 1995, making the Drainage Utility part of the Sewerage Utility. The City imposes a Storm Drainage Levy based on the taxable assessment of a property and the class. The charge is included as part of the annual property tax notice¹⁰.
- **City of Abbotsford:** Abbotsford has applied an urban storm drainage fee to properties within the City's Urban Drainage Boundary since 2001. Every owner of property within the Urban Drainage Boundary is levied a service fee, based upon the assessed value of land and the property class, to cover the costs associated with the operation, administration, maintenance and repair of the storm drainage system within that area of the City¹¹.
- **City of Surrey:** Surrey has a Drainage Utility that is funded primarily by a Drainage Parcel Tax of \$225 per residential parcel and \$459 per commercial parcel in 2019. The Drainage Parcel Tax was introduced in 2001¹².
- **City of Victoria:** Victoria's stormwater utility was introduced in 2016, prior to which revenues for stormwater projects were paid out of property taxes, like most other communities. Victoria replaced the funds generated by property taxes for

¹⁰ City of North Vancouver: <https://www.cnv.org/home-property/water-sewer-drainage/drainage>

¹¹ City of Abbotsford: <https://www.abbotsford.ca/city-services/dyking-drainage>

¹² City of Surrey: <https://www.surrey.ca/services-payments/water-drainage-sewer/stormwater>

stormwater management with funds generated through a stormwater utility bill. The stormwater utility bills are now charged based on the following three property characteristics: the amount of impervious area, the length of a property's frontage, street type, and the property's density¹³.

- **City of Penticton:** Penticton established a Storm Water Utility in 2018. The different categories of the City's Storm Water Utility Rates are based on Property Tax Classifications (residential; farm/recreational/non-profit/supportive housing; business/industry/utilities). The City has a set of rates for properties connected directly to the storm water system that differ from the rates for properties that are not connected directly to the storm water system. The rates are set low to start and will gradually increase over time to make the utility financially sustainable.¹⁴

REVENUE POTENTIAL: SIGNIFICANT

The storm drainage utility could be funded by a fee based on impervious area and use, or a flat base fee, with tiered fees based on ranges of impervious area, or on the total assessed value or just the assessed value of land. The amount of potential revenue would depend primarily on the revenue required and the cost recovery approach.

The 2022 – 2031 capital plan identifies \$31 million in Priority 1 storm drainage projects. If approximately 60% of the \$31 million were paid through a storm drainage utility, the fee would need to be about \$34 per tax roll based on 56,000 tax rolls, which would generate about \$1.9 million per year. These funds would replace monies that would otherwise be raised, in large part, through general taxation and reserves. The initiative would enable the City to reduce its reliance on these other funding sources.

¹³ City of Victoria: <https://www.victoria.ca/EN/main/residents/water-sewer-stormwater/stormwater/stormwater-utility.html>

¹⁴ City of Penticton: <https://www.penticton.ca/city-hall/news-alerts/moderate-utility-rate-changes-proposed-utility-rate-review-planned>

PRIORITY

FACILITY FEES

CATEGORIZATION:	Cost Recovery
TYPE:	Fees and Fines
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Active Living and Culture
COMPLEXITY:	Low
PRIORITY:	Immediate
REVENUE POTENTIAL:	Moderate

DESCRIPTION

Facility use fees and rental fees are charged to users of City-owned facilities such as Kelowna International Airport, recreation and community centres, sports fields, arenas, the Community Theatre, swimming pools, meeting rooms, and more.

Available under the Community Charter, there is an opportunity to increase or adjust fees and services to better align with private sector market rates. Dynamic pricing may also be used to introduce fee levels and bundling.

Given the City's plans to build new recreation facilities in Glenmore, Mission and at Parkinson recreation Centre, there will be an opportunity to establish a more effective pricing structure across all facility fees.

TOOL USE & IMPLEMENTATION

- Admission charges, program fees and rental fees are set by the Active Living & Culture Fees and Charges Bylaw, which has historically increased rates by approximately two per cent per year.
- Varying rates are currently set for non-profit and commercial rentals of facilities, but dynamic and proportional pricing could be set based on other factors, such as peak periods and public benefit levels.
- Differentiating between resident and non-resident use of facilities could allow for prices to be set at different levels. This could ensure the benefit of the facility is directed to taxpayers and cost-recovery is appropriately set for non-residents. One strategy for doing so is by collecting postal codes when collecting admission fees. Another option would be to survey users on an annual basis to identify place of residence, then negotiate contribution agreements with neighbouring local governments based on the proportion of users from their communities.

- There is an opportunity to add additional experience to sports fields by introducing new technology. Microsoft recently reached out to the City of Kelowna with a proposal for a pilot project to test the viability of a scaled-down version of the technology used at the 2022 FIFA World Cup in a municipal setting. This technology would provide an added experience for users and attendees that could justify an increase in facility use fees and could be sold downstream to smaller municipalities.
- Other event and meeting venues in Kelowna typically charge higher price points for a business market. The City could enhance facility services and meeting rooms to compete with these venues and generate more revenue.

KEY CONSIDERATIONS



- Dynamic pricing could support the City's shift to a benefits-based approach to recover facility costs based on private versus public benefit.
- Adjusting user fees based on income can help individuals and families who face financial barriers to access recreation opportunities, while allowing general admission rates to be increased to better recover operating costs. For example, the City of Abbotsford offers free admission to indoor facilities for residents who qualify for a subsidy program, along with a 25% discount on program fees.



- Not all facility use fees are designed to generate substantial revenue. Health and social wellness benefits are an important consideration for the community and the City's long-term priorities. Clear objectives for specific fees need to be set to effectively determine a price point.
- Charging different fees by income or for non-residents may be extremely difficult to implement from a social acceptance perspective.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **City of Abbotsford:** Abbotsford conducted a review of the Fees and Charges Bylaw and Policy Framework in 2020, including public consultation on the balance between user fees and tax support for parks, recreation and cultural services admission charges and program fees. This review established a six-step process for setting fees and charges, including calculating unit costs, setting subsidy levels, and adjusting as needed to ensure an adequate safety net for accessibility of service.¹⁵
- **City of Courtenay:** Courtenay conducted a review of their Recreation Fees and Charges Framework in June 2022.¹⁶ A series of recommendations were developed by the consulting team. These recommendations were intended to enhance the process and to help the City of Courtenay meet its objective of providing a practical, transparent, and fair approach to setting all forms of fees and charges. Recommendations included introducing fees for fields, using the Consumer Price Index to adjust fees annually, adjusting unit costs every four years, and more.

REVENUE POTENTIAL: MODERATE

The amount of revenue that a review of facility fees can generate for the City will depend on the type of fees implemented, attendance from the public, and equity considerations.

For example, at the beginning of 2023, the Vancouver Board of Parks and Recreation increased recreation fees and charges by 3 per cent to 8 per cent, including parking, golf fees, and event rentals in addition to general admission charges. This change was estimated to generate \$2 million in additional revenue for the Parks Board. In March 2023, the prices of recreation services, golf and special event permits increased by 5 per cent of 2022 prices. These revised prices are estimated to bring in an additional \$410,000 in revenue.¹⁷

¹⁵ City of Abbotsford: https://www.abbotsford.ca/sites/default/files/2021-09/2021_PRC_Fees_and_Charges_Bylaw_and_Policy_Framework.pdf

¹⁶ City of Courtenay: <https://www.courtenay.ca/assets/Departments/Rec~and~Culture/2022-06-17%20Courtenay%20RFCR%20Final%20Document.pdf>

¹⁶ Vancouver Board of Parks and Recreation: <https://parkboardmeetings.vancouver.ca/2023/20230206/REPORT-2023FeesCharges-ParksRec-20230206.pdf>

¹⁷ Vancouver Board of Parks and Recreation: <https://parkboardmeetings.vancouver.ca/2023/20230206/REPORT-2023FeesCharges-ParksRec-20230206.pdf>

MONETIZATION OF CUSTOMIZED CITY APPLICATIONS

CATEGORIZATION:	Cost Recovery
TYPE:	Other
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Information Services, Partnership Office
COMPLEXITY:	Moderate
PRIORITY:	Immediate
REVENUE POTENTIAL:	Moderate

DESCRIPTION

The City of Kelowna's *Intelligent City Strategy* has placed the City at the forefront of digital advancement among municipalities in Canada. The AI-powered Development Services chatbot, which will improve the efficiency of the development permit process, is a key example of this innovation as the first application of its kind in Canada.

This application, and similar applications developed by the City, have the potential to be sold to other municipalities, especially those with more limited capacity to develop their own applications.

TOOL USE & IMPLEMENTATION

- Many municipalities have developed, purchased or leased mobile application platforms to automate or improve the efficiency of various municipal services, such as:
 - Development and building permit applications
 - Waste collection information
 - 311 services or other broad citizen information requests
 - Recreation facility programming and course registration
 - Animal care and control requests and pet adoption
 - Emergency response and notifications
 - Reporting repair or maintenance issues, such as graffiti, traffic signal maintenance, road maintenance and more.
- The City of Kelowna has already developed several applications, including the YLW safety app and a grant management app, which would be highly applicable to other municipalities and local governments.
- A customizable mobile application platform based on the City's existing applications could be sold or leased, especially to smaller municipalities with fewer resources and capacity to develop applications in-house.

- Alternative ways to monetize City of Kelowna applications would be pursuing in-app advertising opportunities or using affiliate marketing to promote other applications relevant to Kelowna residents.
- If Information Services staff have capacity to do so, they could also charge other municipalities for application maintenance or support services.

KEY CONSIDERATIONS



- There is high demand among municipalities for digital solutions that could improve services or reduce costs.
- The application platforms the City has already developed have high flexibility to be adapted for other purposes.



- Applications developed with support from grant funding, such as the Development Services application, may require the findings to be shared freely with the funding organization or other municipalities.
- May be competing with the private sector.

APPLICATION IN OTHER COMMUNITIES

Since Kelowna is on the forefront of this kind of technological innovation among other municipalities in Canada, there are no other examples of municipalities selling customized applications.

There are many application development companies that offer custom mobile application development services in British Columbia and Canada. Some of these companies primarily serve municipalities, such as Vancouver-based 14Oranges, which offers the self-managed InfoGrove mobile app platform that is used by the City of Burnaby and the City of Surrey. InfoGrove licensing fees start at \$100 per month.¹⁸

¹⁸ Info Grove: <https://info-grove.com/>

REVENUE POTENTIAL: MODERATE

The revenue potential of developing and selling customizable applications or an application platform to other municipalities would primarily depend on the type of application and the method it is sold.

A high-level estimate of the cost for a municipality to hire an application developer to create a custom application similar to the development services app would be \$300,000, plus ongoing support. The customizable InfoGrove platform charges municipalities monthly starting at \$100/month for the minimum level of application features and support. This provides a starting point for the City of Kelowna to set a price point in selling the development services chatbot or other customizable City-developed applications.

PRIORITY

FRONTAGE WORKS PROGRAM

CATEGORIZATION:	Cost Recovery
TYPE:	Development Finance Tools
LEGAL AUTHORITY:	Local Government Act
CHAMPION DEPARTMENT:	Development Planning
COMPLEXITY:	Moderate
PRIORITY:	Immediate
REVENUE POTENTIAL:	Significant

DESCRIPTION

A Frontage Works Program collects fees from all developments within a defined area to help fund streetscape improvements on a neighbourhood level. Developers who choose not to pay into the fee program are required to construct the necessary off-site improvements.

The City of Kelowna's Subdivision, Development & Servicing Bylaw No. 7900 already includes some standards for frontage improvements but could be expanded into a formal standalone program to recover development costs more effectively.

The City of Coquitlam established a Frontage Works Program in 2018.¹⁹ This program requires all new homes built in southwest Coquitlam to contribute to the upgrading of adjacent streetscapes, including curbs, gutters, sidewalks, lighting, landscaping and rear lane improvements.

TOOL USE & IMPLEMENTATION

Fees can be charged of developers during the subdivision or building permit applicant stage. Costs can be outlined in a Fees and Charges Bylaw. The City can recoup costs when properties are redeveloped if the City has recently completed frontage upgrades.

¹⁹ City of Coquitlam: <https://www.coquitlam.ca/362/Frontage-Works-Program>

KEY CONSIDERATIONS



- A frontage works program creates a cohesive street appearance by constructing streetscape upgrades at the same time—this approach is an improvement over developers individually contributing to improvements, which, over time can create a patchwork appearance.
- Economies of scale are made possible by designing and constructing improvements in longer segments (e.g., across a block as opposed to individual properties).
- Developers respond positively to being charged a fee over completing the frontage works on their own as this saves them time in approvals and in the delivery of their project.



- Conducting block-long improvements can cause more concentrated disruption to neighbourhoods / businesses when compared to piecemeal upgrades. Ways of offsetting this challenge include communicating the scale of construction well in advance of the project such as sending notices to affected residents.
- The City may need to wait to recoup costs if it proceeds with streetscape improvements prior to development.
- Any revenue generated from a Frontage Works Program must be applied to the frontage of property being developed, unless the program is structured as a fee with alternate terms under which funds can be collected and used for a broader range of City streets.
- The City of Coquitlam’s approach does not align with the current authority granted to municipalities in Division 11 – Subdivision and Development: Requirements and Related Matters section of the Local Government Act. Adopting a similar approach would require further exploration of the legal implications of enforcing developers to reimburse the City for the cost of streetscape upgrades.
- Implementing a Frontage Works Program could slow down permitting times for new developments.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

Frontage Works Program

- **City of Coquitlam:** The City of Coquitlam’s Frontage Works Program requires anyone submitting a development application, subdivision application or single-family building permit to either upgrade the section of the street adjacent to their property to current City standards or make an equivalent cash payment towards City-funded streetscape upgrades. The collected fees are used to conduct streetscape

improvements at a block scale rather than through individual frontage improvements.

Frontage Improvement Requirements

- An alternative to establishing a Frontage Works Program would be to capitalize on more opportunities to require frontage contributions in the SDS Bylaw 7900. Unlike the Frontage Works Program, this would not allow the City to collect cash payments from for streetscape upgrades in the development application process. However, this is a more standard municipal approach and the City has the clear legislative authority to enforce required frontage improvements.
- **City of Langford:** The City of Langford's Subdivision and Development Servicing Bylaw No. 1000 requires any development that would result in one or more buildings to contribute to frontage improvements.²⁰ When it is preferable for frontage improvements to be postponed to a future date, developers are charged a fee.

REVENUE POTENTIAL: SIGNIFICANT

The revenue potential of a Frontage Works Program can be tailored to the scale and location of development being pursued (e.g., frontage works fees could be higher for a development in a downtown area than in a lower density area). For the City of Kelowna, staff estimate this could unlock deferred revenue of up to \$18 million.

A municipality may wish only to charge fees for projects over a certain dollar value. For example, the City of Coquitlam²¹ only applies their Frontage Works Program to projects over \$150,000.

A host of additional factors can influence the fees charged of developers:

- Length of frontage
- Existing condition of the streetscape (what trees, sidewalk, lighting, letdowns etc. are required)
- Current construction cost

²⁰ City of Langford: <https://langford.ca/wp-content/uploads/2020/10/subdivision-development-servicing-1000.pdf>

²¹ City of Coquitlam: <https://www.coquitlam.ca/362/Frontage-Works-Program>

DEVELOPMENT AGREEMENTS

CATEGORIZATION:	Cost Recovery
TYPE:	Development Finance Tools
LEGAL AUTHORITY:	Local Government Act
CHAMPION DEPARTMENT:	Development Planning
COMPLEXITY:	High
PRIORITY:	TBC
REVENUE POTENTIAL:	Significant

DESCRIPTION

Development Agreements are made between a municipality and a developer as a condition of development approval or zoning for the provision of infrastructure, community amenities or specific features in the development. There are three types of agreements available to the City:

- Development Works Agreements
- Comprehensive Development Agreements
- Phased Development Agreements

The City of Kelowna has used Phased Development Agreements in the past, but not consistently. Part of the issue with applying Development Agreements is affording rights to developers in perpetuity. There would need to be a clear and significant benefit to the City in order to make pursuing an agreement worthwhile.

TOOL USE & IMPLEMENTATION

Development Works Agreements

- A development works agreement is an agreement between a municipality and a developer for the provision of off-site sewage, water, drainage, highway facilities and parkland improvements in a new development area of the community. These agreements allow developers to recoup off-site servicing costs (e.g., utility upgrades) from properties that benefit from the service.
- The agreements can require that payment or provision of services be required prior to approval of a subdivision plan, strata plan, building permit, development permit, development variance permit or zoning bylaw, or anything necessary for the development the property.
- Where a developer provides the works, the municipality must allocate all or part of the cost of the works to the property owners in the development works area. Development works agreements typically provide services to undeveloped, greenfield areas.

- The agreements afford some level of comfort to the developer on the issue of cost recovery. Since there is no time limit on the collection of charges (as opposed to latecomer payments), the developer knows that future developers who benefit from the services will not be allowed to connect without paying their fair share.

Comprehensive Development Agreements



- Comprehensive development agreements (CDAs) are agreements between a municipality and a developer under which the developer, as a condition of a development approval, agrees to provide specific on- or off-site works and/or amenities for the broader community. The works and amenities provided through a CDA are over-and-above the services that would be required to facilitate development of the particular site, which would be secured through development works agreements, development cost charges and other finance tools. Examples could include items not addressed elsewhere such as libraries, fire halls, community policing stations or parks facilities not permitted through Development Cost Charges.
- Municipalities pursue comprehensive development agreements during the zoning approval process. Changes to zoning are granted at the discretion of Councils. The approval process through which changes are considered provides an opportunity for Councils to discuss with developers the need to address broader community goals and infrastructure needs.

