

**City of Kelowna
Regular Council Meeting
AGENDA**



**Monday, November 28, 2016
1:30 pm
Council Chamber
City Hall, 1435 Water Street**

Pages

1. Call to Order

This meeting is open to the public and all representations to Council form part of the public record. A live audio and video feed is being broadcast and recorded by CastaNet and a delayed broadcast is shown on Shaw Cable.

2. Confirmation of Minutes

5 - 12

PM Meeting - November 21, 2016

3. Development Application Reports & Related Bylaws

3.1 Arab and Appaloosa Road Future Land Use and Servicing Options

13 - 29

To review options to address future land use designation and servicing incompatibilities in the Arab and Appaloosa Road neighborhood.

3.2 604 Old Meadows Rd, Z16-0049 - Tony Pulice Construction Ltd

30 - 35

To rezone the subject property from RU1 - Large Lot Housing to RU2 - Medium Lot Housing to facilitate a 4 lot subdivision.

3.3 604 Old Meadows Rd, BL11317 (Z16-0049) - Tony Pulice Constuction Ltd

36 - 36

To give Bylaw No. 11317 first reading in order to rezone the subject property from RU1 - Large Lot Housing to RU2 - Medium Lot Housing to facilitate a 4 lot subdivision.

4. Bylaws for Adoption (Development Related)

4.1 225 Clifton Rd and (W of) Union Rd, BL11112 (OCP15-0012) - Glenwest Properties Ltd

37 - 38

Requires a majority of all members of Council (5)

To adopt Bylaw No. 11112 in order to amend portions of the subject properties to accommodate the development of a single family subdivision.

- | | | |
|------------|--|----------------|
| 4.2 | 225 Clifton Rd and (W of) Union Rd, BL11113 (Z15-0016) - Glenwest Properties Ltd | 39 - 40 |
| | To adopt Bylaw No. 11113 in order to rezone portions of the subject properties to accommodate the development of a single family subdivision. | |
| 4.3 | 3580 Casorso Road, BL11289 (Z16-0050) - Lonewolf Homes Ltd and Andrew Paterson | 41 - 41 |
| | To adopt Bylaw No. 11289 in order to rezone the subject property to facilitate a two lot subdivision. | |
| 4.4 | 5100 Gordon Dr, BL11291 (OCP16-0008) - No. 21 Great Projects Ltd | 42 - 43 |
| | Requires a majority of all members of Council (5) | |
| | To adopt Bylaw No. 11291 in order to change the Future Land Use to facilitate a single family residential subdivision for Phase 5 of the The Ponds and to dedicate parkland to the City. | |
| 4.5 | 5100 Gordon Dr, BL11292 (Z16-0045) - No. 21 Great Projects Ltd | 44 - 45 |
| | To adopt Bylaw No. 11292 in order to facilitate a single family residential subdivision for Phase 5 of the The Ponds and to dedicate parkland to the City. | |
| 4.6 | 2980 Gallagher Rd, BL11293 (OCP16-0051) - Gordon, Hiedi-Sabine, Donald, Amy, Allen and Angelica Kirschner | 46 - 47 |
| | Requires a majority of all members of Council (5) | |
| | To adopt Bylaw No. 11293 in order to accommodate the development of a single family subdivision. | |
| 4.7 | 2980 Gallagher Rd, BL11294 (Z16-0051) - Gordon, Hiedi-Sabine, Donald, Amy, Allen and Angelica Kirschner | 48 - 50 |
| | To adopt Bylaw No. 11294 in order to accommodate the development of a single family subdivision. | |
| 4.8 | 2310 Enterprise Way, BL11302 (Z16-0039) - Helen, John, Eric Hadly et al | 51 - 51 |
| | To adopt Bylaw No. 11302 in order to rezone the subject property to align the zoning with the Official Community Plan's designated Future Land Use of Commercial. | |

5. Non-Development Reports & Related Bylaws

- | | | |
|------------|--|----------------|
| 5.1 | NewLeaf Travel Company Inc. - Airport Use Agreement - Kelowna International Airport | 52 - 78 |
| | To obtain Council's consent and approval to enter into an Airport Use Agreement with NewLeaf Travel Company Inc. | |

5.2	Amendment to Kelowna International Airport Fees and Charges Bylaw No. 7982	79 - 81
	To obtain Council's approval to amend the Kelowna International Airport's fees and charges by amending Bylaw No. 7982.	
5.3	Amendment No. 30 to Airport Fees Bylaw No. 7982, BL11326	82 - 84
	To give Bylaw No. 11326 first, second and third readings in order to amend the Airport Fees Bylaw No. 7982.	
5.4	800 Academy Way, Housing Agreement Authorization and Revitalization Tax Agreement - VEDA 800 Kelowna Student Housing Ltd	85 - 101
	To authorize a Housing Agreement with VEDA 800 Kelowna Student Housing on the subject property; and to enter into a Revitalization Tax Exemption Agreement with VEDA 800 Kelowna Student Housing on the subject property.	
5.5	800 Academy Way, BL11325 - Housing Agreement Authorization Bylaw - VEDA 800 Kelowna Student Housing Ltd	102 - 109
	To give Bylaw No. 11325 first, second and third readings in order to enter into a Housing Agreement.	
5.6	Water Asset Management Plan	110 - 175
	To approve the Water Asset Management Plan	
5.7	Amendments to the City of Kelowna Traffic Bylaw No. 8120 and Notice Enforcement Bylaw No. 10475	176 - 179
	To amend the Traffic Bylaw with more specific language and details pertaining to road usage, hoarding permits, temporary traffic control requirements for construction on City 'right-of-ways' (ROW) and to provide Bylaw Enforcement Officers additional tools to address illegal occurrences that take place on City ROWs.	
5.8	Amendment No. 28 to Traffic Bylaw No. 8120, BL11214	180 - 184
	To give Bylaw No. 11214 first, second and third readings in order to amend the Traffic Bylaw No. 8120.	
5.9	Amendment No. 17 to Bylaw Notice Enforcement Bylaw No. 10475, BL11253	185 - 186
	To give Bylaw No. 11253 first, second and third readings in order to amend the Bylaw Notice Enforcement Bylaw No. 10475.	
5.10	Sponsorship and Advertising Program	187 - 239
	To provide Council with an overview of the proposed City of Kelowna Sponsorship and Advertising program guidelines for a five-year pilot program.	

6. Mayor and Councillor Items

7. Termination



City of Kelowna Regular Council Meeting Minutes

Date: Monday, November 21, 2016
Council Chamber

Location: City Hall, 1435 Water Street

Members Present: Mayor Colin Basran, Councillors Maxine DeHart, Ryan Donn, Gail Given, Tracy Gray, Charlie Hodge, Mohini Singh and Brad Sieben

Members Absent: Councillor Luke Stack

Staff Present: City Manager, Ron Mattiussi; City Clerk, Stephen Fleming; Community Planning Department Manager, Ryan Smith*; Urban Planning Manager, Terry Barton; Divisional Director, Community Planning & Real Estate, Doug Gilchrist*; Planner, Trisa Brandt*; Planner Specialist, Melanie Steppuhn*; Airport Director, Sam Samaddar*; Planner Specialist, Ross Soward*; Bylaw Services Manager, Greg Wise*; Divisional Director, Corporate & Protective Services, Rob Mayne*; Legislative Coordinator (Confidential), Arlene McClelland

(* Denotes partial attendance)

1. Call to Order

Mayor Basran called the meeting to order at 1:31 p.m.

Mayor Basran advised that the meeting is open to the public and all representations to Council form part of the public record. A live audio and video feed is being broadcast and recorded by CastaNet and a delayed broadcast is shown on Shaw Cable.

Mayor Basran advised that Items 3.5 and 3.6 have been withdrawn from the Agenda.

2. Confirmation of Minutes

Moved By Councillor Hodge/Seconded By Councillor Donn

R874/16/11/21 THAT the Minutes of the Regular Meetings of November 14, 2016 be confirmed as circulated.

Carried

3. Development Application Reports & Related Bylaws

3.1 2280 Baron Rd, Z16-0057 - Victor Projects Ltd

Staff:

- Displayed a PowerPoint presentation summarizing the application and responded to questions from Council.

Moved By Councillor Donn/Seconded By Councillor Given

R875/16/11/21 THAT Rezoning Application No. Z16-0057 to amend the City of Kelowna Zoning Bylaw No. 8000 by changing the zoning classification of Lot 6 District Lot 126 ODYD Plan KAP59534, located at 2280 Baron Rd, Kelowna, BC from the C4 – Urban Centre Commercial to the C4rls – Urban Centre Commercial (Retail Liquor Sales) be considered by Council;

AND THAT the Zone Amending Bylaw be forwarded to a Public Hearing for further consideration.

Carried

3.2 2280 Baron Rd, BL11315 (Z16-0057) - Victor Projects Ltd

Moved By Councillor Hodge/Seconded By Councillor Donn

R876/16/11/21 THAT Bylaw No. 11315 be read a first time.

Carried

3.3 3150 & 3170 Sexsmith Rd, Z16-0062 - Palomino Developments Ltd

Staff:

- Displayed a PowerPoint presentation summarizing the application.

Moved By Councillor Given/Seconded By Councillor Gray

R877/16/11/21 THAT Rezoning Application No. to amend the City of Kelowna Zoning Bylaw No. 8000 by changing the zoning classification on Lots 26 and 27, Section 3, Township 23, ODYD, Plan 18861, located at 3150 & 3170 Sexsmith Rd, Kelowna, BC from A1 - Agriculture 1 zone to the I6 - Low Impact Transitional Industrial Zone, be considered by Council;

AND THAT Council waives the requirement to hold a Public Hearing for the Rezoning bylaw;

AND FURTHER THAT final adoption of the Rezoning Bylaw be considered subsequent to the following:

To the outstanding conditions identified in Attachment "A" associated with the report from the Community Planning Department dated November 17th 2015.

Carried

3.4 3150 & 3170 Sexsmith Rd, BL11316 (Z16-0062) - Palomino Developments Ltd

Moved By Councillor Gray/Seconded By Councillor Hodge

R878/16/11/21 THAT Bylaw No. 11316 be read a first time.

Carried

3.5 604 Old Meadows Rd, Z16-0049 - Tony Pulice Construction Ltd

Item withdrawn.

3.6 604 Old Meadows Road, BL11317 (Z16-0049) - Tony Pulice Construction Ltd

Item withdrawn.

3.7 4193 Gordon Dr, HRA16-0002 - Colin Gifford Magnus Thomson

Staff:

- Displayed a PowerPoint presentation summarizing the application and responded to questions from Council.

Moved By Councillor Hodge/Seconded By Councillor Donn

R879/16/11/21 THAT Council consider designation of the building located at 4193 Gordon Drive, Lot 3, Section 6, Township 26, ODYD, Plan KAP46027, commonly known as the "Thomson Farm House"; and the building located at 4125 Gordon Drive, Lot 3, Section 6, Township 26, ODYD, Plan KAP80134, commonly known as the "Tobacco Barn on G. Thomson Farm" as Designated Heritage Buildings to Section 611 of the Local Government Act, as shown in Attachment "A" - Map "A";

AND THAT Council consider a Bylaw which would authorize the City of Kelowna to enter into a Heritage Revitalization Agreement for certain real property on which is situated two buildings of heritage value which property is located at 4193 and 4125 Gordon Drive and legally known as Lot 3, Section 6, Township 26, ODYD, Plan KAP46027 and Lot 3, Section 6, Township 26, ODYD, Plan KAP80134, Kelowna, BC, in the form attached as Schedule "A" to the Report from the Community Planning Department dated November 7, 2016;

AND THAT the Heritage Designation Bylaw and Heritage Revitalization Agreement Authorization Bylaw be forwarded to a Public Hearing for further consideration;

AND THAT final adoption of the Heritage Revitalization Agreement Authorization Bylaw be considered subsequent to the issuance of a Heritage Alteration Permit for the form and character of the proposed accessory building;

AND FURTHER THAT final adoption of the Heritage Revitalization Agreement Authorization Bylaw be considered subsequent to a Heritage Designation Bylaw being adopted for the Thomson Farm House and Tobacco Barn on G. Thomson Farm.

Carried

3.8 4125 & 4193 Gordon Dr, BL11318 - Thomson Farm House and Tobacco Barn on G. Thomson Farm Heritage Designation Bylaw

Moved By Councillor Gray/Seconded By Councillor Donn

R880/16/11/21 THAT Bylaw No. 11318 be read a first time.

Carried

3.9 4125 & 4193 Gordon Dr, BL11319 (HRA16-0002) - Colin Thomson

Moved By Councillor Donn/Seconded By Councillor Given

R881/16/11/21 THAT Bylaw No. 11319 be read a first time.

Carried

3.10 1893 Ethel Street, OCP16-0018 & Z16-0059 - Michael Ohman

Staff:

- Displayed a PowerPoint presentation summarizing the application and responded to questions from Council.

Moved By Councillor Given/Seconded By Councillor Gray

R882/16/11/21 THAT Official Community Plan Map Amendment Application No. OCP16-0018 to amend Map 4.2 in the Kelowna 2030 – Official Community Plan Bylaw No. 10500 by changing the Future Land Use designation of Lot 6 District Lot 138 ODYD Plan 3189, located at 1893 Ethel St, Kelowna, BC from the S2RES – Single/Two Unit Residential designation to the EDINST – Education/Major Institutional designation;

AND THAT Rezoning Application No. Z16-0059 to amend the City of Kelowna Zoning Bylaw No. 8000 by changing the zoning classification of Lot 6 District Lot 138 ODYD Plan 3189, located at 1893 Ethel St, Kelowna, BC from the RU6 – Two Dwelling Housing Zone to the P2-Education and Minor Institutional Zone;

AND THAT Text Amendment No. TA16-0018 to amend the City of Kelowna Zoning Bylaw No. 8000 as outlined in "Schedule A" attached to the Report from the Community Planning Department dated November 21st 2016, be considered by Council;

AND THAT the OCP Amending Bylaw, Text Amending Bylaw, and Rezoning Bylaw be forwarded to a Public Hearing for further consideration;

AND FURTHER THAT final adoption of the Rezoning Bylaw be considered subsequent to the requirements of the Development Engineering Branch being completed to their satisfaction.

Carried

3.11 1893 Ethel St, BL11320 (OCP16-0018) - Michael Ohman

Moved By Councillor Sieben/Seconded By Councillor DeHart

R883/16/11/21 THAT Bylaw No. 11320 be read a first time;

AND THAT the bylaw has been considered in conjunction with the City's Financial Plan and Waste Management Plan.

Carried

3.12 Health Services Amendment, BL11321 (TA16-0013)

Moved By Councillor DeHart/Seconded By Councillor Sieben

R884/16/11/21 THAT Bylaw No. 1132 be read a first time.

Carried

3.13 1893 Ethel St, BL11322 (Z16-0059) - Michael Ohman

Moved By Councillor DeHart/Seconded By Councillor Sieben

R885/16/11/21 THAT Bylaw No. 11322 be read a first time.

Carried

3.14 380 Hardie Rd, Z16-0032 - Rukhmani & Shivnesh Reddy and Praneeta & Sinesh Naidu

Staff:

- Displayed a PowerPoint presentation summarizing the application and responded to questions from Council.

Moved By Councillor Sieben/Seconded By Councillor Singh

R886/16/11/21 THAT Rezoning Application No. Z16-0032 to amend the City of Kelowna Zoning Bylaw No. 8000 by changing the zoning classification of Lot 5 Section 26 Township 26 ODYD Plan 14462, located at 380 Hardie Road, Kelowna, BC from the RU1 – Large Lot Housing zone to the RU6 – Two Dwelling Housing zone, be considered by Council;

AND THAT the Rezoning Bylaw be forwarded to a Public Hearing for further consideration;

AND THAT final adoption of the Rezoning Bylaw be considered subsequent to the outstanding conditions of approval as set out in Schedule "A" attached to the Report to Community Planning Department dated July 21, 2016;

AND THAT final adoption of the Rezoning Bylaw be considered subsequent to the issuance and completion of a Building Permit for the removal of the existing second suite within the existing primary dwelling on the subject property;

AND FURTHER THAT final adoption of the Rezoning Bylaw be considered in conjunction with Council's consideration of a Development Permit and Development Variance permit for the subject property.

Carried

3.15 380 Hardie Rd, (BL11323) Z16-0032 - Rukhmani & Shivnesh Reddy and Praneeta & Sinesh Naidu

Moved By Councillor Sieben/Seconded By Councillor DeHart

R887/16/11/21 THAT Bylaw No. 11323 be read a first time.

Carried

3.16 1985 Knox Cres, Z16-0061 - Sheldon and Heather Upshaw

Staff:

- Displayed a PowerPoint presentation summarizing the application and responded to questions from Council.

Moved By Councillor DeHart/Seconded By Councillor Hodge

R888/16/11/21 THAT Rezoning Application No. Z16-0061 to amend the City of Kelowna Zoning Bylaw No. 8000 by changing the zoning classification of Lot 2, District Lot 14, ODYD, Plan 2767, located at 1985 Knox Crescent, Kelowna, BC from the RU1 – Large Lot Housing zone to the RU1c – Large Lot Housing with Carriage House zone, be considered by Council;

AND THAT the Rezoning Bylaw be forwarded to a Public Hearing for further consideration;

AND THAT final adoption of the Rezoning Bylaw be considered subsequent to the outstanding conditions of approval as set out in Schedule "A" attached to the Report from the Community Planning Department dated October 4, 2016.

3.17 1985 Knox Cres, BL11324 (Z16-0061) - Sheldon and Heather Upshaw

Moved By Councillor Sieben/Seconded By Councillor DeHart

R889/16/11/21 THAT Bylaw No. 11324 be read a first time.

Carried

4. Non-Development Reports & Related Bylaws

4.1 Kelowna International Airport 2045 Master Plan and Amendments to the Kelowna 2030 – Official Community Plan Bylaw 10500

Staff:

- Displayed a PowerPoint presentation summarizing the Kelowna International Airport 2045 Master Plan.
- Advised of a minor correction to page 113 (figure 67) and page 139 (figure 75), removing the word "cargo" from the drawings.
- Summarized the stakeholder and public consultation feedback priorities.
- Summarized the Master Plan key findings.
- Responded to questions from Council.

Moved By Councillor Given/Seconded By Councillor Donn

R890/16/11/21 THAT Council approves the Kelowna International Airport 2045 Master Plan in the form attached to the Report of the Airport Director dated November 21, 2016.

AND THAT Council directs staff to bring forward the amendments to the Kelowna 2030 - Official Community Plan Bylaw No. 10500 needed to implement the outcomes of the Airport 2045 Master Plan, as set out in the attachments to the Report of the Airport Director, dated November 21, 2016.

Carried

4.2 Growth Investigated: Community Trends Report

Staff:

- Displayed a PowerPoint presentation summarizing the Community Trends.

Moved By Councillor Sieben/Seconded By Councillor DeHart

R891/16/11/21 THAT Council receives, for information, the report from the Planner Specialist dated November 21, 2016, with respect to Kelowna's Community Trends Report.

Carried

4.3 Transitional Storage Program Support Service for Gospel Mission.

Staff:

- Provided an overview of the transitional storage program and responded to questions from Council.

Moved By Councillor Hodge/Seconded By Councillor Singh

R892/16/11/21 WHEREAS the Council of the City of Kelowna has the power under section 8 (2) of the Community Charter to provide any service that Council considers necessary or desirable, and may provide the service directly or through another public authority, or another person or organization;

AND WHEREAS the Kelowna Gospel Mission (the "KGM") has agreed to provide safe storage space at the KGM's premises at 251 Leon Avenue, Kelowna for homeless persons to store carts and personal belongings on a temporary basis;

AND WHEREAS the KGM does not have sufficient storage space to keep carts and personal belongings that are abandoned or left on a longer-term basis and has asked for the City to assist in the cart storage program by (i) providing space to store carts on a longer-term basis that have been left or abandoned and (ii) to deal with the disposal of carts and belongings that are either abandoned or have not been reclaimed by the owner after a further period of storage;

NOW THEREFORE the Council of the City of Kelowna resolves to provide a service of storage of carts and personal belongings of persons who are homeless or transitioning to obtaining shelter where the carts and belongings have been left with the Kelowna Gospel Mission beyond the KGM's established short-term storage period and to authorize the Bylaw Department or other City staff to:

1. take carts and personal belongings from the KGM's premises to a City storage facility;
2. maintain carts and personal belongings taken into the City's custody at a City storage facility for a period of not less than 14 days as per the Transitional Storage Intake Form Use Agreement (unless reclaimed by the owner in the interim); and
3. dispose by auction or otherwise any carts or personal belongings that have been abandoned or reasonably appear to have been abandoned in the circumstances.

Carried

5. Mayor and Councillor Items

Mayor Basran:

- Acknowledged peaceful transit protesters who were in attendance at the beginning of the meeting.
- Encouraged First Canada and Union to get back to negotiations as well as BC Transit.
- Council acknowledges the transit strike is a major inconvenience to the public.
- Looks forward to speaking to Transportation Minister Stone at the Minister's earliest convenience.

Councillor Given:

- Invited Council to attend the Salvation Army Tiny Tim Charity Breakfast on November 24th starting at 6:30 a.m.

Councillor Donn:

- RCA Inaugural film showing Friday, November 25th.

Councillor Hodge:

- Congratulations to Councillor Given for being re-elected as Chair of the Regional District of Central Okanagan.

Councillor Sieben:

- Thanked the Mayor for his comments on the transit strike.
- Spoke to his participation in the 18th Annual Running Club Pub Run a few weeks ago.

Councillor DeHart:

- Reminder of the next Downtown Kelowna Association After 5 event on November 30th.

6. **Termination**

This meeting was declared terminated at 3:28 p.m.

Mayor

/acm



City Clerk

DRAFT

Report to Council



Date: November 28, 2016
File: 1200-30
To: City Manager
From: Ryan Roycroft, Planner
Subject: Arab and Appaloosa Road Future Land Use and Servicing Options

Recommendation:

THAT Council receive for information, the supplementary report from the Community Planning Department dated November 28, 2016, with respect to the Industrial - Limited future land use designation for properties along the Arab and Appaloosa Roads;

AND THAT Council direct staff to pursue Option 3 as outlined in the report from the Community Planning Department dated November 28, 2016.

Purpose:

To review options to address future land use designation and servicing incompatibilities in the Arab and Appaloosa Road neighborhood.

Background:

History

In 2011, Council adopted the City of Kelowna Official Community Plan (OCP). The OCP designated the properties along Arab and Appaloosa Roads as being for future Industrial - Limited use.

The neighbourhood is made up of agriculturally zoned lots averaging 0.8 ha in area. Many of the properties were being used for light industrial and storage uses, not conforming to zoning restrictions of the day. The intent of the Industrial - Limited designation was to recognize the character of the neighborhood and give owners a path to conformity by allowing properties to be re-zoned for transitional industrial use.

2012

In November of 2012, a moratorium was placed on development applications in the area, pending a resolution to servicing and land use concerns.

At the meeting, Council resolved that:

THAT Council direct staff to report back with proposed amendments to the I6 - Low-Impact Transitional Industrial Zone to ensure consistency of intent and purpose with the Kelowna 2030 - Official Community Plan;

AND THAT Council direct staff to accept no further Rezoning applications to the I6 - Low-Impact Transitional Industrial Zone, pending completion of the proposed amendments to the I6 Zone.”

At the December 3, 2012, Council meeting, Council requested that staff “...report back with options for amending the I6 - Low-Impact Transitional Industrial Zone, to ensure consistency of intent and purpose with the Kelowna 2030 - Official Community Plan (OCP)”.

2013 Considerations:

At the December 13, 2013 Council Meeting, Council Directed staff to:

Council directs staff to follow Option 1 as identified in the Utilities Planning Manager, Bylaw Services Manager & Urban Planning Managers report, dated December 16, 2013 regarding the Arab/Appaloosa Land Use and Servicing Options;

AND THAT Council directs staff to bring forward the proposed amendments to the I6 Zone, including a provision for outdoor storage, and to require Development Permits, to ensure consistency with the intent and purpose of the Kelowna 2030 OCP and Industrial-Limited designation;

AND THAT Council directs staff to ensure that the fire flow and servicing with respect to the I6 zone be required as per Subdivision, Development & Servicing Bylaw No. 7900;

AND THAT Council directs staff to commence bylaw enforcement action against the two (2) most prolific offenders;

AND FURTHER THAT Council directs staff to hold a Local Area Service meeting in order to gauge support for a Local Area Service Bylaw and to explain the proposed changes to the I6 zone.

Option 1 identified: Keep the existing OCP Industrial - Limited designation for the Arab/Appaloosa area with potential for I6-Low-Impact Transitional Industrial Zoning. Provide an optional exemption for the I6 requirements for fire flow and require a restrictive covenant as a condition of rezoning that limits building design to available fire flows. The exemption and covenant will occur during the rezoning process.

Options were developed and presented to Council at the March 25, 2013 Council meeting and at this meeting Council resolved:

THAT Council receive for information, the supplementary report from the Manager of Urban Land Use dated March 19, 2013, with respect to the Industrial - Limited future land use designation contained in the Kelowna 2030 - Official Community Plan;

AND THAT Council direct staff to pursue Land Use Alternative 1, as identified

below;

AND THAT Council direct staff to initiate the process to advance Sanitary Sewer Connection Area #35 to a Specified Sanitary Sewer Service Area;

AND FURTHER THAT Council direct staff to accept no further Rezoning applications for the Arab Appaloosa road area, pending final resolution of land uses for the area.

On May 16, 2013, Council authorized funds necessary to create a pre-design for the water, sewer, and roads, and associated drainage works for the Arab/Appaloosa area. The pre-design works included pre-designs for the Hollywood Road extension from Hollywood Road to Cambrio Road, and from Clydesdale Road to the new Hollywood Road connector. Although these roads will be funded through a future development, it was important to understand the road alignments in order to determine the scope of the proposed infrastructure required to support a change in zoning from the existing A1 - Agriculture 1 Zone to the I6 - Low-Impact Transitional Industrial Zone.

At the September 30, 2013 Council meeting staff reviewed the Focus Engineering pre-design, the costs of the infrastructure required to meet zoning requirements, and the various service areas, their costs, and the typical and maximum costs that a homeowner on Appaloosa Road would be required to fund if a Local Service Area were adopted.

2015 Servicing Considerations:

At the February 23, 2015 Council meeting, Council directed staff to pursue Bylaw amendments to the Official Community Plan and affirmed its desire to pursue a local service area to build the infrastructure required to rezone to the new I6 designation.

THAT Council receive for information the supplementary report from the Urban Planning Manager dated January 26, 2015, with respect to the Industrial -Limited Future Land Use designation and the land use issues along Arab and Appaloosa Roads;

AND THAT Council direct staff to bring bylaw amendments to the Official Community Plan and Zoning Bylaw amending Industrial development guidelines and policies to Council for consideration after a public open house has been held.

AND FURTHER THAT Council direct staff to conduct a public open house to survey support for a Local Area Service to pay for the extension of Sanitary Sewer Service to lots along Arab and Appaloosa Roads to facilitate industrial development. This consultation will take place after the adoption of the Zoning Bylaw and Official Community Plan amendments.

The OCP amendments were completed in September 2015 and the project was redesigned to accommodate a change in the Clydesdale road design. The designs and costs for the project were completed by a consulting firm and reviewed by the infrastructure division.

Local Area Service Survey, January 2016:

Personalized letters were sent out to each home owner that outlined their share of the costs for infrastructure improvements and a description of the opportunity to rezoning of their property should a local service area be successful. The letters were sent by registered mail. An information sheet about the survey process, background and next steps; specific costs for improvements were identified for each type of improvement; and a self-addressed, self-stamped response form was provided to each household, in order to receive feedback from the residents.

An invitation to a public open house was also provided. Residents had the choice of either submitting their survey to at the open house or by mailing in the same. The Open House took place on January 27, 2016 and survey results were finalized on February 19, 2016.

Of the 48 properties that were asked to vote, only 29 responded:

59 % for NO for a LAS (roads, drainage, sewer)

41 % for YES

In order for a Local Area Service (LAS) to be successful, the city must receive petitions from at least 50 per cent of the parcel owners in the proposed service area that are in favor of the project. Further, the value of parcels whose owners are in favor of the proposed LAS must exceed 50 per cent of the total assessed value of the proposed service area.

The City has **only received 12 votes** in support of the LAS for roads, drainage and community sewer. The proposed Service Area has 48 lots within the subject area which means the City needs to receive at least 25 votes in favour of a LAS in order to meet the 50% Provincial requirement. Given the results of the public survey, it is highly unlikely that a Local Service Area process would be successful.

While sewer alone would not provide the necessary infrastructure needed to enable rezoning, staff also surveyed residents were not if they would be interested in rezoning but building sanitary sewer as a standalone project. 86% for respondents living along Appaloosa indicated they did not support a sewer only LAS.

Council Directives:

Based on the LAS survey results, on the March 21, 2016 meeting, Council directed staff to prepare Official Community Plan amendments removing the Industrial - Transitional designation from properties in the neighborhood, and re-designating them as Resource Protection.

AND THAT Council direct staff to follow the future land use and bylaw enforcement strategy as identified in the Utilities Planning Manager report, dated March 7, 2016 regarding the Arab/Appaloosa Land Use and By Enforcement Strategy;

AND THAT Council direct staff to prepare Official Community Plan amendments as identified in the Utilities Planning Manager report, dated March 21, 2016 regarding the Arab/Appaloosa Land Use and By Enforcement Strategy;

AND FURTHER THAT Council direct staff to process Zoning Bylaw Applications

submitted for properties designated for Industrial - Transitional Use, and advance any bylaws in progress to Council for consideration and any required public consultation.

Two additional mailouts were sent to neighborhood residents indicating the bylaw enforcement strategy prior to the preparation of the Official Community Plan amendments considered by Council at the November 15th Public Hearing.

The proposed Official Community Plan amendment bylaw was defeated by Council. Council directed staff to propose alternative options for future land use and servicing in the area.

A follow up letter was sent to residents on March 29th, 2016 informing residents of the results of the survey and Council's decision with respect to the Local Service Area.

OPTIONS:

Option 1: Limited consultation

With the full extent of consultation to date, including the open house, survey and multiple mail outs, it is possible to proceed to amending the Official Community Plan as was recommended by Council without further consultation.

Because the OCP amendment bylaw was defeated, a new bylaw and new public hearing would be required.

The costs for the improvements required to facilitate rezoning through a LAS will not likely to be reduced. There may be a small savings in sewer costs caused by coordinating the recent construction of Hollywood Road with community sewer, but these costs are likely to be offset by higher road and drainage costs due to inflation.

This option would be the most direct option, and would meet the Council resolution of March 21, 2016. It would give clear direction to potential purchasers that the majority of this neighbourhood is not intended for Industrial use. Because the LAS results were so definitive - only 12 of 48 properties supporting - there appears to be a gap between the sentiments expressed at the public hearing and surveyed responses.

However, this option would not include further consultation or discussion with the neighbourhood. A further, an additional letter clarifying the results of the LAS survey and costs could be send out to residents.

Option 2: Informational Mail-Out

To address some of the misinformation, a registered mail out would be directed to neighbourhood residents, giving information and addressing some of the questions raised at the public hearing. Staff would prepare a detailed mail out with information on costs, processes and consequences.

An updated plan and refresh on capital costs is recommended in this option as the original report is now a couple of years old and some works have been built during recent construction. If there is some question on validity of the costs, then an update of the predesign is warranted.

This option would give residents an additional opportunity to inform themselves on the process, costs and consequences of the LAS. However, a mail out may only lead to more uncertainty in the neighbourhood. Further, this may aggravate residents who did not wish to rezone and were concerned about the affordability of the LAS improvements. With the previous survey only garnering half of the support needed to move forward with an LAS, there may be a perception that the City is unwilling to accept non-support.

Given the results of the last public interest survey and updated costs, staff has no reason to believe the results of another survey or LAS would be different from earlier this year.

Information could be included to the neighbourhood regarding how to initiate a property-owner led LAS process with a deadline give for initiating in order to ensure timely resolution should property owners wish to pursue these options.

Option 3: Informational Mail-Out and Survey with Public Open House / Meeting

This option would include a similar approach to Option 2, with an additional information session. Staff recommend that this option include a re-costing of the project, but will likely result in costs higher than previous estimates.

- Commissioning WSP to re-assess LAS costs
- Sending all owners in the neighborhood new cost estimates by registered mail
- Holding a public information session
- Providing options for residents to initiate property-owner led Local Area Service
- Provide a final report to Council to either pursue an LAS or recommending Official Community Plan amendments.

Staff believe that it is important to resolve the matter as soon as possible. Many properties in the neighborhood are for sale, and real estate turnover will mean that there will be new residents in the area who have not been part of the process, which may further delay resolution. Should Council accept Option 3, Staff will be targeting a December 14th Public Meeting with a goal of bringing a final recommendation to Council in January 2017.

This option has the advantage of the most in-person discussions. However, duplicating the previous process may cause additional confusion from the owners who did not attend the public hearing about why the same public interest survey is being posed again within the same year. Because the opposition to the LAS was so strong, with only 12 votes in support, additional consultation may give the perception that the city is unwilling to accept any public comment not supporting the LAS.

However, the optics of a mid-December Open House may be problematic, as the timing may create the perception that the City is trying to avoid public scrutiny. Staff scheduling conflicts make a January Open House impossible, which would mean that the additional public consultation would not occur until February. This further delays resolution.

Option 4: Defer process to the Official Community Plan Review

Council may consider reviewing land use in the area as part of the overall Official Community Plan review process, which will begin in 2018. This option will not lead to a swift resolution,

as the new OCP is not expected to be completed for a number of years, and will leave landowners unsure of future options. If the review is to be incorporated in the Official Community Plan process, staff recommend that the moratorium on development applications in the area be re-instated.

This option would be the pragmatic approach, allowing the emotional issue an opportunity to breathe and perhaps allow emotions to defuse. It would also allow the issue to be considered in the context of broader industrial inventory and servicing levels in the City. properly This option would result in status quo including inequitable tax rates based on quasi-industrial businesses operating in the neighbourhood.

Bylaw complaints from those residents who wish the zoning to remain as it is would continue to go unenforced in this area, as there is no way to reasonably resolve them.

Considerations not applicable to this report:

External Agency/Public Comments:

Internal Circulation:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

Communications Comments:

Personnel Implications:

Submitted by:

Ryan Roycroft, Planner

Approved for inclusion:



Ryan Smith, Community Planning Manager

cc:

Policy Planning Department

Infrastructure Delivery

Bylaw Services

March 29, 2016

[Address Block]

Dear (insert mail merge),

Re: Results of the Public Interest Survey and future steps for the Appaloosa/Sexsmith Area

Last Year (2015), a Local Area Service was explored in your neighborhood with personalized letters and surveys sent to each home owner. The letter outlined the process, property owner share of infrastructure improvement costs and description of property rezoning opportunities, should a Local Area Service be successful.

Process

Specific costs for improvements were identified for each type of improvement (roads, drainage, and sewer costs), and a self-addressed, self-stamped response form was provided in order to receive feedback from each household.

An invitation was sent to the property owner to attend a public open house held at the Four Points Hotel that took place on January 27, 2016.

Results

The public survey results were finalized on February 19, 2016. The results from the public interest survey are as follows:

Of the 48 properties that were asked to vote, only 29 responded:

59 per cent NO for a Local Area Service (roads, drainage, sewer)

41 per cent YES for a Local Area Service (roads, drainage, sewer)

In order for a Local Area Service (LAS) to be successful, the city must receive petitions from at least 50 per cent of the parcel owners in the proposed service area that are in favor of the project. Further, the value of parcels whose owners are in favor of the proposed LAS must exceed 50 per cent of the total assessed value of the proposed service area.

The City received only 12 public interest survey votes in support of the LAS for roads, drainage and community sewer. The proposed service area has 48 lots within the subject area which means the City needs to receive at least 25 votes in favor of a LAS in order to meet the 50 per cent Provincial

requirement. Given the results of the public interest survey, it is highly unlikely that a LAS process would be successful.

While sewer alone would not provide the necessary infrastructure needed to enable rezoning, the City also asked residents if they would be interested in an option to build sanitary sewer as a standalone project. We found the following results:

Of the 48 properties that were asked to vote, only 29 responded:

76 per cent NO for a Sewer LAS only

24 per cent YES for a Sewer LAS only

Future Planning

Based on the rejection of the Local Area Service, Community Planning will bring an Official Community Plan amendment to Council at a later date to better align land use regulation with the servicing limitations.

Community Planning will recommend that the OCP be amended to allow future Industrial-Limited Use along Sexsmith, but restrict development along Appaloosa to large lot rural residential. Properties along the industrial Sexsmith Road will have access to Industrial re-zonings, while the rural residential parcels will act as a transition between the industrial Sexsmith and the higher density residential land uses to the north, Attachment B.

Community Planning will also recommend that the I6 – Transitional Industrial zone continue to be deployed in the Industrial-Limited areas. The I6 zone supports transitional industrial development with sensitive buffering to act as a transition between heavier industrial development south of Sexsmith and residential land uses further north.

Forthcoming By-law Enforcement Strategy

The City of Kelowna is officially notifying you of the City's intent to enforce its bylaws in the areas shown in **Attachment A**, Subject Area. As part of the recent Local Area Service proposal exercise, property owners have been provided information regarding permitted uses and requirements under the existing A1 Zone, permitted uses and requirements under the I6 Zone (should an application for rezoning be successful), the rezoning process, and notification of forthcoming Bylaw Enforcement. Property owners are required to ensure they are compliant with the current zoning uses on their property. Should you require further clarification regarding permitted uses for your property, please contact Ryan Smith at rsmith@kelowna.ca or 250 469-8426

Residents that do not currently meet the zoning restrictions of their property are required to indicate in writing to Bylaw Services by April 30th, 2016 if they wish to pursue rezoning or pursue the relocation of their business. A one-year enforcement grace period may be granted to those residents who respond to this notification letter and indicate that they wish to relocate their business or rezone their property.

The City will also work with residents who voluntarily contact Bylaw Services and confirm they are currently utilizing their property for seasonal outdoor storage contrary to zoning with no intent to

rezone their property. These Residents should provide a written plan by April 30th, 2016 of their intent to comply with the current zoning restrictions including a proposed compliance time frame.

Please address all correspondence to:

Bylaw Services
101- 653 Harvey Ave.
Kelowna, B.C.
V1Y 6C7

A six-month enforcement grace period will be granted to allow for compliance action to occur for those who do not respond or indicate that they wish to pursue either rezoning or relocation.

Once the grace period has expired the City will follow its standard progressive enforcement procedures, starting at fines and moving to court action.

Please feel free to contact Ryan Smith at rsmith@kelowna.ca or 250 469-8426 if you have any further questions or concerns relating to the Future Planning of the area.

Please feel free to contact Bylaw Services at 250-469-8686 If you any further questions or concerns relating to the Bylaw Enforcement Strategy.

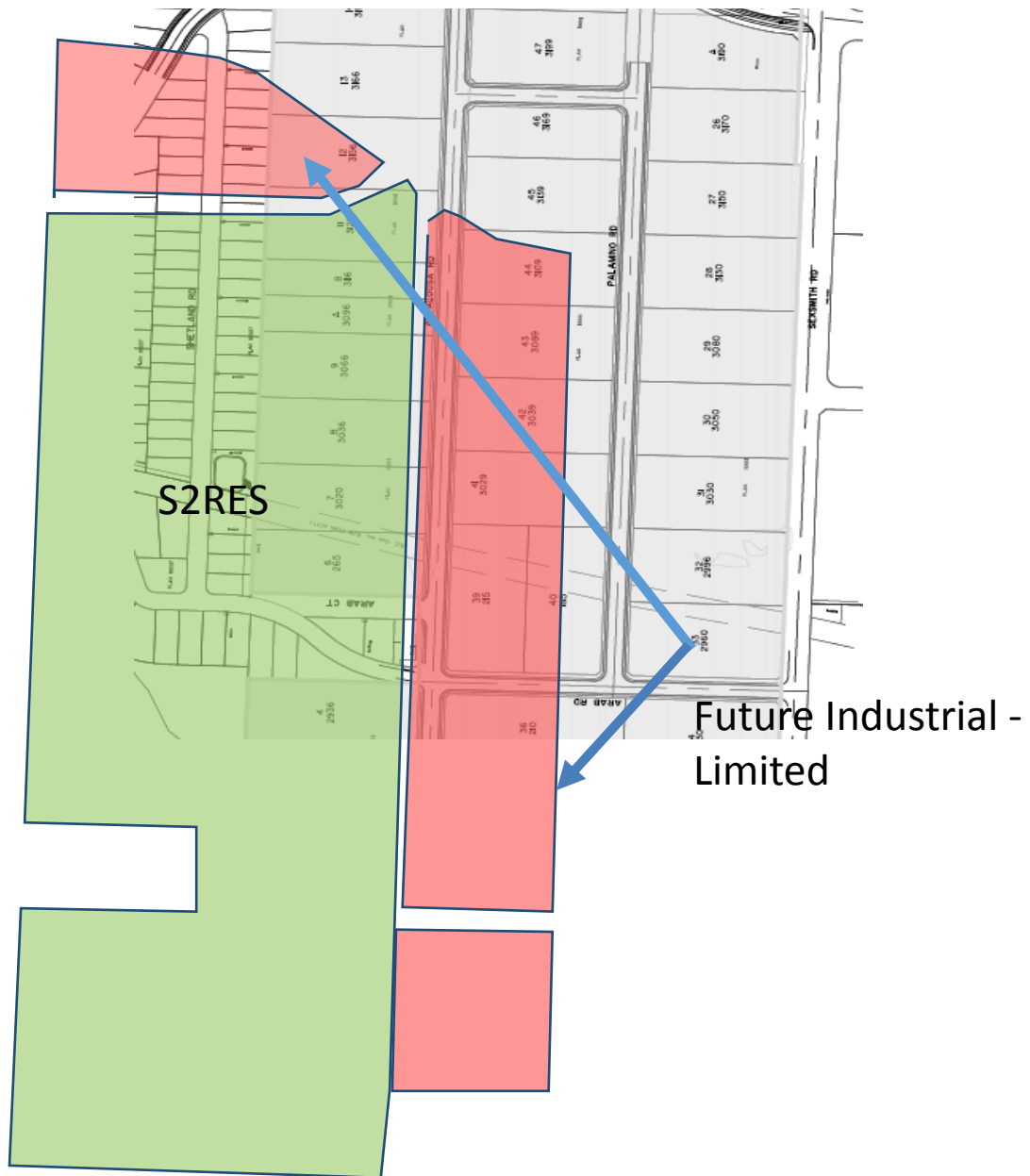
Regards,

Andrew Reeder

Attachment A -Subject Area



Attachment B - OCP Proposed Changes



A number of property owners have expressed an interest in making improvements to enable rezoning their property to the I6 Transitional Industrial Zone. These improvements include Sanitary Sewer, Drainage and Road Improvements.