Phased Development Agreements

- Municipalities can voluntarily enter into Phased Development Agreement (PDAs) with developers to require specific community amenities and the inclusion of specific features as a condition of a development approval. As long as the agreement is in effect, any subsequent changes to the zoning bylaw would not apply to the lands subject to the agreement. The maximum term of a PDA is 10 years, but the Inspector of Municipalities can extend this term to 20 years.
- The City and developer may develop an agreement whereby the developer constructs any necessary underfunded infrastructure within the area that they are developing as a condition of the required zoning. Since they are more flexible, a city could use PDAs to require the provision of community amenities (e.g., park space, recreation facilities, daycare space, libraries, etc.) not covered by Development Cost Charges.



KEY CONSIDERATIONS

	
Overall Pros and Cons	
<ul style="list-style-type: none"> • They provide flexibility to address impacts of development that are not covered by works required under the Subdivision, Development and Servicing Bylaw or Development Cost Charges. • They can be customized to each development. 	<ul style="list-style-type: none"> • Each development would require an agreement, so can be time consuming. • Agreements and negotiations can be complex. • Agreements and negotiations require specialized expertise which can be costly.
Development Works Agreements	
<ul style="list-style-type: none"> • They provide flexibility in timing for collection of the funds. • Development works agreements allow developers to recoup not only the original capital costs, but also interest costs. • They can cover a number of different properties and owners located in an area that benefits from services. • They are not impacted by time limits (such as the 15-year time limit for Latecomer Agreements). 	<ul style="list-style-type: none"> • Development works agreements require elector assent from those property owners in the area subject to the agreement. • They are limited to sewage, water, drainage, highway facilities and parkland improvements.
Comprehensive Development Agreements	
<ul style="list-style-type: none"> • They can address a broad range of services and amenities that are not included in Development Works Agreements or DCCs. 	<ul style="list-style-type: none"> • They are usually only applicable to one owner at a time. • Agreements do not have specific direction set out in the Local Government Act and rely only on broad powers of the municipality to enter agreements set out in the Community Charter. • Agreements and negotiations require specialized expertise which can be costly.



Phased Development Agreements

- They are very flexible and can address a broad range of specific features and amenities that are not included in Development Works Agreements or DCCs. The legislation does not limit the terms and conditions in the agreement.
- Both the developer and the City have the assurances that the zoning on the parcel won't change for the term of the agreement, even if Council direction changes.
- The developer provides the agreed upon services per the terms of the agreement.
- They are only applicable to one owner at a time.
- Phased Development Agreements must be adopted by bylaw and require a public hearing.
- The maximum term is 10 years but can be extended to 20 years with Inspector of Municipalities approval.
- Agreements and negotiations require specialized expertise which can be costly.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

Development Works Agreements

- **City of Surrey:** Surrey has several Development Works Agreements in place, including:
 - Drainage main and storm drainage treatment pond for Campbell Heights area.
 - Acquisition of appliances, equipment, materials, real property, easements and rights-of-way required to construct works to service properties within a portion of the East Clayton Neighbourhood Concept Plan.
 - Acquisition of appliances, equipment, materials, real property, easements and rights-of-way required to construct works to service properties within a portion of the North Cloverdale West NCP.
 - Water mains to service Anniedale Tynehead Neighbourhood Concept Plan.
- **Township of Langley:** Langley has a Development Works Agreement for the provision of drainage works in the Latimer Neighbourhood Plan area.
- **City of Prince George:** Prince George has a Development Works Agreement for Boundary Road Works for Global Logistics Park.
- **City of Campbell River:** Campbell River has a Development Works Agreement for extension of sewer lines to service Parkway Properties and Maryland Estates.

Comprehensive Development Agreements

- **Village of Cumberland:** Cumberland has a Comprehensive Development Agreement for Coal Valley Estates.

- **City of Vancouver:** The City has used Comprehensive Development Agreements for many years.

Phased Development Agreements

- **West Vancouver:** British Pacific Properties
- **Squamish:** Oceanfront lands
- **West Kelowna:** Mission Hill area
- **District of Peachland:** Ponderosa Pincushion Development
- **District of Sicamous:** Commercial Marina
- **Regional District of Nanaimo:** Lakes District and Schooner Cove
- **City of Victoria:** several developments
- **City of Langford:** Royal Roads University
- **District of Mission:** Genstar and Madison Developments

REVENUE POTENTIAL: SIGNIFICANT

The revenue potential for various forms of Development Agreements is difficult to quantify, as it will depend on number and types of developments where these can be used. The potential lies more in the form of works, facilities and amenities that the City does not need to pay for or for which the City may not have to front-end costs because developers would be covering a portion or all of the costs.

Of the Development Works Agreement examples noted, the amounts of money addressed range from \$1.3 million to \$18 million for capital works, and charges per hectare range from about \$25,000 per hectare to over \$500,000 per hectare.

PARKING FEES & STREET PARKING PERMITS

CATEGORIZATION: Cost Recovery

TYPE: Fees and Fines

LEGAL AUTHORITY: Community Charter

CHAMPION DEPARTMENT: Public Works; Kelowna International Airport

COMPLEXITY: Low

PRIORITY: Medium-term

REVENUE POTENTIAL: Moderate

DESCRIPTION

Parking fees are charged to drivers to park in municipally-owned buildings, parkades, or on public streets. Under the *Community Charter*, the City has the ability to increase fees or introduce dynamic fees to better align with higher pricing in other mid-sized municipalities. The City of Kelowna regulates parking and permits through Traffic Bylaw No. 8120.

In Kelowna, there are six residential zones with timed parking restrictions for on-street parking; however, residential street parking permits allow drivers to park their vehicle in timed zones for up to 24 hours. As additional regions in the city become more congested with vehicles, the City can increase fees permit fees or introduce additional zones, with parking restrictions requiring permits for longer-term parking.

TOOL USE & IMPLEMENTATION

- The City of Kelowna established a parking management strategy in 2014 and has completed individual area plans for three neighbourhoods (South Pandosy, Hospital Area and Downtown). The management strategy suggests numerous ways to increase pricing including:
 - Charge double the cost to park in the downtown core and high-demand areas compared to other areas of the city
 - Increase parking fines
 - Tailor time restrictions to high-demand locations to improve parking turn-over
- Currently, the actions that the City is taking to generate revenue from parking include charging higher rates for on-street parking in the peak season (May – Sept), and progressive pricing, where the cost of parking increases after the first two hours (e.g., from \$1.50 to \$3.00 for every additional hour).²²
- The City can use this parking management strategy as a guide to create additional area plans. These area plans create an opportunity for developing an in-depth understanding

²² City of Kelowna: <https://www.kelowna.ca/roads-transportation/parking/parking-details-rates>

of current parking needs and fee systems. With this review, the City can identify areas of underutilization and possible interventions for increased revenue.

- The City could also look to more innovative solutions, such as Coupon Parking Zones, which allow all-day parking in specific zones for a fee, as seen in Wellington, NZ.²³
- Typically, street parking permit programs rely on establishing residential parking zones. These zones have assigned time limits where vehicles are prohibited from parking without a permit. However, permit parking is not solely for residential use and can be established for people in need of accessible parking and for owners of electric vehicles. Kelowna currently charges \$30 a year for residential parking permits regardless of neighbourhood. These fees can be increased to better align with other municipalities, or dynamic pricing can be introduced based on factors such as location and income.

KEY CONSIDERATIONS



- Higher rates can be used to direct traffic to specific locations. For example, charging more for on-street parking than for long-term lots can direct traffic off the street and reduce congestion.
- Cities can also strategically price parking to encourage transit ridership by ensuring parking options cost more than transit passes. For example, a one-way bus trip in Kelowna currently costs a minimum of \$2.50 whereas an hour of parking costs between \$1.50 and \$2.00.



- Increased parking rates can disproportionately affect lower-income households who often rely on vehicles to access employment in downtown areas from outlying neighbourhoods.
- The benefits and challenges of increasing parking fees differ depending on the strategy as solutions can affect residents and visitors differently. One way of countering additional costs to residents (e.g., from higher permit costs) is to earmark the increased revenue to be re-invested in the local community.
- Kelowna has limited public transportation options (compared to some of the transit-rich cities noted as examples below), leaving people with limited alternatives to driving and parking.

²³ Wellington.govt.nz: <https://wellington.govt.nz/parking-roads-and-transport/parking/coupon-parking/coupon-parking-zones-and-fees>



- Finding a way to disaggregate resident and tourist vehicles and charge increased parking rates for non-residents could reduce the burden on citizens. This reduction could potentially be achieved by expanding residential parking permits to all Kelowna residents, or accessing ICBC data on vehicle registration to determine if vehicles are locally owned.
- Permit programs ensure local residents are able to find parking spaces in their neighbourhood by discouraging visitors from parking for long periods in residential areas.



- Small business owners frequently raise concerns that increased parking costs will drive customers away. However, higher parking costs and tighter parking limits can spur customer turnover, ensuring there are more opportunities for customers to park. In addition, increased revenues can contribute to BIA projects that improve customer service levels.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **City of Victoria:** Victoria²⁴ is considering an increase in off-street and on-street parking fees. rates will increase by \$0.50 across the City's parkades and downtown on-street parking and pay parking hours will be extended by one hour. Additionally, Victoria eliminated free parking on Sundays in the downtown: a change that was forecast to increase revenue by about \$600,000 annually.²⁵
- **City of Edmonton:** Edmonton City Council recently passed an increase in hourly parking rates after noting that transit fares had increased at a faster pace than parking fees. Changes include:²⁶
 - Reduced free parking from half an hour to 15 min
 - Increased hourly parking by \$1.00 for key in-demand locations
 - Expanded pay parking period from 9 am to 6pm to 8 am to 9 pm
 - Removed free parking on Sundays from 10 am to 5 pm
- **City of Vancouver:**
 - The City developed a West End parking strategy with several actions designed to increase parking revenue, including:

²⁴ Chek News: <https://www.cheknews.ca/victoria-council-seeks-to-offset-looming-tax-increase-with-parking-fee-hike-1141550/>

²⁵ Chek News: <https://www.cheknews.ca/victoria-city-council-votes-to-eliminate-free-sunday-street-parking-starting-may-1-536539/>

²⁶ Global News: <https://globalnews.ca/news/9351681/edmonton-parking-fees-increase/>

- Pricing parking at the market rate: Increase the cost of on-street parking to (1) increase overall parking revenue, and (2) encourage people with access to building parking to use those spaces. The City is currently running a pilot to re-invest increased permit revenue into the West End community.
 - Unlock unused parking: work with building managers to convert underutilized residential parking to permit parking that residents can access in areas where it's difficult to find parking.
 - Alter use of residential parking: The City took two approaches to changing the relationship between residents and visitors: (1) visitors can now pay to park in residential neighbourhoods during off-peak hours; and (2) some residential spaces have been converted to visitor parking spots.
 - Increase number of metered parking spots: adding meters to parking spaces helps increase the turnover rate of parked vehicles.
- Vancouver also applies dynamic pricing to parking meter rates, which vary throughout the city and are set based on demand. This means that rates can vary throughout the day depending on the traffic in the area.²⁷

REVENUE POTENTIAL: MODERATE

- Revenue generated from parking fees in Kelowna may vary depending on several factors such as the economy, parking demand and various city policies. Currently, the City of Kelowna 2023 Financial Plan projects parking revenues to increase 7 per cent in 2023²⁸.
- The City of Victoria's changes could generate as much as \$1.9 million annually²⁹, and the City of Edmonton's parking upgrades are expected to contribute nearly \$2 million annually³⁰.
- The City of Vancouver³¹ charges market rate for parking in the West End for new residents (long time residents are able to opt for a legacy rate which is not held to market value). This change increased the amount of revenue the city receives per West End permit by roughly five times.

²⁷ City of Vancouver: [Residential parking permits](#)

²⁸ City of Kelowna: https://issuu.com/cityofkelowna/docs/2023_financial_plan?fr=sMTNjMDU2MzI3MzM

²⁹ Chek News: <https://www.cheknews.ca/victoria-council-seeks-to-offset-looming-tax-increase-with-parking-fee-hike-1141550/>

³⁰ Global News: <https://globalnews.ca/news/9351681/edmonton-parking-fees-increase/>

³¹ City of Vancouver: <https://vancouver.ca/streets-transportation/west-end-parking-strategy.aspx>

FILMING FEES

CATEGORIZATION:	Cost Recovery
TYPE:	User Fees
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Active Living and Culture
COMPLEXITY:	Low
PRIORITY:	Immediate
REVENUE POTENTIAL:	Low

DESCRIPTION

In addition to the current Film Permit³² fees, the City of Kelowna can implement additional fees or dynamic pricing for filming on municipal property.

Several municipalities in B.C.³³ and across Canada³⁴ charge fees to film on municipal property in addition to charging for a film permit. Fees can include charges for use of right-of-way, location rentals, clean-up and waste removal, City staff overtime when applicable, deposits in case of damage, police or bylaw support, and more.

TOOL USE & IMPLEMENTATION

- The City can earn revenue from filming fees by charging production companies for the use of public spaces and facilities for filming movies, TV shows, commercials and other media projects.
- The fees can be calculated based on the type of production, the duration of the shoot, the location, and the resources required by the production company. Some common revenue sources for municipalities from filming fees include:
 - **Permit fees:** Charging a fee for the issuance of a permit to film in public spaces and facilities within the city, including additional permits for Special FX.
 - **Location fees:** Charging a fee for the use of specific public locations such as parks, streets, and buildings for filming.
 - **Services fees:** Charging for services provided by the City, such as security, traffic control, or waste removal.
 - **Equipment rental fees:** Renting out equipment owned by the City, such as fire hydrants, cranes or lighting, to the production company.

³² City of Kelowna: <https://www.kelowna.ca/parks-recreation/event-tournament-planning/film-drone-use>.

³³ City of Maple Ridge: <https://www.mapleridge.ca/1345/Filming-Fees>.

³⁴ City of Toronto: <https://www.toronto.ca/business-economy/industry-sector-support/film/plan-your-shoot/?accordion=film-permitting-fees>.

KEY CONSIDERATIONS



- The City could demonstrate the value for service to production companies. For example, a sliding fee scale could be applied to receive expedited service.



- There is a wide range of location options for film productions in the Okanagan. Location managers are starting to push back on fees or moving productions to free or cheaper filming locations and this can have employment and investment impacts in the community.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **City of Maple Ridge:** The filming fees in Maple Ridge vary depending on the type of production, the size of the crew, the location, and the amount of time needed. Fees are set by the municipality and are intended to cover the cost of city services.³⁵
- **Resort Municipality of Whistler:** Whistler requires a location fee for commercial filming within its boundaries, and the amount of the fee is based on the scale and complexity of the production. In addition to location fees, other costs associated with filming in Whistler may include permits, insurance, equipment rentals, and the cost of hiring local crew and talent³⁶.
- **City of Vancouver:** Vancouver charges a base fee, plus additional fees for special locations, equipment, and parking³⁷. There are also fees charged by other agencies such as the Vancouver Park Board, TransLink, and the Vancouver Police Department for security and traffic control.

REVENUE POTENTIAL: LOW

The amount of revenue filming fees generate for cities varies depending on several factors, including type and scope of the fees charged, and the interest from the film industry.

In 2019, film production contributed over \$138,000 in direct revenue to the City of Maple Ridge through permits and licences³⁸. With over 318 shoot days, the economic benefit to the community was \$3.18 million, based on a minimum economic impact of \$10,000 per shoot day. The City of Toronto's film permit fees were projected to generate approximately \$876,250 per year by 2023³⁹.

³⁵ City of Maple Ridge: <https://www.mapleridge.ca/1345/Filming-Fees>

³⁶ Resort Municipality of Whistler: <https://www.whistler.ca/business/filming/film-permit-application>

³⁷ City of Vancouver: <https://vancouver.ca/doing-business/filming-fees.aspx>

³⁸ City of Maple Ridge: <https://www.mapleridge.ca/1340/Filming#:~:text=In%202019%2C%20film%20production%20contributed,of%20%2410%2C000%20per%20shoot%20day.>

³⁹ City of Toronto: <https://www.toronto.ca/legdocs/mmis/2021/ec/bgrd/backgroundfile-170479.pdf>

LANDFILL FEES

CATEGORIZATION: Cost Recovery

TYPE: Fees and Fines

LEGAL AUTHORITY: Community Charter

CHAMPION DEPARTMENT: Utility Services, RDCO

COMPLEXITY: Low

PRIORITY: Short-term

REVENUE POTENTIAL: Moderate

DESCRIPTION

Landfill fees are added to the cost of disposing of waste at landfill and recycling centres to recover additional costs and encourage recycling. The City has the opportunity to increase revenue by raising fees or introducing new fees for more items such as household hazardous waste, electronic waste, plastics, and more.