Purpose: This Information Session and survey explains what infrastructure is required to enable rezoning, what uses the rezoning to I6 will allow, the costs to your property for a neighbourhood wide infrastructure upgrade, what the City's steps will be if the properties are not rezoned and to gauge public opinion via survey.

Background

- The City will only pursue a local area service for a community wide infrastructure project if there is significant public interest.
- By reconstructing the road, drainage and sewer works at the same time and by constructing this infrastructure on a neighbourhood basis there will be a significant cost savings to residents.
- Not all properties will receive the same benefit for infrastructure upgrades, so not all properties would be charged the same costs. Estimates can be provided by staff.
- Residents are encouraged to review permitted uses under the existing zoning, how this zoning could change if desired, the zoning process and what future bylaw enforcement might look like.
- Residents are not required to rezone their property.

Existing Zoning Uses

- The majority of the properties are currently zoned A1 – Agriculture.
- There are a significant number of uses currently in the area that do not comply with the A1 Zone.

The Principal uses in A1 Zone are:

- Agriculture
- Aquaculture
- Greenhouses and plant nurseries
- Intensive agriculture
- Single dwelling housing
- Utility services, minor impact

I6 Transitional Industrial Zoning Uses

- The Official Community Plan will allow properties to be rezoned to the I6 – Transitional Industrial Zone.
- Council has recently amended this zone to allow for larger buildings and outdoor storage.
- No one will be required to re-zone, or re-zoned automatically. An application will be required.

The Primary uses in I6 Transitional Industrial Zone are:

- Animal clinics, major/minor impact
- Automotive and equipment repair shops
- Business support services
- Commercial/outdoor storage
- Contractor services, general/limited impact
- Custom indoor manufacturing
- Emergency and protective services
- Equipment rentals
- General industrial use, limited impact
- Household repair services
- Indoor participant recreation services
- Private clubs
- Recycling depots
- Single dwelling housing
- Utility services, minor impact
- Vehicle and equipment services, limited impact

The Secondary uses in I6 Transitional Industrial Zone are:

- Home based businesses, major/minor impact
- Residential security/operator unit
- Secondary suite within single dwelling housing

Rezoning Process

- Rezoning is an owner driven process, requiring an application and plan.
- Rezoning is subject to Council approval.
- Rezoning triggers a public hearing where Council can hear from any resident or interested party prior to making a final decision on the amendment.
- Property owners in the affected area will have the option of making application to rezone to I6 – Transitional Industrial.

Infrastructure Requirements for I6 Transitional Industrial Rezoning

- Industrial road use requires thicker asphalt surface and sub-base materials in order to withstand heavy truck traffic.
- The width of the road needs to accommodate trucks, a drainage system is necessary and overhead power crossings need to go underground (clearance for larger vehicles).
- Sidewalks are required for traffic/ pedestrian safety.
- Only Appaloosa Road requires road upgrades, but all areas require drainage upgrades.
- Connections to the City sanitary system are required.

What is a Local Area Service and how does it work?

- Local Service Area (LAS) provides a mechanism for benefiting property owners to contribute to City-owned infrastructure
- LAS Petitioning Process is set-out by provincial legislation
- For a LAS to be successful, more than 50% of the property owners must sign the petition totaling more than 50% of the assessed value of all properties combined.
- Property owners can pay “up front” OR ... The City will borrow the money, and residents make annual payments to the City over 20 years
- All Local Area Service Establishment and Borrowing bylaws require approval of Council. Council has indicated that they will only act with community support.

Bylaw Requirements

- Several properties in the area currently operate contrary to A1 zoning & have industrial uses contrary to current zoning.
- After the Zoning Bylaw and OCP have been amended and the moratorium lifted, written notification to affected residents of the City's intent to enforce its bylaws will be sent.
- If a property owner responds to the notification within 30 days of receipt of the notice, owner's will be allowed a 1-year grace period to make application to amend their zoning, or to relocate the non-conforming use to another appropriate zoned property to meet current zoning.
- If a property owner does not respond, within a 6-month grace period to address any nonconformities, Bylaw Enforcement will begin standard Bylaw enforcement procedures, including fines and possible court action.
- The intent of the grace period is to allow owners an opportunity to review their options and decide how best to deal with any business interests on their land. Owing to the long delay in lifting the moratorium, a generous grace period is recommended.

Next Steps

- City staff will review exit surveys and the surveys received by mail with Council to determine if there is enough support to proceed with a Local Area Service, or not
- A letter will be sent to residents summarizing the results of the public survey and outlining the next steps, if any
- Should there be sufficient public interest in pursuing a formal Local Area Service the process will be outlined along with the associated timelines

Please remember to fill out an exit survey or fill out and return the survey mailed to your home.

Contact

Andrew Reeder

Project Manager, Infrastructure

TEL 250 469-8876

areeder@kelowna.ca

January 6, 2016

[Address Block]

Dear (insert mail merge),

Re: Public Interest Survey for Infrastructure Upgrades in Appaloosa/Sexsmith Area

A Local Area Service is being explored in your neighbourhood. This process would allow property owners to apply for rezoning but requires water, sewer, drainage and road improvements that property owners would be responsible for the cost.

Should there be significant interest in the City proceeding with the proposed upgrades, (over 50 per cent of property owners respond in favour), the City will conduct a future public open house and pursue a Local Area Service (LAS) bylaw. You will be provided with detailed information about the LAS bylaw process. We will also make information available on how to apply for rezoning for those interested.

Rezoning

The majority of properties in your neighbourhood are currently zoned *A1 - Agriculture*. This zone allows agricultural activity and single family residential use. However there are a significant number of uses currently in the area that do not comply with the A1 zoning.

It has been conveyed to the City of Kelowna that properties in this neighbourhood wish to apply for rezoning to *I6 - Transitional Industrial Zone* in order to comply with some of the current and desired uses. The I6 Zoning is in accordance with the Official Community Plan's future land use designation for this area. This zone was recently amended to allow for larger buildings and outdoor storage.

However, in order to be eligible for the rezoning applications, the Appaloosa neighbourhood requires, sewer, drainage and road improvements which include:

- **Introduction of Sanitary Sewer** - Constructing sanitary sewer up to the property line which includes all trunk mains, manholes, services and inspection chambers.
- **Road Improvements (Appaloosa Road residents only)** - Road widening, curb and gutter, sidewalks, street lighting and shallow utility crossings.
- **Drainage Improvements** - Storm water pipe, manholes, catch basins and detention ponds necessary to fix existing deficiencies and accommodate industrial zoning.

While the *I6 - Transitional Industrial Zone* is consistent with the existing OCP land use designation for the area, owners desiring to rezone would still need to submit an application to the City and go through the formal rezoning process, including a Public Hearing and full compliance of the particular zoning requirements.

For more information on the permitted uses and development regulations, please refer to kelowna.ca/utilities under the I6 zoning information, or contact the Urban Planning Department at 250 469-8626.

Cost

The infrastructure improvements required vary due to works already done on some streets by other developments in the past. As such, not every property will require the same improvements. The specific services you will receive on your property, if the upgrades proceed, are the following:

Sewer utilities.....	\$(insert mail merge here)_____	Per Property
Drainage improvements.....	\$(insert mail merge here)_____	Per Property
Road construction.....	\$(insert mail merge here)_____	Per linear meter frontage

The estimated costs to you, are based on a apportionment benefit cost for your current property. For installing these upgrades to your property will be _____(insert mail merge here)_____ in a lump sum or _____(insert mail merge here)_____ per year over a twenty year period.

Bundling all services into one installation is more cost effective than performing the work separately, and allows for significant cost savings. It should be understood that the costs provided to you are based on everything being done together as a package. Costs would likely be higher if the services were to be separated and constructed at different times.

Have your Say

City staff will be available at a public meeting to answer any questions you may have.

When: January 27th, 2016 4:30pm - 6:30pm

Where: Four Points by Sheraton Kelowna Airport Hotel

Please note that your feedback is important and will help determine the next course of action. Please fill out the enclosed self-addressed, stamped post card and return to the City of Kelowna by either returning the post card at the open house or by mailing the stamped post card no later than January 28, 2016. From the feed back from the Appaloosa neighborhood, the City of Kelowna will determine if the Appaloosa neighborhood wants to pursue a Local Area service.

Results of the neighbourhood feedback will be mailed to all properties later this year. If there is not significant public interest, the City will not pursue this matter further.

Please feel free to contact Andrew Reeder at areeder@kelowna.ca or 250 469-8876 if you have any further questions or concerns relating to this matter.

Regards,

Andrew Reeder

Questions on response post card:

Are you interested in further pursuing necessary infrastructure upgrades (the costs of which will be shared amongst all property owners, but will vary depending).

☐ YES ☐ NO

If no, why? _____

Are you interested in further pursuing **ONLY** sanitary sewer infrastructure upgrades (the costs of which will be shared amongst the property owners, but would likely be higher due to restoration costs).

☐ YES ☐ NO

If no, Why? _____

Your address: _____ Signature: _____

REPORT TO COUNCIL



Date: November 28, 2016

RIM No. 1250-30

To: City Manager

From: Community Planning Department (TB)

Application: Z16-0049 **Owner:** Tony Pulice Construction Ltd
Inc No BC0722156

Address: 604 Old Meadows Road **Applicant:** Tony Pulice Construction Ltd

Subject: Rezoning Application

Existing OCP Designation: S2RES - Single/Two Unit Residential

Existing Zone: RU1 - Large Lot Housing

Proposed Zone: RU2 - Medium Lot Housing

1.0 Recommendation

THAT Rezoning Application No. Z16-0049 to amend the City of Kelowna Zoning Bylaw No. 8000 by changing the zoning classification of Lot 1, Section 6, Township 26, ODYD, Plan 4873, Except plan B6708 and 40500, located at 604 Old Meadows Road, Kelowna, BC from the RU1 - Large Lot Housing zone to the RU2 - Medium Lot Housing zone be considered by Council;

AND THAT the Rezoning Bylaw be forwarded to a Public Hearing for further consideration;

AND THAT final adoption of the Rezoning Bylaw be considered subsequent to the outstanding conditions of approval as set out in Schedule "A" attached to the Report from the Community Planning Department dated August 30, 2016;

AND FURTHER THAT final adoption of the Rezoning Bylaw be considered subsequent to the removal of placed soils and fills as outlined in Soil Application Permit SA16-0014.

2.0 Purpose

To rezone the subject property from RU1 - Large Lot Housing to RU2 - Medium Lot Housing to facilitate a 4 lot subdivision.

3.0 Community Planning

Community Planning Staff supports the proposed rezoning from RU1 - Large Lot Housing to RU2 - Medium Lot Housing. The application is consistent with the OCP Future Land Use Designation of

S2RES - Single/Two Unit Residential and the proposal meets the intent of the OCP Urban Infill policies. The proposed 4-lot subdivision will also meet the zoning requirements for RU2.

The applicant completed the requirements of Council Policy #367 by speaking directly with the neighbours at the end of August 2016.

There have been several recent public complaints regarding this property and the placement of soil/fill prior to having proper permits in place. The applicant has now come forward with an application for a Soil Removal Permit that has been issued by the Subdivision Approving Officer that will see the temporary soils removed prior to 4th reading and prior to January 31, 2017 subject to bylaw enforcement.

4.0 Proposal

4.1 Project Description

The proposed rezoning to RU2 will allow for a 4-lot subdivision, increasing density in the area. The subject property is located within the Permanent Growth Boundary and the increased density will be supported by nearby parks, sports fields, schools, beaches, and public transit. The proposed rezoning and subsequent subdivision meet the zoning requirements for RU2 for lot size, width, and depth. The subdivision will trigger road dedications along Lakeshore Road and Old Meadows Road to meet the requirements of the Subdivision, Development, and Servicing Bylaw. Access to all proposed lots will be required to be from Old Meadows Road with no access from Lakeshore Road.

The house and garage have been demolished from the site in anticipation of this rezoning and subsequent subdivision.

4.2 Site Context

The subject property is located on the corner of Lakeshore Road and Old Meadows Road. In close proximity to this property is a mix of RU2, RU6, and Multi-Family zones.

Specifically, adjacent land uses are as follows:

Orientation	Zoning	Land Use
North	RU1 - Large Lot Housing	Residential
East	RU1 - Large Lot Housing	Residential
South	RU1 - Large Lot Housing	Residential
West	RU1 - Large Lot Housing	Residential

Subject Property Map: 604 Old Meadows Road

4.3 Zoning Analysis Table

The zoning analysis of the proposed 4 lots will be completed at time of Preliminary Layout Review. The proposed developments on each lot will not be subject to a development permit and can be processed through a building permit.

Zoning Analysis Table		
CRITERIA	RU2 ZONE REQUIREMENTS	PROPOSAL
Existing Lot/Subdivision Regulations		
Lot Area	400 m ²	2776 m ²
Lot Width	13.0 m	36.52 m
Lot Depth	30.0 m	66.26 m

5.0 **Current Development Policies**5.1 Kelowna Official Community Plan (OCP)**Chapter 5: Development Process**

Compact Urban Form.¹ Develop a compact urban form that maximizes the use of existing infrastructure and contributes to energy efficient settlement patterns. This will be done by increasing densities (approximately 75 - 100 people and/or jobs located within a 400 metre walking distance of transit stops is required to support the level of transit service) through development, conversion, and re-development within Urban Centres (see Map 5.3) in particular and existing areas as per the provisions of the Generalized Future Land Use Map 4.1.

¹ City of Kelowna Official Community Plan, Policy 5.2.3 (Development Process Chapter).

Permanent Growth Boundary.² Establish a Permanent Growth Boundary as identified on Map 4.1 and Map 5.2. The City of Kelowna will support development of property outside the Permanent Growth Boundary for more intensive use only to the extent permitted as per the OCP Future Land Use designations in place as of initial adoption of OCP Bylaw 10500, except for Agri-Business designated sites or as per Council's specific amendment of this policy. The Permanent Growth Boundary may be reviewed as part of the next major OCP update.

6.0 Technical Comments

6.1 Development Engineering Department

Please see attached Memorandum dated August 30, 2016.

6.2 FortisBC Electric

There are FortisBC Inc (Electric) ("FBC(E)") primary distribution facilities along Old Meadows Road and Lakeshore Road. To date, arrangements have not been completed to meet the requirements to service the proposed subdivision. The applicant is responsible for costs associated with changes to the proposed lots' existing service, if any, as well as the provision of appropriate land rights where required.

7.0 Application Chronology

Date of Application Received:	July 12, 2016
Date Public Consultation Completed:	August/September 2016

Report prepared by:

Trisa Brandt, Planner I

Reviewed by: Terry Barton, Urban Planning Department Manager

Reviewed by: Ryan Smith, Community Planning Department Manager

Approved for Inclusion: Doug Gilchrist, Divisional Director, Community Planning & Real Estate

Attachments:

Proposed Site Plan
Schedule "A": Development Engineering Memorandum dated August 30, 2016

² City of Kelowna Official Community Plan, Policy 5.3.1 (Development Process Chapter).

HEAD OFFICE:
1000-1008 COMMERCE AVE
KELLOWNA, B.C., V1Y 5A9
(250) 480-3346
FAX: (250) 480-1008-3346



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DATE: JUNE 20, 1964

SCALE:
MPS

34



CITY OF KELOWNA

MEMORANDUM

Date: August 30, 2016
File No.: Z16-0049

To: Community Planning (DB)

From: Development Engineering Manager (PI)

Subject: 604 Old Meadows Rd

RU1 to RU2

Development Engineering has the following comments and requirements associated with this application.

1. General

Road dedication & frontage improvements are triggered by this rezoning application. The requirements include curb and gutter, storm drainage system and pavement widening. Also required is a landscaped boulevard, street lighting and the re-location or adjustment of utility appurtenances if required to accommodate the upgrading construction. The cost of this construction is at the applicant's expense.

The proposed redevelopment includes the subject parcel being subdivided into four lots. A subdivision application will require service upgrades that include the installation of additional services. The work will require road cuts and boulevard and pavement restoration. Development Engineering is prepared to defer the requirements of the rezoning to the subdivision stage.

Purvez Irani, MS, P Eng., PTOE
Development Engineering Manager
SS

CITY OF KELOWNA
BYLAW NO. 11317
Z16-0049 - Tony Pulice Construction Ltd., Inc. No.
BC0722156
604 Old Meadows Road

A bylaw to amend the "City of Kelowna Zoning Bylaw No. 8000".

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. THAT City of Kelowna Zoning Bylaw No. 8000 be amended by changing the zoning classification of Lot 1, Section 6, Township 26, ODYD, Plan 4873 Except Plans B6708 and 40500 located on Old Meadows Road, Kelowna, B.C., from the RU1 - Large Lot Housing zone to the RU2 - Medium Lot Housing zone.
2. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first time by the Municipal Council this

Considered at a Public Hearing on the

Read a second and third time by the Municipal Council this

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk

CITY OF KELOWNA

BYLAW NO. 11112

Official Community Plan Amendment No. OCP15-0012 - Glenwest Properties Ltd., Inc. No. C0889227 225 Clifton Road and (W of) Union Road

A bylaw to amend the "*Kelowna 2030* - Official Community Plan Bylaw No. 10500".

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. THAT Map 4.1 - **GENERALIZED FUTURE LAND USE** of "*Kelowna 2030* - Official Community Plan Bylaw No. 10500" be amended by changing the Generalized Future Land Use designation of portions of Lot D Section 8 Township 23 Osoyoos Division Yale District Plan KAP75116 Except Plans EPP24895 And EPP24897, located at 225 Clifton Rd N from the S2RES - Single/Two Unit Residential designation to the S2RESH - Single/Two Unit Residential Hillside designation as shown Map "A" attached to and forming part of this bylaw;
2. THAT Map 4.1 - **GENERALIZED FUTURE LAND USE** of "*Kelowna 2030* - Official Community Plan Bylaw No. 10500" be amended by changing the Generalized Future Land Use designation of portions of the North East ¼ of Section 5 Township 23 Osoyoos Division Yale District Except Plans 896, B645, KAP69724, EPP24895 AND EPP24897, located (W OF) Union Rd from the S2RES- Single/Two Unit Residential designation to the S2RESH - Single/Two Unit Residential Hillside designation, from the PARK - Major Park & Open Space designation to the S2RESH - Single/Two Unit Residential Hillside designation, from the S2RESH - Single/Two Unit Residential Hillside designation to the PARK - Major Park & Open Space designation, and from the S2RES - Single / Two Unit Residential designation to the PARK - Major Park & Open Space designation as shown Map "A" attached to and forming part of this bylaw;
3. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first time by the Municipal Council this 13th day of July, 2015.

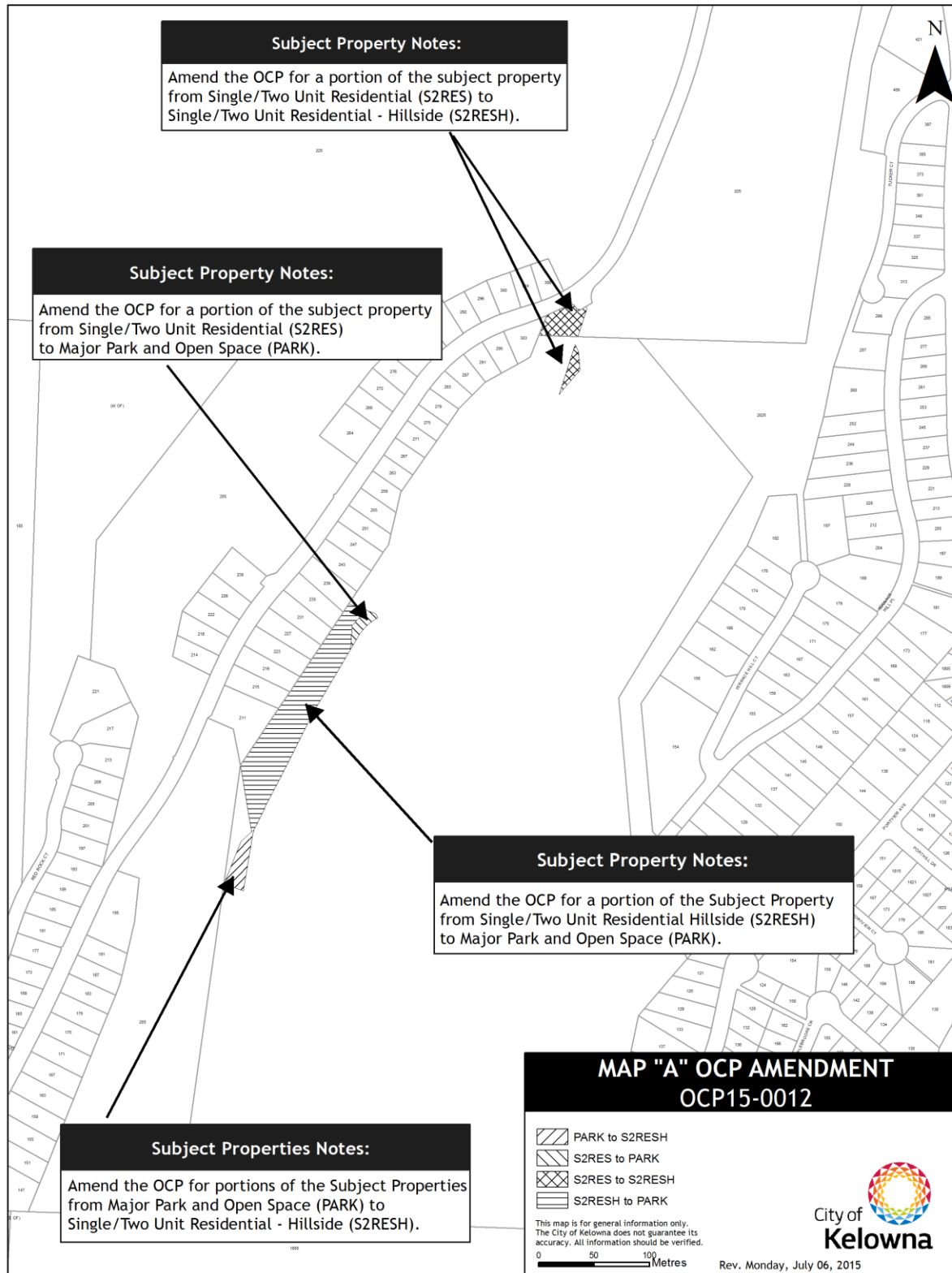
Considered at a Public Hearing on the 28th day of July, 2015.

Read a second and third time by the Municipal Council this 28th day of July, 2015.

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk



CITY OF KELOWNA
BYLAW NO. 11113
Z15-0016 - Glenwest Properties Ltd., Inc. No. C0889227
225 Clifton Road and (W Of) Union Road

A bylaw to amend the "City of Kelowna Zoning Bylaw No. 8000".

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. THAT City of Kelowna Zoning Bylaw No. 8000 be amended by changing the zoning classification of portions of Lot D Section 8 Township 23 Osoyoos Division Yale District Plan KAP75116 Except Plans EPP24895 And EPP24897, located at 225 Clifton Rd N from the RM3 - Low Density Multiple Housing zone to the RU2H - Medium Lot Housing Hillside zone and from the RM3 - Low Density Multiple Housing zone to the RU4 - Low Density Cluster Housing zone as shown Map "B" attached to and forming part of this bylaw;
2. THAT City of Kelowna Zoning Bylaw No. 8000 be amended by changing the zoning classification of portions of the North East ¼ of Section 5 Township 23 Osoyoos Division Yale District Except Plans 896, B645, KAP69724, EPP24895 AND EPP24897, located (W OF) Union Rd from the RU1H - Large Lot Housing Hillside zone to the RU2H - Medium Lot Housing Hillside zone, from the RU4 - Low Density Cluster Housing zone to the RU2H - Medium Lot Housing Hillside zone, from the P3 -Parks and Open Spaces zone to the RU2H - Medium Lot Housing Hillside zone, from the RU2H - Medium Lot Housing Hillside zone to the RU4 - Low Density Cluster Housing zone, from the RU1H - Large Lot Housing Hillside zone to the P3 -Parks and Open Spaces zone, and from the RU2H - Medium Lot Housing Hillside zone to the P3 -Parks and Open Spaces zone as shown Map "B" attached to and forming part of this bylaw;
3. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first time by the Municipal Council this 13th day of July, 2015.

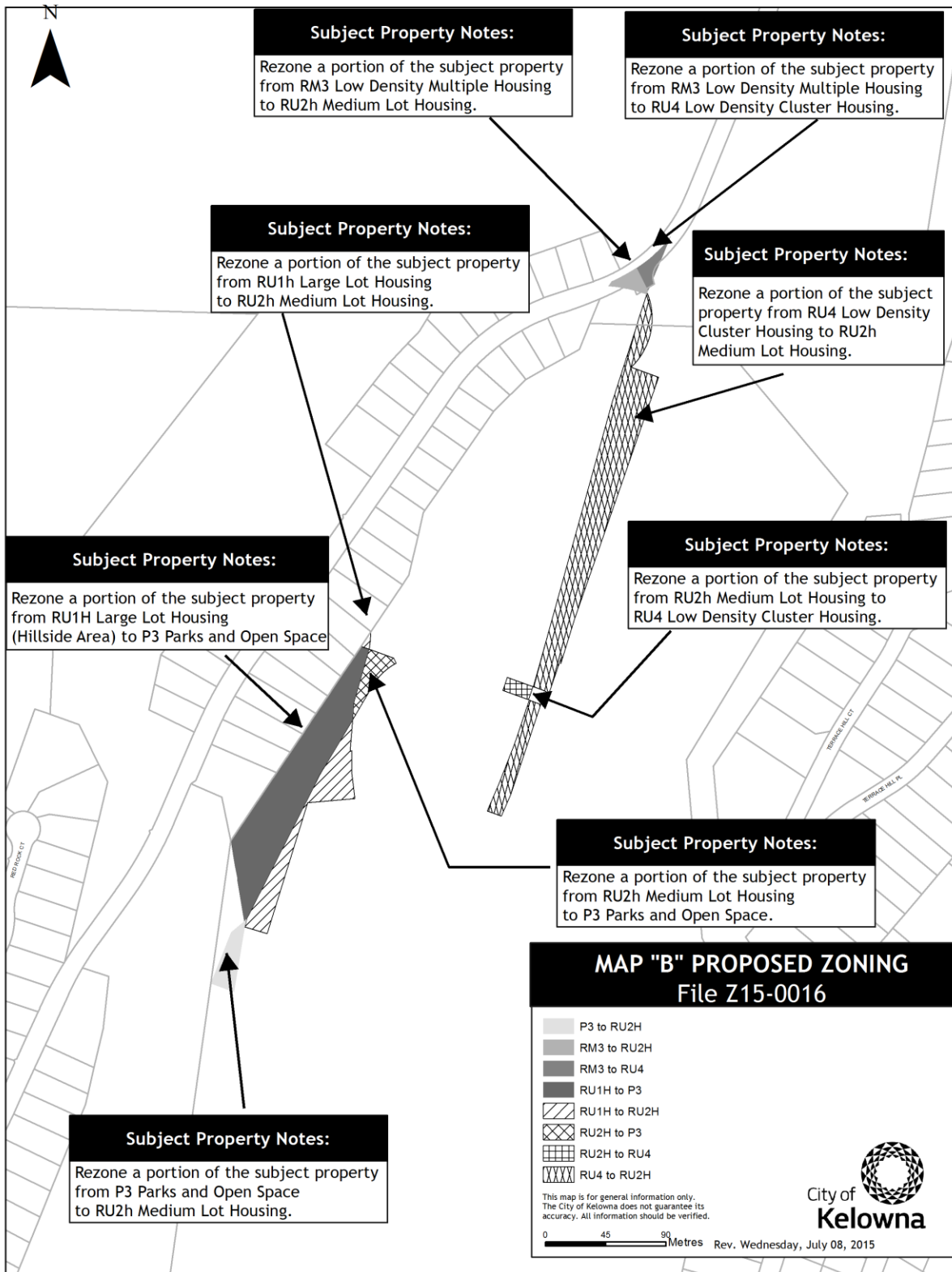
Considered at a Public Hearing on the 28th day of July, 2015.

Read a second and third time by the Municipal Council this 28th day of July, 2015.

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk



CITY OF KELOWNA
BYLAW NO. 11289
Z16-0050 - Lonewolf Homes Ltd., Inc. No. BC0734044 and
Andrew Louis Scott Paterson
3580 Casorso Road

A bylaw to amend the "City of Kelowna Zoning Bylaw No. 8000".

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. THAT City of Kelowna Zoning Bylaw No. 8000 be amended by changing the zoning classification of Lot 16, District Lot 134, ODYD, Plan 20399 located on Casorso Road, Kelowna, B.C., from the RU1 - Large Lot Housing zone to the RU2 - Medium Lot Housing zone.
2. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first time by the Municipal Council this 3rd day of October, 2016.

Considered at a Public Hearing on the 18th day of October, 2016.

Read a second and third time by the Municipal Council this 18th day of October, 2016.

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk

CITY OF KELOWNA

BYLAW NO. 11291

Official Community Plan Amendment No. OCP16-0008 - No. 21 Great Projects Ltd., Inc. No. 355991 5100 Gordon Drive

A bylaw to amend the "*Kelowna 2030* - Official Community Plan Bylaw No. 10500".

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. THAT Map 4.1 - **GENERALIZED FUTURE LAND USE** of "*Kelowna 2030* - Official Community Plan Bylaw No. 10500" be amended by changing the Generalized Future Land Use designation of part of The South ½ DL 579 SDYD Except Plans KAP77336, KAP86178, KAP86917, KAP87090, KAP87918, EPP9619, EPP9638, EPP12863, EPP15721, EPP18670, EPP22118 and EPP55978, located on Gordon Drive, Kelowna, B.C., from the Multiple Unit Residential (Cluster Housing) to Single/ Two Unit Residential - Hillside, from Single/ Two Unit Residential - Hillside to Major Park and Open Space, from Single/ Two Unit Residential to Single/ Two Unit Residential - Hillside, from Multiple Unit Residential (Cluster Housing) to Major Park and Open Space, from Single/ Two Unit Residential to Major Park and Open Space, from Major Park and Open Space to Multiple Unit Residential (Cluster Housing) designations.
2. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first time by the Municipal Council this 3rd day of October, 2016.

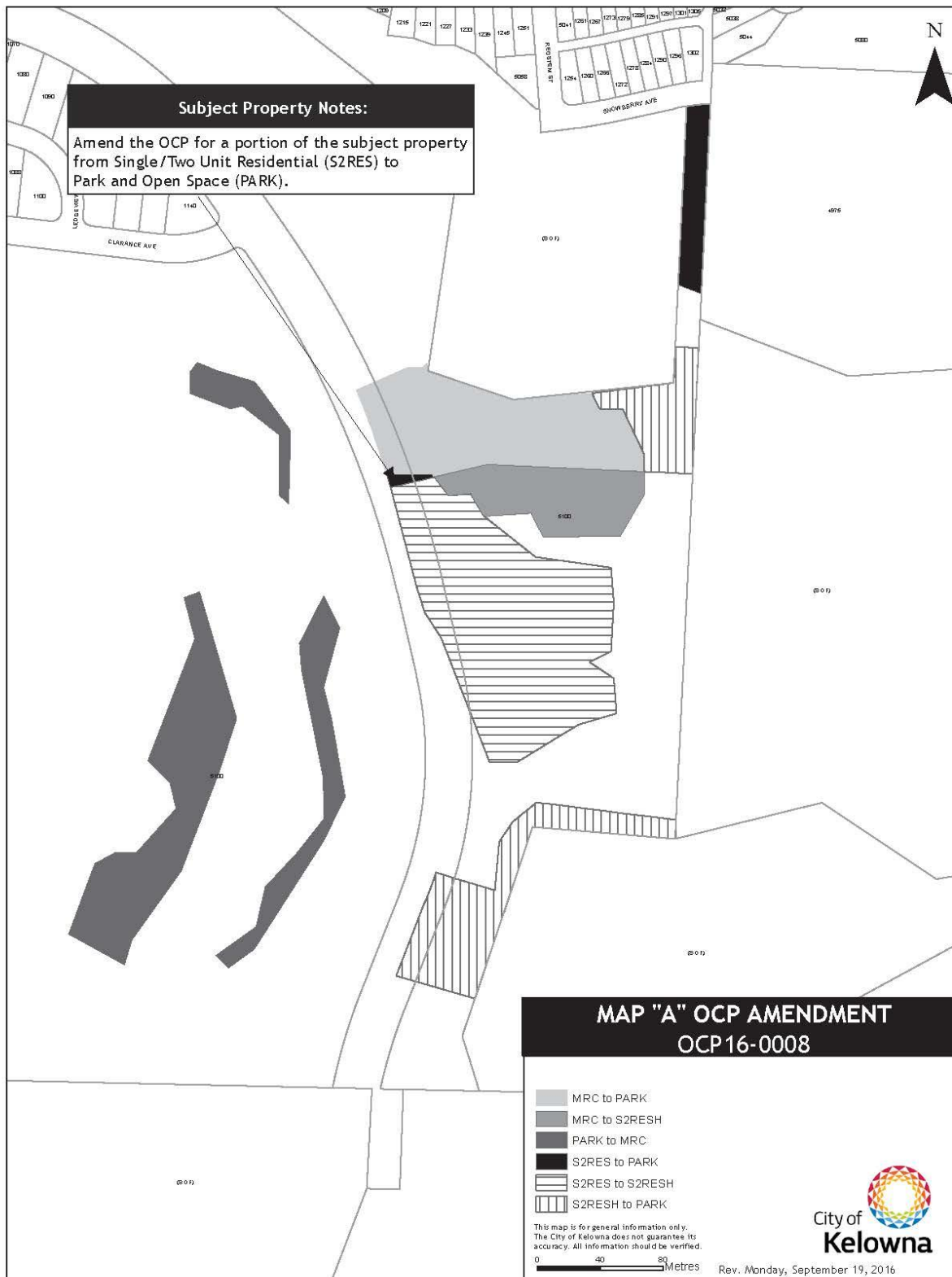
Considered at a Public Hearing on the 18th day of October, 2016.

Read a second and third time by the Municipal Council this 18th day of October, 2016.

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk



CITY OF KELOWNA
BYLAW NO. 11292
Z16-0045 - No. 21 Great Projects Ltd., Inc. No. 355991
5100 Gordon Drive

A bylaw to amend the "City of Kelowna Zoning Bylaw No. 8000".

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. THAT City of Kelowna Zoning Bylaw No. 8000 be amended by changing the zoning classification of part of The South ½ DL 579 SDYD Except Plans KAP77336, KAP86178, KAP86917, KAP87090, KAP87918, EPP9619, EPP9638, EPP12863, EPP15721, EPP18670, EPP22118 and EPP55978, located on Gordon Drive, Kelowna, B.C., from A1- Agriculture 1 to P3 - Parks and Open Space and RU2h - Medium Lot Housing (Hillside Area).
2. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first time by the Municipal Council this 3rd day of October, 2016.

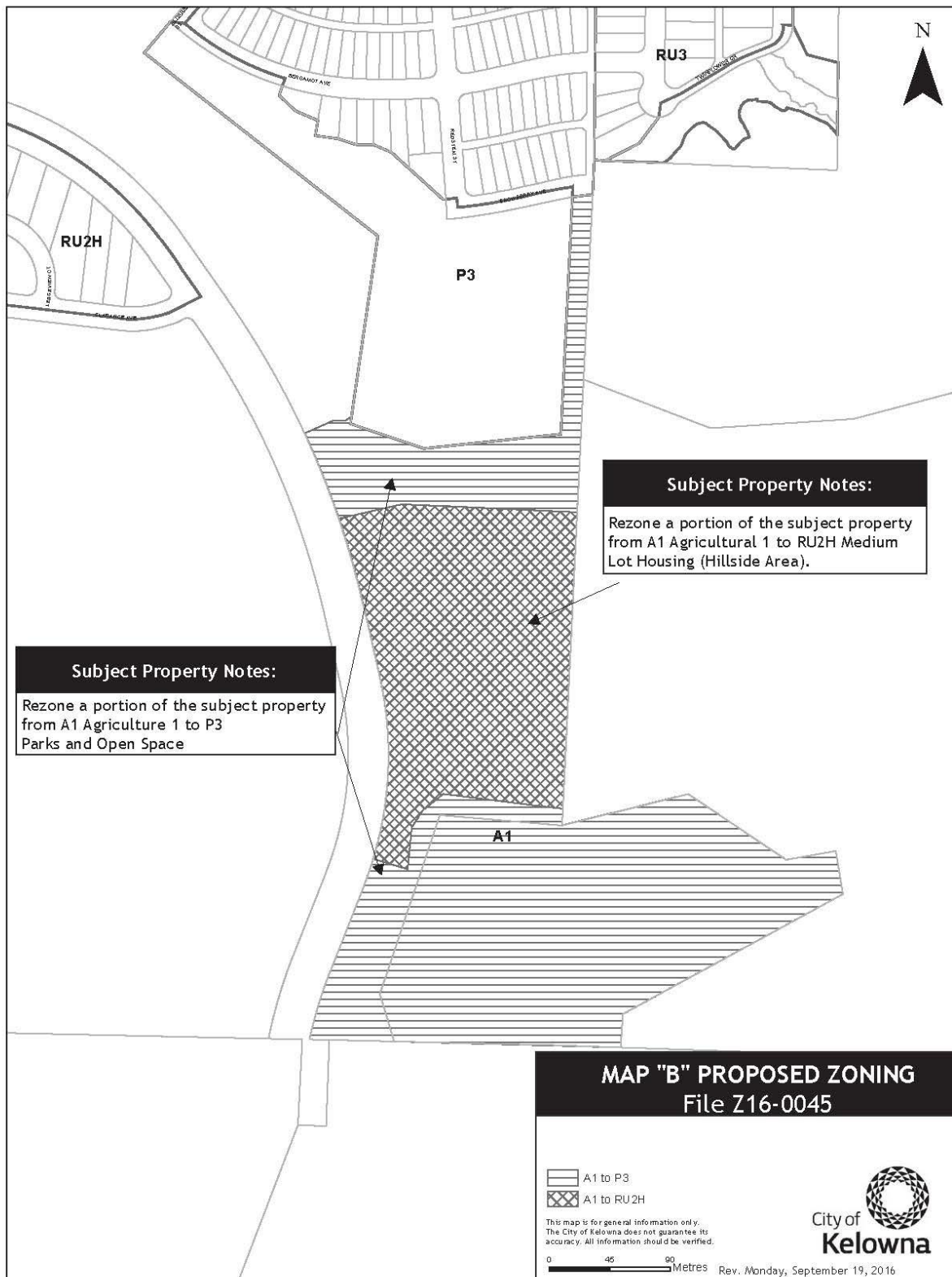
Considered at a Public Hearing on the 18th day of October, 2016.

Read a second and third time by the Municipal Council this 18th day of October, 2016.

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk



CITY OF KELOWNA

BYLAW NO. 11293

Official Community Plan Amendment No. OCP16-0014 - Gordon, Hiedi-Sabine, Donald, Amy, Allen and Angelica Kirschner 2980 Gallagher Road

A bylaw to amend the "*Kelowna 2030* - Official Community Plan Bylaw No. 10500".

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. THAT Map 4.1 - **GENERALIZED FUTURE LAND USE** of "*Kelowna 2030* - Official Community Plan Bylaw No. 10500" be amended by changing the Generalized Future Land Use designation of portions of Lot 1, Sections 12 and 13, Township 26 and Sections 7 and 18, Township 27, ODYD, Plan KAP71697, Except Plans KAP84278, KAP86318, KAP86363, KAP88598 and EPP36504, located on Gallagher Road, Kelowna, B.C., from the Single/Two Unit Residential (S2RESH) designation to Major Park/Open Space (Public) (PARK) designation and from Major Park/Open Space (Public) (PARK) designation to Single/Two Unit Residential (S2RESH) designation;
2. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first time by the Municipal Council this 3rd day of October, 2016.

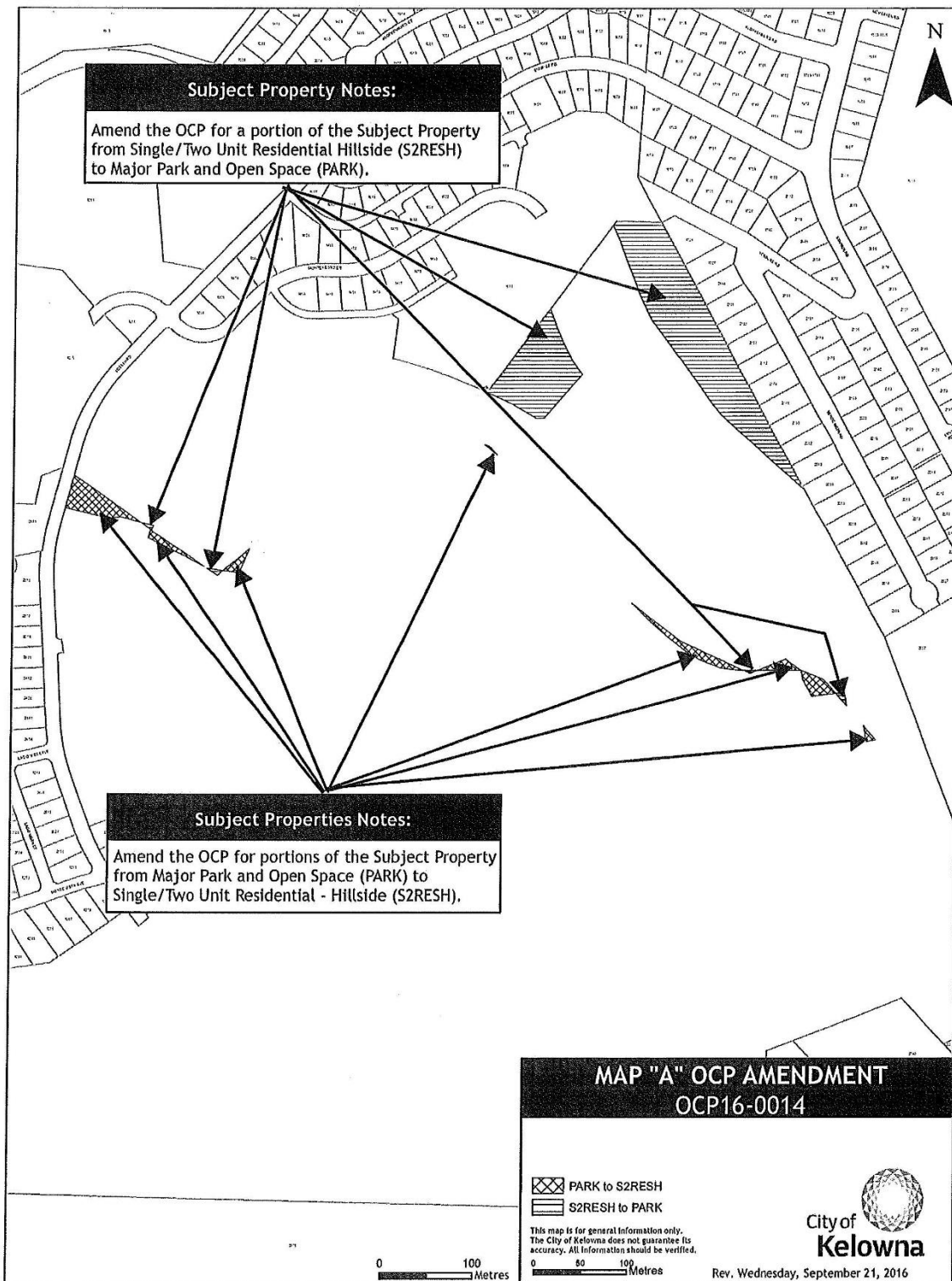
Considered at a Public Hearing on the 18th day of October, 2016.

Read a second and third time by the Municipal Council this 18th day of October, 2016.

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk



CITY OF KELOWNA

BYLAW NO. 11294

**Z16-0051 - Gordon, Hiedi-Sabine, Donald, Amy, Allen and Angelica
Kirschner
2980 Gallagher Road**

A bylaw to amend the "City of Kelowna Zoning Bylaw No. 8000".

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. THAT City of Kelowna Zoning Bylaw No. 8000 be amended by changing the zoning classification of portions of Lot 1, Sections 12 and 13, Township 26 and Sections 7 and 18, Township 27, ODYD, Plan KAP71697, Except Plans KAP84278, KAP86318, KAP86363, KAP88598 and EPP36504, located on Gallagher Road, Kelowna, B.C., from the P3 - Park and Open Spaces to RU1h - Large Lot Housing (Hillside Area); from A1 - Agricultural 1 to the RU1h - Large Lot Housing (Hillside Area); from A1 - Agricultural 1 to P3 - Parks and Open Spaces and from RM3h - Low Density Multiple Housing to RU1h - Large Lot Housing (Hillside Area); from RM3h - Low Density Multiple Housing to P3 - Parks and Open Spaces and from RU1h - Large Lot Housing (Hillside Area) to P3 - Park and Open Spaces zone.
2. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first time by the Municipal Council this 3rd day of October, 2016.

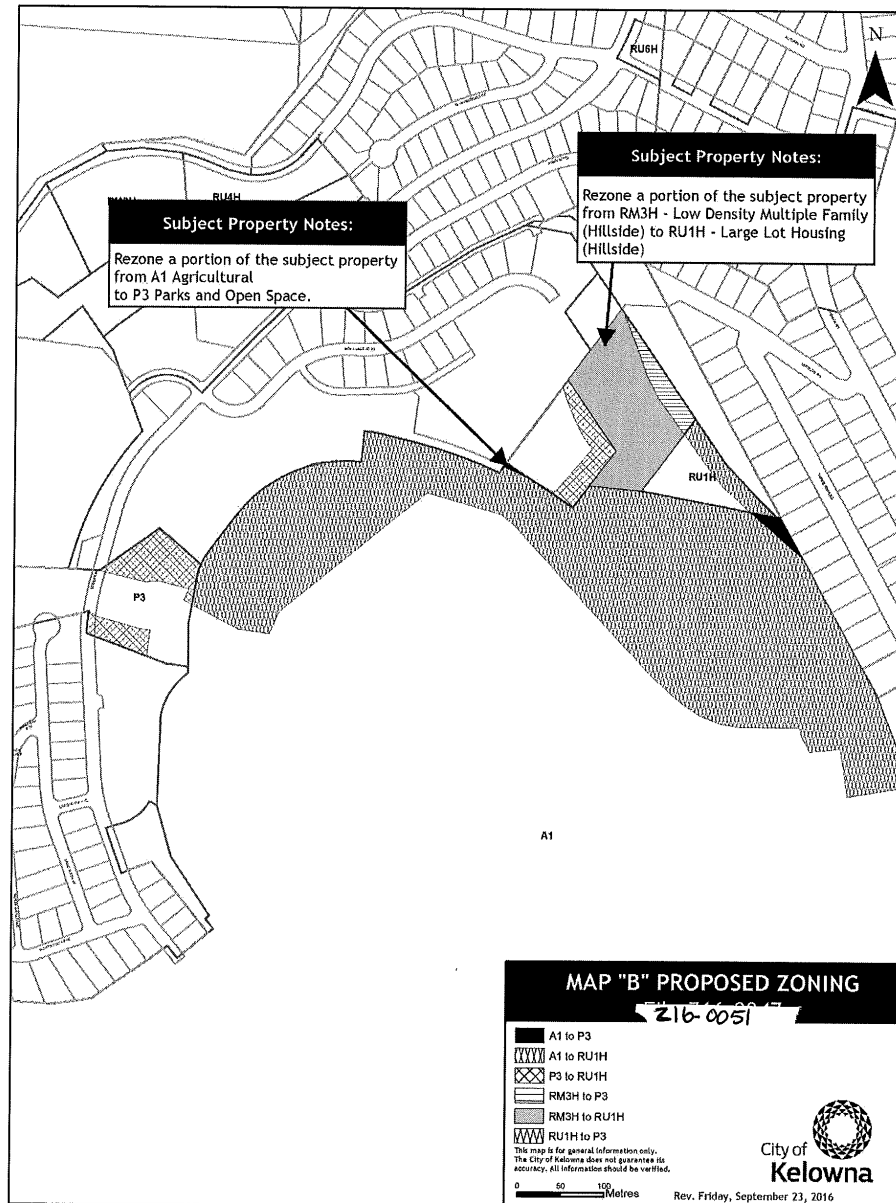
Considered at a Public Hearing on the 18th day of October, 2016.

Read a second and third time by the Municipal Council this 18th day of October, 2016.

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk



CITY OF KELOWNA
BYLAW NO. 11302
Z16-0039- Helen, John, Eric Hadley & Executors of the Will of
Beverley Hadley
2310 Enterprise Way

A bylaw to amend the "City of Kelowna Zoning Bylaw No. 8000".

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. THAT City of Kelowna Zoning Bylaw No. 8000 be amended by changing the zoning classification of a Lot A, District Lot 532, ODYD, Plan 28500 located on Enterprise Way, Kelowna, B.C., from the I2 - General Industrial Zone to the C10 - Service Commercial zone;
2. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first time by the Municipal Council this 24th day of October, 2016.

Considered at a Public Hearing on the 15th day of November, 2016.

Read a second and third time by the Municipal Council this 15th day of November, 2016.

Approved under the Transportation Act this 17th day of November, 2016.

____Blaine Garrison_____
(Approving Officer - Ministry of Transportation)

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk

Report to Council



Date: November 28, 2016
File: 1140-50
To: City Manager
From: Phillip Elchitz, Senior Airport Operations Manager
Subject: NewLeaf Travel Company Inc. - Airport Use Agreement - Kelowna International Airport
Report Prepared by: Toni McQueenie, Airport Administration Manager

Recommendation:

THAT Council approves the City entering into an Airport Use Agreement with NewLeaf Travel Company Inc. in the form attached to the report of the Airport Director dated August 22, 2016, authorizing NewLeaf Travel Company Inc. to operate at Kelowna International Airport;

AND THAT the Mayor and City Clerk be authorized to execute the Airport Use Agreement.

Purpose:

To obtain Council's consent and approval to enter into an Airport Use Agreement with NewLeaf Travel Company Inc.

Background:

NewLeaf Travel Company Inc. ("NewLeaf") is a privately held Canadian company headquartered in Winnipeg, Manitoba.

NewLeaf is designated under the Canadian Transportation Act as a "Reseller." A Reseller is defined as a person who does not operate aircraft and who purchases the seating capacity of an air carrier and subsequently markets and resells those seats, in its own right, to the public. In this instance, New Leaf is the exclusive Reseller on specific flights operated by Flair Airlines Ltd.

Flights commenced in July 2016, between Kelowna and Saskatoon, Regina, and Winnipeg. NewLeaf is currently operating on its winter schedule and is reselling seats between Kelowna and Edmonton.

Flair Airlines Ltd. has operated for several years and on September 8, 2008, Kelowna City Council approved the Air Carrier Airport Use Agreement between Flair Airlines Ltd. and the

City of Kelowna dated August 26, 2008, allowing Flair Airlines Ltd. to operate at the Kelowna International Airport. This agreement remains in good standing.

Considerations not applicable to this report:

Internal Circulation: N/A

Legal/Statutory Authority: N/A

Legal/Statutory Procedural Requirements: N/A

Existing Policy: N/A

Financial/Budgetary Considerations: N/A

Personnel Implications: N/A

External Agency/Public Comments: N/A

Communications Comments: N/A

Alternate Recommendation: N/A

Submitted by:

P. Elchitz, Senior Airport Operations Manager

Approved for inclusion:



Sam Samaddar, Airport Director
Joe Creron, Acting City Manager

ORIGINAL

KELOWNA INTERNATIONAL AIRPORT

AIRPORT USE AGREEMENT

BETWEEN THE

CITY OF KELOWNA

AND

NEWLEAF TRAVEL COMPANY INC.

(YLW FILE NO. 1140-50)

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THIS AGREEMENT made this ____ day of July, 2016.

BETWEEN

City of Kelowna
1435 Water Street
Kelowna, B.C. V1Y 1J4

(the "City")

AND

NewLeaf Travel Company Inc.
128 2000 Wellington Avenue
Winnipeg, Manitoba R3H 1C1

(the "NewLeaf")

WHEREAS:

- A. The City is the operator of the Kelowna International Airport (the "Airport") located in the City of Kelowna, Province of British Columbia;
- B. NewLeaf is desirous of using, in common with others, the Airport;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the fees, charges, covenants, and agreements to be paid, observed, and performed by NewLeaf, and other good and valuable consideration (the receipt and sufficiency of which are hereby expressly acknowledged) the City and NewLeaf covenant and agree as follows:

Article 1.00 - Purpose

- 1. The City covenants that provided NewLeaf pays all monies due under this Agreement and performs the covenants herein on its part contained, it may:
 - 1.1. Operate its business or a part thereof at the Airport;
 - 1.2 Possess the right of access from the Airport as made necessary by NewLeaf's operations over, and upon streets, roads, paths, hallways, corridors or open spaces only, provided that the right herein defined shall not be exercised in such manner and to such extent as to impede or interfere with the operation of the Airport by the City, its lessees, air carriers or others.

Article 2.00 - Term of Agreement

- 2. The term of this Agreement shall commence on the 25th day of July, 2016 and shall continue to be in effect until terminated as hereinafter provided.

- 2.1. This Agreement may be terminated at any time by the City in the absolute discretion of the Airport Director. Termination shall be effected by providing up to thirty (30) days prior written notice to NewLeaf and upon the date of termination specified in the notice all rights of NewLeaf pursuant to this Agreement shall thereupon cease.
- 2.2. NewLeaf may terminate this Agreement by giving thirty (30) days prior written notice to the Airport Director.
- 2.3. This Agreement may be terminated by the mutual written consent of the parties without notice.
- 2.4. NewLeaf shall forthwith cease to carry on business or operation at the Airport as of the effective date of termination of this Agreement.

Article 3.00 - Conduct of Business

3. NewLeaf covenants and agrees with the City to the terms and conditions set forth below at all times during the term of this Agreement and agrees that non-compliance with any such term or conditions at any time during the term of this Agreement shall constitute grounds for termination of this Agreement by the City by written notice to NewLeaf, or such other remedy as the City, in its discretion, may deem appropriate. New Leaf waives any notice of default or termination not expressly provided for in this Agreement.
 - 3.1 NewLeaf shall hold all required valid and subsisting agreements, certificates or permits from its governing agencies as required to market and sell air services by chartering aircraft and reselling the services to the public ("Reseller") to the routes NewLeaf is serving to and from the Airport.
 - 3.2 NewLeaf shall abide by and comply promptly with all laws, regulations, orders, rules, requirements and recommendations which may be applicable to NewLeaf or to the use of the Airport, made by any and all federal, provincial, civil, municipal and other authorities or association of insurance underwriters or agents and all notices in pursuance of same and whether served upon the City or NewLeaf, but if served upon the City alone, only if notice thereof is given to NewLeaf.
 - 3.3 NewLeaf shall comply forthwith and cause its directors, officers, employees and agents to comply with any direction of the Airport Director with respect to matters which, in the opinion of the Airport Director, concern safety, security or matters of urgency.
 - 3.4 NewLeaf shall observe and obey all reasonable rules and regulations not conflicting with the provisions of this Agreement as may now exist or may be promulgated from time to time by the Airport Director, provided that such rules and regulations shall be furnished in writing to NewLeaf.
 - 3.5 NewLeaf shall maintain strict control over all security passes issued to the employees or agents of NewLeaf; follow any direction of the Airport Director with respect to security measures; and report forthwith to the Airport Director any loss or misuse of security passes or the termination of its employees or agents.

- 3.6 NewLeaf shall not, under this Agreement, conduct a separate business on or about the Airport.
- 3.7 Subject to the approval of the Airport Director, NewLeaf shall make and maintain arrangements for the use of ticket counters.
- 3.8 NewLeaf shall submit proposed schedules to the Airport Director in writing for the winter/spring period no later than June 15th, and for the summer/fall period no later than November 15th.
- 3.9 NewLeaf shall, at its own expense and cost, procure and maintain the insurance policies listed below with limits no less than those shown in the respective items, unless in connection with the performance of some particular part of this Airport Use Agreement, the City advises in writing that it has determined that the exposure to liability justifies less limits. The insurance policy or policies shall be maintained continuously from commencement of the Airport Use Agreement until the termination of the Airport Use Agreement or such longer period as may be specified by the City.

As a minimum, NewLeaf shall, without limiting its obligations or liabilities under any other contract with the City, procure and maintain, at its own expense and cost, the following insurance policies:

- a) Aviation Premises/Operations Liability Insurance providing for all sums which NewLeaf shall become legally obligated to pay for damages because of bodily injury (including death at any time resulting therefrom) sustained by any person or persons or because of damage to or destruction of property caused by an occurrence or accident arising out of or related to the operations carried on in connection with this Airport Use Agreement. This insurance shall include but not be limited to aircraft liability, passenger legal liability, personal injury, premises liability, baggage and cargo liability and such other coverage as may from time to time be generally issued by insurance companies to airlines in connection with their airport operations. Limits of liability for this insurance shall not be less than an inclusive limit of twenty-five million dollars (\$25,000,000.00) for each occurrence or accident, or such greater amount as required by law or regulation applicable to NewLeaf;
- b) This insurance shall include a Cross Liability clause providing that the inclusion of more than one Insured shall not in any way affect the rights of any other Insured thereunder, in respect to any claim, demand, suit or judgment made against any other Insured.
- c) Automobile Liability Insurance covering all motor vehicles, owned, operated and used or to be used by NewLeaf directly or indirectly in the performance of this Airport Use Agreement. The Limit of Liability shall not be less than two million dollars (\$2,000,000.00) inclusive, for loss or damage including personal injuries and death resulting from any one accident or occurrence.

- 3.10 The policy required by section 3.9 above shall provide that the City is named as an Additional Insured with respect to the Premises Liability at the Kelowna International Airport and that said policy is primary without any right of contribution from any insurance otherwise maintained by the City.
- 3.11 NewLeaf agrees to submit a Certificate of Insurance (Schedule A) to the Airport Director prior to commencement of this Airport Use Agreement. The Certificate shall provide that 30 days written notice shall be given to the Airport Director, prior to any material changes or cancellations of any such policy or policies.
- 3.12 After reviewing NewLeaf's Certificate of Insurance, the City may require other insurance or alterations to any applicable insurance policies in force during the period of this Airport Use Agreement and will give notification of such requirement. Where other insurances or alterations to any insurance policies in force are required by the City and result in increased insurance premium, such increased premium shall be at NewLeaf's expense.
- 3.13 NewLeaf may take out such additional insurance, as it may consider necessary and desirable. All such additional insurance shall be at no expense to the City.
- 3.14 All insurance, which NewLeaf is required to obtain with respect to this Airport Use Agreement, shall be with insurance companies registered in and licensed to underwrite such insurance in the province of British Columbia.
- 3.15 If NewLeaf fails to do all or anything which is required of it with regard to insurance, the City may do all that is necessary to effect and maintain such insurance, and any monies expended by the City shall be repayable by and recovered from NewLeaf.
- 3.16 NewLeaf expressly authorizes the City to deduct from any monies owing NewLeaf, any monies owing by NewLeaf to the City.
- 3.17 The failure or refusal to pay losses by any insurance company providing insurance on behalf of NewLeaf shall not be held to waive or release NewLeaf from any of the provisions of section 3.11 of this Airport Use Agreement, with respect to the liability of NewLeaf. Any insurance deductible maintained by NewLeaf under any of the insurance policies is solely for its account and any such amount incurred by the City will be recovered from NewLeaf as stated in section 3.17.
- 3.18 NewLeaf shall pay or cause to be paid all rates, taxes and assessments, of whatsoever description that may at any time during the existence of the Agreement be lawfully imposed, or become due and payable by NewLeaf.
- 3.19 NewLeaf shall pay to the City all applicable facility charges as amended from time to time.
- 3.20 NewLeaf shall collect and remit to the City an Airport Improvement Fee (AIF) from all departing enplaned passengers in the amount of \$15.00 Canadian in accordance with the Memorandum of Agreement (MOA) between the Air Transport Association of Canada and Signatory Air Carriers and Certain Airports

including the Kelowna International Airport dated September 23, 1997 and as amended from time to time. The amount of AIF collected may be adjusted from time to time by the City as provided for in the MOA (Article 6.2) and included in the City of Kelowna Airport Fees Bylaw No. 7982 (Section 22). The AIF shall be remitted monthly along with an Airport Improvement Fee Monthly Remittance Form (Schedule B) indicating the current month departing enplaning passengers (DEPAX), the addition of applicable tax(es), and the quantities of DEPAX who purchased tickets, including paperless tickets which are kept in electronic form, in North America and outside North America. The remittance form shall be signed and dated by an authorized representative of NewLeaf. NewLeaf will remit the amount shown on the Remittance Form.

3.20.1 The obligation to collect and remit an AIF will not apply to:

- a) those passengers continuing a journey less than four hours after arrival at the Airport for domestic Canada and trans border itineraries and continuing a journey less than 24 hours after arrival at the Airport for international itineraries. A passenger will be considered to be continuing a journey even though multiple air carriers may participate in the itinerary on one or more air carrier ticket(s);
- b) airline employees travelling on business, including duty travel of crews of one air carrier on another air carrier;
- c) infants under two years of age for whom no ticket was purchased, even though a no cost ticket may have been issued in the name of the infant;
- d) those customers travelling on passes or other travel documents with discount codes ID/IN. However, customers travelling on frequent flier mileage redemption programs or promotional tickets (such as two for one tickets) do not qualify as ID passengers within the meaning of this clause 3.21.1 d).

3.20.2 Regardless of which air carrier sells a ticket to a DEPAX passenger or whose designator code is on the passenger's ticket, NewLeaf shall be the party responsible for the collection and remittance of the AIF for that DEPAX passenger.

- 3.21** NewLeaf shall, without limiting the liability of NewLeaf under this Agreement or otherwise, pay to the City all costs of the City in using its employees, agents, equipment, and materials, plus a reasonable administrative charge for damage to or destruction of the property of the City.
- 3.22** NewLeaf shall pay all other fees or charges to the City arising out of NewLeaf's operation or activities at the Airport, including any sums for employee parking, identification badges, keys and the like.
- 3.23** NewLeaf shall pay interest thereon at the rate of 1.5 percent per month (equivalent to 18.00 percent per annum) or such other rate which the City shall determine from time to time in its absolute discretion to reflect prevailing interest rates until the amount of the default and all interest thereon have been

paid. All interest shall be calculated daily and invoiced monthly and shall apply retroactively from the due date for payment.

- 3.24 In the event the City shall prevail in any action for the enforcement of any of its rights hereunder, NewLeaf shall pay the City such reasonable legal costs, in addition to any other debt or damages recoverable in such action.
- 3.25 Before commencing operations, NewLeaf shall, pursuant to the City's Bylaw No. 7982, provide the Airport Director with a security deposit calculated to be the sum of three (3) months Airport Improvement Fees based upon the proposed schedule(s) submitted to the Airport Director plus all other related fees and charges (the "Security Deposit") as set out in Schedule C.
 - a) The Security Deposit shall be in the form of cash, bank draft, certified cheque, or irrevocable letter of credit in a form acceptable to the City. Interest will not be paid when the Security Deposit is remitted in the form of an irrevocable letter of credit. Where payable, interest will be calculated at a rate determined by the City. In the case of a letter of credit, if NewLeaf fails to provide the Airport Director with a renewal or replacement letter of credit at least sixty (60) days prior to the date on which such previous letter of credit expires, then the City shall have the right to terminate this Agreement by written notice to NewLeaf.
 - b) The Security Deposit plus interest will be retained by the City for the term of this Agreement or until the Agreement otherwise comes to an end, whichever comes first, and shall be returned to NewLeaf or shall be credited to its account. However, if NewLeaf fails to pay all sums herein described and/or impairs or damages the Airport or any part thereof during the currency of this Agreement, the City may apply the Security Deposit and accrued interest, if any, or any part thereof to the arrears of sums and/or damages and injuries. If the Security Deposit is so applied by the City, then within fifteen (15) days of having received written notification, NewLeaf shall restore the Security Deposit to the amount as provided herein. The application of the Security Deposit and interest by the City shall not constitute a waiver nor in any way defeat or affect the rights and remedies which the City has in law.
 - c) NewLeaf asserts that monies deposited herein as security are not subject to any existing encumbrance, charge, or security agreement.
 - d) NewLeaf covenants and agrees that it will not assign or encumber nor attempt to assign or encumber the monies deposited herein as security and that the City shall not be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.
 - e) The City shall have the right on at least thirty (30) days prior written notice to NewLeaf to increase or decrease the amount of the Security Deposit that NewLeaf is required to maintain hereunder so that such amount continues to represent the amount that the City estimates will be payable as determined by this Agreement. If NewLeaf does not provide the City, prior to the expiration of such thirty (30) day period,

with the full amount of any such increase in the form of a Security Deposit, then the City shall have the right to terminate this Agreement by written notice to NewLeaf.

- 3.26 NewLeaf shall comply with the City of Kelowna Local Airport Traffic Directives for the operation of vehicles on airport movement areas, as published by the Airport Director, or any revision or amendment as made from time to time.
- 3.27 NewLeaf shall provide resources and services for disabled persons.
- 3.28 As appropriate the Airport Director, NewLeaf shall ensure that all signs are provided in both English and French, with equal prominence given to the two languages.
- 3.29 NewLeaf shall obtain the written approval of the Airport Director for all signs and advertising materials including lettering and other advertising media erected, installed or placed in the Airport and NewLeaf shall conform to the aesthetic standards of the Airport and any direction the Airport Director may make from time to time with respect to displays and advertising signs and NewLeaf shall pay the costs of installing, maintaining, changing and removing all such signs or displays.
- 3.30 NewLeaf shall not cause or allow air freight and cargo items, excluding passenger luggage and related articles, to be handled through the Air Terminal Building unless approved in writing by the Airport Director.

Article 4.00 - Default

- 4. It shall constitute default of the terms of this Agreement and justification for immediate termination by the City upon the occurrence of the following:
 - 4.1 NewLeaf fails to observe or perform any of its covenants and obligations under this Agreement and NewLeaf has not within fifteen (15) days or sooner in the case of emergency or necessity (as determined in the discretion of the Airport Director) after notice from the City specifying the default, cured the default, or if the cure reasonably requires a longer period, NewLeaf has not provided written notice to the Airport Director setting out the particulars of a cure period for such breach; or
 - 4.2 NewLeaf becomes bankrupt or insolvent or takes the benefit of any legislation in force for bankrupt or insolvent debtors; or
 - 4.3 The making or entering into by NewLeaf of any assignment for the benefit of creditors; or
 - 4.4 Proceedings are instituted for the winding-up or termination of the corporate existence of NewLeaf; or
 - 4.5 The levy of any attachment, execution, appointment of a receiver or other process of court by which the operating rights herein granted may be claimed or

attempted to be held and used by any person by reason thereof, whether such person is an officer or appointee of court or otherwise, or any attempted assignment of this Agreement by operation of law; or

- 4.6 Any violation or disregard of the provisions of this Agreement which endangers safety, security, life or property on the Airport.

Article 5.00 - Assignment

- 5.1 NewLeaf may not assign this Agreement or the benefit of this Agreement without the City's prior consent in writing. The City may not unreasonably withhold its consent. NewLeaf shall be responsible for all costs associated with any assignment of the Agreement, including the City's associated legal and administrative costs.
- 5.2 If, after the date of execution of this Agreement, shares in the authorized share structure of New Leaf are transferred by sale, assignment, bequest, inheritance, operation of law or other disposition, or are issued by subscription or allotment or are cancelled or redeemed so as to result in a change in the effective voting or other control of New Leaf from the person or persons holding control on the date of execution of this Agreement or if other steps are taken to effect a change of control, such change of control will be considered to be an assignment of this Agreement to which this section applies.
- 5.3 The acceptance of any monies from or the performance of any obligation hereunder by a person other than NewLeaf shall not be construed as an admission by the City to any right or interest of such person as an assignee, transferee or otherwise in the place of NewLeaf.

Article 6.00 - Waiver or Non-Action

6. The acceptance of the City of a part payment of any sums required to be paid hereunder shall not constitute waiver or release of the right of the City to payment in full of such sums or a waiver of any other right of the City or obligation of NewLeaf. Failure by the City to take action in respect of any breach of any obligation under this Agreement by NewLeaf shall not be considered to be a waiver of such obligation.

Article 7.00 - Hold Harmless/Indemnification/Claims

7. NewLeaf:
- 7.1 Shall be liable for all loss, costs, damages, and expenses whatsoever incurred or suffered by the City, its elected officials, officers, employees and agents (the "Indemnitees") including but not limited to damage to or loss of property and loss of use thereof, and injury to or death of a person or persons resulting from or in connection with the performance, purported performance, or non-performance of this Airport Use Agreement, excepting only where such loss, costs, damages and expenses are as a result of the sole negligence of the Indemnitees.

- 7.2 Shall defend, indemnify and hold harmless the Indemnitees from and against all claims, demands, actions, proceedings, and liabilities whatsoever and all costs and expenses incurred in connection therewith and resulting from the performance, purported performance, or non-performance of this Airport Use Agreement, excepting only where such claim, demand, action proceeding or liability is based on the sole negligence of the Indemnitees.
- 7.3 Expressly waive any and all claims for compensation for any and all loss or damage sustained by reason of any defect, deficiency or impairment or any of the services to or in any space at the Airport, including but not limited to, power, gas, telephone, steam, heating, air conditioning, water supply system, drainage or sewerage systems, or dome wires leading to or inside of any space used, or by reason of any loss resulting from the failure of any such system or facilities which may occur from time to time from any cause, and NewLeaf hereby expressly releases and discharges the Indemnitees from any and all demands, claims, actions and causes of action arising from any of the causes aforesaid.

Article 8.00 - Members of the House of Commons

8. No member of the House of Commons of Canada shall be admitted to any share or part of this Agreement, or to any benefit to arise therefrom.

Article 9.00 - Choice of Law and Jurisdiction

9. This Agreement shall be construed according to the laws of the Province of British Columbia.

Article 10.00 - Entire Agreement

10. The provisions in this Agreement constitute the entire agreement between the parties and supersede all previous communications, representations, warranties, covenants or agreements, whether verbal or written, between the parties with respect to the subject matter of the Agreement. This Agreement may be altered or amended only by written instrument executed by both parties hereto.

Article 11.00 - Bribes

11. NewLeaf hereby confirms that it has not, nor has any person on its behalf, given, promised or offered to any official or employee of the City for, or with a view to, obtaining the rights granted herein any bribe, gift or other inducement and that it has not, nor has any person on its behalf, employed any person to solicit or secure the rights granted herein upon any agreement for a commission, percentage, brokerage or contingent fee.

Article 12.00 - Interpretation

12. In this Agreement:
- 12.1 reference to the singular includes a reference to the plural and vice versa, unless the context requires otherwise;

- 12.2 a particular numbered section or lettered schedule is a reference to the correspondingly numbered section or lettered schedule of this Agreement;
- 12.3 an "enactment" is a reference to an enactment as that term is defined in the Interpretation Act (British Columbia) on the day this Agreement is made;
- 12.4 any enactment is a reference to that enactment as amended, revised, consolidated or replaced;
- 12.5 section headings are inserted for ease of reference and are not to be used in interpreting this Agreement;
- 12.6 The following are schedules to this Agreement and form an integral part of this Agreement:
 - Schedule A - Certificate of Insurance
 - Schedule B - AIF Monthly Remittance Form
 - Schedule C - Security Deposit
- 12.7 a "party" is a reference to a party to this Agreement;
- 12.8 time is of the essence; and
- 12.9 where the word "including" is followed by a list, the contents of the list shall not circumscribe the generality of the expression immediately preceding the word "including".

Article 13.00 - Differences

- 13. All matters of difference arising between the City and NewLeaf in any matter connected with or arising out of this Agreement whether as to interpretation or otherwise, shall be determined by the Agreement but without prejudice to any recourse available under law.

Article 14.00 - Effect of Agreement

- 14. This Agreement and everything herein contained shall enure to the benefit of and be binding upon the successors of each of the parties hereto, and where there is a male, female or corporate party, the provisions hereof shall be read with all grammatical changes to gender and number required by the context, and all covenants and obligations shall be deemed joint and several.

Article 15.00 - Severance

- 15. If any portion of this Agreement is held invalid by a court of competent jurisdiction, the invalid portion shall be severed and the decision that it is invalid shall not affect the validity of the remainder of the Agreement.

Article 16.00 - No Implied Obligations

16. No implied terms or obligations of any kind by or on behalf of the City shall arise from anything in this Agreement and the express covenants and agreements herein contained and made by the City are the only covenants and agreements upon which any rights against the City may be founded.

Article 17.00 - Notices

17. Where any notice, request, direction or other communication (any of which is a "Notice") is to be given or made by a party under the Agreement, it shall be in writing and is effective if delivered in person or sent by mail to the address above. A Notice is deemed given if delivered in person, when delivered or if by mail, 5 days following deposit with Canada Post. A party may change its address or fax number by giving notice to the other party under this section.

Article 18.00 - Definition

18. In the Agreement "Airport Director" shall mean the Airport Director or the person acting on his or her behalf at the Kelowna International Airport.

IN WITNESS WHEREOF the parties hereto have executed these Presents the day and year first above written.

CITY OF KELOWNA

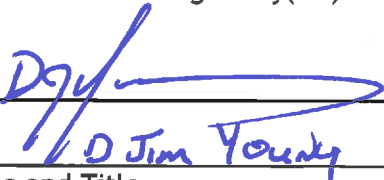
By its authorized signatory(ies)

Name:

Name:

NEWLEAF TRAVEL COMPANY INC.

By its Authorized signatory(ies):



Name and Title

President & CEO

SCHEDULE A

File No. 1140-50



Kelowna International Airport

This Certificate is issued to:

The City of Kelowna
1435 Water Street
Kelowna, BC V1Y 1J4

Insured

Name:	NEWLEAF TRAVEL COMPANY INC.
Address	128 2000 Wellington Avenue, Winnipeg, Manitoba R3H 1C1

Broker

Name:	
Address:	

Location and nature of operation or contract to which this Certificate applies:

Operations by NewLeaf Travel Company Inc. at the Kelowna International Airport as covered under NewLeaf's Airport Use Agreement between NewLeaf Travel Company Inc. and the City of Kelowna.

Type of Insurance	Company & Policy Number	Policy Dates		Limits of Liability/Amounts
		Effective	Expiry	
Section 1 Comprehensive General Liability including: <ul style="list-style-type: none"> • Aviation • Premises/Operations Liability; • Blanket Contractual; • Contractor's Protective; • Personal Injury; • Contingent Employer's Liability; • Broad Form Property Damage; • Non-Owned Automobile; • Cross Liability Clause. 				Bodily Injury and Property Damage \$ <u>25,000,000</u> Inclusive \$ _____ Aggregate \$ _____ Deductible
Section 2 Automobile Liability				Bodily Injury and Property Damage \$ <u>2,000,000</u> Inclusive

- It is understood and agreed that the policy/policies noted above shall contain amendments to reflect the following:
1. Any Deductible or Reimbursement Clause contained in the policy shall not apply to the City of Kelowna and shall be the sole responsibility of the Insured named above.
 2. The City of Kelowna is named as an Additional Insured.
 3. 30 days prior written notice of material change and/or cancellation will be given to the City of Kelowna.

D. Jim Young
Print Name

[Signature]
Authorized Signatory

July 21, 2016
Date



Kelowna International Airport

1-5533 Airport Way
Kelowna, BC V1V 1S1
250 765-5125
ylw.kelowna.ca

SCHEDULE B

Airport Improvement Fee Monthly Remittance Form ADM-03

Name:			Month/Year:		
Current Month DEPAX:		x	\$15.00 (AIF Rate)	\$	#VALUE! (Gross Remittance)
	Gross AIF Remittance (Per Above)	less:	Handling Fee @ 7%	=	Net Remittance To Airport
Before Tax	#VALUE!	less:	#VALUE!	=	#VALUE!
5% GST	#VALUE!	less:	#VALUE!	=	#VALUE!
Total	#VALUE!	less:	#VALUE!	=	#VALUE! REMIT THIS AMOUNT
Authorized Representative					
Signature					
Title					

1. DEPAX who purchased ticket in North America	
2. DEPAX who purchased ticket Outside North America	
3. Total DEPAX reported this Month (1+2=3)	

SCHEDULE C

NewLeaf – Deposit Calculation

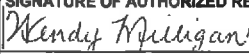
Based on 7 landings per week with overnight gate parking for 6 nights

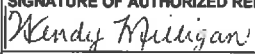
*Based on B737-400 aircraft 69,000 kgs with 156 seats with a 60% load factor for AIF calculation

Common Use Upstream Counters**:					
Uses per flight	Flights Per Month	Total Uses	Rate per use	Number of Months	Deposit
1	28		\$54.00	3	\$0.00
					\$0.00
Common Use Downstream Counters:					
Uses per flight	Flights Per Month	Total Uses	Rate per use	Deposit	GST
2	28		\$4.50	3	\$0.00
					\$0.00
Airport Improvement Fee					
# of seats on aircraft*	AIF per PAX	AIF per Flight	# Landings per Month	Deposit	GST
94	\$15.00	\$1,410.00	28	\$118,440.00	\$5,922.00
					\$124,362.00
Total Security Deposit					\$124,362.00

**Deposit on Common Use Counters waived.

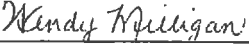
Payment will be accepted as \$82,908.00 (2 months) up front and 6 monthly installments of \$6,909.00 (total \$41,454.00) starting September 1, 2016.