TOOL USE & IMPLEMENTATION

- Municipalities can choose to leverage waste bylaws to charge fees for disposal of municipal and construction waste. Prices typically differ per tonne based on the type of product being disposed of, generally with higher charges for less compactable or more hazardous materials.
- Additional fees can be charged based on the type of material being disposed of, and in recognition of different staff commitments (for example, charging a higher fee for unsorted or mixed loads where staff will need to spend additional time sorting).
- An innovative use of the landfill fee is seen in Quebec, where the province has an additional “temporary” fee in addition to the disposal fee that customers pay at the point of disposal. The temporary fee was set in place for five years and added a further \$10 per tonne of waste disposed. Revenue earned through this temporary level is earmarked for the development of organic treatment facilities.⁴⁰
- The City of Kelowna has a landfill fee program in place and was last revised in 2021. The Solid Waste Management Regulation Bylaw No.10106 already anticipates fee increases from 2021 to 2023 so it is likely that the fees being charged are still comparable to neighbouring communities. Additional fee increases could be considered beyond 2023.
- The City of Kelowna has several potential options to pursue in the short to long-term:

⁴⁰ Biogas World: <https://www.biogasworld.com/news/quebec-province-is-leading-the-way-in-organic-waste-management/>

- o **Short-term:** increase rates to match Penticton landfill and investigate carbon sequestration.
- o **Medium-term:** increase commercial rates.
- o **Long-term:** invest alternative uses for stable lands.

KEY CONSIDERATIONS



- Increasing landfill fees does not require a large financial investment. Bylaw amendments are the mechanism required to change existing fees and some analysis may be required to benchmark rates to neighbouring communities.
- Landfill fees could be reviewed at the regional level to capture the impacts of garbage collection and trucks on City of Kelowna roads.



- A year-over-year analysis of revenue from landfill fees completed for two rural municipalities in Manitoba identified that local construction projects can greatly affect the amount of annual revenue. The report concluded that construction project dumping fees are “relatively unpredictable and should not be counted on as a source of revenue.”⁴¹
- Increasing landfill fees can have a side effect of increased incidents of illegal dumping of materials. Municipalities can prepare for this possibility by updating relevant enforcement bylaws and associated penalties to further deter dumping.
- In many instances, the primary objective of a landfill fee is to change behaviour, not generate revenue. Any increases to the fee would need to balance the unintended outcomes of changes in waste reduction and waste disposal behaviour.
- The City is currently working with FortisBC on a GHG Capture initiative at the landfill. A reduction in organic waste could impact the success of this project.

⁴¹ Government of Manitoba: https://www.gov.mb.ca/mr/mfpp/pubs/russell_binscarth-kpmg-final_report.pdf

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **Township of Selwyn:** The township completed a review of neighbouring community's tipping fees to ensure fees were at a similar level. Selwyn identified that increasing tipping fees at the landfill from \$100 per tonne to \$130 per tonne would result in nearly \$100,000 annually. The township also worked to implement a higher fee for mixed materials in an effort to encourage further waste diversion of improperly sorted materials. This fee is a minimum of \$230 per tonne.⁴²
- **City of Kamloops:** Kamloops passed a new bylaw in 2021 to increase landfill charge rates from previous levels set in 2015. Municipal solid waste was increased from \$60 to \$80 and demolition and construction waste was increased from \$60 to \$160 to be in line with the Thompson Nicola Regional District's fees.⁴³
- **City of Vancouver:** The City of Vancouver has comparably high tipping fees, particularly for construction waste. The current rate for garbage is \$161/tonne, and the current rate for construction waste is \$150/tonne⁴⁴.

REVENUE POTENTIAL: MODERATE

- Revenue potential will vary based on the fee review and level of increase. Based on tipping fees in comparable B.C. municipalities, there is room to increase current rates significantly.
 - In 2021, approximately 92,545 tonnes of commercial and residential garbage was dumped at the Glenmore Landfill. At a tipping fee of \$100/tonne, the total revenue generated was \$9,254,500. The current tipping fee per tonne is \$104, meaning a two per cent increase to \$106/tonne would result in approximately \$9,809,770 in total revenue based on 2021 disposal volumes, an increase of \$555,270 compared to 2021.⁴⁵
- The City of Kamloops estimated a \$600,000 revenue increase from the 2021 landfill charge increases.
- The Township of Selwyn predicted an increase of \$100,000 in revenue based on the raised tipping fees.

⁴² Township of Selwyn: <https://www.selwyntownship.ca/en/news/resources/Service-Delivery-Reviews/Landfill-Site---Service-Delivery-Review.pdf>

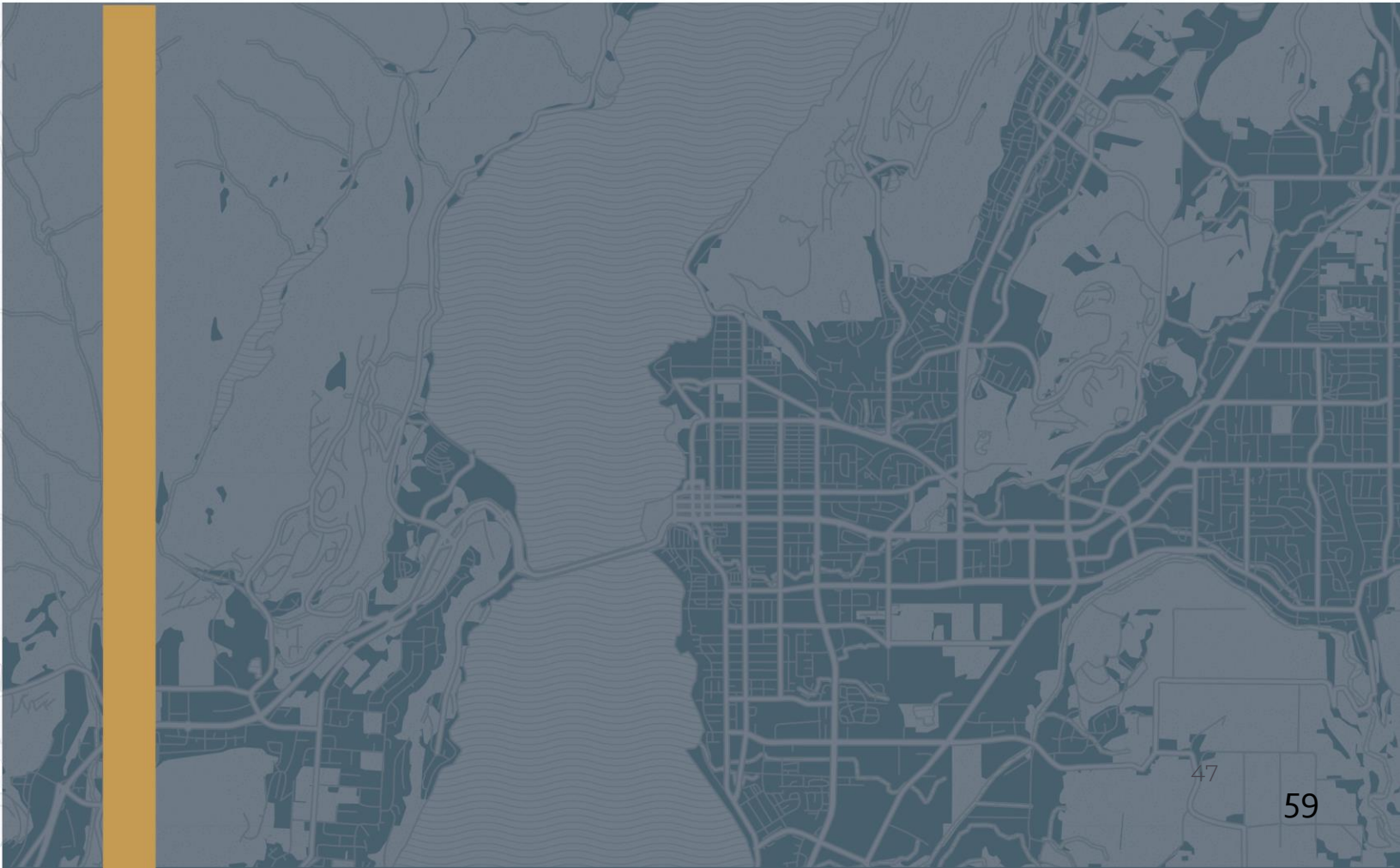
⁴³ City of Kamloops: <https://www.kamloops.ca/our-community/news-events/news-releases/changes-coming-landfill-rates-2022>

⁴⁴ City of Vancouver: <https://vancouver.ca/home-property-development/recycling-and-disposal-facilities.aspx>

⁴⁵ City of Kelowna: <https://www.kelowna.ca/documents/glenmore-landfill-annual-report-2021>



RAISE MONEY



PRIORITY

DARK FIBRE

CATEGORIZATION:	Raise Money
TYPE:	Partnerships, Sponsorships and Corporations
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Information Services and Partnerships Office
COMPLEXITY:	High
PRIORITY:	Short-term
REVENUE POTENTIAL:	Moderate

DESCRIPTION

Dark fibre is dormant optical fibre that can be leased to businesses to provide high-speed internet connections. The main attraction of dark fibre is that companies do not have to compete with other users for bandwidth. Companies that value growth, speed and security find dark fibre appealing. This may include tech companies, health care providers (e.g., hospitals), commercial businesses and educational institutions.

While the City of Kelowna is currently investing in fibre optic cables as roads are being built (the network has grown to 36 km since 2015), there is the possibility to derive more revenue through this tool by focusing on increasing leasing. One proposal that is currently underway is providing dark fibre for the Landmark District, which is part of a long-term goal of expanding service to the rest of the city.

TOOL USE & IMPLEMENTATION

The City of Kelowna currently offers dark fibre to a series of educational institutions, tech companies, banks and office buildings.

The following implementation strategy is employed by the City of Calgary, which is the most prominent dark fibre provider in Canada⁴⁶:

- The municipality is responsible for installing fibre optic infrastructure.
- Companies / businesses can be invited to enter a dark fibre agreement that sets out agreed leasing rates.
- Municipalities can charge initial fees for connecting clients to the network but otherwise conduct routine maintenance as part of lease rates.

⁴⁶ CRTIC: <https://crtc.gc.ca/eng/acrtc/prx/2021anderson.htm>

KEY CONSIDERATIONS



- Installing excess capacity is relatively affordable especially when other infrastructure projects are already underway (e.g., road, sewage works, water system infrastructure upgrades).
- Can offer more affordable prices to underserved and disadvantaged neighbourhoods than what big internet providers are charging.
- Municipalities can earn cost savings from not having to pay third party corporations for use of infrastructure.



- Fibre network needs to be managed by the city which requires hiring and retaining technical specialists.
- Municipality needs to own and operate the network rather than leasing from telecommunication providers.
- The benefits of dark fibre, including faster internet speeds are more pronounced in large cities where existing infrastructure is costly and potentially maxed out.
- As a fibre optic cable provider, the City is in competition with private telecommunication providers.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **City of Calgary:** Calgary has built its own fibre optic network and offers leases to companies and institutions wanting to access their excess dark fibre infrastructure. The City provides a network of more than 400 km of fibre and offers connections between businesses, data centres and wireless towers. The City has also been promoting itself as a technology hub and is using access to dark fibre to attract researchers and tech companies⁴⁷.
- **City of Toronto:** Toronto recently announced its ConnectTO plan which will see the City develop its own municipal fibre optic network. Not only will this plan provide increased revenue to the City from dark fibre leasing, but Toronto also plans to use the infrastructure to address inequitable access to internet services, especially among less affluent residents and small businesses.⁴⁸

⁴⁷ City of Calgary: <https://www.calgary.ca/major-projects/dark-fibre.html>

⁴⁸ City of Toronto: <https://www.toronto.ca/city-government/accountability-operations-customer-service/long-term-vision-plans-and-strategies/smart-cityto/internet-connectivity-connectto/>



REVENUE POTENTIAL: MODERATE

In 2019, the City of Kelowna reported a 30 per cent increase in revenues from the Dark Fibre Network, with the addition of UBC Okanagan and Okanagan College.

Calgary charges just under \$15,000 annually for connection to a single fibre circuit. These fees increase 3 per cent annually. The City earned more than \$1 million in revenue from licensing dark fibre in 2019, a 180 per cent increase from the revenues the year the program launched in 2015.⁴⁹

⁴⁹ City of Calgary: [GPT2020-0137 - Attachment 1 - Fibre Infrastructure Strategy Annual Update.docx](#) ([escribemeetings.com](#))

MARINE FACILITY USER PAY PROGRAM

CATEGORIZATION:	Raise Money
TYPE:	Fees and Fines
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Real Estate Services, Finance
COMPLEXITY:	Low
PRIORITY:	Short-term
REVENUE POTENTIAL:	Moderate

DESCRIPTION



In 2022, the City of Kelowna conducted an operational review of municipal boating facilities. The results of the review suggested there are a number of viable revenue-generating opportunities, particularly through the public user pay system and commercial license program.

The user fees for use of the City's marine facilities could be reviewed and updated to better recover operations and maintenance costs and generate additional revenue, either as part of the general annual fees and fines review or a standalone study.

TOOL USE & IMPLEMENTATION

- The operational review completed in 2022 estimated that the annual operating and capital costs of the boat launches are \$365,000.
- The City's commercial license program, which was implemented in 2022, has been generally successful at recovering boat launch operations and maintenance costs from commercial operators.
- User fees could be increased and expanded to private users, either at some or all of the municipal boat launches, to recover costs and generate additional revenue.

KEY CONSIDERATIONS:

	
<ul style="list-style-type: none"> • User fees at municipal marine facilities aligns with the City's direction to shift to a user pay model for municipal services. • Engagement conducted as part of the <i>Operational Review and Assessment of Municipal Boating Facilities</i> found that the majority of users at the Water Street boat launch would be willing to pay a fee that contributes directly to launch upgrades. 	<ul style="list-style-type: none"> • Increasing user fees could lead to users choosing to use private or other municipalities' boat launches, reducing revenue for local businesses. • Enforcement and monitoring of compliance with the program may require additional staff resources. • Some investment in technology and staffing may be required to monitor compliance and collect fees.

- Lower fees could be set for residents who purchase annual passes as opposed to one-time fees that would primarily capture revenue from tourists.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **The District of Port Hardy** charges a daily launch fee of \$5.00, an annual launch fee of \$116.50, a commercial daily launch fee of \$11.60 and an annual commercial launch fee of \$156.10.⁵⁰
- **The Capital Regional District** charges water taxis and charter boats loading/unloading fees at the district's small craft harbours based on the number of landings per month, starting at \$27/month or \$260 per year for three to 15 landings per month.⁵¹
- **The Port Alberni Port Authority** operates several marine facilities and charges boat launch fees for haul in and haul out, ranging from \$16.90 for recreational day passes, \$26.19 for commercial haul in and haul out day passes, \$146.29 for annual recreational passes and \$329 for annual commercial passes.⁵²
- **The City of Port Moody** recently increased boat launch fees at Rocky Point Boat Launch to an annual commercial fee of \$539.30, an annual resident fee of \$177.75, and an annual non-resident fee of \$311.80. Daily fees are combined into a single rate for boat launch, retrieval and parking for \$25.⁵³

REVENUE POTENTIAL: MODERATE

In the first year of the Commercial Boating License was put in place, the total annual revenue was estimated at \$140,000.⁵⁴ The additional revenue potential of this program is limited as commercial usage of the City's boat launches has reduced in response to this license, although may provide some additional revenue depending on the rate of the fee increase.

However, implementing a public user fee would have significant revenue generation potential. The *Operational Review and Assessment of Municipal Boating Facilities* provided an initial exploration into user fees at the Water Street and Cook Road boat launches. The findings of this review found that a user fee of \$20 to \$30 per launch would recover the following estimated annual operating and maintenance costs associated with public boat launch users as well as capital improvement expenditures of \$1.15M over the next 10 years.

⁵⁰ District of Port Hardy: [Port Hardy Boat Launch Fees, Moorage, Marina Parking Fees](#)

⁵¹ Capital Regional District: [Moorage Rates | CRD](#)

⁵² Port Alberni Port Authority: [2022-Marina-Rates-for-Public-and-Web.pdf \(papa-appa.ca\)](#)

⁵³ City of Port Moody: [Boat Launch - City of Port Moody](#)

⁵⁴ City of Kelowna: [filestream.ashx \(escribemeetings.com\)](#)

COMMUNITY DEVELOPMENT CORPORATIONS

CATEGORIZATION:	Raise Money
TYPE:	Partnerships, Sponsorships and Corporations
LEGAL AUTHORITY:	Business Corporation Act
CHAMPION DEPARTMENT:	Real Estate
COMPLEXITY:	High
PRIORITY:	Medium to Long-term
REVENUE POTENTIAL:	Moderate

DESCRIPTION

Community Development Corporations (CDC) provide municipalities with the ability to support community development at an arm's length. Cities across Canada have established CDCs to execute public infrastructure programs, ensure the effective use of City-owned real estate assets, and support private-public cooperation and innovative partnerships, among others.

The use of Community Development Corporations is prevalent among many Canadian municipalities, such as Winnipeg⁵⁵, Calgary⁵⁶ and Toronto⁵⁷. The City has considered establishing a CDC in the past but has not implemented the tool.

TOOL USE & IMPLEMENTATION

- CDCs can play a key role in promoting community development by providing resources and supports to local businesses and organizations, stimulating employment, promoting affordable housing, and improving overall quality of life.
- Introducing CDCs could enhance the City's ability to respond to the community's economic needs and interests and provide flexible means to do so.
- By establishing their own economic development strategies, plans and priorities, CDCs offer an avenue for the City to quickly and efficiently achieve their economic goals from a distance.
- Cities such as Calgary have used CDCs to address social challenges by providing affordable and subsidized housing options for low and moderate-income households.
- Working closely with residents and stakeholders is crucial to ensuring that the CDC's programs and initiatives are responsive to the community's needs and priorities.

⁵⁵ CentreVenture: <https://www.centreventure.com/>

⁵⁶ Calgary Municipal Land Corporation: <https://www.calgarymlc.ca/#home-intro>

⁵⁷ City of Toronto Corporations: <https://www.toronto.ca/city-government/accountability-operations-customer-service/city-administration/city-managers-office/agencies-corporations/corporations/>

KEY CONSIDERATIONS



- As community-based organizations, CDCs allow decisions to be made at a local level and allow for greater community input and involvement.
- CDCs foster collaboration between interest groups both within and outside of the community.
- CDCs allow the City to provide support at an arm's length, and provide the City with greater flexibility to quickly and efficiently respond to the interests and needs of the community.



- CDCs often rely on funding from government agencies, grants and private foundations, which could be impacted by changes in funding priorities.
- A CDC's goals may possibly conflict with the goals of the broader community.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **Chilliwack Economic Partners Corporation (CEPCO)⁵⁸:** The City of Chilliwack established the Chilliwack Economic Partners Corporation in 1998 to support economic growth in Chilliwack. This is accomplished through business attraction, retention and expansion, workforce attraction and promotion, site selection assistance, immigration investment and other related supports and services. In 2021, CEPCO generated a total revenue of \$1,234,720.⁵⁹
- **CentreVenture⁶⁰:** CentreVenture advances development in Winnipeg's downtown by fostering public-private cooperation and innovative partnerships. They focus on providing leadership in the planning, development, coordination and implementation of strategies to identify and capitalize on economic development opportunities.
- **Calgary Municipal Land Corporation⁶¹:** Initially established to implement and execute the Rivers District Community Revitalization Plan, the Calgary Municipal Land Corporation aims to achieve the City's objectives for urban densification and community renewal, infrastructure investment and placemaking.

⁵⁸ Chilliwack Economic Partners Corporation: [Chilliwack Economic Partners Corporation \(CEPCO\) - City of Chilliwack](#)

⁵⁹ City of Chilliwack 2021 Annual Report: [2021 Annual Municipal Report - City of Chilliwack](#)

⁶⁰ CentreVenture: <https://www.centreventure.com/>

⁶¹ Calgary Municipal Land Corporation: <https://www.calgarymlc.ca/#home-intro>

- **City of Surrey:** The Surrey City Development Corporation (SCDC)⁶² was a wholly-owned subsidiary of the City. The SCDC was responsible for developing and managing several major projects in the city, including the Surrey City Centre, which is a mixed-use development that includes residential, commercial and office space. Council dissolved the SCDC in 2020 to bring the activities back under the purview of the City and have the work done in house.
- **City of Toronto Corporations⁶³:** The City of Toronto has several established CDCs that own and manage assets for the City, including CDCs that provide affordable and subsidized housing, manage real estate assets and promote employment revitalization, develop city-owned properties, and more.

REVENUE POTENTIAL: MODERATE

The revenue generated by Canadian municipalities from CDCs can vary widely depending on factors such as the size and scope of the operation. CDCs are typically established as non-profit organizations with a mission to promote economic and social development within their communities, rather than to generate revenue for municipalities.

While CDCs operate as non-profit organizations, they may still generate revenue through:

- Managing and operating affordable housing developments or providing services to businesses or residents in the community.
- Grants from government agencies, private foundations and corporations to fund specific projects.

As an example, the Calgary Municipal Land Corporation's reported "excess of revenues over expenses" for 2021 was \$5,381,280.⁶⁴ Additionally, the CMLC received \$45,350,000 in donations in 2021, which are allocated to projects that address community issues and grow the economy, reducing the need for future tax-funded expenditures.

⁶² City of Surrey: <https://www.surrey.ca/news-events/news/surrey-city-development-corporation-assets-and-activities-be-transferred-city-of>

⁶³ City of Toronto: <https://www.toronto.ca/city-government/accountability-operations-customer-service/city-administration/city-managers-office/agencies-corporations/corporations/>

⁶⁴ Calgary Municipal Land Corporation: https://static1.squarespace.com/static/547dd9bfe4b0756a4a5e6c29/t/62abaa2251ebfb743a25bb79/1655417393937/CMLC_2021_AR_FINAL_Optimized.pdf

SPONSORSHIP, ADVERTISING, PARTNERSHIPS & FUNDRAISING

CATEGORIZATION:	Raise Money
TYPE:	Partnerships, Sponsorships and Corporations
LEGAL AUTHORITY:	Community Charter, Local Government Act, Canada Revenue Agency
CHAMPION DEPARTMENT:	Partnerships Office
COMPLEXITY:	Low to Moderate
STATUS:	Short-term
REVENUE POTENTIAL:	Moderate

DESCRIPTION

The City of Kelowna currently has a burgeoning Partnerships and Sponsorships department that provides various economic and social benefits for residents. There may be an opportunity to enhance the work of this department in pursuing and developing advertising, sponsorship, strategic partnership and fundraising opportunities.

The sponsorship industry has undergone significant changes in recent years due to evolving marketing strategies, technological advancements and shifting consumer behavior. Some key trends include:

- **Personalized and targeted sponsorship:** Brands are focusing on personalized sponsorship deals targeting niche audiences. This approach allows sponsors to connect with their target audience on a more personal level, which can lead to increased engagement.
- **Purpose-driven sponsorship:** Consumers are increasingly looking for brands that align with their values and beliefs. Purpose-driven sponsorship involves partnering with organizations or events that support a particular cause or mission.
- **Experiential sponsorship:** Brands are moving away from traditional advertising and focusing on creating unique and immersive experiences for consumers. This approach allows sponsors to connect with consumers in a more meaningful way.

Another notable trend, especially as it relates to municipal sponsorship, is the growing practice of selling naming rights for facilities, parks and other public amenities. This practice is fast becoming the top revenue growth area for most municipal sponsorship programs across Canada. Offering the opportunity for naming rights to public spaces, such as parks, community centers or stadiums in exchange for benefits such as signage, advertising, exclusive product placement or concession rights, or event hosting rights is a country-wide leading practice. The Parkinson Recreation Centre redevelopment may offer new sponsorship opportunities, along with plans for new recreation facilities in the Glenmore and Mission areas.

Other practices that relate to sponsorship and advertising that are widely used by other Canadian municipalities include:

- **Advertising:** Municipalities can sell advertising space on public property, such as billboards, bus shelters, electronic sign boards or parking garages. This can provide a steady stream of revenue for the municipality while also providing exposure for local businesses.
- **Event sponsorship:** Municipalities can host events and offer sponsorship opportunities to local businesses. For example, a city could host a concert series and offer sponsorship packages to local businesses that include branding, advertising, and VIP tickets.
- **Public transportation sponsorship:** Municipalities can offer sponsorship opportunities for public transportation services, such as buses or trains. For example, a local business could pay to have their name and logo displayed on the side of a city bus.
- **Community programs sponsorship:** Municipalities can offer sponsorship opportunities for community programs, such as youth sports teams or environmental initiatives. For example, a local business could sponsor a youth soccer team in exchange for branding and advertising opportunities.
- **Fundraising, philanthropic donations & corporate partnerships:** Canadian municipalities can receive donations and issue tax receipts, much like a not-for-profit organization. While this space is largely saturated in Kelowna, there is still the opportunity for the City to secure major donors for programs (i.e. Journey Home), facilities or public amenities to off-set costs and provided added programming and enhance community services. A successful example of donor-funded programming is the Okanagan Swims program⁶⁵.

⁶⁵ Across the Lake Swim Society: <https://acrossthelakeswim.com/atls-society/learn-swim-program/>

TOOL USE & IMPLEMENTATION

Advertising

- The City could outsource all advertising to a third-party provider. This would streamline operations and increase capacity to expand advertising options to include smaller assets such as rink boards, sports park signage and billboards at sports fields, where appropriate and in accordance with sign bylaws. It would be crucial to negotiate a contract with a rate that ensures the City is receiving adequate compensation from the use of municipal assets.
- Agreements could be expanded with advertisers throughout the city at various facilities and locations.

Sponsorship

- Another option would be to expand current sponsorship programs for community events (e.g., partner with Tourism BC and other local partners to host fundraising golf tournaments, bike races, running races, or other events on City-owned properties and facilities.) This could attract tourism and investment,, provide promotional opportunities for local businesses and offer a great experience for the public.

Naming Rights

- The City could explore different or unique locations where naming rights or other opportunities can be applied, like beaches, playgrounds, transit and other highly travelled areas.
- The management of naming rights can be outsourced for a commission or percentage. Groups such as the Performance Sponsorship Group have a long history of working with Canadian municipalities on naming rights and other strategic partnership deals. Outsourcing these activities can allow staff to remain focused on other activities, while maintaining oversight and final approval from Council, which is required according to the Sponsorship & Advertising and Naming Rights policies.

Fundraising

- Fundraising is another strong option for specific projects with community benefit or visibility. The Okanagan Rail Trail was funded in part through \$7.8 million in fundraising managed by the Central Okanagan Foundation and the Community Foundation of the North Okanagan.
- The Kelowna Community Theatre is another project that holds potential for being an attractive fundraising project for the community.

KEY CONSIDERATIONS



- Improve services and facilities for community members.
- Activate outdoor areas and facilities that are otherwise underused.
- Increase value to residents for facilities that are expensive to replace.
- Refocus staff efforts on higher value partnerships and opportunities, as opposed to managing smaller assets like ads and rink boards.
- A relationship-based approach could improve the City's image with businesses and demonstrate a partnering nature with the community.



- Can be time consuming to implement and may require additional resources.
- Measures of success vs. actual outcome measurements can be difficult to establish in a transparent and consistent manner (e.g., value for money).
- Will require robust communications planning as the public may have strong opinions depending on the assets and partnerships in question.
- Requires continuous effort in developing relationships with potential partners.
- Some third-party consultants will make large demands and can impact the value return to the City.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **City of Vancouver:**
 - The City of Vancouver has used sponsorship programs in a variety of ways, including naming rights for public facilities such as the Rogers Arena (formerly GM Place) and BC Place Stadium.
 - Vancouver has also sold advertising space on public property, such as bus shelters, parking garages and public washrooms to generate revenue⁶⁶.
- **City of Calgary:**
 - The City of Calgary has offered naming rights for public facilities such as the Scotiabank Saddledome (formerly the Pengrowth Saddledome) and the Shane Homes YMCA at Rocky Ridge. Calgary has also sold advertising space on public property, including transit shelters and benches to generate revenue.
 - The City has also partnered with Shaw Communications to launch the Shaw Charity Classic golf tournament in support of youth-based charities. The tournament has raised over \$48 million since its inception in 2013.

⁶⁶ City of Vancouver: www.vancouver.ca/doing-business/sponsorship-naming-rights.aspx

CITY OF KELOWNA

DRIVING MUNICIPAL REVENUE

- The Calgary Parks Foundation serves as the arms-length fundraising organization for parks and parks facilities in the City.⁶⁷
- In 2022, the City also sold naming rights to a section of the public transit system to offset costs of a fare-free zone.⁶⁸
- **City of Edmonton:**
 - The City of Edmonton has used naming rights sponsorships for public facilities such as Rogers Place (home to the Edmonton Oilers), the Edmonton Convention Centre, and the Terwillegar Community Recreation Centre.
 - The city has also sold advertising space on public property, including bus shelters and public washrooms to generate revenue. City of Edmonton has also received a \$10 million donation from the Stollery Children's Hospital Foundation to support the construction of the Lewis Farms Recreation Centre.⁶⁹
- **City of Victoria:**
 - The City of Victoria has offered naming rights sponsorships for public facilities such as the Save-On-Foods Memorial Centre and the Archie Browning Sports Centre.
 - Victoria has also sold advertising space on public property, including bus shelters and parking garages, to generate revenue.⁷⁰

REVENUE POTENTIAL: MODERATE

- The revenue generated from these opportunities may vary from year to year, depending on the specific partnerships and agreements made with sponsors, advertisers and partners.
- Detailed analysis is required; however, updated revenue targets for the City of Kelowna could be in the range of \$500,000 - \$1.5M per year based on market, sales efforts, resources, and partnership abilities.
- As an example, in 2021, the City of Calgary Parks Foundation raised approximately \$16 million in revenue.⁷¹

⁶⁷ City of Calgary: www.calgary.ca/csps/recreation/sponsorship-opportunities.html

⁶⁸ City of Calgary: <https://newsroom.calgary.ca/the-city-of-calgary-announces-new-td-free-fare-zone/>

⁶⁹ City of Edmonton: www.edmonton.ca/city_government/initiatives_innovation/naming-rights-and-sponsorship-opportunities.aspx

⁷⁰ City of Victoria: www.victoria.ca/EN/main/city/sponsorship-naming-rights.html

⁷¹ Calgary Parks Foundation: <https://static1.squarespace.com/static/55ba3732e4b01221ab108979/t/62388d93b0250320d9edae24/1647873427642/20211231+Financial+Statements+-+Parks+Foundation+Calgary.pdf>

GREEN UTILITY

CATEGORIZATION:	Raise Money
TYPE:	Leases, Sales and Development of Assets
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Utility Services; Real Estate Services; Building Services; Public Works
COMPLEXITY:	High
STATUS:	Short-term
REVENUE POTENTIAL:	Low

DESCRIPTION

Green utility revenue opportunities involve investing in green infrastructure projects in the short term to achieve energy savings and greenhouse gas emissions reductions in the long term. Examples of clean energy projects include developing renewable energy (e.g., solar, wind, micro hydro, and wastewater thermal energy capture) to provide power to communities and save on energy expenses.

These types of green infrastructure projects could be built on existing City assets, such as the roofs of office spaces, parkades and at the landfill. Beyond the ability to offset energy costs, there is also potential for the City to invest in green energy projects that are then sold or leased to a private company or non-profit entity.

TOOL USE & IMPLEMENTATION

Green utilities projects can be incentivized through the creation of funding programs offered to residents or be directly implemented by the municipality.

The City of Kelowna already operates top-up programs encouraging residents to install heat pumps and for multi-unit buildings to install EV chargers. The City's Corporate Energy and GHG Emissions Plan also identifies methods to reduce municipal emissions (primarily through the adoption of a green building policy, the creation of a fund for energy conservation projects, and long-term capital planning).

Increasingly municipalities are turning to installing solar farms (these are easier to install and often face less public resistance than wind farms or hydro projects) as a means of generating renewable energy. More cutting-edge technologies include wastewater energy recovery that can be retrofitted to existing facilities to decrease energy costs.

Some municipalities have also introduced property assessed clean energy (PACE) financing to incentivize residents to install renewable energy systems and perform energy retrofits on their homes.

KEY CONSIDERATIONS



- Green utilities projects can be installed on land that has minimal economic value. Landfills, lift stations, vacant lots, and building rooftops are ideal locations.
- Pursuing green infrastructure projects aligns with objectives outlined in the City's Community Climate Action Plan and Corporate Energy and GHG Emissions Plan.
- There are currently numerous grant funding programs from different levels of government that can lower project costs.
- Green utility projects can create local jobs in an emerging clean energy economy.
- Green utility projects can reduce operational costs for the City and power bills for residents.