CSIO		CERTIFICATE OF INSURANCE				DATE (YY/MM/DD) 20/07/20	
BROKER Dan Lawrie Insurance Brokers 105 Main St. E., 14th Floor Hamilton, ON L8N 1G6				This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policies below.			
				COMPANIES AFFORDING COVERAGE			
BROKER'S CLIENT ID: NEWLE-1				COMPANY A Allianz Global Risks Ins Co			
INSURED'S FULL NAME AND MAILING ADDRESS NewLeaf Travel Company Inc. a/o 1919183 Ontario Ltd. 128-2000 Wellington Avenue, Winnipeg, MB R3H 1C2				COMPANY B			
				COMPANY C			
				COMPANY D			
COVERAGES							
This is to certify that the policies of insurance listed below have been issued to the Insured named above for the policy period indicated, notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.							
LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.							
TYPE OF INSURANCE		CO LTR	POLICY NUMBER	POLICY EFFECTIVE DATE (YY/MM/DD)	POLICY EXPIRATION DATE (YY/MM/DD)	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)	
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE OR <input checked="" type="checkbox"/> OCCURRENCE <input type="checkbox"/> PRODUCTS AND / OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> EMPLOYERS'S LIABILITY <input checked="" type="checkbox"/> CROSS LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED <input type="checkbox"/> HIRED <input type="checkbox"/> POLLUTION LIABILITY EXTENSION		A	PML7227311 LIMIT \$1,000,000	16/03/31	17/03/31	EACH OCCURRENCE	\$ 5000000
						GENERAL AGGREGATE	\$ 5000000
						PRODUCTS - COMP/OP AGG	\$ N/A
						PERSONAL INJURY	\$ 5000000
						TENANT'S LEGAL LIABILITY	\$ 1000000
						MED EXP (Any one person)	\$ 25000
						NON-OWNED AUTO	\$ 2000000
						OPTIONAL POLLUTION LIABILITY EXTENSION	\$
						(Per Occurrence)	\$
						(Aggregate)	\$
AUTOMOBILE LIABILITY <input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> LEASED AUTOMOBILES <small>** ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small>						BODILY INJURY PROPERTY DAMAGE COMBINED	\$
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE	\$
							\$
							\$
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM <small>(Specify)</small>						EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
OTHER LIABILITY (SPECIFY) Aviation General Premises Liability		A	AIM1572778	16/03/31	17/03/31	Premises Liability Tenants Legal Liab	5000000 250000
ADDITIONAL INSURED As per Description of Operations Box				DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS The certificate holder is noted as additional insured with respect to the Commercial General Liability, but only to the liability arising out of the operations usual to the business of the Named Insured. All other terms and conditions remain unchanged.			
CERTIFICATE HOLDER				CANCELLATION			
Winnipeg Airports Authority Inc. 249-2000 Wellington Ave Winnipeg, MB R3H 1C2				Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail <u>30</u> days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.			
SIGNATURE OF AUTHORIZED REPRESENTATIVE 				PRINT NAME INCLUDING POSITION HELD Wendy Milligan, CAIB Client Service Broker			
FAX NUMBER 905-521-7989		EMAIL ADDRESS wmilligan@danlawrie.com		COMPANY Dan Lawrie Insurance Brokers		DATE 20/07/20	
CSIO CERT (2000/06)							

CSIO		CERTIFICATE OF INSURANCE				DATE (YY/MM/DD) 20/07/20	
BROKER Dan Lawrie Insurance Brokers 105 Main St. E., 14th Floor Hamilton, ON L8N 1G6 BROKER'S CLIENT ID: NEWLE-1				This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policies below.			
				COMPANIES AFFORDING COVERAGE			
INSURED'S FULL NAME AND MAILING ADDRESS NewLeaf Travel Company Inc. a/o 1919183 Ontario Ltd. 128-2000 Wellington Avenue, Winnipeg, MB R3H 1C2				COMPANY A Allianz Global Risks Ins Co			
				COMPANY B			
				COMPANY C			
				COMPANY D			
COVERAGES							
This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated, notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.							
LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.							
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AUTOMOBILE LIABILITY <input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> LEASED AUTOMOBILES <small>** ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small>						BODILY INJURY PROPERTY DAMAGE COMBINED \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$	
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM <small>(Specify)</small>						EACH OCCURRENCE \$ AGGREGATE \$	
OTHER LIABILITY (SPECIFY) Aviation General Premises Liability		A	AIM1572778	16/03/31	17/03/31	Premises Liability 5000000 Tenants Legal Liab 250000	
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CERTIFICATE HOLDER				CANCELLATION			
Halifax International Airport Authority 1 Bell Boulevard Enfield, NS B2T 1K2				Should any of the above described policies be cancelled before the expiration date thereof, the Issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.			
SIGNATURE OF AUTHORIZED REPRESENTATIVE 				PRINT NAME INCLUDING POSITION HELD Wendy Milligan, CAIB Client Service Broker			
FAX NUMBER 905-521-7989		EMAIL ADDRESS wmilligan@danlawrie.com		COMPANY Dan Lawrie Insurance Brokers		DATE 20/07/20	
CSIO CERT (2000/06)							


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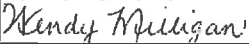
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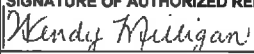
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CERTIFICATE HOLDER				CANCELLATION																							
John C. Munro - Hamilton International Airport 9300 Airport Rd #2206 Mount Hope, ON L0R 1W0				Should any of the above described policies be cancelled before the expiration date thereof, the Issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.																							
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CSIO CERT (2000/06)																											

OP ID: TT

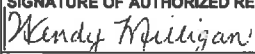
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CSIO		CERTIFICATE OF INSURANCE				DATE (YY/MM/DD) 20/07/20																					
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Ottawa/Macdonald-Cartier International Airport 1000 Airport Parkway Private Ottawa, ON K1V 9B4				Should any of the above described policies be cancelled before the expiration date thereof, the Issuing company will endeavor to mail _____ days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.																							
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<input type="checkbox"/> CLAIMS MADE OR <input checked="" type="checkbox"/> OCCURRENCE						GENERAL AGGREGATE \$ 5000000	
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<input checked="" type="checkbox"/> CROSS LIABILITY						TENANT'S LEGAL LIABILITY \$ 1000000	
<input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY						MED EXP (Any one person) \$ 25000	
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<input type="checkbox"/> HIRED						OPTIONAL POLLUTION LIABILITY EXTENSION \$	
<input type="checkbox"/> POLLUTION LIABILITY EXTENSION						(Per Occurrence) \$	
AUTOMOBILE LIABILITY						BODILY INJURY PROPERTY DAMAGE COMBINED \$	
<input type="checkbox"/> DESCRIBED AUTOMOBILES						BODILY INJURY (Per person) \$	
<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident) \$	
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<input type="checkbox"/> UMBRELLA FORM						AGGREGATE \$	
<input type="checkbox"/> OTHER THAN UMBRELLA FORM <small>(Specify)</small>							
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CERTIFICATE HOLDER				CANCELLATION			
Regina Airport Authority Inc. #1-5201 Regina Avenue Regina, SK S4W 1B3				Should any of the above described policies be cancelled before the expiration date thereof, the Issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.			
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CSIO		CERTIFICATE OF INSURANCE				DATE (YY/MM/DD) 20/07/20																					
BROKER Dan Lawrie Insurance Brokers 105 Main St. E., 14th Floor Hamilton, ON L8N 1G6 BROKER'S CLIENT ID: NEWLE-1				This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policies below.																							
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INSURED'S FULL NAME AND MAILING ADDRESS NewLeaf Travel Company Inc. a/o 1919183 Ontario Ltd. 128-2000 Wellington Avenue, Winnipeg, MB R3H 1C2				COMPANY A Allianz Global Risks Ins Co																							
				COMPANY B																							
				COMPANY C																							
				COMPANY D																							
COVERAGES																											
This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated, notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.																											
LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.																											
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CERTIFICATE HOLDER				CANCELLATION																							
Abbotsford International Airport 30440 Liberator Ave Abbotsford, BC V2T 6H5				Should any of the above described policies be cancelled before the expiration date thereof, the Issuing company will endeavor to mail <u>30</u> days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.																							
SIGNATURE OF AUTHORIZED REPRESENTATIVE 				PRINT NAME INCLUDING POSITION HELD Wendy Milligan, CAIB Client Service Broker																							
FAX NUMBER 905-521-7989		EMAIL ADDRESS wmilligan@danlawrie.com		COMPANY Dan Lawrie Insurance Brokers		DATE 20/07/20																					
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CERTIFICATE HOLDER Victoria International Airport 1640 Electra Blvd Sidney, BC V8L 5V4				CANCELLATION Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named to the left, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.			
SIGNATURE OF AUTHORIZED REPRESENTATIVE <i>Wendy Milligan</i>				PRINT NAME INCLUDING POSITION HELD Wendy Milligan, CAIB Client Service Broker			
FAX NUMBER 905-521-7989	EMAIL ADDRESS wmilligan@danlawrie.com			COMPANY Dan Lawrie Insurance Brokers	DATE 20/07/20		
CSIO CERT (2000/06)							

OP ID: TT

CSR: TV

Report to Council



Date: November 28, 2016

File: 0245-10, 0610-53

To: City Manager

From: Shayne Dyrdal, Senior Airport Finance & Corporate Services Manager

Subject: Amendment to Kelowna International Airport Fees and Charges Bylaw No. 7982

Report Prepared by: Toni McQueenie, Airport Administration Manager

Recommendation:

THAT Council receives for information the report of the Senior Airport Finance & Corporate Services Manager dated November 28, 2016 outlining recommended changes to the Airport Fees Bylaw No. 7982;

AND THAT Bylaw No. 11326 being Amendment No. 30 to the City of Kelowna Airport Fees Bylaw 7982 be advanced for reading consideration.

Purpose:

To obtain Council's approval to amend the Kelowna International Airport's fees and charges by amending Bylaw No. 7982.

Background:

The continued increase in passenger numbers and the corresponding airport complex growth have resulted in increased costs including, but not limited to, utilities, maintenance and the need to upgrade technology in a rapidly changing environment. YLW's proposed fees and charges were presented to our stakeholders, including the airlines, without objection and remain among the lowest of comparable Canadian airports.

YLW continues to work with its concessionaires to enhance product availability, increase sales and promote non-aeronautical revenue.

The proposed fee increases are:

Landing Fees:

Landing fees were last increased on April 1, 2015 and are currently \$6.13 per 1,000kg.

The proposed increases are:

January 1, 2017 - \$6.31 per 1,000 kg (3% increase)

January 1, 2018 - \$6.41 per 1,000 kg (1.5% increase)

January 1, 2019 - \$6.50 per 1,000 kg (1.5% increase)

Terminal Fees:

Terminal fees were last increased on April 1, 2015.

The proposed increases are:

January 1, 2017 - 3% increase

January 1, 2018 - 1.5% increase

January 1, 2019 - 1.5% increase

The following is an example of the landing and terminal fees for a Q400 aircraft and a 737-700 aircraft:

Landing Fees

Aircraft	Current	Jan. 1/17	Jan. 1/18	Jan. 1/19
Q400	\$ 183.90	\$ 189.30	\$ 192.30	\$ 195.00
B737-700	\$ 404.58	\$ 416.46	\$ 423.06	\$ 429.00

Terminal Fees

Aircraft	Current	Jan. 1/17	Jan. 1/18	Jan. 1/19
Q400	\$ 184.75	\$ 190.29	\$ 193.15	\$ 196.04
B737-700	\$ 300.81	\$ 309.83	\$ 314.48	\$ 319.20

Aircraft Parking on Apron 1:

This fee was last increased on January 1, 2012 and is currently \$40 per night. Effective January 1, 2017 the proposed fee is \$45 per night.

Outbound Baggage Belt Fee:

The Outbound Baggage Belt Fee of \$16,930.56 per annum has historically been allocated proportionately amongst the airlines based on each airlines' passenger numbers. This fee is no longer commonly charged by other Canadian airports, so the Airport recommends that the Outbound Baggage Belt Fee be removed from Bylaw 7982. Anticipated increases in other terminal fees are expected to more than offset the \$16,930.56 decrease in revenues.

Financial/Budgetary Considerations:

The recommended increases were included in the airport's 2017 provisional budget.

Internal Circulation:

Genelle Davidson, Financial Services Director
City Clerk's Office

Considerations not applicable to this report:

Legal/Statutory Authority: N/A

Legal/Statutory Procedural Requirements: N/A

Existing Policy: N/A

Personnel Implications: N/A

External Agency/Public Comments: N/A

Communications Comments: N/A

Alternate Recommendation: N/A

Submitted by:

S. Dyrdal, Senior Airport Finance & Corporate Services Manager

Approved for inclusion:



Sam Samaddar, Airport Director
Joe Creron, Acting City Manager

CITY OF KELOWNA

BYLAW NO. 11326

Amendment No. 30 to Airport Fees Bylaw No. 7982

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts that the City of Kelowna Airport Fees Bylaw No. 7982 be amended as follows:

1. THAT **Section 1. AIRCRAFT LANDING FEES**, Sections 1.1(a) and (b) be deleted that read;

"1.1(a) **Effective January 1, 2014:** Landing fees for Jet and Turbine aircraft will be \$6.04 per 1,000 kgs or fraction thereof, of maximum take-off weight.

1.1(b) **Effective April 1, 2015:** Landing fees for Jet and Turbine aircraft will be \$6.13 per 1,000 kgs or fraction thereof, of maximum take-off weight."

And replaced with the following:

- "1.1(a) **Effective April 1, 2015:** Landing fees for Jet and Turbine aircraft will be \$6.13 per 1,000 kgs or fraction thereof, of maximum take-off weight.

1.1(b) **Effective January 1, 2017:** Landing fees for Jet and Turbine aircraft will be \$6.31 per 1,000 kgs or fraction thereof, of maximum take-off weight.

1.1(c) **Effective January 1, 2018:** Landing fees for Jet and Turbine aircraft will be \$6.41 per 1,000 kgs or fraction thereof, of maximum take-off weight.

1.1(d) **Effective January 1, 2019:** Landing fees for Jet and Turbine aircraft will be \$6.50 per 1,000 kgs or fraction thereof, of maximum take-off weight."
2. AND THAT **Section 2. GENERAL TERMINAL FEES** table be deleted that reads:

	<u>Effective Apr. 1/14</u>	<u>Effective Apr. 1/15</u>
Number of Passenger Seats in Aircraft	Cost per Aircraft per use	Cost per Aircraft per use
01 – 09	\$12.39	\$12.58
10 – 15	\$29 .54	\$29.98
16 – 25	\$45.65	\$46.33
26 – 45	\$80.11	\$81.31
46 – 60	\$114.07	\$115.78
61 – 89	\$182.02	\$184.75
90 - 125	\$250.64	\$254.40
126 - 150	\$296.36	\$300.81
151 - 200	\$409.67	\$415.82
201 - 250	\$534.04	\$542.05
251 - 300	\$658.29	\$668.16
301 - 400	\$786.82	\$798.62
Over 400	\$969.89	\$984.44

And replace it with a new table as follows:

	<u>Effective Apr. 1/15</u>	<u>Effective Jan. 1/17</u>	<u>Effective Jan. 1/18</u>	<u>Effective Jan. 1/19</u>
Number of Passenger Seats in Aircraft	Cost per Aircraft per use	Cost per Aircraft per use	Cost per Aircraft per use	Cost per Aircraft per use
01 - 09	\$12.58	\$12.96	\$13.15	\$13.35
10 - 15	\$29.98	\$30.88	\$31.34	\$31.81
16 - 25	\$46.33	\$47.72	\$48.44	\$49.16
26 - 45	\$81.31	\$83.75	\$85.01	\$86.28
46 - 60	\$115.78	\$119.25	\$121.04	\$122.86
61 - 89	\$184.75	\$190.29	\$193.15	\$196.04
90 - 125	\$254.40	\$262.03	\$265.96	\$269.95
126 - 150	\$300.81	\$309.83	\$314.48	\$319.20
151 - 200	\$415.82	\$428.29	\$434.72	\$441.24
201 - 250	\$542.05	\$558.31	\$566.69	\$575.19
251 - 300	\$668.16	\$688.20	\$698.53	\$709.01
301 - 400	\$798.62	\$822.58	\$834.92	\$847.44
Over 400	\$984.44	\$1,013.97	\$1,029.18	\$1,044.62

3. AND THAT **Section 3. AIRCRAFT PARKING FEE** be amended by deleting Section 3.1(a) in its entirety that reads:

“(a) Apron # 1 \$40.00 per night”

And replace it with:

“(a) Apron # 1 \$45.00 per night”

4. AND THAT **Section 9. OUTBOUND BAGGAGE BELT FEE** be amended by deleting in its entirety the following:

“OUTBOUND BAGGAGE BELT FEE

An annual fee of \$16,930.56 will be charged for use of the outbound baggage belt. This fee will be invoiced monthly and air carriers will pay a percentage of the fee based on their monthly share of enplaned passengers.”

5. This bylaw may be cited for all purposes as "Bylaw No. 11326, being Amendment No. 30 to Airport Fees Bylaw No. 7982."
6. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first, second and third time by the Municipal Council this

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk

REPORT TO COUNCIL



Date: November 28, 2016

RIM No. 0940-00

To: City Manager

From: Community Planning Department (TB)

Application: RTE16-0005

Owner: VEDA 800 Kelowna Student
Housing Ltd Inc. No
BC1062881

Address: 800 Academy Way

Applicant: Eidos Architecture Inc

Subject: Revitalization Tax Agreement

Existing OCP Designation: Multiple Unit Residential (Medium Density)

Existing Zone: RM5 - Medium Density Multiple Housing

1.0 Recommendation

THAT Bylaw No. 11325 authorizing a Housing Agreement (Schedule "A") between the City of Kelowna and VEDA 800 Kelowna Student Housing, which requires the owners to designate 316 dwelling units in a multi-family rental development for Lot 1, sections 3 and 10, Township 23, ODYD, Plan EPP45918 located at 800 Academy Way, Kelowna, BC be forwarded for reading consideration;

AND THAT Council approves the City entering into a Revitalization Tax Exemption Agreement (Schedule "B") with VEDA 800 Kelowna Student Housing for Lot 1, sections 3 and 10, Township 23, ODYD, Plan EPP45918 located at 800 Academy Way, Kelowna, BC in the form attached to the Report from the Community Planning Department dated August 12, 2016;

AND THAT the Mayor and City Clerk be authorized to execute the Revitalization Tax Exemption Agreement on behalf of the City of Kelowna.

2.0 Purpose

To authorize a Housing Agreement with VEDA 800 Kelowna Student Housing on the subject property; and to enter into a Revitalization Tax Exemption Agreement with VEDA 800 Kelowna Student Housing on the subject property.

3.0 Proposal

The subject property is designated as MRM - Multiple Unit Residential (Medium Density) in the Official Community Plan (OCP) and is zoned RM5 - Medium Density Multiple Housing. The Development Permit and Development Variance Permit for the 316 rental micro-suites was

approved on April 26, 2016 by Council under DP16-0027/DVP16-0028. The Building Permit Applications for the two buildings were submitted on July 28th, 2016 and were issued on September 29, 2016 for a Total Value of Building Construction of \$17,500,000.00.

The project is in the Purpose-Built Rental Housing Projects category as described by the Revitalization Tax Exemption Program Bylaw No. 9561. In this category, projects will be considered for a tax incentive as long as:

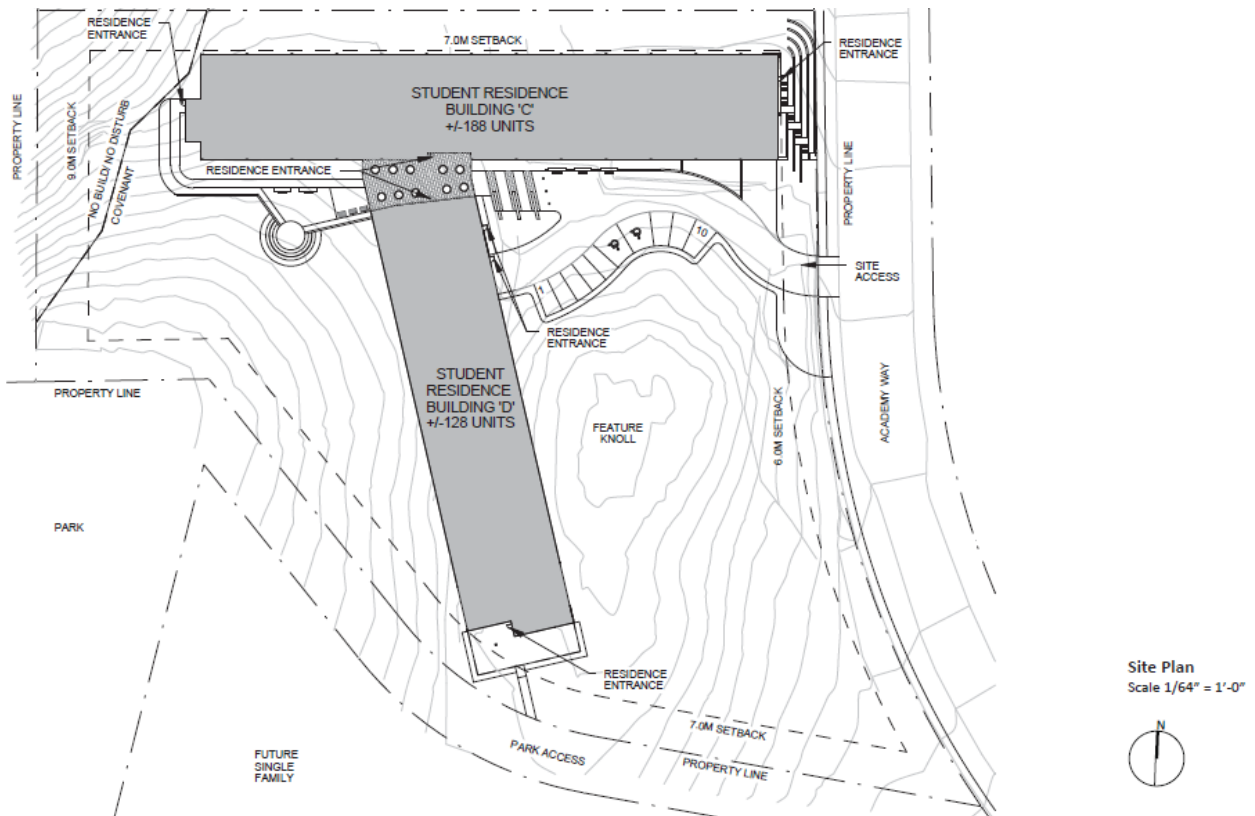
1. The vacancy rate is at or below 3%.
2. The subject property has a Housing Agreement (for up to 10 years).
3. Are in compliance with the OCP Future Land Use designation as of May 30, 2011.

Over the last few years, rental housing has been in great demand. According to CMHC at the end of 2015 the total vacancy rate in the Kelowna CMA was 0.7% compared to 1.0% the year prior. Therefore, the vacancy rate requirement is met. The Housing Agreement (for up to 10 years) requirement is proposed in conjunction with this Revitalization Tax Exemption. Lastly, the subject property is in compliance with the OCP Future Land Use designation of MRM - Multiple Unit Residential (Medium Density).

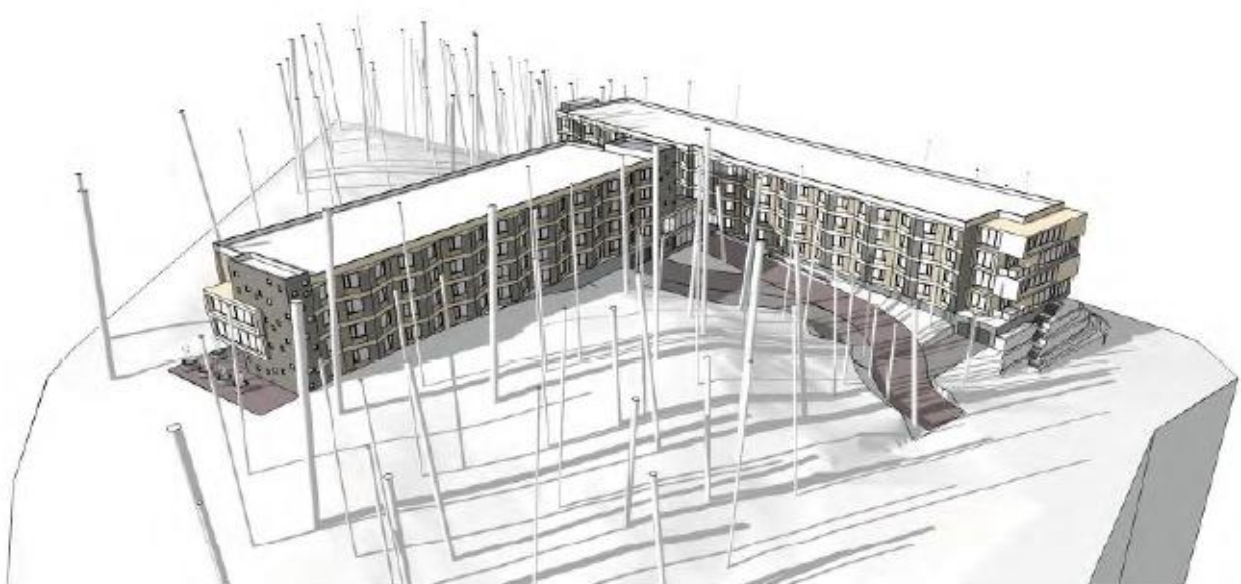
With all requirements met, the subject property qualifies to receive 100% of the Revitalization Amount. Based on the current 2016 Municipal Tax Rate for a Residential Property Class (3.7114%) and the total value of building construction estimated at \$17,500,000.00, the tax exemption would be \$64,949.50 per year. For a period of 10 years from 2019-2028, the total exempt amount would be \$649,495.00. This is based on the assumption that the assessed value of improvements and the municipal tax rate will not change over the time span of the exemption.

4.0 Development Permit DP16-0027

Site Plan:



Conceptual Rendering:



5.0 Current Development Policies

Revitalization Tax Exemption Program Bylaw No. 9561

6.0 Technical Comments

None.

7.0 Application Chronology

Date of Application Received: September 14, 2016

Report prepared by:

Trisa Brandt, Planner I

Reviewed by:	Terry Barton, Urban Planning Manager
Reviewed by:	Ryan Smith, Community Planning Department Manager
Approved for Inclusion:	Doug Gilchrist, Divisional Director, Community Planning & Real Estate

Attachments:

Schedule "A": Purpose Built Rental Housing Agreement
Schedule "B": Revitalization Tax Exemption Agreement
Schedule "C": Tax Exemption Certificate

PURPOSE-BUILT RENTAL HOUSING AGREEMENT

THIS AGREEMENT dated for reference August 24, 2016 affects:

LEGAL DESCRIPTION OF PROPERTY SUBJECT TO THE AGREEMENT:

Lot 1 Section 3 Township 23 ODYD Plan EPP45918

("Land")

And is

BETWEEN: VEDA 800 Kelowna Student Housing Ltd., Inc. No. BC1062881

P.O. Box 3217,
Salmon Arm, B.C., V1E 4R9

("Owner")

AND:

CITY OF KELOWNA, a local government incorporated pursuant to the *Community Charter* and having its offices at 1435 Water Street, Kelowna, B.C. V1Y 1J4

("City")

GIVEN THAT:

- A. The Owner has applied to the City for rezoning of the Lands to permit the construction of a housing complex that will include purpose-built rental housing units, as defined in this Agreement, on certain lands more particularly described in this Agreement;
- B. The City may, pursuant to section 483 of the *Local Government Act*, enter into an agreement with an owner of land that includes terms and conditions regarding the occupancy, tenure, and availability of the housing units on the land or construction on land;
- C. The Owner and the City wish to enter into this Agreement to provide for purpose- built rental housing on the terms and conditions set out in this Agreement, and agree that this Agreement is a housing agreement under s. 483 of the *Local Government Act*; and
- D. The City has, by bylaw, authorized the execution of this Agreement and the Owner has duly authorized the execution of this Agreement;

This Agreement is evidence that in consideration of \$1.00 paid by the City to the Owner (the receipt of which is acknowledged by the Owner) and in consideration of the promises exchanged below, the City and Owner agree, as a housing agreement between the Owner and the City under s. 483 of the *Local Government Act*, as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions -

"Caregiver" means an individual who provides assistance with the performance of the personal functions and activities necessary for daily living that a person is unable to perform efficiently for himself or herself;

"City" means the City of Kelowna;

"Dwelling Unit" means accommodation providing sleeping rooms, washrooms, and no more than one kitchen, intended for domestic use, and used or intended to be used permanently or semi permanently for a Household. This use does not include a room in a hotel or a motel.

"Household" means

- (a) a person;
- (b) two or more persons related by blood, marriage, or adoption; or associated through foster care, all living together in one dwelling unit as a single household using common cooking facilities;
- (c) a group of not more than five persons, including boarders, who are not related by blood, marriage, or adoption, or associated through foster care, all living together in one dwelling unit as a single household using common cooking facilities; or
- (d) a combination of (b) and (c), provided that the combined total does not include more than 3 persons unrelated by blood, marriage or adoption or associated through foster care; all living together in one dwelling unit as a single household using common cooking facilities.

In addition, a household may also include up to one Caregiver or nanny;

"Land" means the land described herein;

"LTO" means the Kamloops Land Title Office or its successor;

"Official Community Plan" means the City of Kelowna Official Community Plan Bylaw No. 10500, or its successor bylaw;

"Owner" means the registered owner of the Lands from time to time and any parcels into which the Lands are subdivided;

"Purpose-Built Rental Housing" means a self-contained building(s) containing five or more Dwelling Units that are intended to be used for rental housing and does not include buildings that are stratified; and

"Tenancy Agreement" means a tenancy agreement as defined in, and subject to, the *Residential Tenancy Act*.

1.2 Interpretation - In this Agreement:

- (a) reference to the singular includes a reference to the plural, and vice versa, unless the context requires otherwise;
- (b) article and section headings have been inserted for ease of reference only and are not to be used in interpreting this Agreement;
- (c) reference to a particular numbered section or article, or to a particular lettered Schedule, is a reference to the correspondingly numbered or lettered article, section or Schedule of this Agreement;
- (d) if a word or expression is defined in this Agreement, other parts of speech and grammatical forms of the same word or expression have corresponding meanings;
- (e) the word "enactment" has the meaning given in the *Interpretation Act* on the reference date of this Agreement;
- (f) reference to any enactment includes any regulations, orders or directives made under the authority of that enactment;
- (g) reference to any enactment is a reference to that enactment as consolidated, revised, amended, re-enacted or replaced, unless otherwise expressly provided;
- (h) the provisions of s. 25 of the *Interpretation Act* with respect to the calculation of time apply;
- (i) time is of the essence;
- (j) all provisions are to be interpreted as always speaking;
- (k) reference to a "party" is a reference to a party to this Agreement and to their respective successors, assigns, trustees, administrators and receivers;
- (l) reference to a "day", "month", "quarter" or "year" is a reference to a calendar day, calendar month, calendar quarter or calendar year, as the case may be, unless otherwise expressly provided;
- (m) the definitions given in the City of Kelowna Zoning Bylaw No. 8000, or its successor bylaw, and the Official Community Plan apply for the purposes of this Agreement; and
- (n) any act, decision, determination, consideration, consent or exercise of discretion by a party, or other person, as provided in this Agreement must be performed, made or exercised acting reasonably.

1.3 Purpose of Agreement - The Owner and the City agree that:

- (a) this Agreement is intended to serve the public interest by providing for occupancy of a certain number of Dwelling Units, of the kinds provided for in this Agreement, that are in demand in the City of Kelowna but that are not readily available;
- (b) performance of this Agreement by the Owner is a condition, as contemplated by s. 482 of the *Local Government Act*, of the Owner becoming entitled to certain density bonuses respecting

development of the Land, which density bonuses the Owner acknowledges are a benefit to the Owner; and

- (c) damages are not an adequate remedy to the City in respect of any breach of this Agreement by the Owner, such that the Owner agrees the City should be entitled to an order for specific performance, injunction or other specific relief respecting any breach of this Agreement by the Owner.

ARTICLE 2 HOUSING AGREEMENT AND LAND USE RESTRICTIONS

2.0 Land Use Restrictions - The Owner and the City hereby covenant and agree as follows:

- (a) The Land must be used only in accordance with this Agreement;
- (b) The Owner will design, construct and maintain a building or buildings providing 316 Dwelling Units as purpose-built rental housing;
- (c) The Owner acknowledges that the City will not support applications to stratify the building and allow the identified purpose-built rental dwellings to be sold independently of each other for a period of ten (10) years from the date of this agreement.

ARTICLE 3 HOUSING AGREEMENT AND TRANSFER RESTRICTIONS

3.0 Purchaser Qualifications - The City and the Owner agree as follows:

- (a) the Owner must not sell or transfer, or agree to sell or transfer, any interest in any building containing purpose built rental Dwelling Unit(s) on the Land other than a full interest in the fee simple title to an agency or individual that will continue to ensure that the identified purpose-built rental Dwelling Unit(s) are available in accordance with this Agreement.

ARTICLE 4 GENERAL

4.1 Notice of Housing Agreement - For clarity, the Owner acknowledges and agrees that:

- (a) this Agreement constitutes a housing agreement entered into under s. 483 of the *Local Government Act*;
- (b) the City is requiring the Owner to file a notice of housing agreement in the LTO against title to the Land; and
- (c) once such a notice is filed, this Agreement binds all persons who acquire an interest in the Land.
- (d) should the owner request that the notice of this agreement be lifted from the title of the Land, ensuring that the request is made no sooner than ten (10) years from the date of this agreement, repayment of any rental grant received from the City will be required. Funds received would be directed to the Housing Opportunities Reserve Fund.

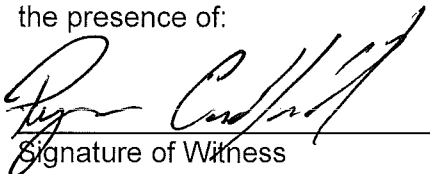
- 4.2 No Effect On Laws or Powers** - This Agreement does not
- (a) affect or limit the discretion, rights, duties or powers of the City under any enactment or at common law, including in relation to the use or subdivision of land,
 - (b) impose on the City any legal duty or obligation, including any duty of care or contractual or other legal duty or obligation, to enforce this Agreement,
 - (c) affect or limit any enactment relating to the use or subdivision of land, or
 - (d) relieve the Owner from complying with any enactment, including in relation to the use or subdivision of land.
- 4.3 Management** – The Owner covenants and agrees that it will furnish good and efficient management of the Dwelling Units and will permit representatives of the City to inspect the Dwelling Units at any reasonable time, subject to the notice provisions of the *Residential Tenancy Act*. The Owner further covenants and agrees that it will maintain the Dwelling Units in a satisfactory state of repair and fit for habitation and will comply with all laws, including health and safety standards applicable to the Land. Notwithstanding the foregoing, the Owner acknowledges and agrees that the City, in its absolute discretion, may require the Owner, at the Owner's expense, to hire a person or company with the skill and expertise to manage the Dwelling Units.
- 4.4 Notice** - Any notice which may be or is required to be given under this Agreement must be in writing and either be delivered or sent by facsimile transmission. Any notice which is delivered is to be considered to have been given on the first day after it is dispatched for delivery. Any notice which is sent by fax transmission is to be considered to have been given on the first business day after it is sent. If a party changes its address or facsimile number, or both, it must promptly give notice of its new address or facsimile number, or both, to the other party as provided in this section.
- 4.5 Agreement Runs With the Land** - Every obligation and covenant of the Owner in this Agreement constitutes both a contractual obligation and a covenant granted by the Owner to the City in respect of the Land and this Agreement burdens the Land and runs with it and binds the Owner's successors in title and binds every parcel into which it is consolidated or subdivided by any means, including by subdivision or by strata plan under the *Strata Property Act*.
- 4.6 Limitation on Owner's Obligations** - The Owner is only liable for breaches of this Agreement that occur while the Owner is the registered owner of the Land.
- 4.7 Release** – The Owner by this Agreement releases and forever discharges the City and each of its elected officials, officers, directors, employees and agents, and its and their heirs, executors, administrators, personal representatives, successors, and assigns, from and against all claims, demands, damages, actions, or causes of action by reason of or arising out of advice or direction respecting the ownership, lease, operation or management of the Land or the Dwelling Units which has been or at any time after the commencement of this Agreement may be given to the Owner by all or any of them. This clause will survive the termination of this Agreement.
- 4.8 Joint Venture** – Nothing in this Agreement will constitute the Owner as the agent, joint venturer, or partner of the City or give the Owner any authority to bind the City in any way.
- 4.9 Waiver** - An alleged waiver of any breach of this Agreement is effective only if it is an express waiver in writing of the breach. A waiver of a breach of this Agreement does not operate as a waiver of any other

breach of this Agreement.

- 4.10 Further Acts** - The Owner shall do everything reasonably necessary to give effect to the intent of this Agreement, including execution of further instruments.
- 4.11 Severance** - If any part of this Agreement is held to be invalid, illegal or unenforceable by a court having the jurisdiction to do so, that part is to be considered to have been severed from the rest of this Agreement and the rest of this Agreement remains in force unaffected by that holding or by the severance of that part.
- 4.12 Equitable Remedies** - The Owner acknowledges and agrees that damages would be an inadequate remedy for the City for breach of this Agreement and that the public interest strongly favours specific performance, injunctive relief (mandatory or otherwise), or other equitable relief, as the only adequate remedy for a default under this Agreement.
- 4.13 No Other Agreements** - This Agreement is the entire agreement between the parties regarding its subject and it terminates and supersedes all other agreements and arrangements regarding its subject.
- 4.14 Amendment** - This Agreement may be discharged, amended or affected only by an instrument duly executed by both the Owner and the City.
- 4.15 Enurement** - This Agreement binds the parties to it and their respective successors, heirs, executors and administrators. Reference in this Agreement to the "City" is a reference also to the elected and appointed officials, employees and agents of the City.
- 4.16 Deed and Contract** - By executing and delivering this Agreement each of the parties intends to create both a contract and a deed executed and delivered under seal.

IN WITNESS WHEREOF the parties hereunto have executed this Agreement on the date and year first above written.

SIGNED, SEALED & DELIVERED in)
the presence of:)



Signature of Witness)



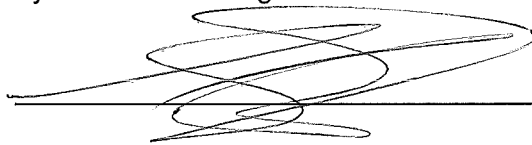
Print Name)

201 - 3935 LAKESHORE RD, KELONA)
Address)

PROJECT MANAGER)
Occupation)

"OWNER"

by its authorized signatories:



)



Print Name:)

Print Name:

SIGNED, SEALED & DELIVERED in)
the presence of:)

_____)
Signature of Witness)

_____)
Print Name)

_____)
Address)

_____)
Occupation)

CITY OF KELOWNA
by its authorized signatories:

_____)
Mayor

_____)
City Clerk



BL10566, BL10674 amended SCHEDULE "B" and BL10974 replaced ~~SCHEDULE "B"~~;

SCHEDULE "B" Revitalization Tax Exemption Agreement

THIS AGREEMENT dated for reference the 12th day of August, 2016 is

BETWEEN:

VEDA 800 Kelowna Student Housing Ltd.
P.O. Box 3217
Salmon Arm, B.C., V1E 4R9

(the "Owner")

AND:

CITY OF KELOWNA
1435 Water Street, Kelowna, B.C. V1Y 1J4

(the "City")

GIVEN THAT:

- A. The Owner is the registered owner in fee simple of lands in the City of Kelowna at 800 Academy Way, Kelowna, legally described as Lot 1, Sections 3 & 10, Township 23, O.D.Y.D. Plan EPP45918 (the "Parcel");
- B. Council has established a revitalization tax exemption program and has included within the City of Kelowna Revitalization Tax Exemption Program Bylaw No. 9561 the designation of areas which include the Parcel as a revitalization area; and
- C. The Owner proposes to construct new improvements on the Parcel as described in Appendix "A" attached to and forming part of this agreement (the "Project") and has applied to the City to take part in the revitalization tax exemption program in respect of the Project and the City has agreed to accept the Project under the program;

THIS AGREEMENT is evidence that in consideration of the promises exchanged below, the Owner and the City covenant and agree each with the other as follows:

- 1. **The Project** - the Owner will use its best efforts to ensure that the Project is constructed, maintained, operated and used in a fashion that will be consistent with and will foster the objectives of the revitalization tax exemption program, as outlined in the City of Kelowna Revitalization Tax Exemption Program Bylaw No. 9561. Without limiting the generality of the foregoing, the Owner covenants to use its best efforts to ensure that the Project will:
 - a. Develop two 4-Storey Rental Apartment Buildings containing 316 micro-suite units on Academy Way
- 2. **Operation and Maintenance of the Project** - throughout the term of this agreement, the Owner shall operate, repair and maintain the Project and will keep the Project in a state of good repair as a prudent

owner would do.

3. Revitalization Amount - Refers to the municipal portion of property tax calculated in relation to the increase in the assessed value of improvements on the property resulting from the construction or alterations as outlined in section 1 of this agreement;

4. Revitalization Tax Exemption - subject to fulfilment of the conditions set out in this agreement and in "City of Kelowna Revitalization Tax Exemption Program Bylaw No. 9561", the City shall issue a revitalization tax exemption certificate (the "Tax Exemption Certificate") to the British Columbia Assessment Authority entitling the Owner to a property tax exemption in respect of the property taxes due (not including local service taxes) in relation to the Revitalization Amount on the Parcel (the "Tax Exemption") for the calendar year(s) set out in this agreement.

5. Conditions - the following conditions shall be fulfilled before the City will issue a Tax Exemption Certificate to the Owner in respect of the Project:

a. The Owner must obtain a building permit from the City for the Project on or before November 1, 2016;

b. The Owner must complete or cause to be completed construction of the Project in a good and workmanlike fashion and in strict compliance with the building permit and the plans and specifications attached hereto as Appendix "A" and the Project must be officially opened for use as *rental residences* (the "Exempt Use") and for no other use, by no later than November 30, 2018;

c. The Owner must submit a copy of the Occupancy Permit and Revitalization Tax Exemption Agreement to the City of Kelowna's Revenue Branch before the City will issue the Tax Exemption Certificate.

d. The completed Project must substantially satisfy the performance criteria set out in Appendix "B" hereto, as determined by the City's Urban Planning Manager or designate, in their sole discretion, acting reasonably.

6. Calculation of Calculation of Revitalization Tax Exemption - the amount of the Tax Exemption shall be equal to

- a) For Purpose-Built Rental Housing Projects throughout the City, 100% of the Revitalization Amount on the Parcel where the project is subject to a Housing Agreement (for up to 10 years) and is in compliance with the OCP Future Land Use designation as at May 30, 2011. A tax incentive for rental housing will only be considered when the vacancy rate is at or below 3%;

7. Term of Tax Exemption - provided the requirements of this agreement, and of the City of Kelowna Revitalization Tax Exemption Program Bylaw No. 9561, are met the Tax Exemption shall be for the taxation years 2019 to 2028, inclusive.

8. {deleted}

9. Compliance with Laws - the Owner shall construct the Project and, at all times during the term of the Tax Exemption or any renewal term, use and occupy the Parcel and the Project in compliance with all statutes, laws, regulations and orders of any authority having jurisdiction and, without limiting the generality of the foregoing, all federal, provincial, or municipal laws or statutes or bylaws, including all the rules regulations policies guidelines criteria or the like made under or pursuant to any such laws.

10. Effect of Stratification - if the Owner stratifies the Parcel or the Project under the *Strata Property Act*, then the Tax Exemption shall be prorated among the strata lots in accordance with the unit entitlement of each strata lot for:

a. the current and each subsequent tax year during the currency of this agreement if the strata plan is accepted for registration at the Land Title Office before May 1; or

b. for the next calendar year and each subsequent tax year during the currency of this agreement if the strata plan is accepted for registration at the Land Title Office after May 1;

so long as, where a Housing Agreement exists in relation to the Parcel or the Project which limits ability to stratify, the Housing Agreement is still complied with.

11. Cancellation - the City may in its sole discretion cancel the Tax Exemption Certificate at any time:

a. on the written request of the Owner; or

b. effective immediately upon delivery of a notice of cancellation to the Owner if at any time any of the conditions in the Tax Exemption Certificate are not met.

If such cancellation occurs, the Owner of the Parcel for which the Tax Exemption Certificate was issued will remit to the City an amount equal to the value of any Tax Exemption received after the cancellation of the Tax Exemption Certificate. The Owner's obligations under this section shall survive and remain in effect an enforceable notwithstanding the termination of this agreement.

12. No Refund - for greater certainty, under no circumstances will the Owner be entitled under the City's revitalization tax exemption program to any cash credit, any carry forward tax exemption credit or any refund for any property taxes paid.

13. Notices - any notice or other writing required or permitted to be given hereunder or for the purposes hereof to any party shall be sufficiently given if delivered by hand or posted on the Parcel, or if sent by prepaid registered mail (Express Post) or if transmitted by facsimile to such party:

a. in the case of a notice to the City, at:

THE CITY OF KELOWNA 1435 Water Street, Kelowna, B.C. V1Y 1J4

Attention:

Fax:

b. in the case of a notice to the Owner, at:

VEDA 800 Kelowna Student Housing Ltd.

P.O. Box 3217

Salomon Arm, B.C., V1E 4R9

Attention: Cory Berukoff

Fax: 250-832-7569

Or at such other address as the party to whom such notice or other writing is to be given shall have last notified the party giving the same.

14. No Assignment - the Owner shall not assign its interest in this agreement except to a subsequent owner in fee simple of the Parcel.

15. Severance - if any portion of this agreement is held invalid by a court of competent jurisdiction, the

invalid portion shall be severed and the decision that it is invalid shall not affect the validity of the remainder of this agreement.

16. Interpretation - wherever the singular or masculine is used in this agreement, the same shall be construed as meaning the plural, the feminine or body corporate where the context or the parties thereto so require.

17. Further Assurances - the parties hereto shall execute and do all such further deeds, acts, things and assurances that may be reasonably required to carry out the intent of this agreement.

18. Waiver - waiver by the City of a default by the Owner shall be in writing and shall not be deemed to be a waiver of any subsequent or other default.

19. Powers Preserved - this agreement does not:

a. Affect or limit the discretion, rights or powers of the City under any enactment or at common law, including in relation to the use or subdivision of the Parcel;

b. Affect or limit any enactment relating to the use or subdivision of the Parcel; or

c. Relieve the Owner from complying with any enactment, including in relation to the use or subdivision of the Parcel and without limitation shall not confer directly or indirectly any exemption or right of set-off from development cost charges, connection charges, application fees, user fees or other rates, levies or charges payable under any bylaw of the City.

20. Reference - every reference to each party is deemed to include the heirs, executors, administrators, personal representatives, successors, assigns, servants, employees, agents, contractors, officers, licensees and invitees of such party, wherever the context so requires or allows.

21. Enurement - this agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

22. Any construction of a new improvement or alteration of an existing improvement as of this bylaw undertaken prior to the application for a Revitalization Tax Exemption will not be eligible for consideration

23. The maximum Revitalization Tax Exemption authorized under this Bylaw must not exceed the Revitalization Amount on the Property between:

- a. the calendar year before the construction or alteration began, as outlined under Section 1 of this agreement; and
- b. the calendar year in which the construction or alteration, as outlined under Section 1 of this agreement, is completed.

24. The Property's assessed value of improvements must not be reduced below the amount assessed in the calendar year prior to construction or alteration, as a result of the Revitalization Tax Exemption.

25. This Agreement shall terminate upon the occurrence of any of the following events:

- a. Expiry of the Tax Exemption under section 7 herein;
- b. If the conditions for issuance of Tax Exemption Certificate are not met; or
- c. If the Tax Exemption Certificate is cancelled under section 11 herein.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the day and year first above written.

Executed by the CITY OF KELOWNA by Its
authorized signatories:

Mayor

City Clerk

Executed by VEDA 800 Kelowna Student Housing Ltd., Inc. No. BC1062881 by its Authorized signatory:


Name: Cory Brunkoff

Name:

Appendix "A": Plans and Specifications

Appendix "B": Performance Criteria - Housing Agreement between the Owner and the City dated for
reference August 12, 2016.

Appendix "C": Tax Exemption Certificate

Schedule "C"

Tax Exemption Certificate

In accordance with the City of Kelowna Revitalization Tax Exemption Program Bylaw No. 9561 (the "Bylaw"), and in accordance with a Revitalization Tax Exemption Agreement dated for reference day 24th day of August, 2016 (the "Agreement") entered into between the City of Kelowna (the "City") and VEDA 800 Kelowna Student Housing Ltd. (the "Owner"), the registered owner(s) of Lot 1, Sections 3 and 10, Township 23, O.D.Y.D. Plan EPP45918 (the "Parcel"):

This certificate certifies that the Parcel is subject to a Revitalization Tax Exemption, for each of the taxation years 2019-2028 inclusive, equal to:

1. Purpose-Built Rental Housing Project, 100% of the Revitalization Amount attributed to Building Permit No. BP 53532 & BP 53533 between 2015 (the calendar year before the commencement of construction of the project) and 2018 (the calendar year in which the Revitalization Tax Exemption Certificate is issued).

Any construction of a new improvement or alteration of an existing improvement, on Parcel described above, undertaken prior to the application for a Revitalization Tax Exemption will not be eligible for consideration;

The maximum Revitalization Tax Exemption authorized must not exceed the increase in the assessed value of improvements on the property resulting from the construction or alteration attributed to Building Permit No. BP 53532 & BP 53533 between 2015 (the calendar year before the commencement of construction of the project) and 2018 (the calendar year in which the Revitalization Tax Exemption Certificate is issued);

The Property's assessed value of improvements must not be reduced below the amount assessed in the calendar year prior to construction or alteration, as a result of the Revitalization Tax Exemption. The Revitalization Tax Exemption is provided under the following conditions:

1. The Owner does not breach any term condition or provision of, and performs all obligation set out in, the Agreement and the Bylaw;
2. The Owner has not sold all or any portion of his or her equitable or legal fee simple interest in the Parcel without the transferee taking an assignment of the Agreement, and agreeing to be bound by it;
3. The Owner, or a successor in title to the Owner, has not allowed the property taxes for the Parcel to go into arrears or to become delinquent;
4. The Exempt Use (as defined in the Agreement) of the Project is not discontinued;

If any of these conditions are not met then the Council of the City of Kelowna may cancel this Revitalization Tax Exemption Certificate. If such cancellation occurs, the Owner of the Parcel, or a successor in title to the Owner as the case may be, shall remit to the City an amount equal to the value of the exemption received after the date of the cancellation of the certificate.

CITY OF KELOWNA

BYLAW NO. 11325

Housing Agreement Authorization Bylaw – VEDA 800 Kelowna Student Housing Ltd., Inc. No. BC1062881 – 800 Academy Way

Whereas pursuant to Section 483 of the *Local Government Act*, a local government may, by bylaw, enter into a housing agreement.

Therefore, the Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. The Municipal Council hereby authorizes the City of Kelowna to enter into a Housing Agreement with VEDA 800 Kelowna Student Housing Ltd., Inc. No. BC1062881 for the lands known as Lot 1, Sections 3 and 10, Township 23, ODYD, Plan EPP45918 located on 800 Academy Way, Kelowna, B.C., a true copy of which is attached to and forms part of this bylaw as Schedule "A".
2. The Mayor and City Clerk are hereby authorized to execute the attached agreement as well as any conveyances, deeds, receipts or other documents in connection with the attached agreement.
3. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first, second and third time by the Municipal Council this

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk

SCHEDULE		A
This forms part of application		
# RTE16-0005	Page	
Planner	TB	City of Kelowna COMMUNITY PLANNING

PURPOSE-BUILT RENTAL HOUSING AGREEMENT

THIS AGREEMENT dated for reference August 24, 2016 affects:

LEGAL DESCRIPTION OF PROPERTY SUBJECT TO THE AGREEMENT:

Lot 1 Section 3 Township 23 ODYD Plan EPP45918

("Land")

And is

BETWEEN: VEDA 800 Kelowna Student Housing Ltd., Inc. No. BC1062881

P.O. Box 3217,
Salmon Arm, B.C., V1E 4R9

("Owner")

AND:

CITY OF KELOWNA, a local government incorporated pursuant to the *Community Charter* and having its offices at 1435 Water Street, Kelowna, B.C. V1Y 1J4

("City")

GIVEN THAT:

- A. The Owner has applied to the City for rezoning of the Lands to permit the construction of a housing complex that will include purpose-built rental housing units, as defined in this Agreement, on certain lands more particularly described in this Agreement;
- B. The City may, pursuant to section 483 of the *Local Government Act*, enter into an agreement with an owner of land that includes terms and conditions regarding the occupancy, tenure, and availability of the housing units on the land or construction on land;
- C. The Owner and the City wish to enter into this Agreement to provide for purpose- built rental housing on the terms and conditions set out in this Agreement, and agree that this Agreement is a housing agreement under s. 483 of the *Local Government Act*; and
- D. The City has, by bylaw, authorized the execution of this Agreement and the Owner has duly authorized the execution of this Agreement;

This Agreement is evidence that in consideration of \$1.00 paid by the City to the Owner (the receipt of which is acknowledged by the Owner) and in consideration of the promises exchanged below, the City and Owner agree, as a housing agreement between the Owner and the City under s. 483 of the *Local Government Act*, as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions -

"Caregiver" means an individual who provides assistance with the performance of the personal functions and activities necessary for daily living that a person is unable to perform efficiently for himself or herself;

"City" means the City of Kelowna;

"Dwelling Unit" means accommodation providing sleeping rooms, washrooms, and no more than one kitchen, intended for domestic use, and used or intended to be used permanently or semi permanently for a Household. This use does not include a room in a hotel or a motel.

"Household" means

- (a) a person;
- (b) two or more persons related by blood, marriage, or adoption; or associated through foster care, all living together in one dwelling unit as a single household using common cooking facilities;
- (c) a group of not more than five persons, including boarders, who are not related by blood, marriage, or adoption, or associated through foster care, all living together in one dwelling unit as a single household using common cooking facilities; or
- (d) a combination of (b) and (c), provided that the combined total does not include more than 3 persons unrelated by blood, marriage or adoption or associated through foster care; all living together in one dwelling unit as a single household using common cooking facilities.

In addition, a household may also include up to one Caregiver or nanny;

"Land" means the land described herein;

"LTO" means the Kamloops Land Title Office or its successor;

"Official Community Plan" means the City of Kelowna Official Community Plan Bylaw No. 10500, or its successor bylaw;

"Owner" means the registered owner of the Lands from time to time and any parcels into which the Lands are subdivided;

"Purpose-Built Rental Housing" means a self-contained building(s) containing five or more Dwelling Units that are intended to be used for rental housing and does not include buildings that are stratified; and

"Tenancy Agreement" means a tenancy agreement as defined in, and subject to, the *Residential Tenancy Act*.

1.2 Interpretation - In this Agreement:

- (a) reference to the singular includes a reference to the plural, and vice versa, unless the context requires otherwise;
- (b) article and section headings have been inserted for ease of reference only and are not to be used in interpreting this Agreement;
- (c) reference to a particular numbered section or article, or to a particular lettered Schedule, is a reference to the correspondingly numbered or lettered article, section or Schedule of this Agreement;
- (d) if a word or expression is defined in this Agreement, other parts of speech and grammatical forms of the same word or expression have corresponding meanings;
- (e) the word "enactment" has the meaning given in the *Interpretation Act* on the reference date of this Agreement;
- (f) reference to any enactment includes any regulations, orders or directives made under the authority of that enactment;
- (g) reference to any enactment is a reference to that enactment as consolidated, revised, amended, re-enacted or replaced, unless otherwise expressly provided;
- (h) the provisions of s. 25 of the *Interpretation Act* with respect to the calculation of time apply;
- (i) time is of the essence;
- (j) all provisions are to be interpreted as always speaking;
- (k) reference to a "party" is a reference to a party to this Agreement and to their respective successors, assigns, trustees, administrators and receivers;
- (l) reference to a "day", "month", "quarter" or "year" is a reference to a calendar day, calendar month, calendar quarter or calendar year, as the case may be, unless otherwise expressly provided;
- (m) the definitions given in the City of Kelowna Zoning Bylaw No. 8000, or its successor bylaw, and the Official Community Plan apply for the purposes of this Agreement; and
- (n) any act, decision, determination, consideration, consent or exercise of discretion by a party, or other person, as provided in this Agreement must be performed, made or exercised acting reasonably.

1.3 Purpose of Agreement - The Owner and the City agree that:

- (a) this Agreement is intended to serve the public interest by providing for occupancy of a certain number of Dwelling Units, of the kinds provided for in this Agreement, that are in demand in the City of Kelowna but that are not readily available;
- (b) performance of this Agreement by the Owner is a condition, as contemplated by s. 482 of the *Local Government Act*, of the Owner becoming entitled to certain density bonuses respecting

development of the Land, which density bonuses the Owner acknowledges are a benefit to the Owner; and

- (c) damages are not an adequate remedy to the City in respect of any breach of this Agreement by the Owner, such that the Owner agrees the City should be entitled to an order for specific performance, injunction or other specific relief respecting any breach of this Agreement by the Owner.

ARTICLE 2 HOUSING AGREEMENT AND LAND USE RESTRICTIONS

2.0 Land Use Restrictions - The Owner and the City hereby covenant and agree as follows:

- (a) The Land must be used only in accordance with this Agreement;
- (b) The Owner will design, construct and maintain a building or buildings providing 316 Dwelling Units as purpose-built rental housing;
- (c) The Owner acknowledges that the City will not support applications to stratify the building and allow the identified purpose-built rental dwellings to be sold independently of each other for a period of ten (10) years from the date of this agreement.

ARTICLE 3 HOUSING AGREEMENT AND TRANSFER RESTRICTIONS

3.0 Purchaser Qualifications - The City and the Owner agree as follows:

- (a) the Owner must not sell or transfer, or agree to sell or transfer, any interest in any building containing purpose built rental Dwelling Unit(s) on the Land other than a full interest in the fee simple title to an agency or individual that will continue to ensure that the identified purpose- built rental Dwelling Unit(s) are available in accordance with this Agreement.

ARTICLE 4 GENERAL

4.1 Notice of Housing Agreement - For clarity, the Owner acknowledges and agrees that:

- (a) this Agreement constitutes a housing agreement entered into under s. 483 of the *Local Government Act*;
- (b) the City is requiring the Owner to file a notice of housing agreement in the LTO against title to the Land; and
- (c) once such a notice is filed, this Agreement binds all persons who acquire an interest in the Land.
- (d) should the owner request that the notice of this agreement be lifted from the title of the Land, ensuring that the request is made no sooner than ten (10) years from the date of this agreement, repayment of any rental grant received from the City will be required. Funds received would be directed to the Housing Opportunities Reserve Fund.

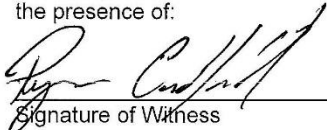
- 4.2 No Effect On Laws or Powers** - This Agreement does not
- (a) affect or limit the discretion, rights, duties or powers of the City under any enactment or at common law, including in relation to the use or subdivision of land,
 - (b) impose on the City any legal duty or obligation, including any duty of care or contractual or other legal duty or obligation, to enforce this Agreement,
 - (c) affect or limit any enactment relating to the use or subdivision of land, or
 - (d) relieve the Owner from complying with any enactment, including in relation to the use or subdivision of land.
- 4.3 Management** – The Owner covenants and agrees that it will furnish good and efficient management of the Dwelling Units and will permit representatives of the City to inspect the Dwelling Units at any reasonable time, subject to the notice provisions of the *Residential Tenancy Act*. The Owner further covenants and agrees that it will maintain the Dwelling Units in a satisfactory state of repair and fit for habitation and will comply with all laws, including health and safety standards applicable to the Land. Notwithstanding the foregoing, the Owner acknowledges and agrees that the City, in its absolute discretion, may require the Owner, at the Owner's expense, to hire a person or company with the skill and expertise to manage the Dwelling Units.
- 4.4 Notice** - Any notice which may be or is required to be given under this Agreement must be in writing and either be delivered or sent by facsimile transmission. Any notice which is delivered is to be considered to have been given on the first day after it is dispatched for delivery. Any notice which is sent by fax transmission is to be considered to have been given on the first business day after it is sent. If a party changes its address or facsimile number, or both, it must promptly give notice of its new address or facsimile number, or both, to the other party as provided in this section.
- 4.5 Agreement Runs With the Land** - Every obligation and covenant of the Owner in this Agreement constitutes both a contractual obligation and a covenant granted by the Owner to the City in respect of the Land and this Agreement burdens the Land and runs with it and binds the Owner's successors in title and binds every parcel into which it is consolidated or subdivided by any means, including by subdivision or by strata plan under the *Strata Property Act*.
- 4.6 Limitation on Owner's Obligations** - The Owner is only liable for breaches of this Agreement that occur while the Owner is the registered owner of the Land.
- 4.7 Release** – The Owner by this Agreement releases and forever discharges the City and each of its elected officials, officers, directors, employees and agents, and its and their heirs, executors, administrators, personal representatives, successors, and assigns, from and against all claims, demands, damages, actions, or causes of action by reason of or arising out of advice or direction respecting the ownership, lease, operation or management of the Land or the Dwelling Units which has been or at any time after the commencement of this Agreement may be given to the Owner by all or any of them. This clause will survive the termination of this Agreement.
- 4.8 Joint Venture** – Nothing in this Agreement will constitute the Owner as the agent, joint venturer, or partner of the City or give the Owner any authority to bind the City in any way.
- 4.9 Waiver** - An alleged waiver of any breach of this Agreement is effective only if it is an express waiver in writing of the breach. A waiver of a breach of this Agreement does not operate as a waiver of any other

breach of this Agreement.

- 4.10 Further Acts** - The Owner shall do everything reasonably necessary to give effect to the intent of this Agreement, including execution of further instruments.
- 4.11 Severance** - If any part of this Agreement is held to be invalid, illegal or unenforceable by a court having the jurisdiction to do so, that part is to be considered to have been severed from the rest of this Agreement and the rest of this Agreement remains in force unaffected by that holding or by the severance of that part.
- 4.12 Equitable Remedies** - The Owner acknowledges and agrees that damages would be an inadequate remedy for the City for breach of this Agreement and that the public interest strongly favours specific performance, injunctive relief (mandatory or otherwise), or other equitable relief, as the only adequate remedy for a default under this Agreement.
- 4.13 No Other Agreements** - This Agreement is the entire agreement between the parties regarding its subject and it terminates and supersedes all other agreements and arrangements regarding its subject.
- 4.14 Amendment** - This Agreement may be discharged, amended or affected only by an instrument duly executed by both the Owner and the City.
- 4.15 Enurement** - This Agreement binds the parties to it and their respective successors, heirs, executors and administrators. Reference in this Agreement to the "City" is a reference also to the elected and appointed officials, employees and agents of the City.
- 416 Deed and Contract** - By executing and delivering this Agreement each of the parties intends to create both a contract and a deed executed and delivered under seal.

IN WITNESS WHEREOF the parties hereunto have executed this Agreement on the date and year first above written.

SIGNED, SEALED & DELIVERED in)
the presence of:)

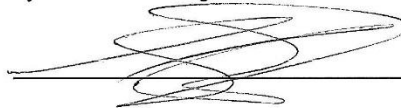

Signature of Witness)

RYAN CUDEFORD
Print Name)

201 - 3935 LAKESHORE RD, KELOWNA
Address)

PROJECT MANAGER
Occupation)

"OWNER"
by its authorized signatories:



CORY BERUKOFF
Print Name:)

Print Name:

SIGNED, SEALED & DELIVERED in)
the presence of:)

Signature of Witness)

Print Name)

Address)

Occupation)

CITY OF KELOWNA
by its authorized signatories:

Mayor

City Clerk

Report to Council



Date: November 28, 2016
File: 1100-01
To: City Manager
From: Joel Shaw, Infrastructure Engineering Manager
Subject: Water Asset Management Plan

Recommendation:

THAT Council endorse the Water Asset Management Plan as attached to this report by the Infrastructure Engineering Manager dated November 28, 2016.

Purpose:

Council is committed to balanced infrastructure investments by integrating a long-term financial plan with an asset management strategy. This Water Asset Management Plan supports Council's priority and details future cost pressures to operate, maintain, renew and upgrade water system infrastructure. This is balanced against an affordable financial plan for the next 20-years.

Background:

The Water Asset Management Plan (AMP) has a planning horizon of 20-years (2016-2035) and is consistent with international standards for asset management plans. The last asset management update presented to Council was in September 2012. Since that time the City's asset management program has matured and this latest Water AMP is more comprehensive and looks at lifecycle management of the water system including operation, maintenance, infrastructure renewal and upgrade. The Water AMP provides input to and is integrated with the City's Water Financial Model and the 10-Year Capital Plan.

By using sound asset management practices, Council and the community can be confident that there is an affordable, and sustainable plan to maintain, operate and renew assets and that the City Water Utility customers will continue to receive safe reliable water long-term.

The reader is directed to the attached for the complete report. In addition to the Water AMP, a two-page Water System Report Card is also attached which summarizes the key points from the Water AMP.

Existing Policy:

Council Policy 352: Sustainable Municipal Infrastructure Policy
Council Policy 342 - Tangible Capital Asset Policy

Financial/Budgetary Considerations:

The infrastructure required to support the City's water service has a replacement value of \$417 million. Managing this vital infrastructure now and into the future will ensure the City Water Utility customers will continue to receive safe reliable water long-term. The 20-year funding needs for the Water Utility forecast future cost pressures for system operation, maintenance, infrastructure renewal and infrastructure to support growth and improve serve levels. These costs are accounted for in the Water Utility financial model and indicate that on average a 2% annual rate increase is required to support service delivery for the next 20-years.

Internal Circulation:

Civic Operations Divisional Director
Corporate Communications Supervisor
Financial Services Director
Infrastructure Divisional Director
Utility Planning Manager
Utility Services Manager
Utilities Network Maintenance Supervisor
Wastewater Treatment Supervisor
Water Quality & Pump Stations Supervisor

Considerations not applicable to this report:

Legal/Statutory Authority:
Legal/Statutory Procedural Requirements:
Personnel Implications:
External Agency/Public Comments:
Communications Comments:
Alternate Recommendation:

Submitted by:

J. Shaw, Infrastructure Engineering Manager

Approved for inclusion:



A. Newcombe, Infrastructure Divisional Director

Attachment 1 - Water Asset Management Plan Presentation

Attachment 2 - Water Plus Asset Management Plan

Attachment 3 - Water System Report Card

cc: Civic Operations Divisional Director
Corporate Communications Supervisor
Financial Services Director
Infrastructure Divisional Director
Utility Planning Manager
Utility Services Manager
Utilities Network Maintenance Supervisor
Wastewater Treatment Supervisor

Water Quality & Pump Stations Supervisor

WATER SERVICE ASSET MANAGEMENT PLAN



November 28, 2016



2015 CITIZEN SURVEY - WATER SYSTEM

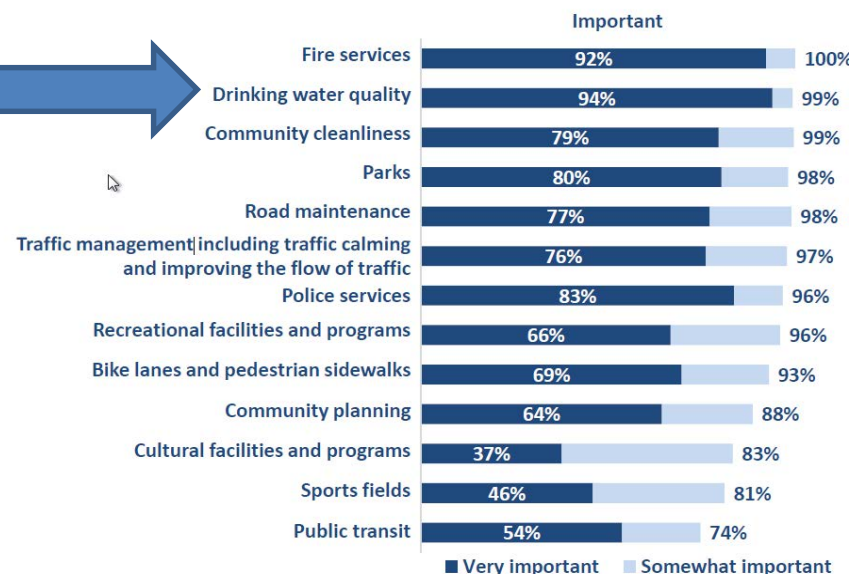
- ▶ Drinking Water Quality (82% satisfied, 47% very satisfied)*

- ▶ 2nd most important service.

- ▶ Top investment priority.



Importance of Specific City Services



** While all respondents were asked about drinking water, the City of Kelowna's water utility only provides drinking water to 52% of citizens. The majority of the remaining drinking water supply is provided by four independent irrigation districts.*

WHAT IS INFRASTRUCTURE ASSET MANAGEMENT?

- ▶ A comprehensive process to ensure that delivery of services from infrastructure is provided in a financially sustainable manner.

- ▶ Key elements of asset management include:
 - ▶ Taking a lifecycle approach to infrastructure investment,
 - ▶ Defining levels of service and monitoring performance,
 - ▶ Developing cost-effective management strategies for infrastructure renewal and infrastructure that supports growth and improves service,
 - ▶ Managing risks associated with asset failures,
 - ▶ Continuous improvement in asset management practice.

WHY DO WE NEED ASSET MANAGEMENT PLANS?

- ▶ Governance and accountability,
- ▶ Enhance service management and customer satisfaction,
- ▶ Improve risk management,
- ▶ Improve financial efficiency,
- ▶ To be eligible for grants.

KELOWNA WATER UTILITY QUICK FACTS

- ▶ Service approximately 52% of City or about 65,000 customers,
- ▶ Remainder of City serviced primarily by 4 Irrigation District and 27 private suppliers,
- ▶ Delivers 90 million litres of water per day during peak summer demand,
- ▶ System Infrastructure valued at \$417 million,
- ▶ City has not had a water quality advisory in 20-years.

WATER SYSTEM SCORE CARD

Asset component	Quantity	Replacement value (\$ million)	Expected remaining life	Age rating
Watermain	413 km	306.4	60%	Good
Booster Stations & PRV's	53	18.2	51%	Fair
Source Pump Stations	4	17.3	61%	Good
UV Treatment Facilities	4	19.3	87%	Very good
Reservoirs	24	44.6	60%	Good
Meters	17,036	11.0	20%	Poor
Total		417		

Rating scale (remaining service life)



Very good (100-80%)

Good (79-60%)



Fair (59-40%)

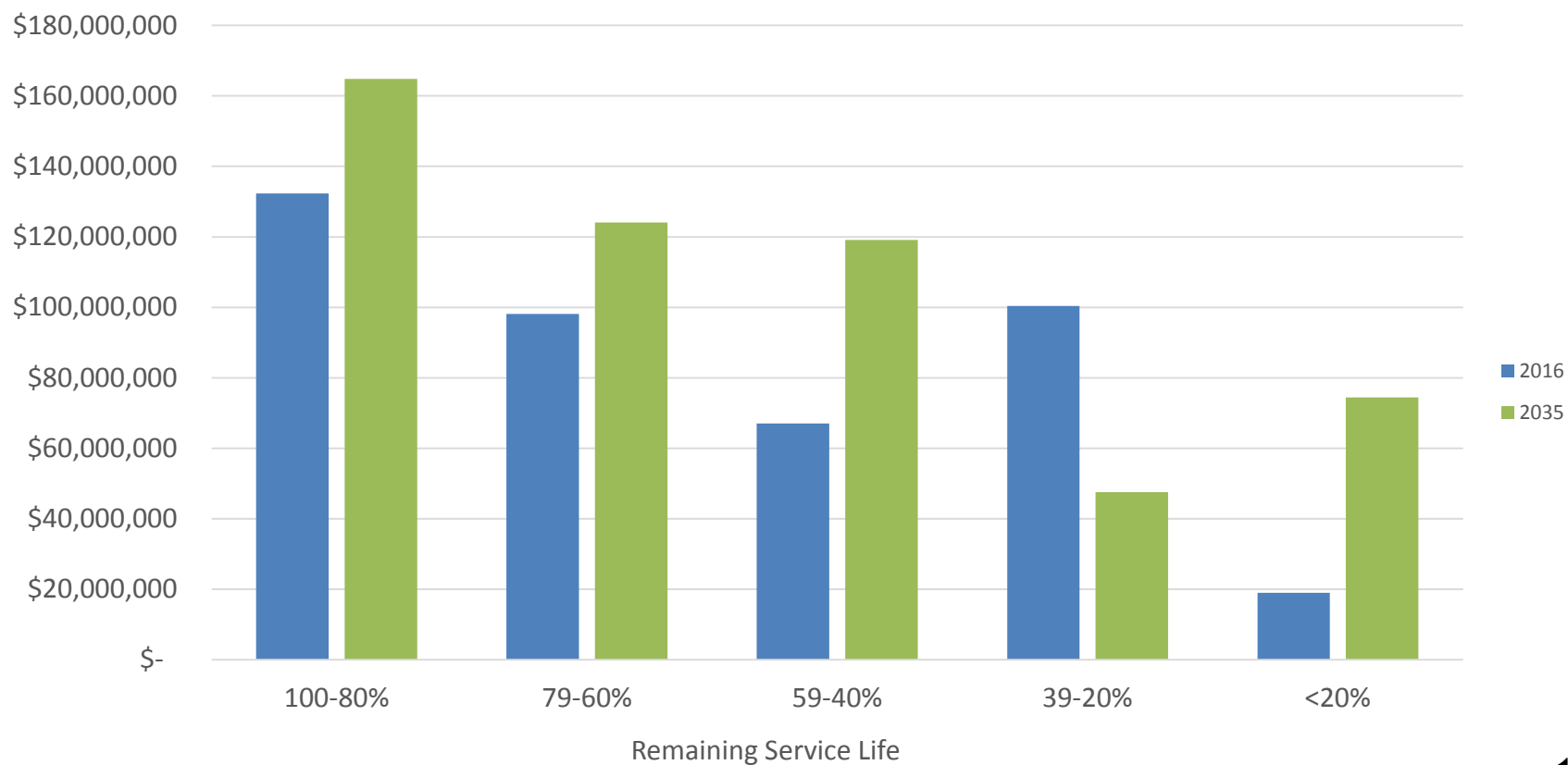
Poor (39-20%)



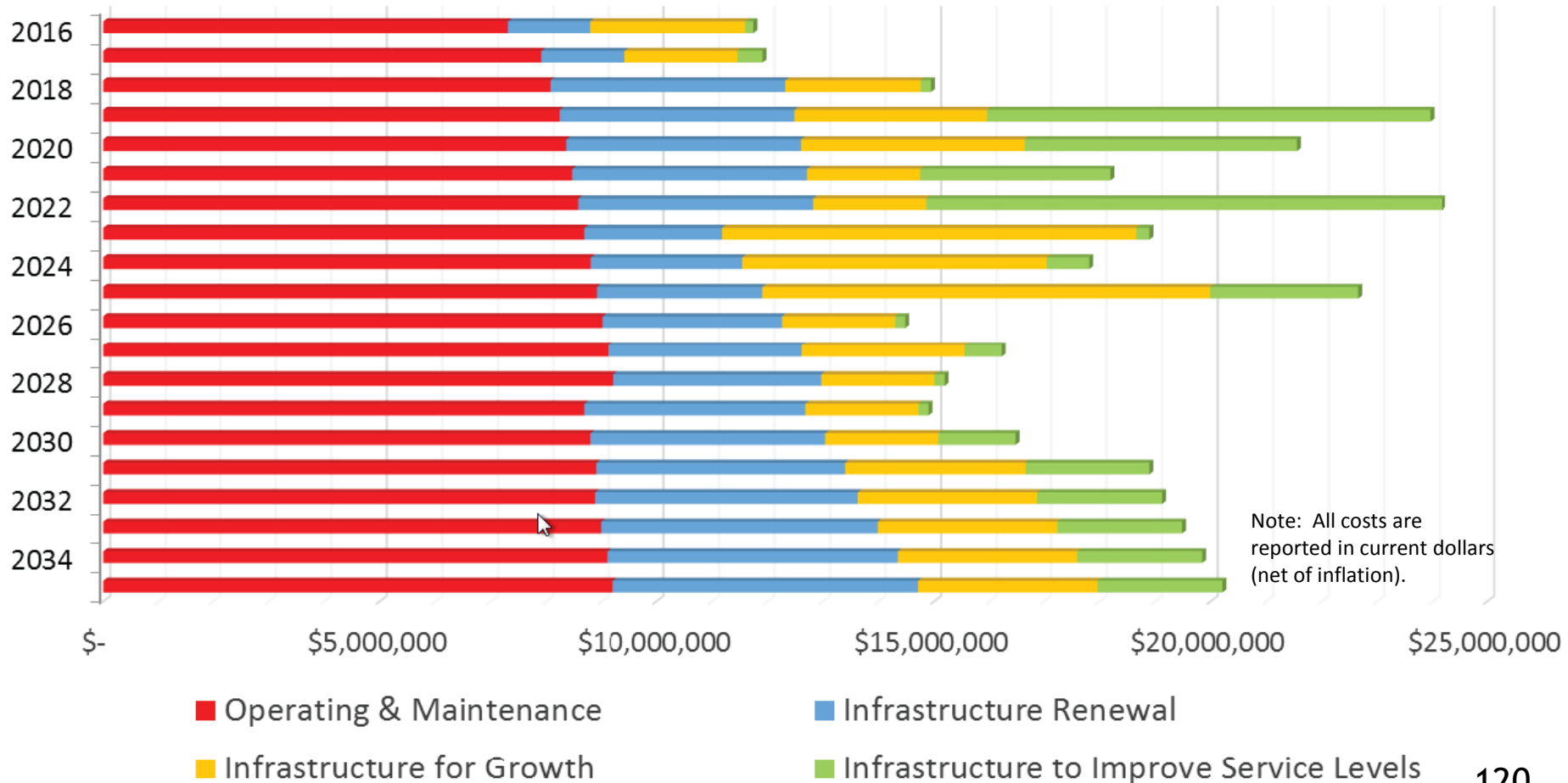
Very poor (19-0%)

WATER SYSTEM CONDITION

Replacement Value of Infrastructure vs Remaining Service Life



20-YEAR FUNDING NEEDS



WATER SYSTEM RISKS AND RESPONSE

Risks	Response
Assets are depreciating faster than they are being renewed.	Renewal Funding is being increased over the next 20-Years to more sustainable levels.
Changing water regulations may require increased infrastructure investment.	Work with provincial regulators to understand the need and timing of any changes so that the City can plan in advance.
Water System is aging and there may be increased risk of asset failure.	Invest in tools and resources to improve preventative maintenance, condition assessment and extend asset service life.

NEXT STEPS

- ▶ Regular Updates to Asset Management Plan,
- ▶ Asset Management System required for better preventative maintenance, condition assessment and to extend assets service life,
- ▶ Continually improve asset management practice.

QUESTIONS?

Water Service Asset Management Plan

November 2016



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Document Control					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	Sep 16/14	1 st Draft	JS	KV/AR/JV	
2	Dec 4/14	2 nd Draft	JS	KV/AR/JV	
3	Apr 23/15	3 rd Draft	JS	KV/AR/JV	
4	July 28 th , 2015	4 th Draft	JS	AR/KV	
5	Jan 22 nd , 2016	5 th Draft	JS	AR/KV/KH	
6	Oct 6 th , 2016	6 th Draft	JS	AR/KV/KH	

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1. EXECUTIVE SUMMARY

Introduction

The City is one of five major water purveyors operating within Kelowna's municipal boundaries. The City provides water service to approximately 65,000 of its 125,000 residents with the remainder of the City serviced primarily by four independent irrigation districts and 27 small, private suppliers. During the summer when peak water demand occurs the City Water Utility delivers 90 million litres per day to its customers. This asset management plan covers the infrastructure assets that serve the City Water Utility customers.

Managing our vital assets and infrastructure now and into the future will ensure the economic, social and environmental well-being of our City. By using sound asset management practices, Council and the community can be confident that there is an affordable, and sustainable plan to maintain, operate, replace assets and service growth and that the community will continue to receive safe reliable water in the long-term.

The Water Service

This asset management plan covers the infrastructure assets for the City of Kelowna's Water Utility. Water infrastructure is comprised of both linear and vertical assets including:

- Water mains, services, hydrants, meters and valves,
- Pressure Reducing Valves,
- Filling Stations,
- Reservoirs,
- Source Water Pump Stations,
- UV Disinfection Facilities,
- Booster Stations,
- Flow Control Stations.

These infrastructure assets have a current replacement value of approximately \$417 million.

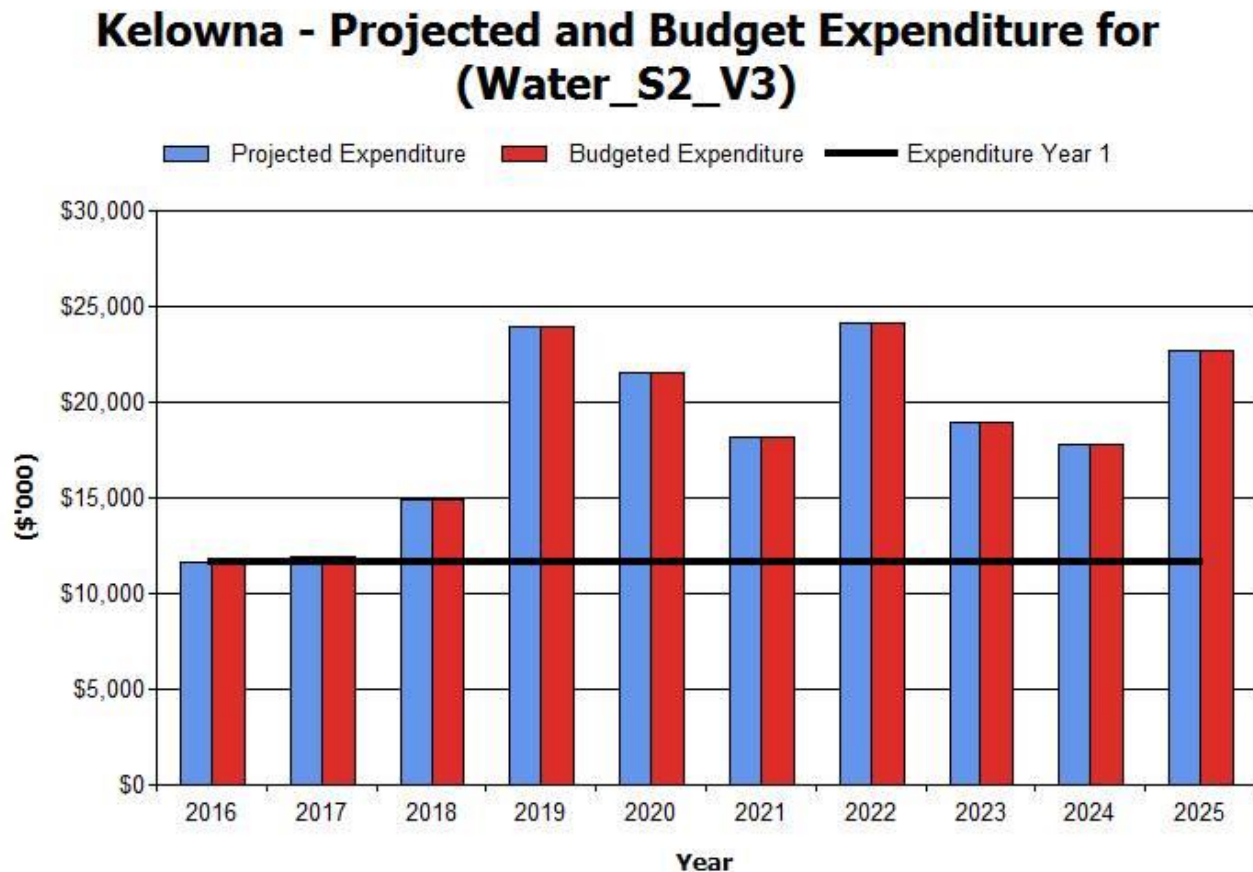
What does it Cost?