- The cost of green infrastructure projects can be significant. Capital costs can be very high and may take many years to pay off.
- Electricity Purchase Agreements (EPA) negotiations and system studies with the local utility provider can be costly up front to get green utility projects off the ground.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **Government of Alberta:** The Province operates several green energy funding programs through their Municipal Climate Change Action Centre⁷² partnership which supports municipalities in adopting energy efficient measures. Over the years, the province has funded numerous solar renewable energy projects. Example installations include the rooftops of schools, community centres, and ice arenas. Other ground mounted systems have been installed at parks, pump houses, and water treatment plants.
- **City of Richmond:** A wastewater heat recovery system was integrated into the City of Richmond's Gateway Theatre heating system. The building accesses wastewater from the municipal system and captures the thermal energy from the sewage to heat the building. The system installation reduced the use of natural gas between 36 and 44 per cent.⁷³ The City operates an additional wastewater heat recovery system at their wastewater treatment plant. The system enables excess heat entering the facility from water sources (showers, dishwasher etc.) to be extracted. The City of Richmond uses this excess heat to warm the treatment plant.⁷⁴
- **City of Vancouver:** The False Creek Neighbourhood Energy Utility system captures thermal energy from the municipal sewage to offer space heating and hot water to residential buildings throughout southeast False Creek. The system is so effective that it has reduced building heating emissions by 60 per cent for the area.⁷⁵
- **City of Kimberley:** Land north of Kimberley, B.C. was vacant and no longer provided revenue to the local government, until EcoSmart, a Vancouver-based non-profit, saw the potential in the site's landscape for solar mining. The City of Kimberley partnered with a large mining-industry player, Teck, to create SunMine — now B.C.'s largest solar tracking facility. SunMine powers an estimated 200 Kimberley homes and sees approximately \$250,000 in annual revenue at its peak operations.⁷⁶

⁷² Municipal Climate Change Action Centre: <https://mccac.ca/>

⁷³ City of Richmond: https://www.richmond.ca/_shared/assets/GatewayTheaterSewer_GP_9-17-2012-233791.pdf

⁷⁴ City of Richmond: <https://www.richmond-news.com/local-news/city-of-richmond-receives-62-million-grant-to-help-reduce-greenhouse-gas-3127055>

⁷⁵ City of Vancouver: <https://esemag.com/wastewater/vancouver-richmond-receive-funding-for-wastewater-heat-recovery-systems/>

⁷⁶ MNP, Innovation and Local Governments across Western Canada: <https://www.mnp.ca/-/media/files/mnp/pdf/mgtm/siteassets/media/pdfs/miscellaneous/3202-19-abn-public-sector-innovation-survey-report-pdf.pdf>

- **City of Saskatoon (Saskatchewan):** Low interest loans from \$1,000 to \$60,000 were offered to homeowners to improve energy efficiency, install renewable energy, or reduce water use for their homes. These loans are repaid through property taxes over 5, 10 or 20 year terms.⁷⁷
- **Town of Lumsden (Saskatchewan):** A solar system with battery storage was integrated with a newly built wastewater treatment plant. The system was funded through NRCan's Low-Carbon Economy Fund and offsets up to 66 per cent of the plant's electricity usage. These savings are used to invest in other clean energy initiatives in the community.⁷⁸

REVENUE POTENTIAL: LOW

Revenue takes the form of cost savings from reduced building heating costs and energy needs. The scale of energy savings depends on the type of system installed. For example, a solar array on top of a transit facility in the City of Airdrie is saving the municipality around \$40,000 annually on energy costs whereas solar panels installed on six Calgary Public Schools save the district around \$100,000 annually. These costs average between \$1,600 and \$2,000 per KW of solar installed.⁷⁹

For projects over 50kW in size, there are opportunities to sell power to the utility through an electricity purchase agreement (EPA). For projects under 50kW, credits are given to home and building owners that produce excess electricity. These credits can be applied to future power bills or, if there are outstanding credits on the system's anniversary date, they are paid out at market price.

⁷⁷ City of Saskatoon: <https://www.saskatoon.ca/environmental-initiatives/energy-water/home-energy-loan-program-help>

⁷⁸ CBC News Saskatchewan: <https://www.cbc.ca/news/canada/saskatchewan/saskatchewan-town-soars-with-solar-and-charts-new-path-1.6430589>

⁷⁹ Municipal Climate Change Action Centre: <https://mccac.ca/project-showcase/city-of-airdrie-transit-and-maintenance-facility-solar-pv/>

OFFER EXISTING SERVICES

CATEGORIZATION:	Raise Money
TYPE:	Leases, Sales and Development of Assets
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Various
COMPLEXITY:	Low
PRIORITY:	Long-term
REVENUE POTENTIAL:	Low

DESCRIPTION

During periods of low activity, City departments could provide skilled services such as risk-based inspections, building inspections and technical safety services to private companies or provincial agencies for a fee, providing there is no impact on services to residents, or unfair competition with private sector companies that may be active in the service fields.

TOOL USE & IMPLEMENTATION

One area having strong potential as a pilot to explore offering services to other local governments would be Kelowna's landfill management. The City has diverted calls from the public to an AI chat bot to answer questions related to collection schedules, accepted products and tipping fees. Currently, this tool only applies to Kelowna postal codes, but the service could be offered to the RDCO and other landfills at a fee with no marginal costs to the City.

The Kelowna Fire Department dispatch already provides support to other municipalities. This is an example of a service with economies of scale; the fire dispatch can provide a larger volume of output with the same level of staffing.

Other areas of service that offer similar economies of scale and are in demand in smaller communities may include architecture services, infrastructure operations, equipment with downtime and real estate services.

KEY CONSIDERATIONS



- Services with economies of scale would be strong candidates to expand offerings to other local governments.



- It may be challenging to dedicate resources to serve other communities or organizations without impacting service to residents.
- Any expansion of service offerings should first focus on maintaining service levels within the City and to residents. Specific targets should be set and service levels should be monitored to ensure that it is a significant revenue generator.
- Public messaging for this initiative would need to anticipate and address potential concerns, including those related to existing service levels, and those related to unfair competition with private businesses.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- The use of service agreements between municipalities and First Nations is common, and there are established processes for selling services between governments or jointly funding services.
- For example, Lil'wat First Nation and the Village of Pemberton have several joint servicing agreements, including expanding the Pemberton Fire Rescue to both communities in the Squamish-Lillooet Regional District.⁸⁰
- Closer to home, the Regional District of Central Okanagan provides services on contract to the Westbank First Nation.

REVENUE POTENTIAL: LOW

The potential for revenue generation from offering existing services to other organizations will depend on a variety of factors, including the scale and types of services offered.

⁸⁰ UBCM: https://www.ubcm.ca/sites/default/files/2021-08/Lilwat_Pemberton_20190909.pdf

ASSET DEVELOPMENT & LEASING

CATEGORIZATION:	Raise Money
TYPE:	Leases, Sales and Development of Assets
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Real Estate Services
COMPLEXITY:	High
PRIORITY:	Immediate
REVENUE POTENTIAL:	Moderate

DESCRIPTION

Public and municipally owned assets such as land, buildings and roadways can be developed for a variety of innovative projects, public sector partnerships, and public-private partnerships. Enhancing this revenue option typically involves using existing assets to stimulate private sector development or investment, or using the proceeds from the sale, lease, or privatization of public assets to fund other City priorities.

While this approach is currently in practice at the City, there is potential to augment the related revenue stream by redeveloping and improving underused non-financial assets to operate or lease for alternate uses, such as housing units⁸¹, daycares⁸², office sharing, event venues and more. There is also an opportunity to explore how the City can unlock the value of “passive” assets, such as unused Agricultural Land Reserve (ALR) lands, landfill lands and airport lands.

TOOL USE & IMPLEMENTATION

- The City could conduct a review of all City-owned assets to determine their highest and best use. Such a review would provide clarity on availability for temporary versus permanent revenue opportunities.
- The value of underutilized City-owned assets could be unlocked by finding alternate uses for the land or structure. For example, ALR land that is currently unused and unsuitable for farming could be developed and leased to businesses that support local food production and align with purposes allowed under the Agricultural Land Commission. These purposes could include storage, packing and processing of farm products, farm retail sales and compost production. This option could be explored in tandem with reviewing the Agriculture Plan with respect to secondary uses as outlined in Council's 2023-2026 Strategic Priorities.
- The City can act as a land developer by purchasing land and developing it for commercial, residential or industrial use.

⁸¹ Calgary Housing Company: <https://calgaryhousingcompany.org/about/>

⁸² Toronto Early Learning & Child Care Services: <https://www.toronto.ca/community-people/children-parenting/children-programs-activities/licensed-child-care/toronto-early-learning-and-child-care-services/>

CITY OF KELOWNA

DRIVING MUNICIPAL REVENUE

- Alternatively, the City could partner with private developers to undertake development projects. This approach is often taken to spur economic development, create jobs and generate revenue for the municipality.
- The leasing of space on the water could be considered. Although this space is under control of the Province, and the City has very few water lots, there could be an opportunity to introduce zoning over the lake and charge for moorage through a new permit system. There has been a rapid increase of moorage buoys in recent years, and the City is currently undergoing a legal review to determine an approach to address this issue.
- The Kelowna Downtown Marina is an example of a public-private partnership resulting from providing a water-lot lease to a private company to own and operate a business. This arrangement creates amenities without introducing a burden on taxpayers. When the agreement comes to an end, ownership will be transferred to the City, which can then charge a fee for facility use.⁸³

⁸³ City of Kelowna:

<http://apps.kelowna.ca/CityPage/Docs/PDFs/%5CCouncil%5CMeetings%5CCouncil%20Meetings%202012%5C2012-03-26/Item%205.6%20-%20Queensway%20Marina,%20Project%20Update.pdf>

KEY CONSIDERATIONS



- Municipal land and asset development can be an effective way for the City to shape economic development and generate revenue for the municipality; however, careful planning and management are needed to ensure that projects are financially viable and strategically meet the community's needs.
- Real estate leased for commercial use should be priced comparably with the market rate and to effectively generate revenue.



- The primary objective of the real estate should be considered alongside its revenue-generating potential. For example, most municipally-owned housing units are operated for the benefit of residents who are otherwise unable to afford housing in the community, and therefore are set at a price point that does not generate significant profits (if not reflecting some sort of mixed or other market subsidy).
- The adoption of work-from-home policies by private businesses and the City have impacts on the demand for physical spaces in Kelowna – particularly in town centres. There could be potential for buildings and office space to be adapted for alternate purposes and leased to unique businesses or organizations.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **City of Edmonton:** Edmonton owns and manages several land development projects, including the Edmonton Research Park⁸⁴, which is a research and technology commercialization center, and Blatchford⁸⁵, which is a sustainable community development. The City also partners with private developers on other projects, such as the ICE District⁸⁶, which is a mixed-use development including the Rogers Place arena.
- **City of Calgary:**
 - The Calgary Housing Company (CHC), a subsidiary of the City of Calgary, provides affordable housing for low- and moderate-income Calgarians. The CHC uses a mixed income model, including subsidized housing and private landlord rent supplements, to ensure financial sustainability of affordable housing developments.

⁸⁴ City of Edmonton: https://www.edmonton.ca/business_economy/land_sales/edmonton-research-park

⁸⁵ City of Edmonton: https://www.edmonton.ca/projects_plans/blatchford

⁸⁶ ICE District: <https://icedistrict.com/explore/about/>

- o The Calgary Municipal Land Corporation (CMLC) is a subsidiary of the City of Calgary that was established to undertake the Rivers District Community Revitalization Plan. This public infrastructure program aims to support downtown redevelopment and urban renewal. The CMLC's mandate is to manage land and infrastructure investments to optimize financial returns and enable long-term social, environmental and community resilience. The 2023 projected revenues of the CMLC is \$181,230,000.⁸⁷
- **City of Toronto:** The City of Toronto operates early learning and childcare centres throughout the city to provide high-quality, inclusive programs for children. The Toronto Early Learning & Child Care (TELCCS) program also offers a Child Care Fee Subsidy to ensure the program is accessible to families who may otherwise face financial barriers to childcare.
- **City of Ottawa:** The City of Ottawa leased land at the Ottawa International Airport to build the EY Centre, a 220,000 sq. ft. consumer and trade show facility. The City of Ottawa contributed \$8.5 million towards the capital cost with a guaranteed 30-year loan of \$20.7 million. At the end of the loan term, the City will receive 50 per cent of the appraised value of the facility.⁸⁸

REVENUE POTENTIAL: MODERATE

The City of Kelowna requested \$250,000 in capital for Strategic Land Redevelopment, as listed in the 2023 Financial Plan⁸⁹; however, the revenue the City of Kelowna may be able to generate from asset development and leasing can vary greatly depending on a variety of factors, including the types of assets being developed and leased, and the demand for those assets in the local market.

⁸⁷ Calgary Municipal Land Corporation:

https://static1.squarespace.com/static/547dd9bfe4b0756a4a5e6c29/t/63c031da14465a76a9501b10/1673540074544/CMLC_2023_BP_Update_FINAL_Optimized.pdf

⁸⁸ Appraisal Institute of Canada: <https://www.aicanada.ca/article/strategic-approach-municipal-real-estate/>

⁸⁹ City of Kelowna: https://issuu.com/cityofkelowna/docs/2023_financial_plan?fr=sMTNjMDU2MzI3MzM

RIGHT-OF-WAY & AIR RIGHTS LEASING

CATEGORIZATION:	Raise Money
TYPE:	Leases, Sales and Development of Assets
LEGAL AUTHORITY:	Community Charter – Land Act/Land Title Act
CHAMPION DEPARTMENT:	Utility Services; Development Planning
COMPLEXITY:	Moderate
PRIORITY:	Long-term
REVENUE POTENTIAL:	Low

DESCRIPTION

Right-of-way leasing refers to leasing available space below, alongside, or above municipally owned property. For example, the rights-of-way above utilities can be leased for billboards. Air rights leasing of municipal properties can allow for additional development densities. These options are available to the City through the *Land Title Act* and the *Land Act*.

TOOL USE AND IMPLEMENTATION

Right-of-way leasing can be pursued for several uses, depending on the underlying infrastructure. For example, rights-of-way alongside busy transportation corridors may be leased for advertising using billboards; utilities corridors can be leased to other service providers who may want to twin or take advantage of the existing corridor (e.g., pipelines); underground reservoirs can be used to create public spaces (these are difficult to monetize).

Air rights enable property owners to sell the excess capacity for development from their property to other developers, as long as the height of the structure complies with zoning laws and building codes. This process is typically done to enable developers to construct taller residential structures thereby achieving more density. Air rights processes are typically desirable in large cities that have limited space left for development. Air Rights are frequently paired with density bonusing where municipalities permit developers to increase densities as long as contributions are made to public amenities (e.g., public art, parkland). These permissions need to be included in zoning regulations. Some examples of air rights leasing are above ground pedways or residential or commercial developments in air space parcels above or below municipal buildings. Although developers may have some hesitancy around building in air-space parcels, the market may grow in the coming years.

KEY CONSIDERATIONS

	
Right-of-Way Leasing	
<ul style="list-style-type: none">• Right-of-way leasing is a relatively passive way of generating income if third party is made responsible for operating and capital costs of installation on right-of-way.	<ul style="list-style-type: none">• Depending on the use of the land over the right of way, there could be a risk to the municipality of liability.
Air Rights Leasing	
<ul style="list-style-type: none">• Air right leasing enables municipalities to address shortage of developable land and build density in key areas.• Air space parcels could also be used as a tool to sell space above or below municipal properties while still retaining ownership of the land. Rather than long-term revenue generation, this approach could provide up front capital for construction projects.	<ul style="list-style-type: none">• Air Rights development is primarily restricted to cities already experiencing high development pressures with limited space for continued expansion. These conditions require a re-evaluation of existing lands to identify underutilized areas for intensive development.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

Right-of-Way Leasing

- **City of Vaughan:** The City of Vaughan (population 320,000) has pursued a Billboard Revenue strategy that will see digital billboards installed at three pieces of municipal property. The City will confer the capital and operational costs onto a third-party vendor through a written agreement that will make them responsible for the construction, maintenance, and operation of the billboards. The City maintains the right to allotted advertising time free of charge and use of the billboards in emergencies. The City has entered a contract which will see annual returns of \$405,000 for 15 years for a total of \$6,075,000.⁹⁰

Air Rights Leasing

- **City of Ottawa:** Ottawa council devised a plan to replace an existing stadium with a new arena, stands, green roof and three residential towers comprising 1,200 housing units. The project dubbed Lansdowne 2.0 relies on the sale of air rights from above

⁹⁰ City of Vaughan: [Committee of the Whole Report: Billboard Revenue Update](#)

Lansdowne Park to fund the development of the three residential towers. The City is planning on entering a competitive bid process for the air rights and would use property taxes from the residential towers to further offset the costs of the \$330+ million-dollar project.⁹¹

REVENUE POTENTIAL: MODERATE

The value of air rights is highly dependent on market land values and would require a complete appraisal. The City of Kelowna's zoning bylaw was recently updated to permit higher density development in key neighbourhood areas and introduce more density bonusing incentives to encourage developers. In addition, a new density bonusing policy is being developed; these changes indicate the City anticipates a future need for height variances beyond what is permitted in the OCP and Zoning Bylaw and could create favourable conditions for air rights.⁹²

Rights-of-way parcels are currently sold by the City. Further assessment is required to determine if additional revenue can be gained through lease agreements.

⁹¹ City of Ottawa: <https://engage.ottawa.ca/lansdowne-2-0?tool=qanda>

⁹² City of Kelowna: https://ehq-production-canada.s3.ca-central-1.amazonaws.com/0099573dbc2bbb55122b66ea772b687a3759498d/original/1633556247/d1ada43487c8dc5dece0f10d072f0d48_Zoning_Bylaw_Update_Highlights.pdf

LEGACY FUND

CATEGORIZATION:	Raise Money
TYPE:	City Investment Program
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Partnerships & Investments
COMPLEXITY:	Low
PRIORITY:	Short-term
REVENUE POTENTIAL:	Significant

DESCRIPTION

The City of Kelowna's Legacy Fund was established in 2018 with the balance of the funds from the Natural Gas Fund and the proceeds from the termination of the natural gas Lease-In Lease-Out agreement with FortisBC. Now, the fund consists of more than \$111 million and earns interest at approximately \$4 million per year.⁹³

The money in this fund, and the interest earned on it, could be used to pay for municipal projects, pay off debt associated with required borrowing for projects, and future partnership development.

TOOL USE AND IMPLEMENTATION

- The City of Kelowna could implement a new endowment model to manage the Legacy Fund to provide a regular revenue stream to support new City projects as well as ensure long-term growth for the fund. This approach is outlined in the Building a Stronger Kelowna Funding Strategy⁹⁴ and includes developing three streams:
 - A **distributable fund**, which would provide a flexible annual income stream of approximately \$4 million per year.
 - A **stabilization fund**, which would be used to minimize the impact of market fluctuations the fund's value.
 - A **capital fund**, which would be used to maintain and grow the fund's value over time
- The City of Kelowna is undertaking an alternative approval process to proceed with borrowing \$241 million for the redevelopment of Parkinson Recreation Centre and the construction of new recreation facilities in Glenmore and Mission. If the borrowing is approved, the interest generated from the Legacy Fund and managed through the "distributable fund" could be used to cover the interest on the loan.⁹⁵

⁹³ City of Kelowna 2023 Financial Plan:

https://issuu.com/cityofkelowna/docs/2023_financial_plan?fr=sMTNjMDU2MzI3MzM



⁹⁴ Building a Stronger Kelowna Report to Council:

<https://kelownapublishing.escribemeetings.com/filestream.ashx?DocumentId=43587>

⁹⁵ Growing Active Facilities: <https://www.kelowna.ca/our-community/planning-projects/growing-active-facilities>

The remaining revenue generated through the funding stream could be used to explore other investments or initiatives, such as partnership development.

KEY CONSIDERATIONS

	
<ul style="list-style-type: none">• The Legacy Fund is a non-statutory reserve and can be applied to any number of municipal projects or initiatives as part of the City's General Fund.• Leveraging the interest earned on the Legacy Fund to support debt financing while maintaining part of the fund to grow its value would help reduce the tax burden on residents now and for future City capital projects.	<ul style="list-style-type: none">• The management of the City's financial reserves are governed by Council Policy #384, which may need to be considered in the case of transferring or closing the Legacy Fund.⁹⁶

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- All municipalities in British Columbia have the ability and authority to manage reserve funds and surpluses in accordance with the *Local Government Act*.
- Various municipalities and other levels of government maintain self-sustaining reserve funds or trusts that are held to support future investments or expenditures.

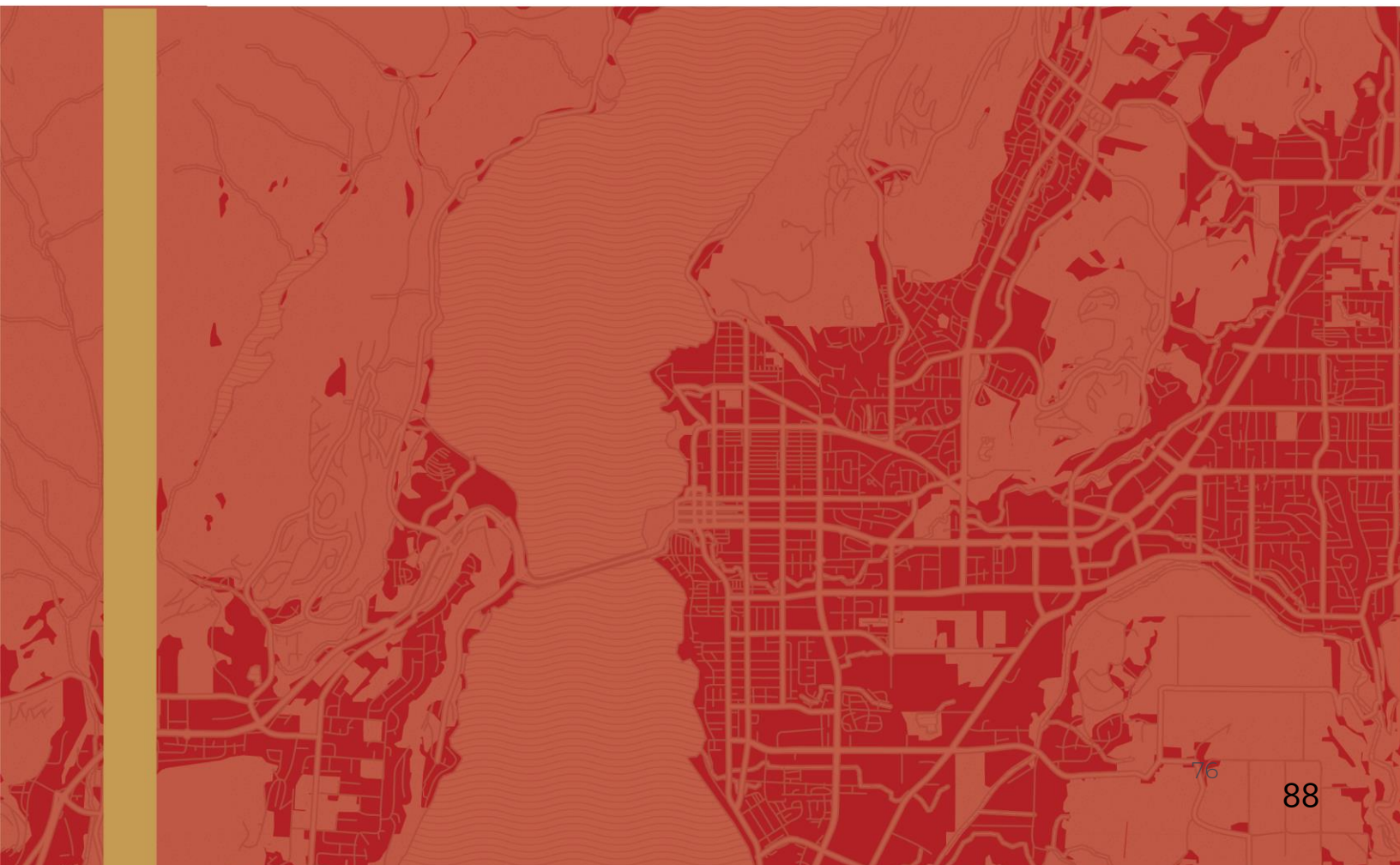
REVENUE POTENTIAL: MODERATE

The Legacy Fund has grown by approximately \$3 million per year since it was established.⁹⁷ With a current value of more than \$111 million in the fund, the potential to reinvest interest to generate additional revenue is significant, as is the fund's ability to support potential debt financing on the *Building a Stronger Kelowna* project.

⁹⁶City of Kelowna Council Policy #384: https://www.kelowna.ca/sites/files/l/docs/city-hall/policies/council_policy_no_384_-_financial_reserves.pdf

⁹⁷ City of Kelowna 2023 Financial Plan: https://issuu.com/cityofkelowna/docs/2023_financial_plan?fr=sMTNjMDU2MzI3MzM

COST AVOIDANCE



OPTIMIZE SERVICES & RETURNS

CATEGORIZATION:	Cost Avoidance
TYPE:	Other
LEGAL AUTHORITY:	N/A
CHAMPION DEPARTMENT:	Corporate Finance; Financial Planning
COMPLEXITY:	Moderate
PRIORITY:	Immediate
REVENUE POTENTIAL:	N/A; Cost Avoidance

DESCRIPTION

In addition to implementing new revenue tools, the City of Kelowna could consider evaluating all current programs and facilities to determine which services no longer add desired value based on community needs and aspirations. The City could base the evaluation on a zero-based budgeting approach, a priority-based budgeting approach, or by employing a profit/loss analysis for each service or cost centre to determine where efficiencies and cost savings may be achieved. Activity-based budgeting may also prove helpful for certain departments. The City may also contemplate strategies which optimize infrastructure investment and/or defer capital expenditures through infrastructure investment strategies. For example, through asset management strategies.

TOOL USE & IMPLEMENTATION

- Priority-based budgeting is a budgeting method that emphasizes the allocation of resources based on the relative importance of the services or programs being funded. In this approach, decision-makers identify and prioritize the most critical services or programs based on their impact on the community and allocate resources accordingly. This method requires a thorough analysis of each program's effectiveness, efficiency, and relevance to community needs, and a clear understanding of the trade-offs involved in allocating resources.
- Zero-based budgeting is a process that starts from a zero base, meaning that every item of expenditure must be justified, rather than simply being carried over from the previous year's budget. This approach can be used by municipalities and other organizations to identify areas of inefficiency or to identify areas where there is a value mismatch between historical service priorities and current community needs and to reprioritize appropriate levels of investment.
- This City of Kelowna could take a modified approach, performing a detailed analysis of specific cost funds, such as programs, facilities and services. This approach would involve a thorough review of all spending and developing a justification for each expense.

KEY CONSIDERATIONS



- With zero-based budgeting for programs and services, every expense must be justified, which helps to identify areas of unnecessary spending and reduce costs.
- Priority-based budgeting enables the City to identify and focus on the most critical programs and services that align with the community's priorities.
- Priority-based budgeting often involves engaging the community in the budgeting process, which can help build community support for budget decisions.
- Both processes require a thorough review of all spending, which can lead to greater transparency and accountability for City finances, along with increased public trust and understanding.



- Both processes require a significant amount of staff time and resources to complete.
- The processes can be complex and may require specialized expertise to implement effectively. Further, the processes require in-depth conversations about desired levels of service, which are highly resource and personnel consumptive (for municipal staff and for elected officials alike).
- Some staff, residents or other stakeholders may be resistant to changes in spending priorities.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES:

- **City of Calgary:** Calgary⁹⁸ uses a modified version of zero-based budgeting. Under this model, departments must justify their entire budget request, rather than just incremental changes from the previous year.
- **School District 23:** School District 23 plans to move to a priority-based budgeting approach, as noted in the Central Okanagan Public Schools 2023/2024 Budget Presentation.⁹⁹
- **City of London:** Select departments at the City, such as Information Technology Services¹⁰⁰ have committed to undergoing a zero-based budgeting process on an annual basis.

REVENUE POTENTIAL: COST AVOIDANCE

- It is difficult to determine how much revenue the City could save from implementing zero-based budgeting, as the potential savings would depend on a range of factors, including current spending levels, and the specific programs and services (as well as desired service levels) being evaluated.
- Studies have shown that zero-based budgeting can be an effective tool for reducing costs and increasing efficiency. In 2014, McKinsey reported that selling, general and administrative costs (SG&A) can be reduced by 10 to 25 per cent when organizations properly implement zero-based budgeting.¹⁰¹ This finding isn't completely analogous to municipal organizations but does highlight potential worth considering given the scale of the organization.

⁹⁸ City of Calgary: <https://www.calgary.ca/our-finances/zero-based-review.html>

⁹⁹ School District 23: <http://www.sd23.bc.ca/DistrictInfo/FinancialReports/Documents/23-24%20Budget%20Planning%20Presentation.pdf>

¹⁰⁰ City of London: <https://london.ca/sites/default/files/2020-12/Information%20Technology%20Services-Secured.pdf>

¹⁰¹ McKinsey & Company: <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/five-myths-and-realities-about-zero-based-budgeting>

DIGITAL TRANSFORMATION

CATEGORIZATION:	Cost Avoidance
TYPE:	Other
LEGAL AUTHORITY:	N/A
CHAMPION DEPARTMENT:	Information Services
COMPLEXITY:	Moderate
PRIORITY:	Immediate
REVENUE POTENTIAL:	N/A; Cost Avoidance

DESCRIPTION

A digital transformation strategy for a municipality would typically involve leveraging digital technologies to improve public services, increase efficiency, and enhance citizen engagement.

The City of Kelowna has developed an *Intelligent City Strategy*¹⁰² to help guide the use of technology to create better cities and improve lives. The strategy has been effective in creating new revenue streams and increasing operational and long-term planning efficiencies. The cost of introducing the required technologies is proving to be minimal compared to the potential cost savings and additional revenues.

TOOL USE & IMPLEMENTATION

- A clear vision for the digital transformation strategy is required, outlining objectives, goals and desired outcomes. This vision should be aligned with Kelowna's strategic priorities and the current and future needs of the community.
- The first step is to identify areas where digital technologies could improve municipal services. This task could involve conducting a comprehensive review of all City services to identify areas that can be digitized or automated, such as service delivery, permit applications, data analysis and more. The City of Kelowna has already started this process.
- To support the transformation strategy, the City may need to build or upgrade its digital infrastructure, including hardware, software and networking capabilities. Upgrades may require partnering with external providers or investing in additional resources.

¹⁰² City of Kelowna: https://www.kelowna.ca/sites/files/l/docs/related/intelligent_city_strategy_-_city_of_kelowna.pdf

KEY CONSIDERATIONS



- Digital transformation can help the City streamline operations and increase efficiencies. For example, automating manual processes and using better data analytics can reduce costs and improve service delivery.
- Managing data more effectively will help the City gain insights into operations to make better decisions.
- There are endless opportunities to implement efficiencies and improve services through digital transformation. All departments can benefit in some way.



- Implementing a digital transformation strategy can be complex and challenging. There is the possibility of facing a variety of technical difficulties, such as compatibility issues between different systems or software.
- Implementing a digital transformation can be expensive in some cases. The City may need to invest in new technology, hire additional staff resources or partner with outside providers.
- In some instances, digital transformation can increase the risk of cyber attacks and data breaches. The City would need to ensure robust security measures are in place to protect systems and data.
- Technology can intensify social and economic inequalities. The City may need to ensure that digital services are provided in a way that is accessible to all residents.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **City of Vancouver:** Vancouver has implemented several digital transformation initiatives, including the development of a Digital Strategy¹⁰³ and participation in the Smart Cities Challenge¹⁰⁴.
- **City of Edmonton:** Edmonton has implemented several digital transformation initiatives, including a Smart City Strategy¹⁰⁵, a Digital Action Plan, Open Data, and a Business Technology Strategy¹⁰⁶.
- **City of Toronto:** Toronto has implemented several smart city initiatives, including smart traffic signals, free Wi-Fi to specific neighbourhoods, transportation innovation zones, open data, automatic water meters, and more¹⁰⁷.
- **City of Montreal:** Montreal has implemented several smart city initiatives, including Montréal in Common, which aims to improve the quality of life for its residents¹⁰⁸. Solutions are divided into three categories: mobility, food, and data and municipal legislation.

REVENUE POTENTIAL: COST AVOIDANCE

- The revenue potential for undergoing a digital transformation strategy can vary widely depending on the specific initiatives undertaken, the level of investment made, and the ability to effectively implement and manage the digital solutions.
- Digital strategies have the potential to increase revenue through cost savings (increased efficiency and productivity), monetization of data, increased fees for value-added services, and more.

¹⁰³ City of Vancouver: <https://vancouver.ca/your-government/digital-strategy.aspx>

¹⁰⁴ City of Vancouver: <https://vancouver.ca/your-government/smart-cities-canada.aspx>

¹⁰⁵ City of Edmonton: https://www.edmonton.ca/sites/default/files/public-files/documents/PDF/Smart_City_Strategy.pdf

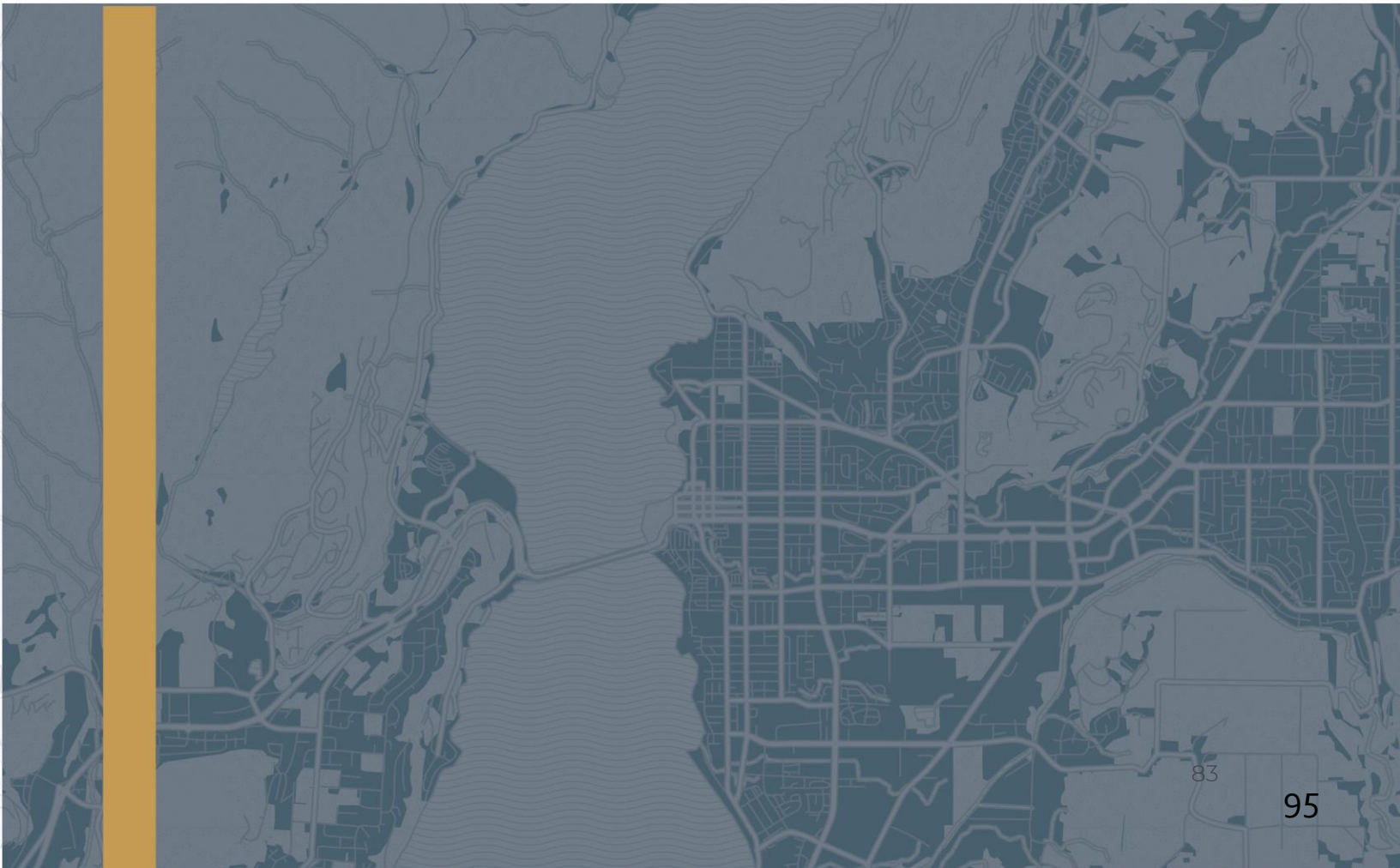
¹⁰⁶ City of Edmonton: https://www.edmonton.ca/city_government/initiatives_innovation/business-technology-strategy

¹⁰⁷ City of Toronto: <https://www.toronto.ca/city-government/accountability-operations-customer-service/long-term-vision-plans-and-strategies/smart-cityto/>

¹⁰⁸ City of Montreal: <https://montreal.ca/en/articles/montreal-common-city-laboratory-15119>



OTHER



MONETIZATION OF VALUE-ADDED DATA

CATEGORIZATION:	Cost Avoidance
TYPE:	Other
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Information Services, Partnership Office
COMPLEXITY:	Low to moderate
PRIORITY:	Immediate
REVENUE POTENTIAL:	Moderate

DESCRIPTION

Monetizing value-added data can provide the City of Kelowna with new revenue streams to offset costs associated with collecting and managing data. Along with a robust open-data platform for the public, it is possible to develop customized solutions and implement fees for value-added data. This approach would specifically apply to private sector organizations that stand to profit from accessing this type of information.