The projected expenditures necessary to provide Water service including operations, maintenance, infrastructure renewal and infrastructure to support growth over the next 10 years is \$157 million. Estimated available funding for this period is balanced against projected costs and provides 100% of funding required for service delivery (see figure below).

The costs and revenue for providing Water service are consistent with the City's Water Financial model which forecasts an annual rate increase of 2% to match inflation.

Water assets are depreciating faster than they are being renewed and on average the renewal expenditure is 62% of the depreciation rate. This renewal rate is adequate given that the Water assets are relatively new but renewal investment will need to increase in the next 20-years as the system ages. By planning early, the City can budget for these expenditures and mitigate the financial impacts to rate payers.

The next ten years will see Water asset stock increase by \$61 million as a result of infrastructure required to service growth and improve service levels. The increase in asset stock will contribute to an increase in operating and maintenance costs of approximately \$1.6 million within 10 years.



The above Figure shows the 10-year budget and expenditures. Projected expenditures are balanced against available budget and the Water Utility is 100% funded for the 10-year planning period.

What we will do?

Over the next 10-years \$32 million will be invested in infrastructure renewal. See Appendix B for a list of renewal expenditures. This includes residential water meters that are nearing the end of their service life and will need to be replaced at a cost of approximately \$11 million.

The City's 10-year plans for major growth related upgrades and system improvements totals \$70 million (Appendix C). This includes approximately \$20 million in contributed assets through the development of new subdivisions.

What is not in the Asset Management Plan?

The Province may regulate water filtration for water treatment. This would require investment of approximately \$134 million in filtration infrastructure. This expenditure is not part of this asset management plan and the Utility Planning Department is working with provincial regulators to defer or negate this requirement.

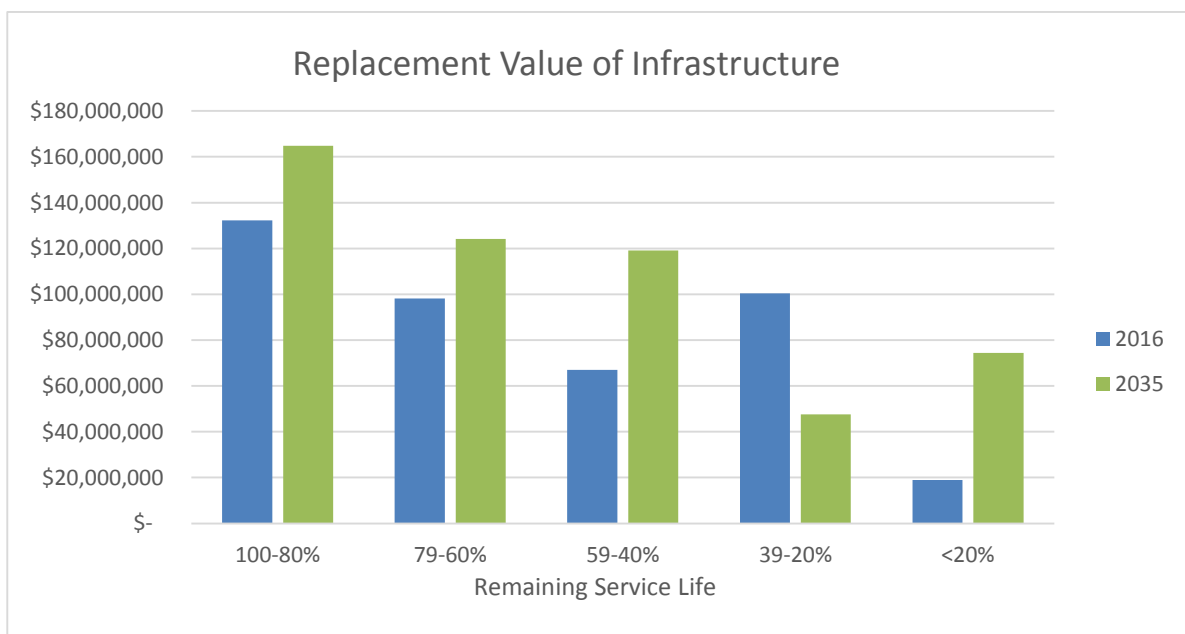
Over the next 20-years it is probable that the City may take ownership of infrastructure from other private water suppliers or irrigation districts that provide water service to Kelowna residents. This infrastructure is not part of this asset management plan.

Future updates to this asset management plan will respond to these and other changes so that the City is prepared to invest in infrastructure improvements while maintaining measured and predictable rates to the customer.

System Condition

The City Water Utility is a resilient and robust system that is maintained in a state of good repair. Pumping and treatment facilities have backup equipment to ensure continuous service delivery when equipment breaks down. Where possible, the watermains are interconnected to maintain flow and pressure during peak demand and to meet fire flow requirements. Interconnection also minimizes the impacts to customers in the event of pipe breaks.

The condition of water infrastructure is fair-to-good depending on the asset component, except for water meters, which are nearing the end of their service life and are scheduled for replacement within 10 years. The water system currently has \$19 million worth of assets with less than 20 percent of their remaining service life. These older assets may be at higher risk of failure and require more maintenance and condition assessment. Over the next 20 years the water system will age and the value of those assets with less than 20% service life remaining will increase to \$74 million or about 14% of the total system value. Projected renewal investment increases with time to achieve more sustainable levels by 2035.



The above Figure shows the replacement value of assets in specific age categories. The chart shows that the system will age over the next 20 years given the projected renewal investment.

Managing the Risks

As the system ages the City will need to manage the associated increased risk of infrastructure failure and service interruption. The City will manage these risks through condition assessment, regular maintenance and inspection of critical assets. The City is also investigating the purchase of a computerized asset management system that would improve efficiency of maintenance, track repair frequency and prioritize high risk assets for replacement.

The Water Utility is fully funded for the next 10-years and well positioned to address longer term asset renewal funding needs. If we don't plan for and manage future cost pressures, however, it is likely that we will have to reduce service levels in some areas, unless new sources of revenue are found. For the Water Utility, the service level reduction may include more frequent service interruptions (i.e. pipe breaks). The regulated treatment of Water should not be affected and the City is committed to exceeding regulatory standards.

Changes in water quality regulations, like the requirement for water filtration, presents a financial risk to the Water Utility. The City will continue to work in collaboration with provincial regulators to understand the need and timing of changes so that the City can plan in advance for the required infrastructure improvements.

Next Steps

This asset management plan will be updated regularly in combination with the 10-Year Capital Plan and Water Financial Model so that the information remains up-to-date and accurate. The City will continue to improve on its asset management practices to ensure we meet regulatory requirements, maintain service to our community and provide efficient service delivery.



2. INTRODUCTION

2.1 Background

This asset management plan (AMP) covers all aspects of the municipal water supply system and is one of several asset management plans comprising the complete municipal asset stock. This plan demonstrates responsive asset management, compliance with regulatory requirements, and sustainable funding to provide the required levels of service over a 20-year planning period.

The AMP follows the format recommended in Section 4.2.6 of the International Infrastructure Management Manual¹ and is consistent with ISO 55000 – the internationally accepted standard for asset management practice.

This AMP will influence, and be influenced by, the following associated municipal documents.

- Council Policy 352 - Sustainable Municipal Infrastructure Policy
- Council Policy 342 - Tangible Capital Asset Policy
- 2030 Infrastructure Plan
- 10-Year Capital Plan
- 5-Year Financial Plan
- 20-Year Servicing Plan and Financial Strategy (amended July 2016)
- 2030 Official Community Plan

The infrastructure assets covered by this AMP are shown in Table 2.1. These assets are used to provide water service to approximately 65,000.

Table 2.1: Assets covered by this Plan

Asset category	Dimension	Replacement Value (millions)
Watermain	413 km	\$307
Booster Stations & PRV's	53	\$18
Meters	17036	\$11
Reservoirs	24	\$45
Source Water Pump Stations	4	\$17
UV Treatment Facilities	4	\$19
TOTAL		\$417

¹ IPWEA, 2011, Sec 4.2.6, *Example of an Asset Management Plan Structure*, pp 4 | 24 – 27.

Key stakeholders in the preparation and implementation of this AMP are shown in Table 2.1.1. Further improvements to the plan will require ongoing consultation with stakeholders and have been marked as “future” in the table below.

Table 2.1.1: Key Stakeholders in the AMP

Key Stakeholder	Role in Asset Management Plan
Council	<ul style="list-style-type: none"> • Represent needs of community, • Ensure Corporation is financial sustainable, • Agree to levels of service and risk (future), • Approve the Asset Management Plan, • To ensure appropriate resources and funding are made available to support the Asset Management Plan.
City Manager and Senior Management	<ul style="list-style-type: none"> • To provide strategic advice and leadership in the management of infrastructure assets.
Infrastructure Engineering	<ul style="list-style-type: none"> • Develops short and long-range infrastructure capital plans. • Establish levels of service for assets and measure infrastructure performance. • Adapt to changing regulations and emerging issues as required. • Develop, implement and review the asset management program
Infrastructure Delivery	<ul style="list-style-type: none"> • Manage delivery of capital projects.
Civic Operations	<ul style="list-style-type: none"> • Maintenance and operations of City Infrastructure
Development Services	<ul style="list-style-type: none"> • Manages the delivery of developer built infrastructure.
Policy and Planning	<ul style="list-style-type: none"> • Community planning including OCP

2.2 Goals and Objectives of Asset Management

The City of Kelowna (corporation) exists to provide services to the community. Services are supported and provided by infrastructure assets. The City has acquired infrastructure assets by purchase, by contract, by construction and by contribution from developers and others to accommodate growth and meet levels of service.

The City’s goal in managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most efficient manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Having a long-term financial plan which balances the required expenditures against projected revenue.

2.3 Asset Management Plan Framework

A comprehensive Asset Management Plan (AMP) is a critical element of the infrastructure governance and will support strategic decision making and capital deliver. The key elements of the AMP are:

- Levels of service – specifies the services and levels of service to be provided,
- Future demand – how this will impact on future service delivery and how this is to be met,
- Life cycle management – how we will manage our existing and future assets to provide defined levels of service,
- Financial summary – what funds are required to provide the defined services,
- Asset management practices,
- Monitoring – how the plan will be monitored to ensure it meets objectives,
- Asset management improvement plan.

2.4 Core and Advanced Asset Management

This AMP is prepared over a 20-year planning period in accordance with the International Infrastructure Management Manual. It is prepared to meet legislative requirements and the City's objectives for sustainable service delivery and long term financial planning and reporting. This AMP is considered a core asset management plan that uses a 'top down' approach where analysis is applied at the 'system' or 'network' level.

Future revisions of this AMP will move towards 'advanced' asset management using a 'bottom up' approach for gathering asset information for individual assets to support the optimization of activities and programs to meet agreed service levels. This will require more comprehensive data collection, asset maintenance and reporting. To facilitate this, the City is proposing the purchase of a computerized asset management system (AMS) in 2017 that would improve efficiency of maintenance, track repair frequency and prioritize high risk assets for replacement.

2.5 Community Consultation

This AMP is prepared to inform the community of the state of the City's Water assets. Future revisions of the AMP will incorporate community consultation on service levels and costs of providing the service. This will assist Council and the community in matching the level of service desired by the community and the community's ability and willingness to pay for the service.

3. LEVELS OF SERVICE

3.1 Strategic and Corporate Goals

This AMP is prepared to align with the corporate vision, mission and goals.

Corporate Vision:

To be the best mid-sized city in North America

Corporate Mission:

Leading the development of a safe, vibrant and sustainable city

Relevant goals and objectives and how these are addressed in this AMP are shown in Table 3.2.

Table 3.2: Corporate Plan and how these are addressed in this Plan

Goal	Objective	How Goal and Objectives are addressed in AMP
Performance excellence	The City is a high-performing, accountable Corporation that delivers on its plan.	Short, long-term Capital Plans are required to deliver world class infrastructure that is financially sustainable. The AMP is a long-term plan that will guide the City's capital investment over the next 20-years.
Responsive customer service	The City understands evolving needs and ensures services are appropriate and accessible.	The AMP will establish current and future LOS and use this information to direct capital investment to support service levels.
Engaged communities	The City listens and encourages full participation for the community to clarify needs and build neighbourhood identities.	The AMP will be reviewed with Council so that it reflects community priorities.
Pioneering leadership	The City finds better ways to deliver services to the community.	Through the development of the AMP the City reviewed innovative solutions to provide those services.
Strong financial management	Kelowna delivers on a multiple bottom line, balancing community priorities with resource realities.	The AMP is affordable and considers renewal, growth and service level improvements. This 20-year AMP is developed so that we can plan ahead for future cost pressures and mitigate the impacts to rate payers.

3.3 Legislative Requirements

Legislative requirements regulating Water system operation as follows:

Table 3.3: Legislative Requirements

Legislation	Requirement
Drinking Water Protection Act	Outlines requirements for water suppliers in terms of ensuring that the water supplied to their users is potable — and meets any additional requirements established by the Drinking Water Protection Regulation or by the water supply system's operating permit, as set by the local drinking water officer.
B.C. Drinking Water Protection Regulations	Sets out certain requirements for drinking water operators to ensure the provision of safe drinking water to their customers.
Local Government Act	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Community Charter	Sets out the legal framework for the powers, duties and functions of municipal Corporations. Provides municipal Corporations with the authority to address existing and future community needs.
PSAB 3150 Accounting Standards	Tangible Capital Asset accounting standards for the public sector, including Municipalities.

3.4 Levels of Service

Levels of service measure how the community receives the service and whether the Water Utility is providing good service to its customers. In the 2015 Citizen Survey, residents listed drinking water quality as the second most important service (next to Fire protection) that the City provides. Residents also chose investment in drinking water as their top priority for infrastructure investment. Eight-two percent (82%) of residents are satisfied with the Water service but drinking water quality was noted as a primary area of improvement.

The Community levels of service measured in this asset management plan are:

Condition	Is the service maintained in a state of good repair?
Function/Quality	Does it meet users' needs?
Capacity	Does the service have adequate capacity?
Overall	Are customers satisfied with service?

The City's current and future service levels are detailed in Tables 3.4

Table 3.4: Level of Service

Service Attribute	Service Objective	Performance Measure Process	Current Performance	Expected position in 10 years based on current LTFP							
Condition	Reliable service.	Service requests due to number of water outages>6 hours	0 complaints (2015)	Anticipate complaints related to water outages to remain below 10 per year.							
	System condition	Remaining Useful Life (age based). Replacement value assets with less than 20% remaining service life.	<p>Replacement Cost of Assets with <20% Remaining Service Life</p> <table><caption>Replacement Cost of Assets with <20% Remaining Service Life</caption><thead><tr><th>Year</th><th>Replacement Cost (\$)</th></tr></thead><tbody><tr><td>2016</td><td>~\$18,000,000</td></tr><tr><td>2025</td><td>~\$38,000,000</td></tr><tr><td>2035</td><td>~\$75,000,000</td></tr></tbody></table>		Year	Replacement Cost (\$)	2016	~\$18,000,000	2025	~\$38,000,000	2035
Year	Replacement Cost (\$)										
2016	~\$18,000,000										
2025	~\$38,000,000										
2035	~\$75,000,000										
Function (Water Quality / Fit for Purpose)	Water Quality	Number of water advisories.	0 advisories (2015)	0 advisories							
	Water Quality	Meet Regulations and Standards	Currently meet regulations and standards.	City is committed to meeting regulations and standards.							
	Water is aesthetically pleasing (taste, smell, look).	Service requests.	6 service requests (2015)	Less than 10 service requests per year							
Capacity	Water Pressure	Service requests.	25 complaints – related to water pressure (2015)	Less than 25 complaints.							
	System Capacity	Sufficient Capacity.	Operating at 90% of capacity at peak times.	Anticipate having adequate capacity and redundancy over the 10-year period.							
General	Overall Satisfaction with level and quality of services	2015 Citizen Survey	82%*	90%							

* Note: While all respondents were asked about drinking water, the City of Kelowna's water utility only provides drinking water to 52% of citizens. Given that the City Water Utility has not had a water quality advisory in 20 years, it is assumed that the communities concern over water quality is from areas of the City that are not serviced by the City's system. Interviews with residents connected to the City systems suggested a 90% overall service satisfaction.

4. FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include changes in population, demographics, housing densities, climate, social pressures, technological, economic factors and agricultural practices.

4.2 Demand Forecast

4.3 Demand Impact on Assets

The present position and projections for demand drivers that may impact future service delivery and utilization of assets are outlined in Table 4.3.

Table 4.3: Demand Drivers, Projections and Impact on Services

Demand drivers	Present position	Projection	Impact on services
Population	Current (2015) population 120,000	From 2015 to 2040 population increase 60,000	Demand increase
Demographics	Percentage population 65+ is 21%	Percentage population 65+ to increase to 26%	Slight reduction in water usage per household
Housing Density	Single Family – 61% Multi-Family – 39%	Single Family – 43% Multi-Family – 57%	Reduction in water demand
Climate Change	Snowpack	Reduction in snowpack	Impact unknown
Regulatory	Water Filtration not required	Water filtration required	Water Quality improvement
Per Capita Use	Impact on water use	Water conservation to reduce consumption	Reduce demand

4.4 Demand Management Plan

Demand for new services will be managed through a combination of upgrading existing assets and providing new assets to meet demand.

The 20 Year Servicing Plan and Financial Strategy was developed in conjunction with the 2030 OCP and accounts for most of the demand drivers except climate change.

Opportunities identified to date for demand management are shown in Table 4.4. Further opportunities will be developed in future revisions of this AMP.

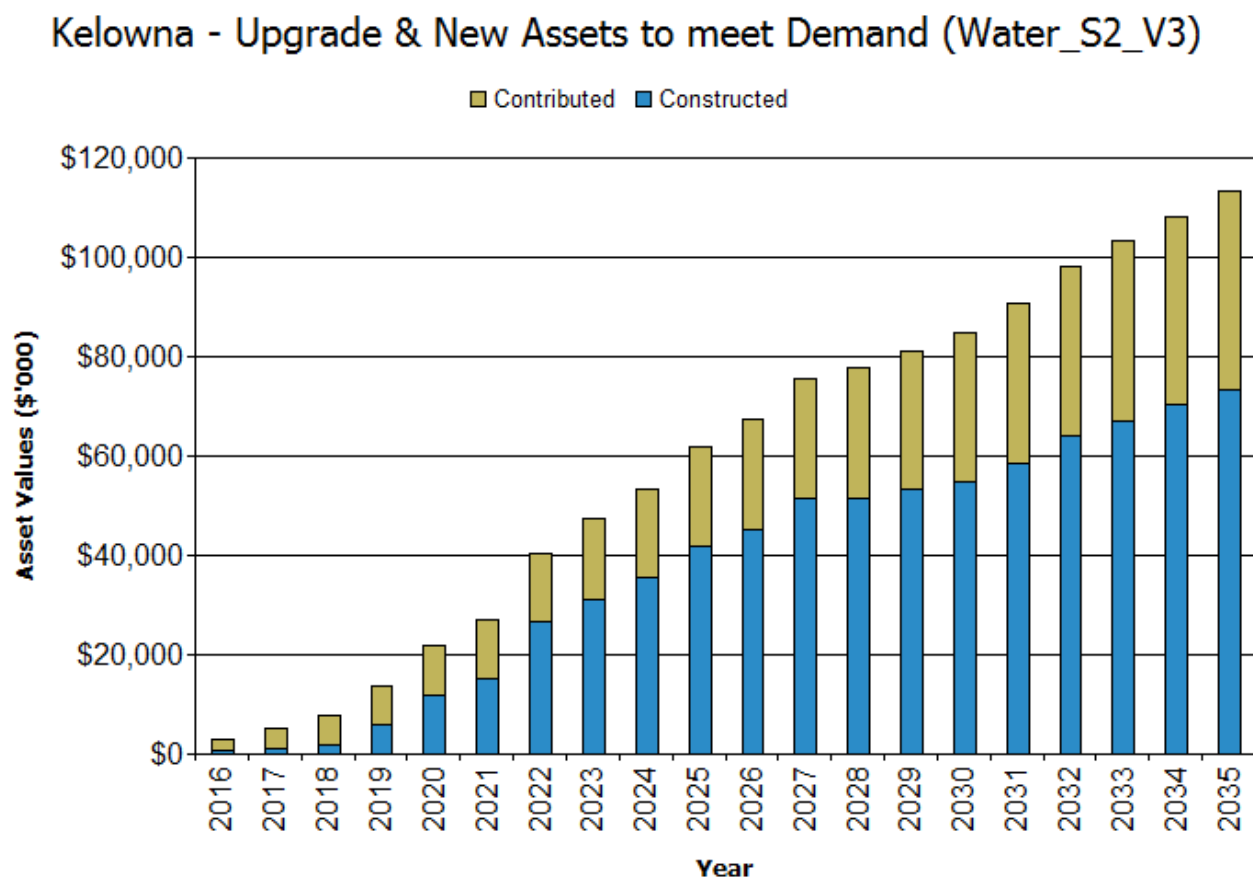
Table 4.4: Demand Management Plan Summary

Demand Driver	Impact on Services	Demand Management Plan
Population	Increase water demand	Upgrade existing and add new infrastructure to accommodate growth as per the 2030 Infrastructure Plan
Demographics	Slight decrease in water usage per household	No action
Housing Density	Increase in water demand for multiple dwellings in urban core	Renewal program to consider increasing water infrastructure capacity to meet the needs of increased housing density in urban core.
Climate Change	Impacts unknown at this time	Monitor impacts caused by climate change
Regulatory	Water Filtration Required.	Work with regulator to understand need and potential timing for improvements. Include in future iterations
Per Capita Use	Impact on water use	Water conservation to reduce consumption and reduce peak hour demand.

4.5 Asset Programs to meet Demand

New water infrastructure required to meet growth will be acquired from land development (contributed) and constructed by the City and developers (through our DCC program) as outlined in 20 Year Servicing and Financial Strategy. Figure 1 shows the cumulative value of new assets required to accommodate growth or improve service levels. A project listing is provided in Appendix C.

Figure 1: Upgrade and New Assets to meet Demand



Note: All costs are reported in current dollar values (net of inflation).

Over the next 20 years the Water asset stock will increase by \$113 million to accommodate growth and/or improve service levels. This represents a 27% increase. Acquiring these new assets will commit the City to fund ongoing operations, maintenance and renewal costs. These future costs are identified and considered in Section 5.

5. LIFECYCLE MANAGEMENT

Lifecycle management details how the City plans to operate, maintain, renew and replace assets at the agreed levels of service while optimizing life cycle costs.

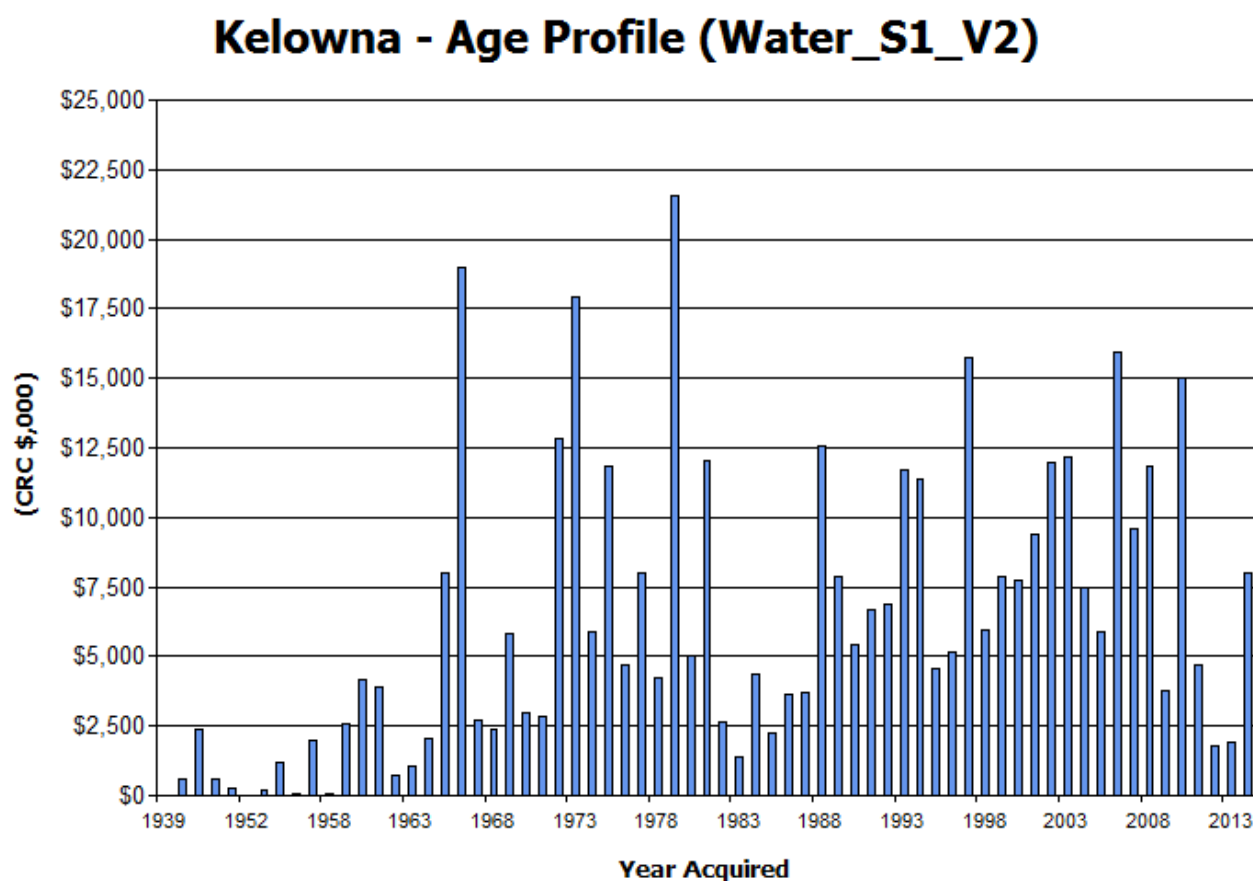
5.1 Background Data

5.1.1 Physical parameters

The assets covered by this AMP are listed in Table 2.1.

The age profile of the assets included in this AMP is shown in Figure 2. The graph shows the total value of assets for year acquired or last renewed in each year in current replacement values.

Figure 2: Asset Age Profile



5.1.2 Asset capacity and performance

Water services are generally provided to meet design standards as set out in the Subdivision, Development and Servicing Manual.

Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

Table 5.1.2: Known Service Performance Deficiencies

Location	Service Deficiency	Cost (\$)
Altura Upgrade	Fire Flow	80,000
Fairway and Eagle Upgrade	Fire Flow	545,000
Young and Hazel Upgrade	Fire Flow	315,000
Vintage Terrace Upgrade	Fire Flow	154,000

The above service deficiencies are scheduled for replacement in the 10-year capital plan. Utility Planning is also reviewing system performance in 2017 and further deficiencies may be identified.

5.1.3 Asset condition

The percentage of remaining useful life of assets, determined from the asset age and theoretical service life, is used to assess the condition of the water assets. The assets are graded between 1 – 5 based on their remaining service life as shown in Table 5.1.3 and Figure 3.

Fig 3: Asset Condition Profile

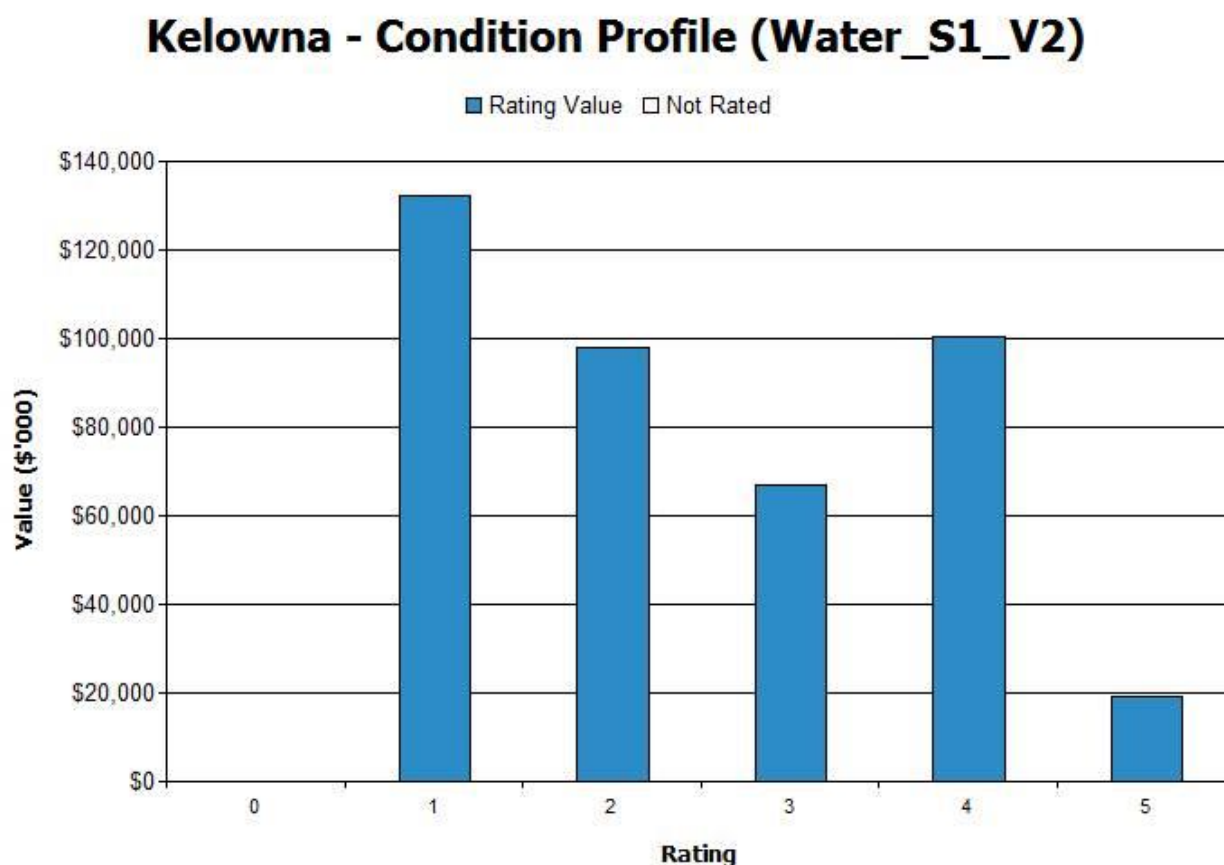


Table 5.1.3: Condition Grading Model

Condition Grading	% of Remaining Asset Useful Life
0	Assets not rated or unknown
1	80-100%
2	60-79%
3	40-59%
4	20-39%
5	<20%

Approximately 95% of the Water assets have more than 20% of their estimated useful life remaining and suggests that the Water system is in relatively good condition. The infrastructure that has less than 20% will be the focus of further condition assessment to plan renewal timing.

In the next 20 years, however, the percentage of assets with less than 20% of their remaining useful life is expected to increase 14% (\$74 million) which suggests renewal funding will need to increase. More detailed condition assessment will also be required to confirm asset condition and optimal renewal timing.

5.1.4 Asset valuations

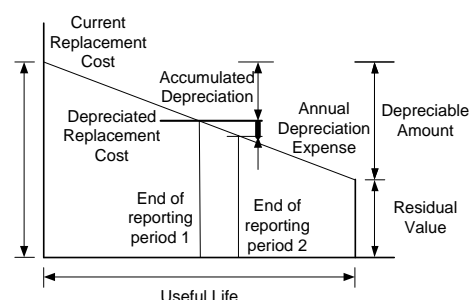
The asset values covered by this AMP are shown below. Assets are valued at current construction costs based (where possible) on actual tendered prices.

Key assumption made in preparing the valuations were:

- Asset renewal costs cover all restoration costs and there was no assumed efficiency for coordinated projects (i.e. water main completed at the same time as sewer and drainage project). This is a conservative assumption.

All terms are defined in Appendix F Glossary.

Current Replacement Cost	\$417 million
Depreciable Amount	\$417 million
Depreciated Replacement Cost ²	\$263 million
Annual Depreciation Expense	\$6.1 million



Various ratios of asset consumption and expenditure have been prepared to help guide and gauge asset management performance and trends over time.

Rate of Annual Asset Consumption (Depreciation/Depreciable Amount)	1.5%
Rate of Annual Asset Renewal (Capital Renewal Budget (2016)/Depreciable amount)	0.4%
Rate of Annual Asset Upgrade (Capital Upgrades Planned/Depreciable amount)	0.2 %
Percentage annual increase in asset stock (% Upgrade + % Contributed)	0.7%
Asset Renewal as percentage of consumption (% Renewal/ % Consumption)	24%

Based on the 2016 expenditures, Water assets are being renewed at 24 % of the rate they are being consumed. The renewal rate is adequate given the age of Water assets but renewal investment will need to increase in the long term to be sustainable. Over the next 10-years renewal investment will increase to \$3.25 million/yr or 53% of the system's annual depreciation. By 2035 renewal investment increases to \$5.5 million or 91% of the depreciable amount.

In 2016 the Water asset stock increased by \$2.9 million or 0.7% as a result of infrastructure required to service growth. The increase in asset stock will contribute to higher operating and maintenance costs and further renewal funding required in the future. Monitoring these indicators over time will indicate whether the City's physical operating capability is being maintained (i.e. Assets are being renewed as they are consumed on average).

These measures together with the sustainability measures in Section 6.1.1 provide valuable information for the City's strategic direction and objectives.

5.2 Infrastructure Risk Management Plan

A high level assessment of risks associated with service delivery from infrastructure assets has identified critical risks that may result in loss or reduction in service from infrastructure assets or a 'financial shock' to the City. Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritized corrective (Table 5.2). These risks are reported to management and Council.

Table 5.2: Critical Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Water System	Integration with other Water purveyors	M	Monitor and review. Develop plan to address this issue. Work with Water purveyors and provincial government.	M	Staff and Operational Resources.
Water System	Significant increase in required renewals over the longer term (20-year)	H	Regular update of asset management plans to inform Council and plan for future infrastructure cost pressures.	M	Staff and Operational Resources
Cedar Creek Pump Station	Pump motor failure at Cedar Creek.	H	Plan in place to upgrade Stellar Booster Station.	L	Included in 2030 Infrastructure Plan
Water Treatment	Regulation change (ex. Water filtration).	H	Monitor legislative changes and work with provincial authorities	M	Staff and Operational Resources.
Water System	Climate Change impacting on water quality and quantity.	M	Monitoring changes	M	Staff and Operational Resources.
Water System	Accuracy of estimate useful lives of water assets impacting renewal timing	M	Move away from age based estimates as a proxy for condition. Invest in asset management system to allow for better preventative maintenance and detailed condition assessment.	L	Staff and Operational Resources, Invest in asset management system (2017 provisional budget).
Water Network	Water Network model inaccuracy	M	Periodic review of water network adequacy including flow tests on hydrants.	L	Staff and Operational Resources.
Water Network	Transmission Main Failure	M	More thorough condition assessment for critical assets. Have repair parts in stocks.	L	Staff and Operational Resources.

Note * The residual risk is the risk remaining after the selected risk treatment plan is operational.

5.3 Operations and Maintenance

5.3.1 Operations and Maintenance

Operational expenses are continuous expenses required to provide a service, including power, fuel, staff, plant equipment and overhead.

Maintenance expenses include those necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating.

Maintenance may be classified into reactive and planned work activities. Reactive maintenance is unplanned repair work carried out in response to asset failure and service requests. Planned maintenance is repair work that is identified and managed through scheduled maintenance management. Planned is preferable to reactive maintenance as it reduces costs and service disruption.

Actual past operational and maintenance expenditure is shown in Table 5.3.1. These costs include debt service costs for past operational expenditures

Table 5.3.1: Operating and Maintenance Expenditure Trends

Year	Operating and Maintenance Expenditure
2015	\$6,577,000
2014	\$6,385,000
2013	\$5,971,000
2012	\$6,154,000

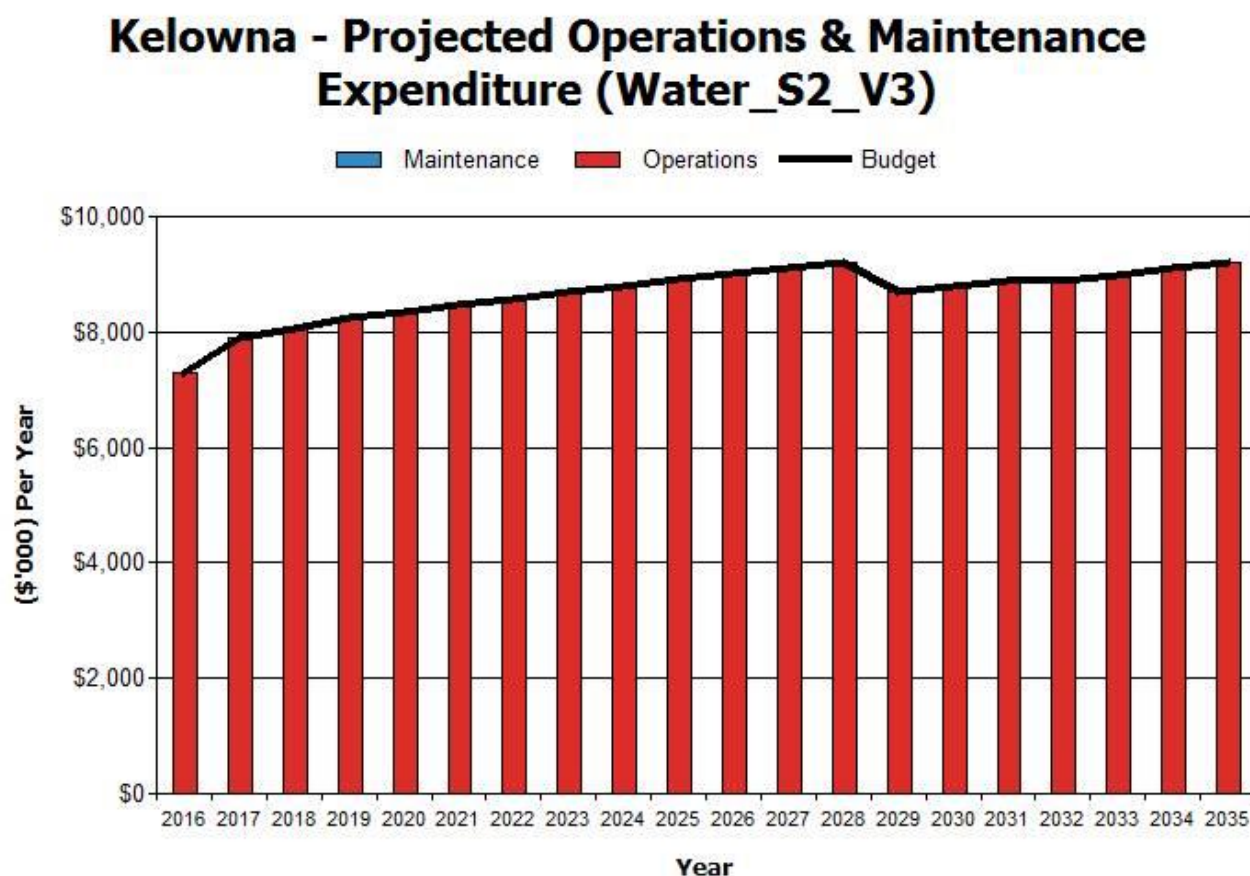
Operating and Maintenance expenditures have increased 6.5% over the past 4 years or about 1.5% on average annually.

5.3.2 Summary of future operations and maintenance expenditures

Future operation and maintenance (O&M) expenditures are forecast to increase to maintain the additional infrastructure required to service growth and improve service levels (Figure 4). The Water system will increase asset stock by approximately \$112 million to support growth in improve service levels in the next 20-years. The annual operating budget will need to increase by \$1.9 million to support this new infrastructure. The Water Utility Financial model adequately funds the expected O&M increase for the next ten years assuming an annual growth rate ranging between 1.38– 1.58%. Debt servicing for capital improvements is carried in the O&M budget and the drop in 2029 is caused by maturity of a loan.

Figure 4 shows the 20 year forecast operating and maintenance expenditures in real (current) dollar values (net of inflation). It reflects an increase over time due to the addition of new assets from increasing demand, growth and/or risk management control measures.

Figure 4: Projected Operations and Maintenance Expenditure



Note: All costs are reported in current dollar values (net of inflation).

5.4 Asset Renewal

Renewal or replacement expenditures are major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original required service potential. Work over and above restoring an asset to original service potential is considered to be new/upgrade expenditure.

5.4.1 Asset Renewal

The cost and timing of asset renewal was determined from the Asset Register by using the asset acquisition year and useful life to determine the renewal year. The asset renewal timing in this AMP is based on the assets theoretical expected service life and as such the actual renewal timing may differ depending on asset condition, risk and coordination with other infrastructure projects. Using asset age as a proxy for condition tends to be conservative and more detailed condition assessment is required to determine actual asset condition and renewal timing. Collection of this information would be made easier with the computerized asset management system. Renewal costs were determined from industry standards and best practice. Where asset historic costs were available, these costs were escalated to the current year using the Engineering New Record.

The asset useful lives used to develop projected asset renewal expenditures are shown in Table 5.4.1.

Table 5.4.1: Useful Lives of Water Assets

Asset SubGroup	Asset Type	Material/Component	Expected Life
Network	Watermain	AC	70
		CI	70
		COP	70
		DI	70
		GALV	70
		HDPE	80
		CONC	80
		PVC	100
		ST	80
		TL-DI	100
	Hydrant		50
	Meter		15
	PRV		50
	Filling Station		50
Facility	Reservoir	Base	70
	Pump Station UV Station Booster Station Flow Control Station	Base	50
		Structural	50
		Mechanical	25
		Electrical	25

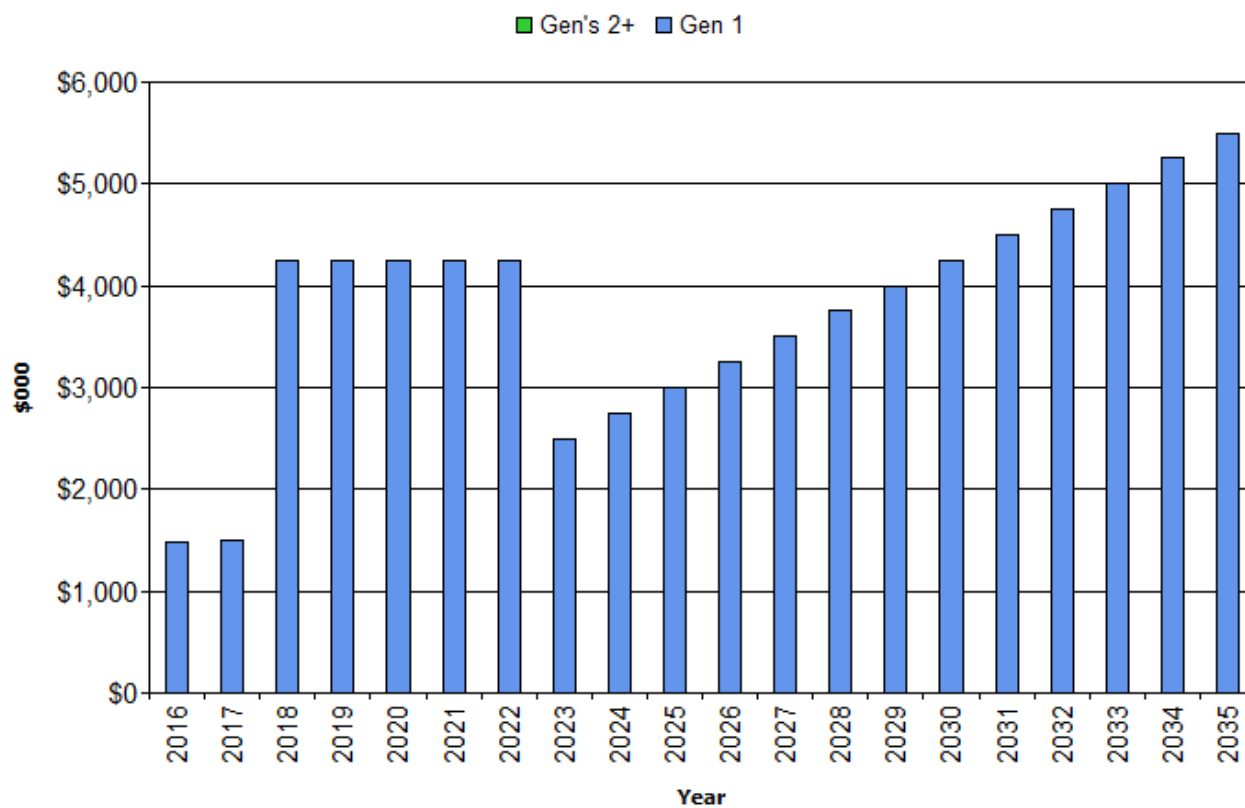
The theoretical asset useful life for each asset category was compared to the Canadian Infrastructure Report Card (2015) and adjustments were made to reflect actual service lives of the City's Water assets.

5.4.2 Summary of future renewal and replacement expenditure

Projected future renewal expenditures are forecast to increase over time as the Water assets near the end of their useful lives. There were peaks in development in the 1960's and 1970's and the supporting water infrastructure constructed at that time is now 40-50 years old and in many cases is nearing the end of its useful life. Figure 5 shows the projected average capital renewal expenditures over the 20-year planning period. These expenditures are expected to vary depending on the actual condition of the assets.

Fig 5: Projected Capital Renewal and Replacement Expenditure

Kelowna - Projected Capital Renewal Expenditure (Water_S2_V3)



Note: All costs are reported in current dollar values (net of inflation).

Over the next 20-years there is approximately \$76 million worth of Water system renewal required. Residential water metres will be replaced between 2018 - 2022 at a cost of \$11 million. Beyond 2023 renewal expenditures are expected to increase as the system ages. By 2035, renewal expenditures are expected to be \$5.5 million/year.

It is important note that these projects are based on theoretical service life and that actual renewal timing will be determined from infrastructure condition and risk of failure. There may be years where the renewal expenditure is not fully spent and the unspent funds will go into accumulated surplus to fund infrastructure renewal in future years.

5.5 Upgrade/New Assets

Upgrade/New assets are those works that create a new asset that did not previously exist, or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth or from an improvement to service levels (i.e. improved water quality). Assets may also be contributed to the City from land development.

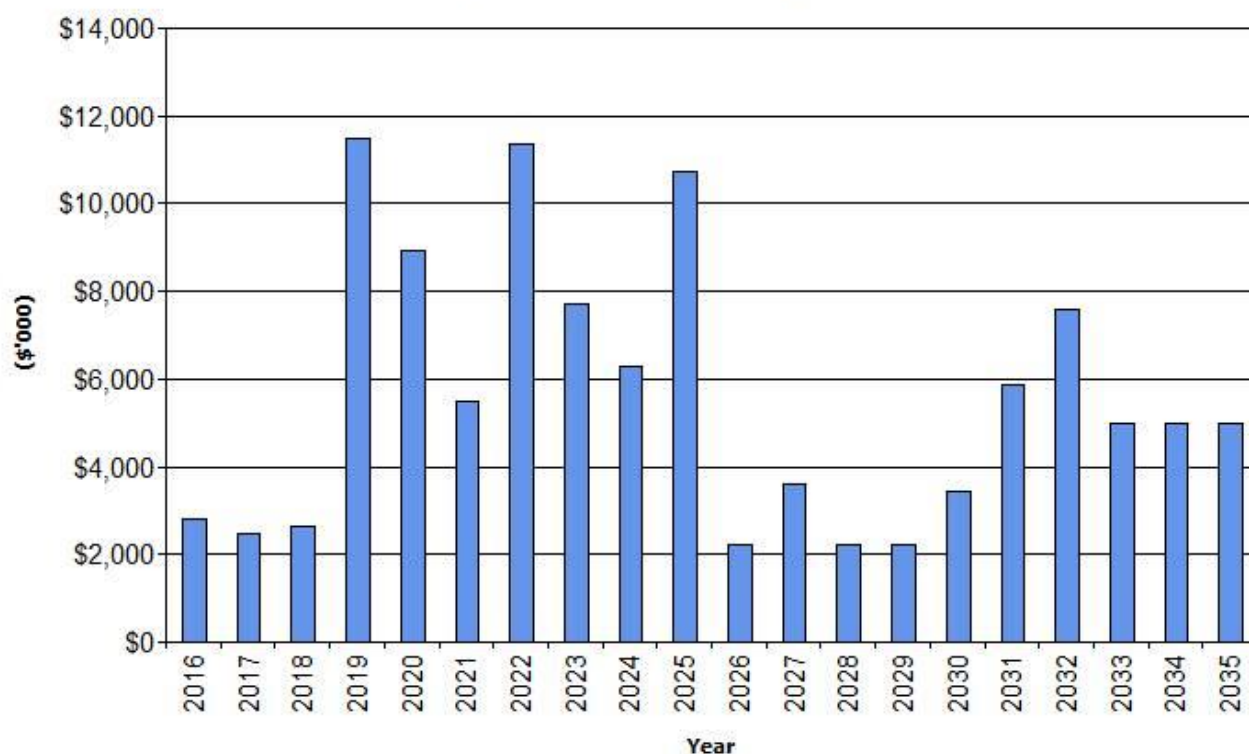
5.5.1 Summary of future upgrade/new assets expenditure

Projected Upgrade/New asset expenditures are summarized in Figure 6. The project list is provided in Appendix C. In total \$112 million worth of new asset expenditures are planned in the next 20 years. Approximately \$40 million are from developer contributed assets and \$72 million is required to accommodate growth as per the City's 10-Year Capital Plan.

Figure 6 shows the projected capital upgrade/new asset expenditures entered in Form 2C New-Upgrade Plan.

Fig 6: Projected Capital Upgrade to Support Growth Required by the 20-Yr Servicing Plan

Kelowna - Projected Capital Upgrade/New Expenditure (Water_S2_V3)



Note: All costs are reported in current dollar values (net of inflation).

Expenditure on new assets and services in the City's capital works program are accounted for the in the City's financial model.

5.6 Asset Disposal

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or abandonment. For the most part, assets are disposed at the time of asset renewal and the disposal information is tracked and recorded in the asset registry.

For this AMP it is assumed that all disposed assets have no residual value.

5.7 Service Consequences and Risks

5.7.1 What is not in this asset management plan

There are no unfunded O&M activities or capital projects within the next 10 years except for the possibility of provincial regulations requiring water filtration as a form of water treatment. This would require investment of approximately \$134 million in filtration infrastructure. This expenditure is not part of this AMP and the Utility Planning Department is working with provincial regulators to defer or negate this requirement.

Water assets are depreciating faster than they are being renewed. This funding shortfall is acceptable in the short-term because the water system is relatively new. Given current re-investment, however, the water system will age and this may increase the risk of infrastructure failure.

Over the next 20-years it is probable that the City may take ownership of infrastructure from other private water suppliers or irrigation districts that provide water service to Kelowna residents. This infrastructure is not part of this asset management plan.

Future updates to this AMP will respond to these and other changes so that the City is prepared to invest in the right infrastructure at the right time.

5.7.2 Service consequences

In the next 10 years there are no anticipated consequences for service levels. Over the longer-term if renewal funding levels does not increase as detailed in this AMP there may be service consequences. These may include:

- More frequent asset failure and service interruption,
- More reactive maintenance leading to higher costs.

5.7.3 Risk consequences

Over the next 10-years there is adequate funding for renewal projects. This AMP is developed using infrastructure service life estimates to quantify asset condition and renewal timing. By using this approach, there is risk that this plan may have missed infrastructure that is in poor or failing condition. This may create risk consequences for the City which are unknown at this time.

Future iterations of this AMP will benefit from improved processes and systems for collecting condition data and quantifying risk. Continuous improvement in the City's asset management practices will improve efficiency of service delivery and reduce risk of service interruption and/or deterioration.

6. FINANCIAL SUMMARY

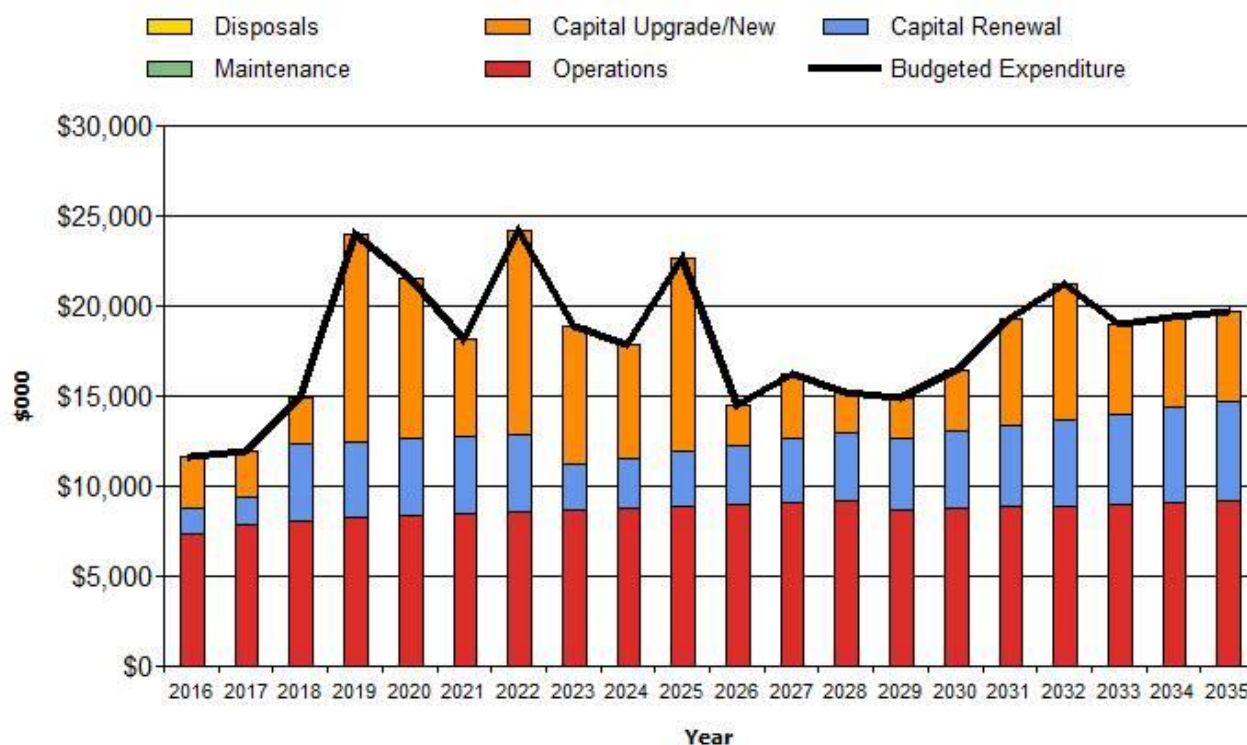
This section contains the financial requirements resulting from all the information presented in the previous sections of this AMP.

6.1 Financial Statements and Projections

The financial projections for operations, maintenance and capital expenditures for the next 20-year along with the projected budget are shown in Fig. 7. Figure 7 indicates that over the next 20 years there is adequate budget to fund operations, maintenance and capital expenditures assuming water rates increase with inflation which is projected to be 2% annually. Beyond 10 years the projections become less certain but the Water service is fully funded assuming there are no changes in regulatory requirements and the asset renewal requirements are as forecasted. This AMP will be update on a regular basis so that it captures emerging issues and leverages the best available data.

Fig 7: Projected Operating and Capital Expenditure

Kelowna - Projected Operating and Capital Expenditure (Water_S2_V3)



Note: All costs are reported in current dollar values (net of inflation).

6.1.1 Sustainability of service delivery

There are four key indicators for service delivery sustainability that have been considered in the analysis of the services provided by this asset category. These include the asset renewal funding ratio, long term life cycle costs/expenditures and medium term projected/budgeted expenditures over 5 and 10 years of the planning period.

Asset Renewal Funding Ratio

Asset Funding Ratio 100%

The Asset Renewal Funding Ratio is the ratio of the of the asset renewal expenditure budgeted over a 10-year period relative to the projected asset capital renewal expenditures. The Asset Funding Ratio is an important indicator and reveals that over the next 10 years, the City is forecasting that it will have 100% of the funds required for renewal of assets.

Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this AMP is \$14.4 million per year (average operations and maintenance expenditure plus depreciation expense projected over 10 years).

Life cycle costs can be compared to life cycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure over the 10-year planning period is \$11.6 million per year (average operations and maintenance plus capital renewal budgeted expenditure in LTTP over 10 years).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap. The life cycle gap for services covered by this asset management plan is -\$2.8 million per year.

Life cycle expenditure is 80% of life cycle costs.

The life cycle costs and life cycle expenditure comparison highlights the difference between present expenditures and the forecasted cost of providing the service over the long term. The cycle expenditure is less than the life cycle cost and as such is probable that rates will need to be increased beyond inflation in the long-term.

Knowing the extent and timing of any required increase in rates and the service consequences if funding is not available will assist the City in providing services to their community in a financially sustainable manner.

Medium term – 10-year financial planning period

Projected operations, maintenance and capital renewal expenditure over the 10-year planning period provides more reliable data for the assessment of service and financial sustainability as this based on best estimate projections in the AMP. This AMP identifies the projected operations, maintenance and capital renewal expenditures required to provide water service to the community over a 10-year period.

The projected operations, maintenance and capital renewal expenditure required over the 10-year planning period is \$11.6 million on average per year. The estimated budget available for operations, maintenance and capital renewal funding is \$11.6 million on average per year. This indicates that the City expects to have 100% of the projected expenditures needed to provide Water service.

Medium Term – 5-year financial planning period

The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$11.1 million on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$11.1 million on average per year. This indicates that the City expects to have 100% of projected expenditures required to provide Water service.

Asset management financial indicators

Figure 7a compares the asset management financial indicators over the next 5 and 10 years and over the long-term life cycle of the asset category. Ideally, the financing indicators should be 100% for the first 5 years and close to 100% over the 10-year period and long-term. Anything less than this in the 5-10 year period would suggest funding levels below that required to sustain existing service levels. This graphs shows that the City's Water Utility is fully funded and well positioned to managed operation, maintenance and asset renewal.

The Long Term indicator suggests that rates may need to be increased beyond inflation to manage the increasing cost pressures from an aging system. This AMP projects an increase in renewal funding in anticipation of the future cost pressures to minimize rate impacts to the customers.

Figure 7A: Asset Management Financial Indicators

Kelowna - AM Financial Indicators (Water_S2_V3)

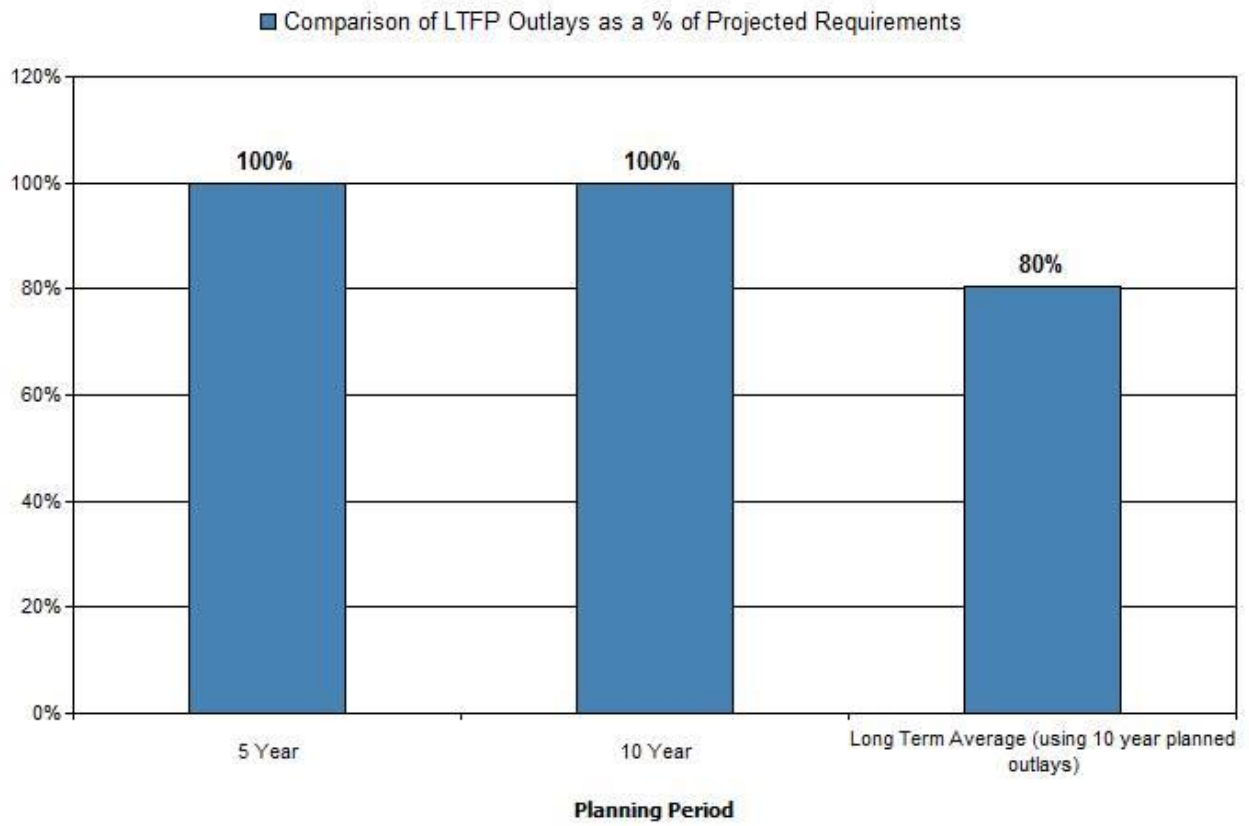
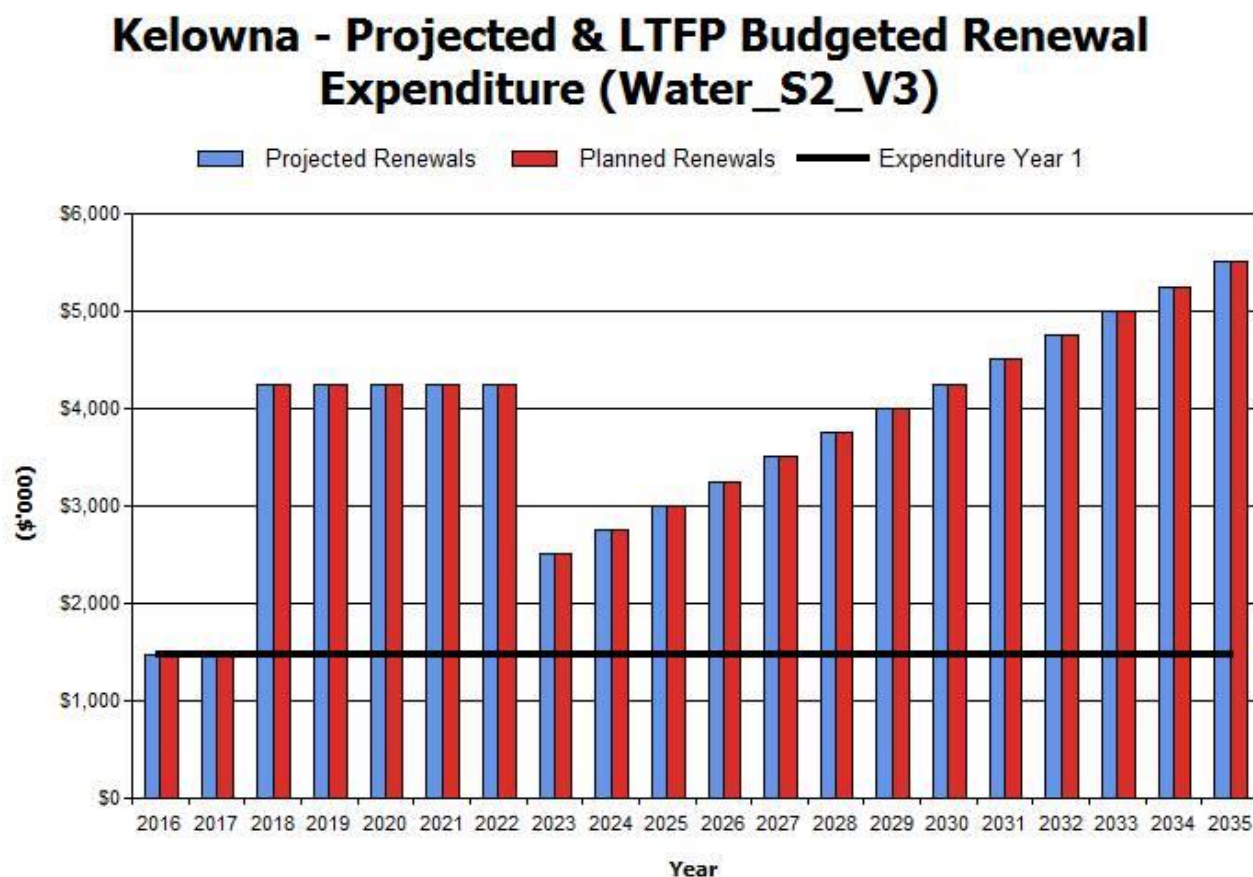


Figure 8 shows the Projected Renewal expenditure from Figures 5 compared to planned renewal expenditure from the long-term financial plan and current (year 1) expenditure. These renewal expenditures are accounted for in the water financial model and are fully funded. All costs are reported in current dollar values (net of inflation).

Figure 8: Projected and Budgeted Renewal Expenditure



Note: All costs are reported in current dollar values (net of inflation).

Table 6.1.1 shows that there is no shortfall between projected renewal expenditures and expenditure accommodated in Water Financial Model. Budget expenditures used in the Water Financial Model from current budgets are shown in Appendix D.

Table 6.1.1: Projected and Budgeted Renewals and Financing Shortfall

Year End June 30	Projected Renewals (\$'000)	LTFP Renewal Budget (\$'000)	Renewal Shortfall Shortfall (- gap,	Cumulative Shortfall
2016	\$1,480	\$1,480	\$0	\$0
2017	\$1,495	\$1,495	\$0	\$0
2018	\$4,250	\$4,250	\$0	\$0
2019	\$4,250	\$4,250	\$0	\$0
2020	\$4,250	\$4,250	\$0	\$0
2021	\$4,250	\$4,250	\$0	\$0
2022	\$4,250	\$4,250	\$0	\$0
2023	\$2,500	\$2,500	\$0	\$0
2024	\$2,750	\$2,750	\$0	\$0
2025	\$3,000	\$3,000	\$0	\$0
2026	\$3,250	\$3,250	\$0	\$0

2027	\$3,500	\$3,500	\$0	\$0
2028	\$3,750	\$3,750	\$0	\$0
2029	\$4,000	\$4,000	\$0	\$0
2030	\$4,250	\$4,250	\$0	\$0
2031	\$4,500	\$4,500	\$0	\$0
2032	\$4,750	\$4,750	\$0	\$0
2033	\$5,000	\$5,000	\$0	\$0
2034	\$5,250	\$5,250	\$0	\$0
2035	\$5,500	\$5,500	\$0	\$0

Note: A negative shortfall indicates a financing gap, a positive shortfall indicates a surplus for that year.

6.1.2 Projected expenditures for long term financial plan

Table 6.1.2 shows the projected expenditures for the 10-year financial plan. O&M and capital for renewal and growth is fully funded.

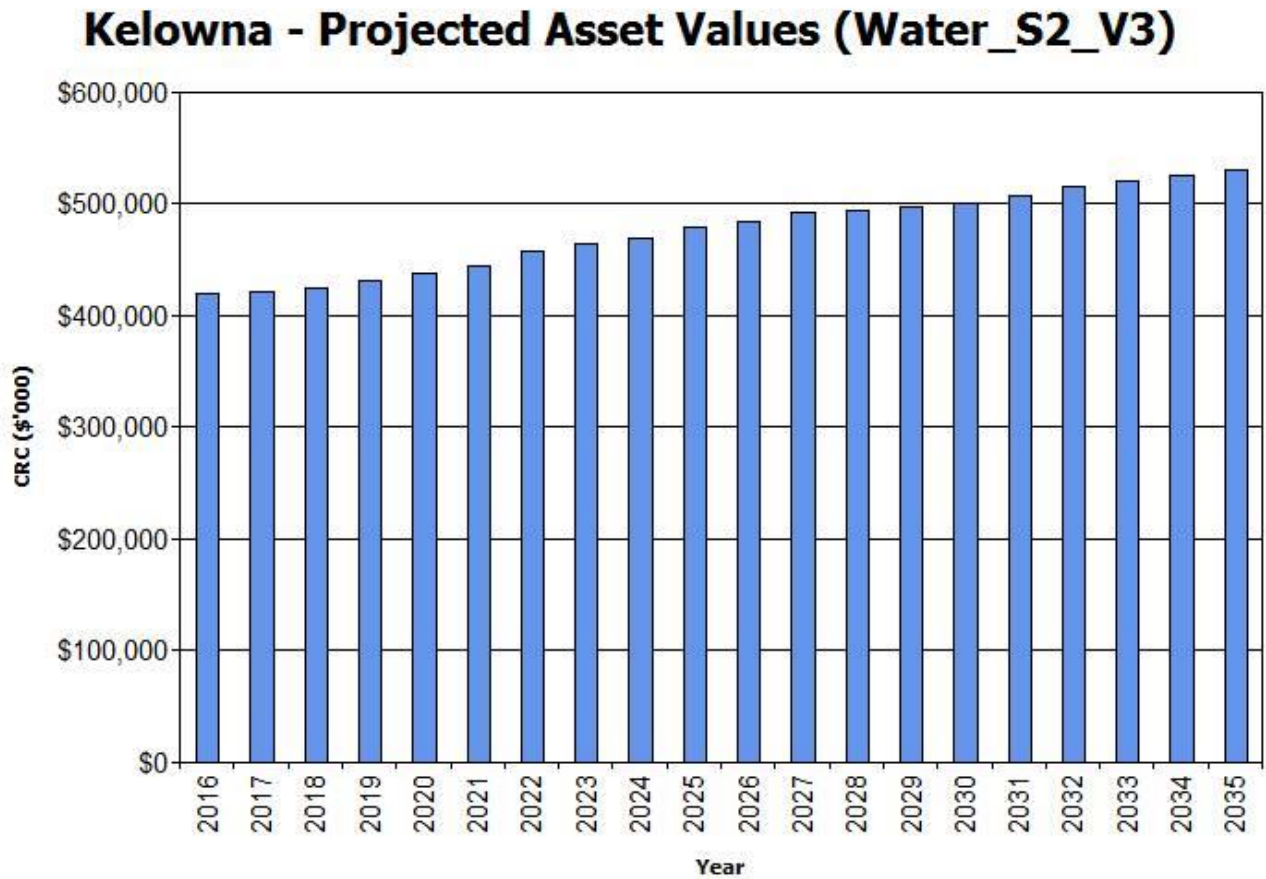
Table 6.1.2: Projected Expenditures for 10 Year Long Term Financial Plan (\$000)

Year	Operations (\$000)	Maintenance (\$000)	Projected Capital Renewal (\$000)	Capital Upgrade/ New (\$000)	Disposals (\$000)
2016	\$7,306	\$0	\$1,480	\$2,810	\$0
2017	\$7,906	\$0	\$1,520	\$2,485	\$0
2018	\$8,069	\$0	\$4,250	\$2,622	\$0
2019	\$8,235	\$0	\$4,250	\$11,471	\$0
2020	\$8,355	\$0	\$4,250	\$8,945	\$0
2021	\$8,463	\$0	\$4,250	\$5,480	\$0
2022	\$8,572	\$0	\$4,250	\$11,346	\$0
2023	\$8,681	\$0	\$2,500	\$7,716	\$0
2024	\$8,795	\$0	\$2,750	\$6,268	\$0
2025	\$8,908	\$0	\$3,000	\$10,746	\$0
2026	\$9,011	\$0	\$3,250	\$2,217	\$0
2027	\$9,115	\$0	\$3,500	\$3,600	\$0
2028	\$9,219	\$0	\$3,750	\$2,217	\$0
2029	\$8,681	\$0	\$4,000	\$2,218	\$0
2030	\$8,788	\$0	\$4,250	\$3,428	\$0
2031	\$8,897	\$0	\$4,500	\$5,860	\$0
2032	\$8,874	\$0	\$4,750	\$7,606	\$0
2033	\$8,985	\$0	\$5,000	\$5,000	\$0
2034	\$9,097	\$0	\$5,250	\$5,000	\$0
2035	\$9,210	\$0	\$5,500	\$5,000	\$0

6.2 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to accommodate growth or improve service levels. Figure 9 shows the projected current replacement cost of assets is expected to increase by \$113 million to \$530 million over the planning period.

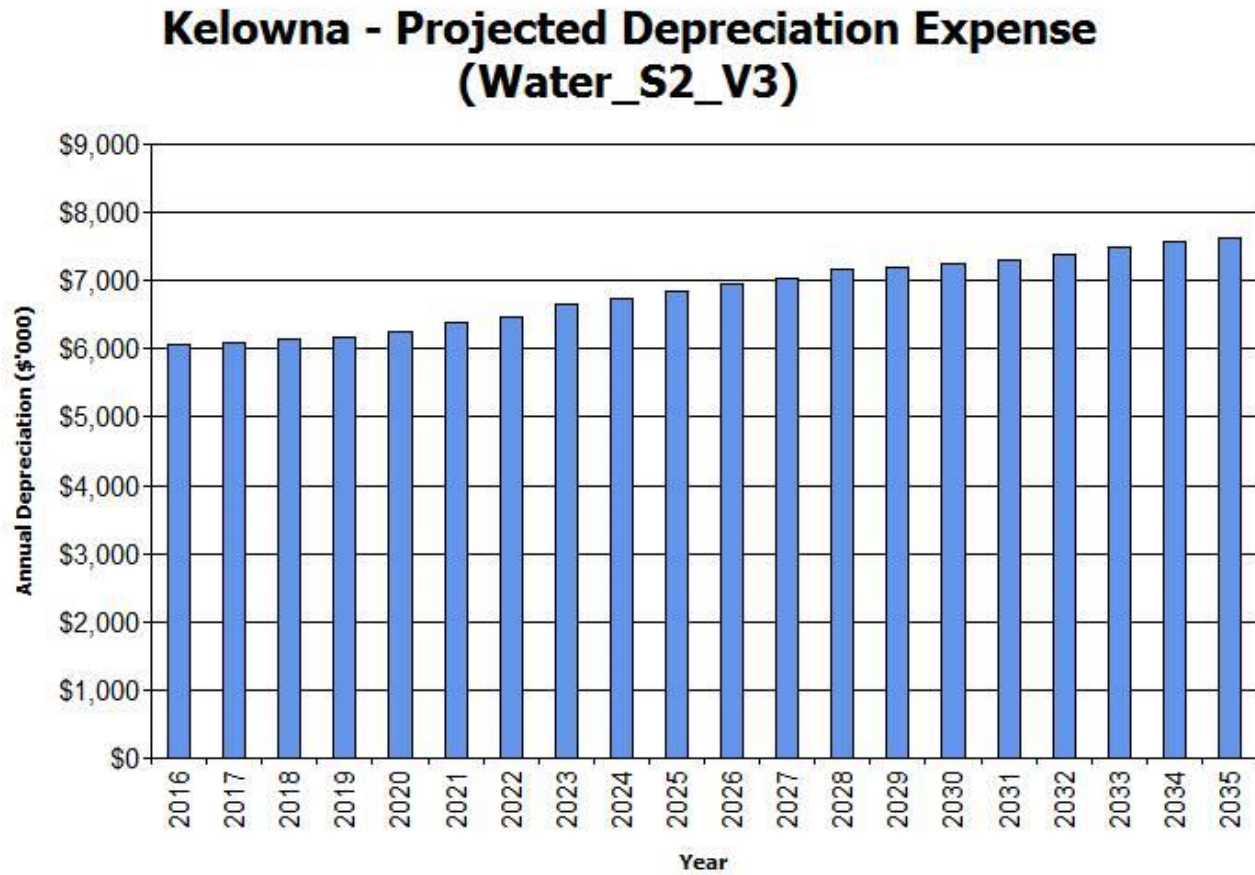
Figure 9: Projected Asset Values



Note: All costs are reported in current dollar values (net of inflation).

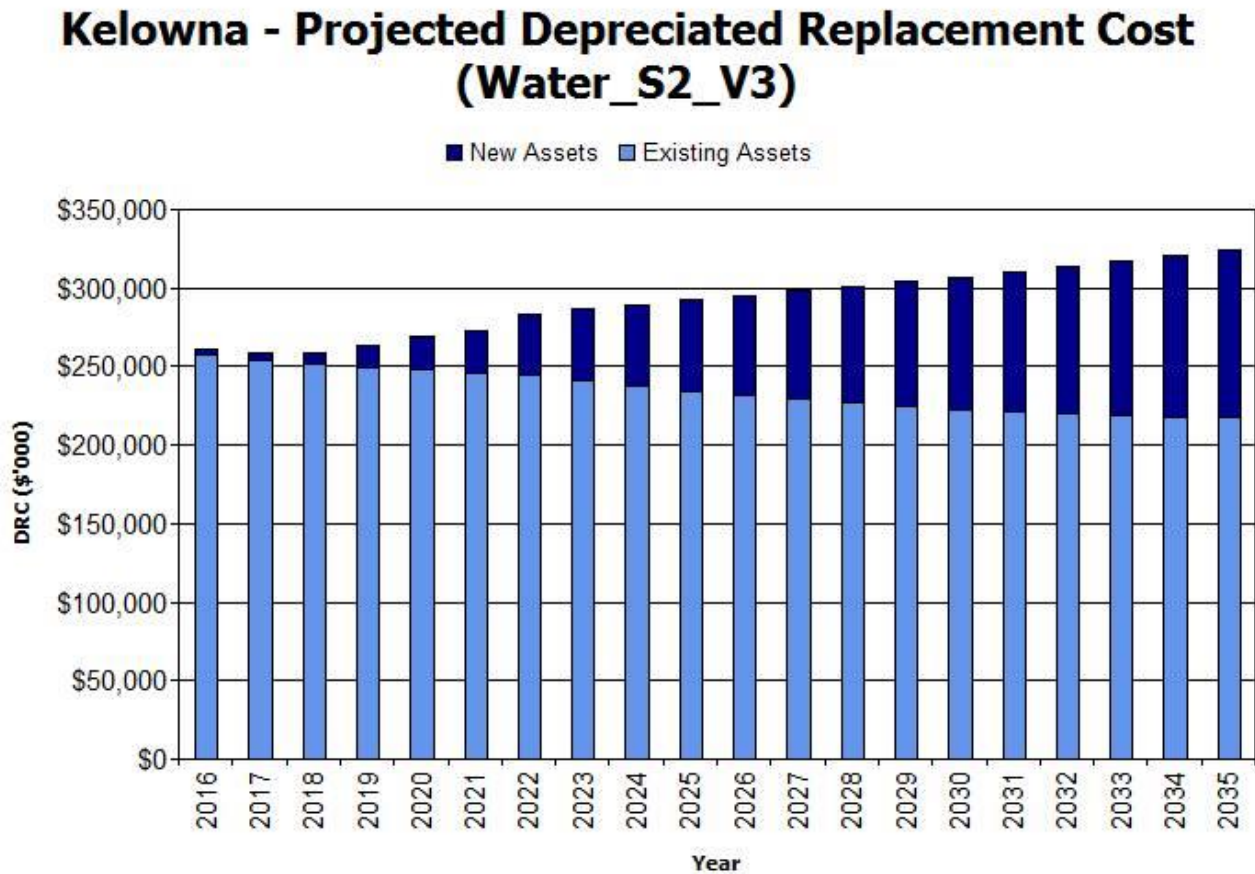
Figure 10 shows the projected depreciation expense for assets over the 20-year planning period. The increase in annual depreciation (\$1.6 million) is a result of contributed assets from developers and the construction of new assets and upgrade of existing assets to accommodate growth or improve service levels.

Figure 10: Projected Depreciation Expense



The depreciated replacement cost will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets. Figure 11 shows the projected replacement cost (carrying amount) for assets over the 20-year planning period. The depreciated replacement cost of contributed and new assets is shown in the darker colour and the depreciated replacement cost of existing assets is shown in the lighter colour. This figure shows that existing assets are being consumed faster than they are replaced and the addition of new assets is forecast to increase the depreciated replacement cost to \$315 million by 2035.

Figure 11: Projected Depreciated Replacement Cost



6.2 Key Assumptions made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this AMP.

Table 6.4: Key Assumptions made in AMP and Risks of Change

Key Assumptions	Risks of Change to Assumptions
Asset replacement timing is based on asset age and the theoretical asset useful life	Actual asset replacement timing may/will differ than these projections.
Asset condition is based on percent of theoretical asset useful life remaining	Actual condition of assets may be worse than anticipated and this may affect asset performance.
Replacement costs are based on industry cost estimates	Actual replacement costs may be more expensive
Legislative compliance will remain constant	Changes in legislation & regulation may increase operating and maintenance expenditures and trigger additional capital investment.
Asset registry is accurate and comprehensive.	Missing asset information may cause and underestimation of future O&M and Capital costs.