The City is currently working on a data governance strategy that would allow for automation of data and enable the City to charge a fee for accessing the information. Monetized data could include information related to GHG emissions, solid waste weights, traffic counts, mapping, business information and more.

TOOL USE & IMPLEMENTATION

- Municipalities can license their data to private companies for a fee. For example, traffic data can be sold to companies developing navigation apps, crime data can be sold to companies developing security software, loading zone data can be sold to meal delivery services, and more. The City of Kelowna is currently working with Google on possible partnerships.
- It is possible to implement fees for private sector organizations to access value-added data that they stand to profit from. This fee-for-service could include customized data analyses for customers such as large developers and realty agencies.
- It may be possible to use the City's data to develop new products or services, such as smart city solutions or predictive maintenance tools. These products can be sold to other municipalities or private companies.
- Data-related services for residents or businesses, such as property value estimations, transportation planning, or energy usage monitoring can be developed by the City. These services can be provided for a fee or subscription.

- The City can collaborate with universities or research institutions to conduct research on their data. The research findings can be sold to other municipalities, private companies, or the public.
- Before monetizing data, the City needs to have a consistent and robust open-data platform available to the public at no charge, so that all customized data analysis or solutions would require a fee.

KEY CONSIDERATIONS



- Monetizing data can provide additional revenue streams to offset costs and staff time.
- It can incentivize municipalities to improve their data collection and management processes, leading to more accurate and timely data that can be used to optimize services and operations.
- It may lead to greater transparency and accountability, as the City would be providing access to data to public or private companies.
- Monetizing data can encourage private sector innovation by providing access to data that can be used to develop new products and services that benefit the public.
- Monetizing data can lead to increased investment and business growth in communities. Data availability can increase certainty in investment decisions leading to opportunities for economic growth.



- Monetizing data can raise concerns about privacy. It must be done in a responsible and ethical manner. The City needs to ensure that it is not sharing sensitive or personally identifiable information, and that it is adhering to all relevant data privacy laws and regulations.
- In some cases, monetizing data can increase the risk of data breaches or cyberattacks, as sensitive information may be stored and transmitted to third parties.
- It may require significant investment in data collection, storage, and management infrastructure, which can be expensive for municipalities.

APPLICATION IN OTHER COMMUNITIES

- **Connected Cities Integrators:** Companies such as Connected Cities Integrators help cities monetize their data by auditing and assessing available and future data, developing a data directory and revenue projections, and creating sales plans¹⁰⁹. Some examples of municipalities and local governments that have worked with Connected Cities include the City of Jackson (Mississippi), the San Miguelito District of Panama City, and the Southwest Louisiana Regional Planning Commission.

REVENUE POTENTIAL: MODERATE

- The revenue potential for municipalities to monetize value-added data can vary widely depending on several factors, such as the type and quantity of data available, the demand for the data, the pricing strategy adopted by the municipality, and the priority placed for investment in staffing resources necessary for data development, partnership creation and monetization.
- Some municipalities may generate only a modest revenue stream from monetizing data, while others may generate significant amounts. It's important to note that monetizing data may not centre around generating revenue directly. It can also lead to cost savings, increased efficiencies, and improved service delivery, which can have significant value to the City.

¹⁰⁹ Connected Cities Integrators: <https://www.conncities.com/>

INNOVATION FUND

CATEGORIZATION:	All
TYPE:	Other
LEGAL AUTHORITY:	Community Charter
CHAMPION DEPARTMENT:	Corporate Finance; Financial Planning
COMPLEXITY:	Moderate
PRIORITY:	Short-Term
REVENUE POTENTIAL:	Unknown

DESCRIPTION

An innovation fund can be used to provide and prioritize funding support for innovative ideas generated by staff across the City to improve service delivery, find efficiencies, reduce costs and establish new ways of generating revenue. This grassroots approach leverages the insights of staff who see pain points and opportunities in their work. The initiative can also serve to foster a culture that constantly seeks innovation and improvements.

TOOL USE & IMPLEMENTATION

An innovation fund could be funded through income from strategic partnerships, annual GST rebates and underutilized reserve funds. For illustrative purposes, areas of focus for a fund may include:

- **Smart city technologies:** development of digital infrastructure and tools to improve transportation, energy efficiency and public safety.
- **Social innovation:** implementation of programs to reduce poverty, improve access to education and healthcare, and enhance community well-being.
- **Environmental sustainability:** initiatives to reduce greenhouse gas emissions, increase recycling, increase active transportation modes and promote renewable energy.
- **Economic development:** support for small businesses and entrepreneurship, the revitalization of downtown areas, and the attraction of new industries and investments.

To ensure the innovation fund is used effectively, the fund's intent should be strongly aligned with Council's strategic priorities. This alignment brings clarity to the fund's precise role and can help prevent scope creep and mismanagement. In the absence of an existing strategy, specific goals and objectives should be developed for the innovation fund. Beyond this, it is necessary to establish clear criteria for project selection, develop a transparent decision-making process, and provide adequate support and guidance to project teams.

Following the funding of a specific project, it is important to monitor and evaluate the impact of the project to determine its effectiveness and identify areas for improvement.

KEY CONSIDERATIONS



- An innovation fund could support City staff in pursuing innovative ideas to generate revenue through their work.
- The ability to foster an internal culture of innovation and leverage staff expertise could lead to future revenue potential and significant cost savings.
- The fund could create an opportunity to partner with other governments, agencies or organizations that align with the ideas.



- It requires an initial and ongoing pool of funds.
- An innovation fund must always be considered an experiment and may not lead to successful initiatives. Clear expectations need to be set to encourage staff to experiment with new ideas without the fear of failing.
- If established guidelines are not in place, it could lead to “Innovation Theatre,” which could result in initiatives that add little value.

SUCCESSFUL APPLICATION IN OTHER COMMUNITIES

- **City of Kingston:** After COVID-19 shut down many social services, Kingston Community Investment was created to explore how community investment might contribute to initiatives that support vital community needs.¹¹⁰ The program uses repayable financing and investment to support the start up or growth of a community-based project or social enterprise.
- **City of London:** Each year, London provides \$496,000 through this funding opportunity for London based not-for-profit organizations and groups who are expanding programs, services or facilities that support residents¹¹¹. All grant applications are assessed based on a demonstrated need for the project in the community, the cost and effectiveness of the project, the project’s contribution to the quality of life in the community and alignment with the City’s Strategic Plan or Council-directed emerging priorities.
- **City of Portland:** In 2013, the City of Portland created an Innovation Fund, setting aside \$1 million annually aimed at fostering better money-saving approaches for the City.¹¹² City staff submit project proposals, which are evaluated by a task force of

¹¹⁰ City of Kingston: <https://socialinnovation.org/wp-content/uploads/2021/03/Community-Investment-Brief-1.pdf>

¹¹¹ City of London: <https://london.ca/living-london/community-services/community-funding/london-community-grants-program>

¹¹² City of Portland: <https://www.governing.com/archive/gov-portland-mayor-innovation-fund-annual-competition.html>

private-sector professionals who consider how effectively the proposals fulfill the goal of saving the City money or making government run more smoothly.

- **City of Baltimore:** Since 2012, the Baltimore innovation fund awards competitive seed grants to city agencies with creative project ideas¹¹³. The purpose of the fund is to provide seed money for one-time investments that will lead to improved results, increased revenue, or reduced ongoing operating costs for City services. The program has funded projects to install "smart" parking and energy meters, put in place new fiber-optic technology for the city's broadband network, and acquire a new, more efficient DNA analysis tool.
- **City of Selkirk:** The Selkirk Endowment Fund provides a sustainable source of funding for what matters most to its citizens¹¹⁴. They include contributions to each endowment fund through day-to-day operations, including rental fees, transit fares, and movie production to guarantee these endowments see a steady income.
- **Community Forward Fund:** CFF is a \$12 million loan fund that provides innovative financing to community organizations throughout Canada¹¹⁵. They provide loans to non-profit organizations, charities and non-profit social enterprises to improve Canada's social and community infrastructure.

REVENUE POTENTIAL

The amount of revenue that innovation funds can make for cities varies depending on several factors, including the size of the fund, the types of investments made, and the success of those investments.

In general, innovation funds can be a valuable tool for the City to support economic growth and innovation. While the returns generated can vary, successful investments can have a significant impact on a city's budget and reputation as a hub for innovation.

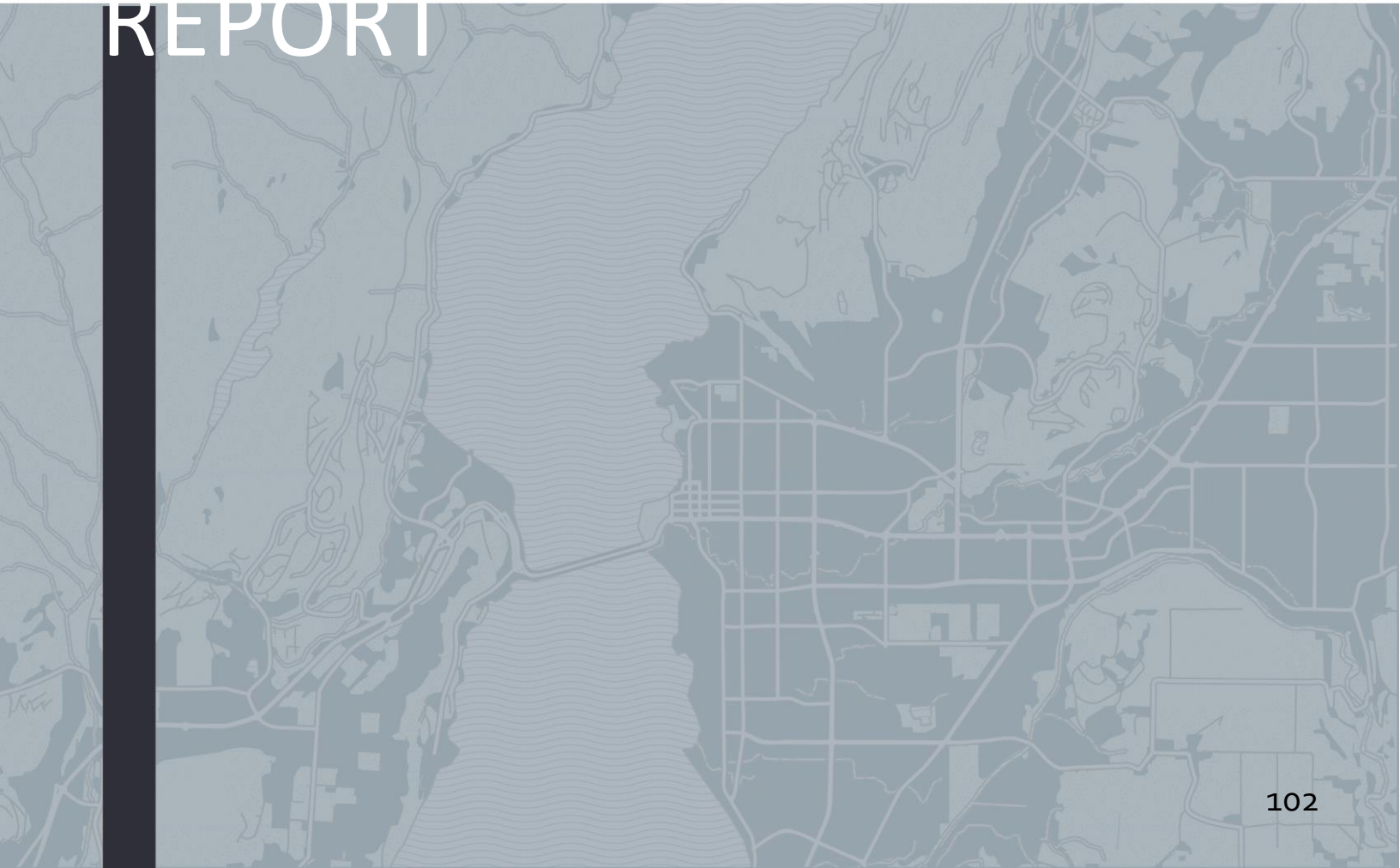
¹¹³ City of Baltimore: <https://bbmr.baltimorecity.gov/innovation-fund>

¹¹⁴ City of Selkirk: <https://www.myselkirk.ca/endowments/>

¹¹⁵ Community Forward Fund: <https://communityforwardfund.ca/>

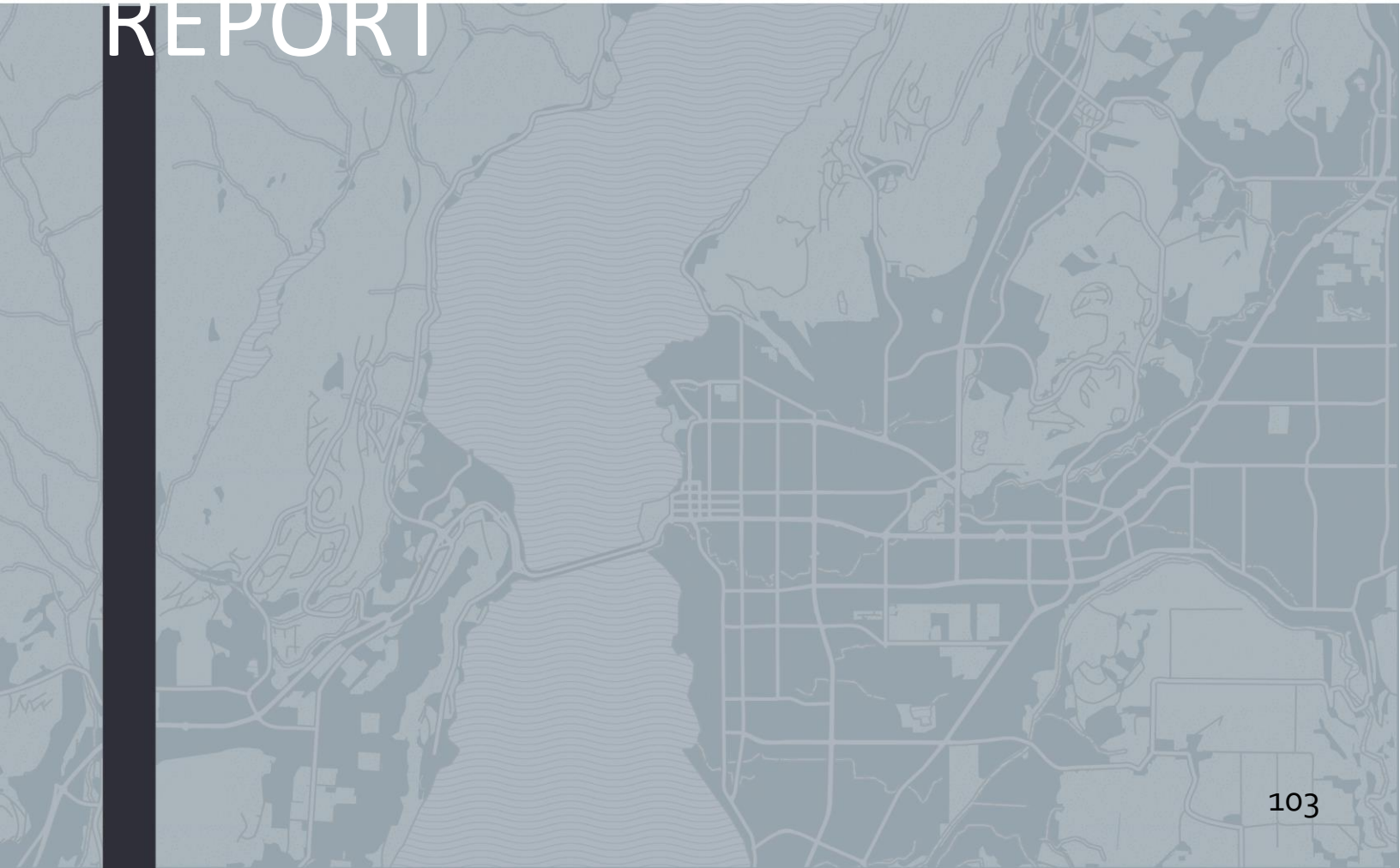
APPENDIX A: PHASE 1

REPORT



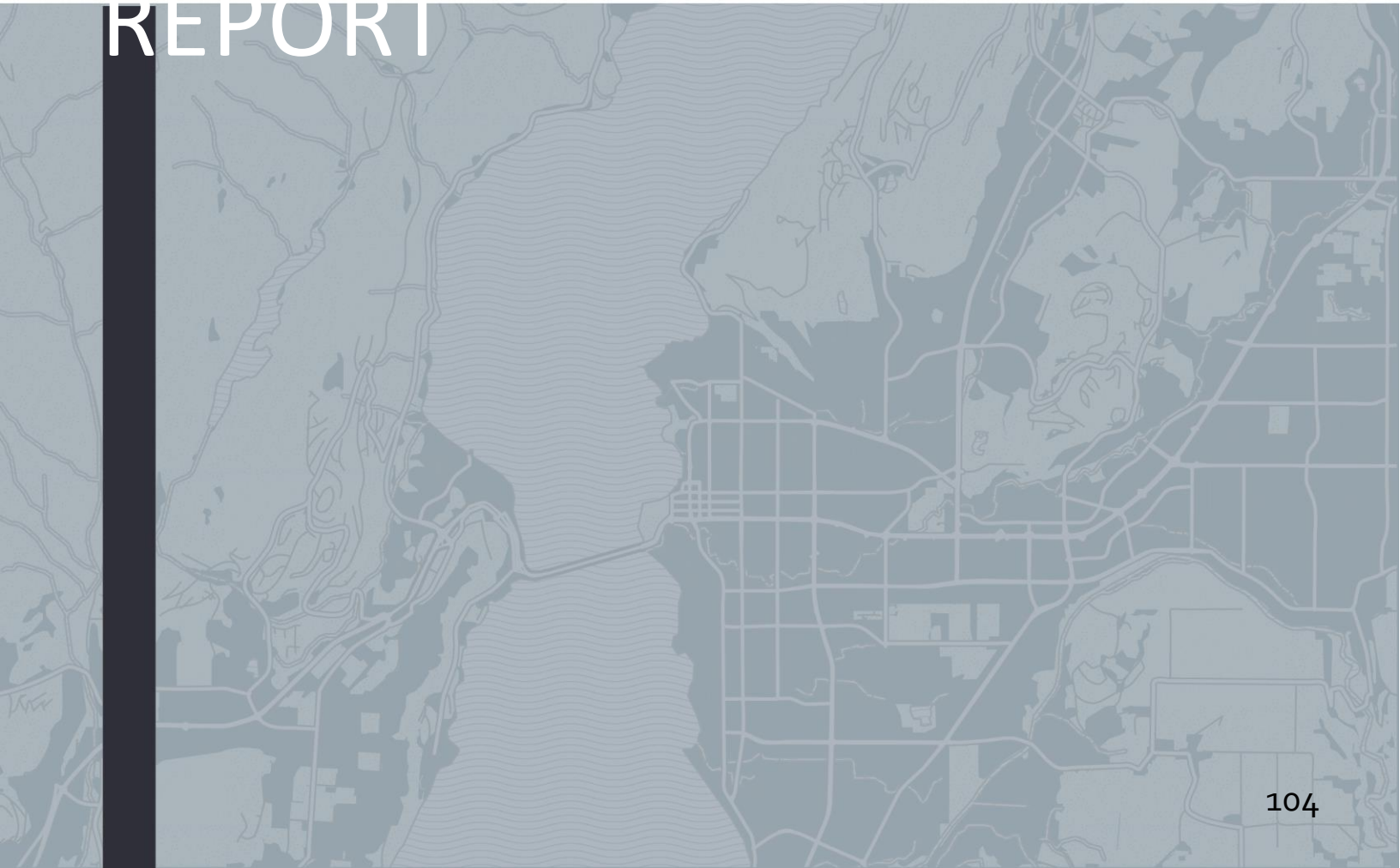
APPENDIX B: PHASE 2

REPORT



APPENDIX C: PHASE 3

REPORT



Alternative Revenue Initiative

City of Kelowna



April 2024

Alternative Revenue Initiative

- ▶ To develop innovative approaches, tools, and opportunities for the City of Kelowna to drive revenue growth.



Corporate Priority

- ▶ Active Financial Management – targeted projects to **increase non-tax revenue** are minimizing the City's reliance on the tax revenue.



Examples of Alternative Revenue



Park Development DCCs



Grant Management Program

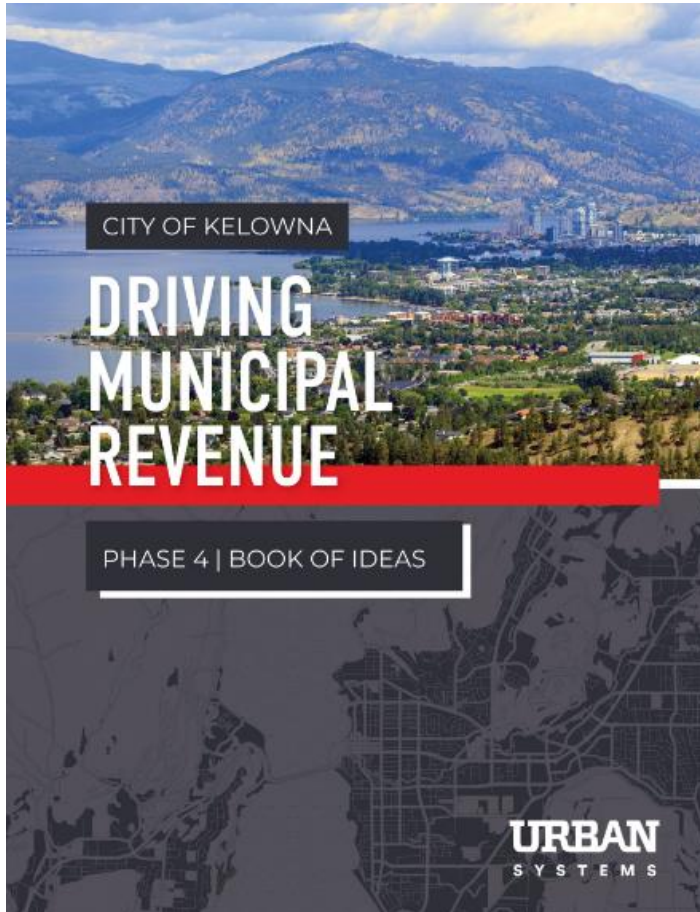


KCT Box Office & Concession



KFD Dispatch

Driving Municipal Revenue Study



- ▶ Urban Systems & Neilson Strategies
- ▶ Partnerships & Investments
- ▶ Finance
- ▶ Infrastructure
- ▶ Information Services
- ▶ Active Living & Culture
- ▶ Planning & Development

Project Goals

1

Explore the use of new tools and approaches to drive non-tax revenue

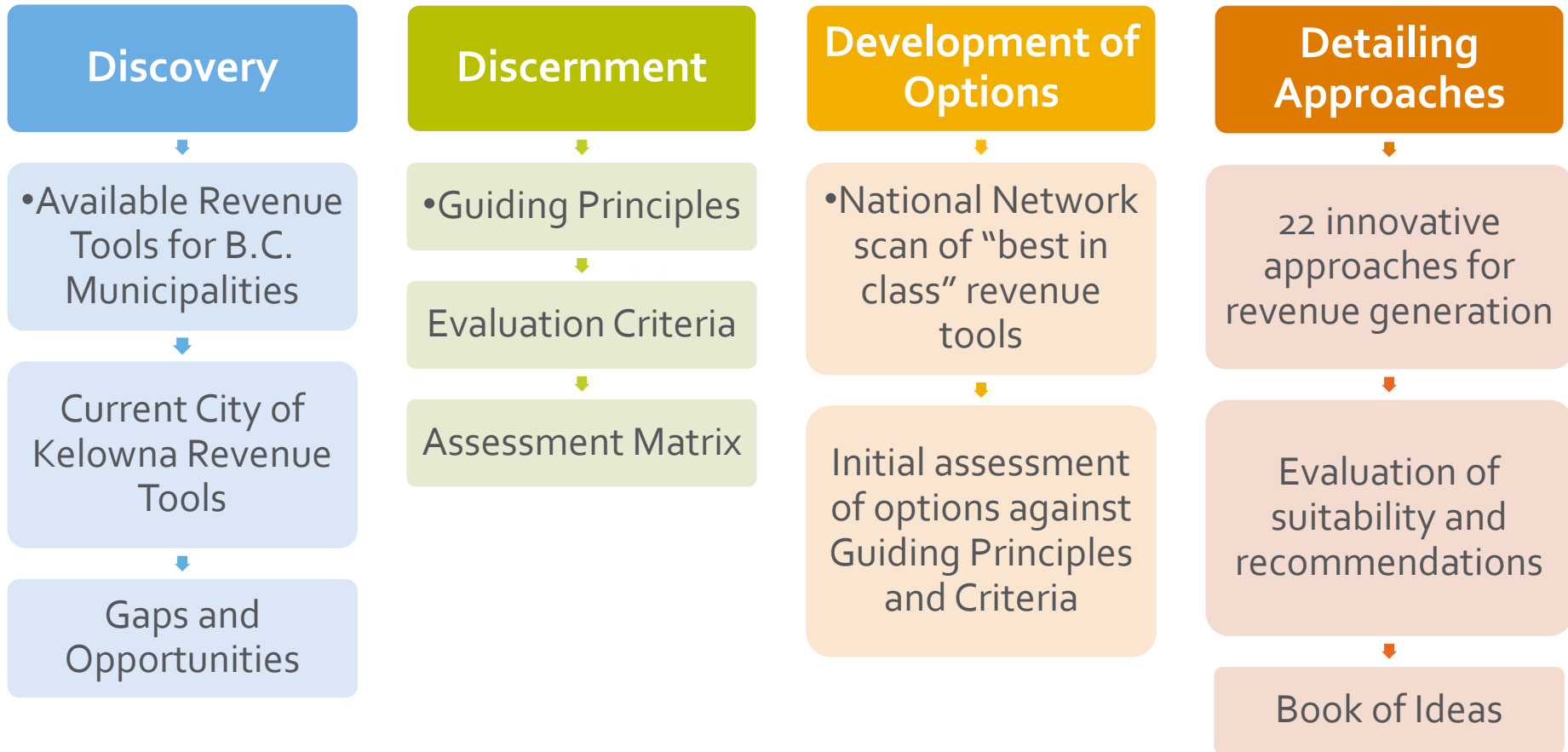
2

Develop a list of pragmatic revenue solutions to explore further

3

Determine which options can be accomplished during this Council term

Process Overview



Phase 1 | Discovery

- ▶ Available Revenue Tools for B.C. Municipalities
- ▶ Current City of Kelowna Revenue Tools
- ▶ Gaps and Opportunities.

Phase 2 | Discernment

Guiding Principles



Effective
Revenue Tool



Alignment
with Municipal
Priorities



Administrative
Efficiency



Social Equity
Impacts



Innovation

Phase 2 | Discernment Evaluation Criteria

- ▶ Legal authority
- ▶ Net revenue potential
- ▶ Social and political risk
- ▶ Financial risk
- ▶ Maintenance of levels of service
- ▶ Fairness
- ▶ Ease of implementation
- ▶ Assessment and start-up costs
- ▶ Technological readiness
- ▶ Social acceptance
- ▶ Economic impact
- ▶ Internal consistency
- ▶ Environmental responsibility
- ▶ Flexibility and scalability.

Phase 3 | Development of Options

- ▶ Scan of “best in class” municipal approaches, tools, and innovative structures for alternative revenue generation
- ▶ 125 revenue generation opportunities were identified
- ▶ Scored using an assessment matrix - a standardized framework to assess the proposed revenue tools against the Guiding Principles and Evaluation Criteria.



Phase 4 | Detailing the Approaches

- ▶ 22 innovative approaches for revenue generation
- ▶ Evaluation of suitability and recommendations
- ▶ Book of Ideas.

Revenue Categories



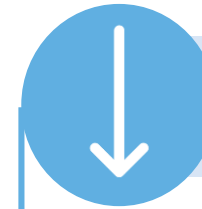
Cost Recovery

Revenue tools that prioritize cost recovery are designed to **collect fees from the user to recover costs incurred by the City to provide a specific benefit or service.**



Raise Money

Revenue tools that prioritize raising money cover the **cost of implementation, generate additional earnings for the City beyond its costs, and create a net positive impact** on the City of Kelowna's revenues.



Cost Reduction

Revenue tools that prioritize cost reduction are designed to **cut or save costs where appropriate** by optimizing services, increasing efficiencies, eliminating redundancies, discouraging use, or using cost control measures.

Book of Ideas



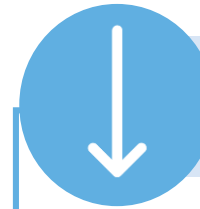
Cost Recovery

- Frontage Works Program
- Development Agreements
- Fees and Fines Review
- Parking Fees and Permits
- Facility Fees
- Filming Fees
- Storm Drainage Utility
- Landfill Fees



Raise Money

- Dark Fibre
- Community Development Corporations
- Sponsorship, Advertising, Partnerships and Fundraising
- Green Utility
- Offer Existing Services
- Asset Development and Leasing
- Right-of-Way & Air Rights Leasing



Cost Avoidance

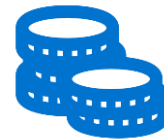
- Optimize Services and Returns
- Digital Transformation

Priority Initiatives



Cost Recovery Tools

Fees and Fines Review
Facility Fees
Storm Drainage Utility
Frontage Works Program



Raise Money Tools

Dark Fibre
Marine Facility User
Pay Program



Other Tools

Monetization of
Value-Added Data

Fees and Fines Review

- ▶ City's second highest revenue stream
- ▶ Conducting an annual Fees and Fines review will provide ongoing revenue-generating opportunities
- ▶ Explore dynamic user fee models

Facility Use Fees

- ▶ City-owned facilities charge fees and rental fees to users for the use of facilities.
- ▶ Adjust fees to better align with market rates.
- ▶ Fee levels, bundling and other dynamic pricing models could also be explored.



Storm Drainage Utility

- ▶ The City is undergoing public consultation on Stormwater management funding.
- ▶ Fees can be collected for storm drainage operating and capital costs.
- ▶ Storm drainage utility charges follow the benefiter pays principle.



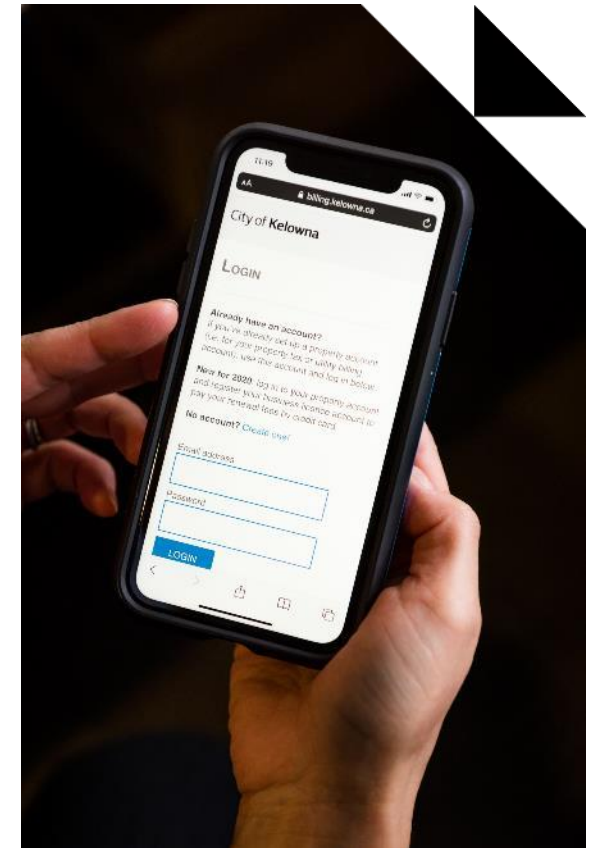
Frontage Works Program

- ▶ The Frontage Works Program collects fees from all redevelopments within a defined area to help fund streetscape improvements
- ▶ Fees can be charged of developers during the development / building permit applicant stage.



Dark Fibre

- ▶ The City's dark fibre optic network covers 36 km
- ▶ Increase leasing of optical fibre to business to provide high-speed internet connections
- ▶ The City can promote dark fibre to attract new tech companies to Kelowna.



Marine Facility User Pay Program

- ▶ Operational review occurred in 2022
- ▶ City currently has a commercial license program
- ▶ Could expand to include a public user pay system.



Value-Added Data

- ▶ Potential to charge for the use of municipally owned value-added data.
- ▶ May also monetize new data, such weight-based triggers in waste bins, and data collected through offering public Wi-Fi connectivity, etc.



Next Steps

- ▶ Further assessment and exploration of immediate priority initiatives
- ▶ Alternative Revenue Governance Committee
- ▶ Business case evaluation for preferred initiatives.



Questions?

For more information, visit kelowna.ca.