6.3 Forecast Reliability and Confidence

The expenditure and valuations projections in this AMP are based on best available data. Up to date and accurate data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale in accordance with Table 6.5.

Table 6.5: Data Confidence Grading System

Confidence Grade	Description
A Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this AMP is shown in Table 6.5.1.

Table 6.5.1: Data Confidence Assessment for Data used in AMP

Data	Confidence Assessment	Comment
Demand drivers	B	Based on local corporate knowledge, OCP, 20-yr Servicing Plan, Asset Registry
Growth projections	B	Population projections based on OCP
Operations expenditures	B	Municipal records – historically, operations expenditure and maintenance expenditure not separately identified
Operation and Maintenance expenditures	B	Actual expenditures used in water financial model
Projected Renewal Exp. -Asset Values	C	Asset values based on industry standards
-Asset residual values	C	Municipal assets are generally used to the end of their useful life and would not have a residual value of a material amount.
-Asset useful lives	C	Useful lives based on industry standards
-Condition modelling	C	Condition modeling base on asset age as a percentage of theoretical useful life

-Network renewals	C	Based on asset inventory registers and capital project Expenditures identified in 2030 Infrastructure Plan
Upgrade/New expenditures	B	Program expenditure projections are based on projects identified in 2030 Infrastructure Plan
Disposal expenditures	C	Not considered as part of this AMP. Assumed that there are no disposal expenditures.

Over all data sources, the data used in the preparation of this AMP is assessed at a medium confidence level.

7. PLAN IMPROVEMENT AND MONITORING

7.1 Improvement Program

The asset management improvement plan generated from this AMP is shown in Table 7.2.

Table 7.2: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Implement Agresso FA for better financial reporting	Financial Services	Exiting staff	2016-17
2	Improve asset data collection	Infrastructure/Development Engineering	Existing Staff	2016-17
3	Implement Asset Management System	Infrastructure	Identified in 2017 budget	2017-18

7.3 Monitoring and Review Procedures

This AMP will be reviewed regularly and amended to recognize any material changes in service levels and/or resources available to provide those services as a result of budget decisions.

8. REFERENCES

Council Policy 352 - Sustainable Municipal Infrastructure Policy

Council Policy 342 - Tangible Capital Asset Policy

2030 Infrastructure Plan (April 2016)

2015 Financial Plan 5-Year Financial Plan

20-Year Servicing Plan and Financial Strategy (amended 2016)

2030 Official Community Plan

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM

IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/namsplus.

IPWEA, 2009, 'Australian Infrastructure Financial Management Guidelines', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/AIFMG.

IPWEA, 2011, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM

9. APPENDICES

Appendix A Projected 10-year Capital Renewal and Replacement Works Program

Appendix B Projected 10-year Capital Upgrade/New Works Program

Appendix C Abbreviations

Appendix D Glossary

Appendix A Projected 10-year Capital Renewal and Replacement Program

(\$000)

Year	Item	Description	Estimate
2016		Network Renewals	
	1	Renewal	\$1,480
	2		
2016		Total	\$1,480

2017		Network Renewals	
	1	Renewal	\$1,495
	2		
2017		Total	\$1,495

(\$000)

Year	Item	Description	Estimate
2018		Network Renewals	
	1	System Renewal	\$2,000
	2	Water Meter Renewal	\$2,250
2018		Total	\$4,250

2019		Network Renewals	Estimate
	1	System Renewal	\$2,000
	2	Water Meter Renewal	\$2,250
2019		Total	\$4,250

(\$000)

Year	Item	Description	Estimate
2020		Network Renewals	
	1	System Renewal	\$2,000
	2	Water Meter Renewal	\$2,250
2020		Total	\$4,250

2021		Network Renewals	
	1	System Renewal	\$2,000
	2	Water Meter Renewal	\$2,250
2021		Total	\$4,250

(\$000)

Year	Item	Description	Estimate
2022		Network Renewals	
	1	System Renewal	\$2,000
	2	Water Meter Renewal	\$2,250
2022		Total	\$4,250

2023		Network Renewals	
	1	System Renewal	\$2,500
	2		
2023		Total	\$2,500

(\$000)

Year	Item	Description	Estimate
2024		Network Renewals	
	1	System Renewal	\$2,750
2024		Total	\$2,750

2025		Network Renewals	
	1	System Renewal	\$3,000
	2		
2025		Total	\$3,000

Appendix B Projected Upgrade/New 10-year Capital Program

(\$000)

Year	Item	Description	Estimate
2016	1	Offsite & Oversize - Water	\$60
	2	Clifton Main Upgrade (sections: Rio-Boppart-PRV)	\$750
	3	Contributed Assests from Land Development (est.)	\$2,000
2016		Total	\$2,810

(\$000)

Year	Item	Description	Estimate
2017	1	Offsite & Oversize - Water	\$60
	2	Vintage Terrace Existing FF	\$200
	3	Contributed Assests from Land Development (est.)	\$2,000
	4	Water Meter - New Installations	\$150
	5	Ash & Uplands Pressure Reducing Valves	\$75
2017		Total	\$2,485

(\$000)

Year	Item	Description	Estimate
2018	1	Offsite & Oversize - Water	\$67
	2	Ethel Main Installation (Weddell-Clement)	\$405
	3	Contributed Assests from Land Development (est.)	\$2,000
	4	Water Meter - New Installations	\$150
2018		Total	\$2,622

(\$000)

Year	Item	Description	Estimate
2019	1	Offsite & Oversize - Water	\$67
	2	Skyline Booster Station	\$378
	3	Southcrest Transmission (Southcrest-Westpoint)	\$6,807
	4	Cedar Creek Transmission - Stage 1 Stellar Booster Station project 3(b)	\$2,069
	5	Contributed Assests from Land Development (est.)	\$2,000
	6	Water Meter - New Installations	\$150
2019		Total	\$11,471

(\$000)

Year	Item	Description	Estimate
2020	1	Offsite & Oversize - Water	\$67
	2	Developer Credit	\$245
	3	Southcrest Transmission (Adams-Southcrest)	\$6,483
	4	Contributed Assests from Land Development (est.)	\$2,000
	5	Water Meter - New Installations	\$150
2020		Total	\$8,945

(\$000)

Year	Item	Description	Estimate
2021	1	Offsite & Oversize - Water	\$67
	2	Young and Hazel Rd Existing FF deficiency	\$315
	3	Frost Pump Station and Reservoir System Upgrade	\$2,948
	4	Contributed Assests from Land Development (est.)	\$2,000
	5	Water Meter - New Installations	\$150
2021		Total	\$5,480

(\$000)

Year	Item	Description	Estimate
2022	1	Offsite & Oversize - Water	\$67
	2	Altura FF Upgrade	\$80
	3	Cedar Creek Transmission System Stage 2	\$9,049
	4	Contributed Assests from Land Development (est.)	\$2,000
	5	Water Meter - New Installations	\$150
2022		Total	\$11,346

(\$000)

Year	Item	Description	Estimate
2023	1	Offsite & Oversize - Water	\$67
	2	Royal View and Mountain Main Upgrade - DCC	\$5,499
	3	Contributed Assests from Land Development (est.)	\$2,000
	4	Water Meter - New Installations	\$150
2023		Total	\$7,716

(\$000)

Year	Item	Description	Estimate
2024	1	Offsite & Oversize - Water	\$67
	2	Knox Mountain Transmission System Upgrades	\$3,506
	3	Fairway Cr & Eagle Dr FF	\$545
	4	Contributed Assests from Land Development (est.)	\$2,000
	5	Water Meter - New Installations	\$150
2024		Total	\$6,268

(\$000)

Year	Item	Description	Estimate
2025	1	Offsite & Oversize - Water	\$67
	2	PZ 419 Storage Upgrade	\$6,108
	3	Crawford Supply (Southcrest to Vector)	\$2,421
	4	Contributed Assests from Land Development (est.)	\$2,000
	5	Water Meter - New Installations	\$150
2025		Total	\$10,746

Appendix C Abbreviations

AAAC	Average annual asset consumption
AM	Asset management
AMP	Asset management plan
ARI	Average recurrence interval
ASC	Annual service cost
BOD	Biochemical (biological) oxygen demand
CRC	Current replacement cost
CWMS	Community wastewater management systems
DA	Depreciable amount
DRC	Depreciated replacement cost
EF	Earthworks/formation
IRMP	Infrastructure risk management plan
LCC	Life Cycle cost
LCE	Life cycle expenditure
LTFP	Long term financial plan
MMS	Maintenance management system
PCI	Pavement condition index
RV	Residual value
SoA	State of the Assets
SS	Suspended solids
vph	Vehicles per hour
WDCRD	Written down current replacement cost

Appendix D Glossary

Annual service cost (ASC)

- 1) Reporting actual cost
The annual (accrual) cost of providing a service including operations, maintenance, depreciation, finance/opportunity and disposal costs less revenue.
- 2) For investment analysis and budgeting
An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operations, maintenance, depreciation, finance/opportunity and disposal costs, less revenue.

Asset

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

Asset category

Sub-group of assets within a class hierarchy for financial reporting and management purposes.

Asset class

A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

Asset condition assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Asset hierarchy

A framework for segmenting an asset base into appropriate classifications. The asset hierarchy can be based on asset function or asset type or a combination of the two.

Asset management (AM)

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

Asset renewal funding ratio

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an asset management plan for the same period [AIFMG Financial Sustainability Indicator No 8].

Average annual asset consumption (AAAC)*

The amount of an Corporation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

Borrowings

A borrowing or loan is a contractual obligation of the borrowing entity to deliver cash or another financial asset to the lending entity over a specified period of time or at a specified point in time, to cover both the initial capital provided and the cost of the interest incurred for providing this capital. A borrowing or loan provides the means for the borrowing entity to finance outlays (typically physical assets) when it has insufficient funds of its own to do so, and for the lending entity to make a financial return, normally in the form of interest revenue, on the funding provided.

Capital expenditure

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital expenditure - expansion

Expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to a new group of users. It is

discretionary expenditure, which increases future operations and maintenance costs, because it increases the Corporation's asset base, but may be associated with additional revenue from the new user group, eg. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

Capital expenditure - new

Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operations and maintenance expenditure.

Capital expenditure - renewal

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it generally has no impact on revenue, but may reduce future operations and maintenance expenditure if completed at the optimum time, eg. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

Capital expenditure - upgrade

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operations and maintenance expenditure in the future because of the increase in the Corporation's asset base, eg. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

Capital funding

Funding to pay for capital expenditure.

Capital grants

Monies received generally tied to the specific projects for which they are granted, which are

often upgrade and/or expansion or new investment proposals.

Capital investment expenditure

See capital expenditure definition.

Capitalisation threshold

The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

Carrying amount

The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

Class of assets

See asset class definition

Component

Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.

Core asset management

Asset management which relies primarily on the use of an asset register, maintenance management systems, job resource management, inventory control, condition assessment, simple risk assessment and defined levels of service, in order to establish alternative treatment options and long-term cashflow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than detailed risk analysis and optimised decision-making).

Cost of an asset

The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service. This includes one-off design and project management costs.

Critical assets

Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and

rehabilitation. Critical assets have a lower threshold for action than noncritical assets.

Current replacement cost (CRC)

The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

Deferred maintenance

The shortfall in rehabilitation work undertaken relative to that required to maintain the service potential of an asset.

Depreciable amount

The cost of an asset, or other amount substituted for its cost, less its residual value.

Depreciated replacement cost (DRC)

The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Depreciation / amortisation

The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

Economic life

See useful life definition.

Expenditure

The spending of money on goods and services. Expenditure includes recurrent and capital outlays.

Expenses

Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or increases in liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Fair value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arms length transaction.

Financing gap

A financing gap exists whenever an entity has insufficient capacity to finance asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current financing gap means service levels have already or are currently falling. A projected financing gap if not addressed will result in a future diminution of existing service levels.

Heritage asset

An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

Impairment Loss

The amount by which the carrying amount of an asset exceeds its recoverable amount.

Infrastructure assets

Physical assets that contribute to meeting the needs of Corporations or the need for access to major economic and social facilities and services, eg. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no separate market value.

Investment property

Property held to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or

(b) sale in the ordinary course of business.

Key performance indicator

A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

Level of service

The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

Life Cycle Cost *

1. **Total LCC** The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
2. **Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure plus asset consumption expense, represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

Life Cycle Expenditure

The Life Cycle Expenditure (LCE) is the average operations, maintenance and capital renewal expenditure accommodated in the long term financial plan over 10 years. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of affordability of projected service levels when considered with asset age profiles.

Loans / borrowings

See borrowings.

Maintenance

All actions necessary for retaining an asset as near as practicable to an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating, eg road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

- **Planned maintenance**

Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

- **Reactive maintenance**

Unplanned repair work that is carried out in response to service requests and management/supervisory directions.

- **Specific maintenance**

Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.

- **Unplanned maintenance**

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance expenditure *

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

Materiality

The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

Modern equivalent asset

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology

changes and, improvements and efficiencies in production and installation techniques

Net present value (NPV)

The value to the Corporation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from eg the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

Non-revenue generating investments

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Corporation, eg. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

Operations

Regular activities to provide services such as public health, safety and amenity, eg street sweeping, grass mowing and street lighting.

Operating expenditure

Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, eg power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

Operating expense

The gross outflow of economic benefits, being cash and non cash items, during the period arising in the course of ordinary activities of an entity when those outflows result in decreases in equity, other than decreases relating to distributions to equity participants.

Operating expenses

Recurrent expenses continuously required to provide a service, including power, fuel, staff, plant equipment, maintenance, depreciation, on-costs and overheads.

Operations, maintenance and renewal financing ratio

Ratio of estimated budget to projected expenditure for operations, maintenance and

renewal of assets over a defined time (eg 5, 10 and 15 years).

Operations, maintenance and renewal gap

Difference between budgeted expenditures in a long term financial plan (or estimated future budgets in absence of a long term financial plan) and projected expenditures for operations, maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

Pavement management system (PMS)

A systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

PMS Score

A measure of condition of a road segment determined from a Pavement Management System.

Rate of annual asset consumption *

The ratio of annual asset consumption relative to the depreciable amount of the assets. It measures the amount of the consumable parts of assets that are consumed in a period (depreciation) expressed as a percentage of the depreciable amount.

Rate of annual asset renewal *

The ratio of asset renewal and replacement expenditure relative to depreciable amount for a period. It measures whether assets are being replaced at the rate they are wearing out with capital renewal expenditure expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

Rate of annual asset upgrade/new *

A measure of the rate at which assets are being upgraded and expanded per annum with capital upgrade/new expenditure expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

Recoverable amount

The higher of an asset's fair value, less costs to sell and its value in use.

Recurrent expenditure

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12

months. Recurrent expenditure includes operations and maintenance expenditure.

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

Renewal

See capital renewal expenditure definition above.

Residual value

The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revenue generating investments

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, eg public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

Risk management

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

Section or segment

A self-contained part or piece of an infrastructure asset.

Service potential

The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

Service potential remaining

A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that is still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

Specific Maintenance

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

Strategic Longer-Term Plan

A plan covering the term of office of councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in the Council's longer-term plans such as the asset management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where the Council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

- (a) the period over which an asset is expected to be available for use by an entity, or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Corporation.

Value in Use

The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets whose future

economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Source: IPWEA, 2009, AIFMG Glossary

Additional and modified glossary items shown *

INFRASTRUCTURE REPORT CARD

Water System

November 2016



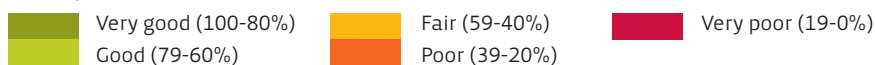
Quick facts

- The City of Kelowna water utility serves approximately 65,000 of its 125,000 residents.
- Water system assets are valued at \$417 million.
- The City of Kelowna has not had a water quality advisory in 20 years.
- The City Water Utility is a resilient and robust system that is maintained in a state of good repair.
- The condition of the water infrastructure is fair to good depending on the asset component, except for water meters, which are nearing the end of their service life and will be replaced within 10 years.
- Water assets are depreciating faster than they are being renewed or replaced. This funding short fall is acceptable in the short-term because the water system is relatively new.
- Asset renewal funding will increase in the next 20-years to address long-term renewal expenditures.
- The City of Kelowna Water Utility has an affordable and sustainable plan to ensure customers will continue to receive safe reliable water long-term.

Water system score card

Asset component	Quantity	Replacement value (\$ million)	Expected remaining life	Age rating
Watermain	413 km	306.4	60%	Good
Booster Stations & PRV's	53	18.2	51%	Fair
Source Pump Stations	4	17.3	61%	Good
UV Treatment Facilities	4	19.3	87%	Very good
Reservoirs	24	44.6	60%	Good
Meters	17,036	11.0	20%	Poor
Total		417		

Rating scale (remaining service life)



The City system

The City is one of five water purveyors operating within Kelowna's municipal boundaries. The City provides water to approximately 65,000 of its 125,000 residents. The remainder of Kelowna is serviced primarily by four independent irrigation districts and 27 small, private suppliers. During the summer, when peak water demand occurs, the City delivers 90 million litres of water per day to its customers. This report card covers the infrastructure assets that serve the City of Kelowna's Water Utility customers.

quality source water is disinfected by two processes: treatment with ultraviolet light that neutralizes protozoa like cryptosporidium and giardia, and then it receives a low concentration of chlorine to ensure bacteria is destroyed and does not re-grow in the distribution system. Rigorous testing of both raw and treated water is performed at lake intakes and numerous locations throughout the distribution system. Online monitoring equipment records continuous data to show water quality trends and aid in early detection of any deviation in quality.

Water quality

Protection of Kelowna's water sources is important to sustain a healthy society and economy. The City of Kelowna has adopted a source-to-tap management program that is considered to be one of the best in Canada. The plan collectively addresses water issues at several levels to ensure that the quality of drinking water meets provincial and federal drinking water guidelines.

Since 1996, City of Kelowna drinking water has continually met Canadian Drinking Water Guidelines and the City of Kelowna has not had a water quality advisory in 20 years.

Water system condition

The City Water Utility is a resilient and robust system that is maintained in a state of good repair.

The condition of the water infrastructure is fair-to-good depending on the asset component, except for meters, which are nearing the end of their service life and planned for replacement in the next ten years.

Infrastructure Planning
1435 Water Street
Kelowna, BC V1Y 1J4
TEL 250-469-8614
jshaw@kelowna.ca

Source & treatment

Source water for the City of Kelowna Water Utility is Okanagan Lake, where water is pumped from four lake intakes. This high

The water system currently has \$19 million worth of assets with less than 20 percent of their service life remaining. This represents 5 percent of the total water system replacement value (\$417 million). Over the next 20 years, given the proposed investment level, the water system will age and the value of water assets with less than 20 percent service life will increase to \$76 million or about 14 percent of the total system replacement value.

The Province is considering regulation of water filtration as a requirement for water treatment. This would require investment of approximately \$134 million in filtration infrastructure. This expenditure is not part of the City’s asset management plan. The City has worked with provincial regulators and has achieved “Filtration Exclusion” but this is reviewed annually and is contingent on source water quality.

Response

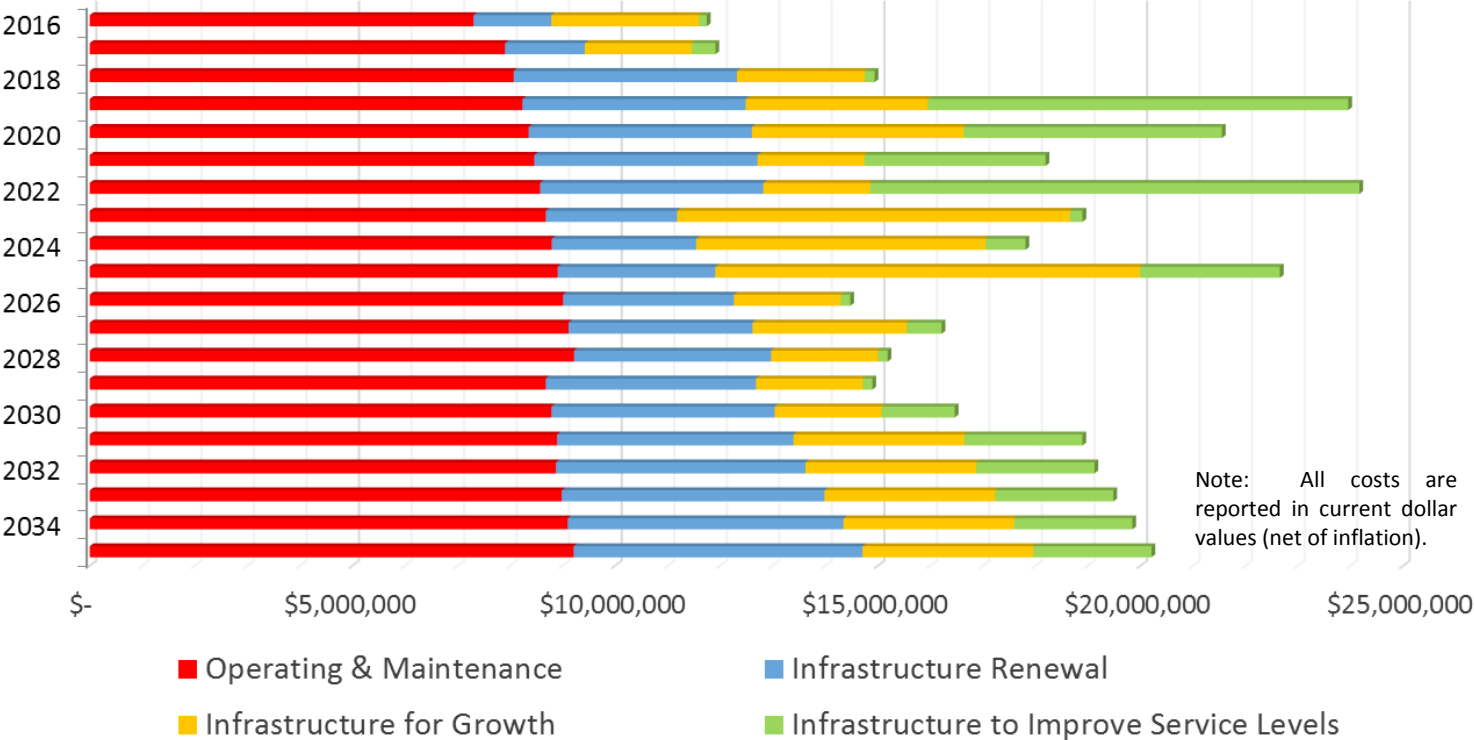
The infrastructure required to support the City’s water service has a replacement value of \$417 million. Managing this vital infrastructure now and into the future will ensure the economic, social and environmental well-being of Kelowna. The 20-year funding needs for the Water Utility (shown below) forecast future cost pressures for system operation and maintenance, infrastructure renewal and infrastructure to support growth and improve serve levels. These costs are accounted for in the Water Utility financial model and indicate that on average a 2% annual rate increase is required to support service delivery for the next 20-years.

Water system risks

Water assets are depreciating faster than they are being renewed. This funding short fall is acceptable in the short-term because the water system is relatively new. As the City’s system ages, asset renewal funding will need to increase to replace aging infrastructure (see 20-year funding needs below).

By using sound asset management practices, Council and the community can be confident that there is an affordable, and sustainable plan to maintain, operate and renew assets and that the City Water Utility customers will continue to receive safe reliable water long-term.

20-year funding needs



Report to Council



Date: November 28, 2016
File: 3900-20
To: City Manager
From: Darryl Astooroff, Public Works Manager & Greg Wise, Bylaw Services Manager
Subject: Amendments to the City of Kelowna Traffic Bylaw No. 8120 and Notice Enforcement Bylaw No. 10475
Report Prepared by: Stuart Evans, Traffic Programmer

Recommendations:

THAT Council, receive, for information, the report from the Public Works Manager and the Bylaw Services Manager, dated November 28, 2016, pertaining to changes in the Traffic Bylaw and Bylaw Notice Enforcement Bylaw regarding road usage and hoarding permits and temporary traffic control requirements for construction on City right of ways;

AND THAT Council give reading consideration to Bylaw No. 11214 being Amendment No. 28 to the Traffic Bylaw No. 8120;

AND THAT Council give reading consideration to Bylaw No. 11253 being Amendment No. 17 to the Bylaw Notice Enforcement Bylaw No. 10475.

AND FURTHER THAT staff bring forward changes to the City of Kelowna Parks and Space Bylaw No. 10680 to harmonize definitions and treatment of Chattels in public spaces with the proposals in the November 28, 2016 report of the Public Works Manager.

Purpose:

To amend the Traffic Bylaw with more specific language and details pertaining to road usage, hoarding permits, temporary traffic control requirements for construction on City 'right-of-ways' (ROW) and to provide Bylaw Enforcement Officers additional tools to address illegal occurrences that take place on City ROWs.

Background:

A number of items and definitions are outdated due to changes in Work Safe BC regulations, changing provincial and national traffic control standards, public safety, traffic flow and to protect ROW infrastructure in the City. The penalties for unauthorized or unapproved work, storage of equipment or materials storage on city ROW's are insufficient and are not a deterrent to offenders.

Staff has identified the need for adding additional sections to our Traffic Bylaw and the Notice Enforcement Bylaw which would allow for better controls and process to recover costs for the repair, maintenance or cleanup for substandard work otherwise.

There are several “housekeeping items” for sections of the Traffic Bylaw no. 8120 and Bylaw Notice Enforcement bylaw no. 10475 to allow for improved clarity of enforcement. Housekeeping definitions have been made for clarity of conditions such as:

- Clarifying the definitions of Park (a standing vehicle) for enforcement purposes and removing the loading and unloading exemption to prevent the abuse of parking restriction exemptions from all listed sections of the traffic bylaw.
- Parking commercial vehicles exceeding 5600 kg GVW in residential areas was changed in an earlier amendment to the Traffic Bylaw in 2014 to drop the “overnight” wording and allow for enforcement at any time of day, but was not changed in the ticketing Bylaw (Bylaw Notice Enforcement Bylaw no. 10475.) This is a housekeeping correction to match the appropriate wording to the section in both bylaws;
- Changing the wording of section 4.1.2 (gg) in the Bylaw Notice Enforcement Bylaw from “Parked in handicapped zone without permit” to mirror the previous updated description change in the Traffic Bylaw no.8120 “Parked in Accessible Zone without permit”;
- “Unlicensed Vehicle on highway” to “Parked without displaying valid license plates”;
- Under the pedestrian regulations section, removing the time restriction for sitting or lying on sidewalks to allow for enforcement at all hours of the day;
- Changing the definition of Chattels to exclude items such as soiled clothing/bedding, perishable food and personal hygiene items, among others. This change is reflected in the Notice of Impoundment and Recovery of Fees, allowing Bylaw officers to discard unsanitary items and garbage and reduce the length of impoundment of any chattel from 60 days to 14 days. This was necessary as 1% of items are being reclaimed and the volume of impounded chattel is unmanageable with the current impound period listed.

The recommended revisions and updates in the Parking Prohibitions section are as follows:

- The addition of a subsection for enforcement of detached trailers on public roadways has been included. This is consistent with a number of other municipalities who have this section within their Traffic Bylaw. It allows for improved parking management on roadways as pressure for on-street parking availability increases due to densification of residential neighborhoods from population growth and with recent zoning amendments to allow suites in most zones. This change will also allow for improved enforcement of Commercial Semi trailers being stored on public roadways in commercial zones that currently reduces available on street parking availability.
- Parking penalties have been increased to deter offenders including obstructing traffic flow, parking for more than 72 hours with no valid Road Usage Permit and outside of an approved work zone. A schedule of fines accommodates these revisions.

The recommended revisions and updates in the road usage and hoarding sections of Bylaw 8120 will see less substandard work, better construction practices, less unauthorized work taking place, fewer inconveniences to the travelling public, increased public safety during special events and will better protect City ROW infrastructure:

- Additional sub-sections have been added under Parking Prohibitions to clarify restrictions and allow for better enforcement. These include parking for more than 72 hours with no valid Road Usage Permit and outside of an approved work zone, detached trailers, and leaking vehicles which places owners responsible for any damages to public property. This is reflected under Highway Use Regulations and Damage to Highway Surface to also include damage caused by a burning vehicle.
- Road Usage administration fees have been increase from \$25 to \$75 to reflect actual administration and inspection costs.
- Where Road Usage permittees leave work unfinished the City may complete such unfinished work and recover the costs plus a fee of \$500 per day. This is to ensure compliance with approved Road Usage Permits and to allow for increased public safety.
- Amending construction Hours of Work from 9:00PM to 10:00 PM to reflect the Kelowna Noise and Disturbances Control Bylaw and to provide clarity on public notification requirements.
- Adding a new section; Prime Contractor Designation. By Signing the Road Usage Permit Application, the Permittee accepts the roles and responsibilities of the Prime Contractor per all Kelowna Bylaws and WorkSafe BC.

Internal Circulation:

Brian Beach - Infrastructure Delivery Department Manager
Purvez Irani - Development Engineering Manager
Dave Duncan - Parking Services Manager
Moudud Hasan - Transportation & Mobility Manager
Stephen Fleming – City Clerk
Jodie Foster – Communications Supervisor
George King – Financial Planning Manager

Legal/Statutory Authority:

Work Safe BC Regulations
Traffic Bylaw No. 8120
Notice Enforcement Bylaw No. 10475

Considerations not applicable to this report:

Existing Policy:

Personnel Implications:

Alternate Recommendation:

Legal/Statutory Procedural Requirements:

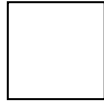
Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

Submitted by: D. Astofooroff, Public Works Manager and G. Wise, Bylaw Services Manager

Approved for inclusion:



Joe Creron, Divisional Director, Civic Operations

cc: Corinne Boback, Legislative Coordinator

CITY OF KELOWNA

BYLAW NO. 11214

Amendment No. 28 to Traffic Bylaw No. 8120

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts that the City of Kelowna Traffic Bylaw No. 8120 be amended as follows:

1. THAT **PART 1 – INTRODUCTION**, 1.4.1 Definitions be amended by:
 - a) Deleting the definition for “**Chattels**” that reads:

“**Chattels**” means a moveable item of personal property.

And replace it with:

“Chattels” means a moveable item of personal property except for, but not limited to; wet or soiled clothing/bedding, plastics, metals, perishable food, footwear, cardboard/paper, wooden items, glass, personal hygiene items.
 - b) Deleting the definition for “**Park**” that reads:

“**Park**” when prohibited, means the **standing** of a **vehicle** whether occupied or not, except when **standing** temporarily for the purpose of and while actually engaged in loading or unloading.

And replace it with:

“**Park**” when prohibited, means the **standing** of a **vehicle**.
 - c) Deleting the definition for “**Trailer**” that reads:

“**Trailer**” includes a **vehicle** without motive power designed to be drawn by or used in conjunction with a **motor vehicle** and constructed so that no appreciable part of its weight rests upon or is carried by the **motor vehicle**, but does not include a house **trailer** having a **gross vehicle weight** of less than 700 kilograms which is licensed pursuant to the *Motor Vehicle Act*.

And replace it with:

“**Trailer**” means a **vehicle** that is at any time drawn on a highway by a motor **vehicle** and includes a semi-trailer as defined in the Commercial Transport Act, R.S.B.C. 1996, c. 58, as amended. except for:

 - (a) an implement of husbandry;
 - (b) a sidecar attached to a motor cycle; and
 - (c) a disabled motor vehicle that is towed by a tow vehicle.
 - d) Deleting the definition name for “**Transportation Services Manager**” and replacing it with “**Manager of Public Works**”;
 - e) Replacing all references to “**Transportation Services Manager**” and replacing it with “**Manager of Public Works**” as appropriate throughout the bylaw.

2. AND THAT **PART 2 – GENERAL REGULATIONS, 2.4 Removal of Vehicles and Chattels** be amended as follows:

- a) Adding in 2.4.1 Unlawful Occupancy, sub-paragraph (f)(ii) the word “/her” after the words “into his”;
- b) Deleting in 2.4.5 Recovery the words “Financial Services Branch at City Hall” and replace it with “Bylaw Services”;
- c) Deleting in 2.4.6 Notice of Impoundment the words “**motor vehicle trailer, trailer or chattel**” and replacing it with “**motor vehicle or trailer**”
- d) Deleting in 2.4.8 Recovery of Fees in its entirety that reads:

“Recovery of Fees. If the **motor vehicle, trailer or chattel** is not claimed by its **owner** within sixty (60) days of its impounding, the **City** may provide for the recovery of the fees by sale, public auction or other means of disposal as deemed necessary pursuant to the *Community Charter* and the *Motor Vehicle Act*, after reasonable efforts have been made to contact the **owner**.”

And replace with the following:

“Recovery of Fees.

If the **motor vehicle or trailer** is not claimed by its **owner** within thirty (30) days of its impounding, the **City** may provide for the recovery of the fees by sale, public auction or other means of disposal as deemed necessary pursuant to the *Community Charter* and the *Motor Vehicle Act*, after reasonable efforts have been made to contact the **owner**.

If **chattel** is not claimed by its **owner** within fourteen (14) days of its impounding, the **City** may provide for the recovery of the fees by sale, public auction or other means of disposal as deemed necessary pursuant to the *Community Charter* and the *Motor Vehicle Act*, after reasonable efforts have been made to contact the **owner**.”

3. AND THAT **PART 4 – PARKING REGULATIONS, 4.1 General Parking Prohibitions** be amended as follows:

- a) Deleting in 4.1.1 Exceptions sub-paragraph (a) that reads:

“(a) when a vehicle is so mechanically disabled as to render it mobile;”

And renumbering all sub-sequent paragraphs;

- b) 4.1.2 Parking Prohibitions be amended by:

- i) Adding the words “or equipment” after the words “stand or **park a vehicle**” in the first paragraph;
- ii) Adding the word “**licenced**” before the words “**gross vehicle weight**” in sub-section Commercial Vehicle (x);
- iii) Deleting sub-section (pp) that reads:

Unlicensed Vehicle (pp) without valid license plates.

And replace it with:

Fail to Display Valid License Plate (pp) without displaying valid license plates.

iv) Adding new sub-sections (rr)(ss) and (tt) as follows:

Construction equipment	(rr)	Upon a road right of way for more than 72 hours with no valid Road Usage Permit and outside an approved work zone.
Leaking Vehicles	(ss)	Upon a roadway whereas the vehicle is leaking any type of fluid that is harmful to the public, animals or the environment. Owners of such vehicles are responsible for any damages caused by the leak(s) to public property.
Detached trailers	(tt)	or trailer including a semi-trailer on a highway without the motive power unit being properly attached.

4. AND THAT **PART 5 – HIGHWAY USE REGULATIONS** be amended as follows:

a) Deleting 5.1.8 Damage to Highway Surface that reads:

"5.1.8 Damage to Highway Surface. No person shall drive, drag, or skid anything along or over a **highway** so that the same damages the surface of the **highway**."

And replace with:

"5.1.8 Damage to Highway Surface. No person shall drive, drag, or skid anything along or over a **highway**, permit any fluids leaking from a vehicle so that the same damages the surface of the **highway**, or cause damage to the **highway** by a burning vehicle."

b) Deleting in 5.1.10 Garbage Collection Containers the words "Garbage Collection Bylaw No. 7173." and replacing it with "Solid Waste Management Regulation Bylaw No. 10106"

c) In **5.4 Road Usage**:

i) Deleting in 5.4.5 Default – City to Repair the words "Twenty-five Dollars (\$25.00)" at the end of the paragraph and replacing it with "Seventy-Five Dollars (\$75.00)"; and

ii) Deleting 5.4.10 Materials to complete work in its entirety that reads:

"5.4.10 Materials to complete work. The applicant shall ensure all materials, labour and equipment which are needed to complete the work within the time period specified are available to the applicant before applying for a **road usage permit**."

And replace it with:

"5.4.10 Materials to complete work. The applicant shall ensure all materials, labour and equipment which are needed to complete the work within the time period specified are available to the applicant before applying for a **road usage permit**. If the work is not completed within 72 hours of the specified time period as shown on the valid Road Usage Permit, the City may complete the work. The cost to complete the work plus a fee of \$500 per day will be charged to the Permittee. If these costs are not paid the permittee will not be able to obtain additional Road Usage Permits."

5. AND THAT **PART 8 – PEDESTRIAN REGULATIONS** be amended as follows:

a) Deleting from **8.1 Sidewalks**, 8.1.2 Sitting or Lying on Sidewalks "between the hours of 8:00am and 9:00pm daily"; and

b) Adding to **8.1 Sidewalks**, a new 8.1.4 Pedestrian Traffic Control s follows:

"8.1.4 Pedestrian Traffic Control Pedestrians must obey all traffic control devices placed on or around a sidewalk for the purpose of construction related activities."

6. AND THAT **SCHEDULE "A" FEES** be amended as follows:

- a) In **PART 2 – GENERAL REGULATIONS**, Subsection 2.4.7 Impound Fees (vii) and (viii) be amended by deleting "\$10.00" and replacing them both with "\$40.00";
- b) In **PART 5 – HIGHWAY USE REGULATIONS**, Subsection 5.4.2 – Road Usage and Hoarding Permit (RUP & HP) be amended by adding in the table, under RUP Extension fee the following:

RUP Seasonal Permit for non-excavation work. Utility providers, Tree pruning, CCTV, and others as approved by the Manager of Public Works	\$75.00	\$300 per season	\$0.00
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7. AND THAT **SCHEDULE "B" ROAD USAGE PERMIT** be amended as follows:

- a) in Section 19 Protection of Lawns, Boulevards or Other Landscaping be amended by:

- i) deleting the title "Protection of Lawns, Boulevards or Other Landscaping";
- ii) replacing it with "Protection of Lawns, Boulevards, Trees or Other Landscaping"; and
- iii) adding the following at the end of the paragraph:

"When excavating within the drip line of a tree the Permittee must insure that NO roots or branches are cut or damaged without authorization from the City Arborist prior to work starting. Only hand digging or air spade are the permitted methods of excavation within the drip line of a tree without authorization from the City Arborist. Other mechanical means of excavation such as low pressure hydrovacing may be approved on a case by case base.

If it is found that tree roots or branches have been damaged, work will immediately be stopped until such time as the City Arborist can assess the damage.

The Permittee will be responsible for all costs to remediate the damage up to and including tree replacement value if deemed necessary by the City Arborist."

- b) Adding a new subparagraph g in Section 23. Breaking Through Surface that reads:

- "g) Longitudinal trenches must be a minimum of 1.45m in width and final restoration must be machine paved. If the trench extends into the wheel path the trench width must be extended to the centre of that lane. If a longitudinal trench is within a bike lane the trench edge must extend to the outer edge of the bike lane."

- c) In Section 25. Hours of Work be amended by:

- i) Deleting the title "Hours of Work" and replace it with "Hours of Work and Notificaiton";
- ii) Deleting the time "9:00pm" and replacing it with "10:00pm";
- iii) Adding a new subparagraph (d) that reads:

"d) Prior to any work starting the Permittee shall give public notification in writing at least 72 hour in advance to effected residents and businesses as well as written notification MUST be given to emergency services and transit service. If the Manager of Public Works deems it necessary the Permittee at their cost may also be required to give notification in the form of a Traffic Advisory to all local media outlets."

d) In Section 28. Restoration of Surface (b) be amended by adding to the end of the paragraph "Cold mix may only remain in place for a maximum of 7 days."

e) Addind a new Section 34. Prime Contractor Designation as follows:

"34. Prime Contractor Designation: The Permittee by signing the Road Usage Permit Applications accepts the roles and responsibilities of the Prime Contractor – Workers Compensation Act -118 and are responsible for all aspects of the work as per all City of Kelowna Bylaws, Ministry Manuals and as per WorkSafe BC."

8. This bylaw may be cited for all purposes as "Bylaw No. 11214, being Amendment No. 28 to Traffic Bylaw No. 8120."

9. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first, second and third time by the Municipal Council this

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk

CITY OF KELOWNA

BYLAW NO. 11253

Amendment No. 17 to Bylaw Notice Enforcement Bylaw No. 10475

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts that the City of Kelowna Bylaw Notice Enforcement Bylaw No. 10475 be amended as follows:

1. THAT Schedule "A", **TRAFFIC BYLAW NO. 8120, PART 4 – PARKING REGULATIONS, Section 4.1 – General Parking Prohibitions** be amended by:

- a) Deleting the following:

8120	4.1.2(x)	Park commercial vehicle exceeding 5600 kg GVW overnight in residential area	\$100.00	\$90.00	\$110.00	No
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And replacing it with:

8120	4.1.2(x)	Park commercial vehicle exceeding 5600 kg GVW in residential area	\$100.00	\$90.00	\$110.00	No
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- b) Deleting the following:

8120	4.1.2 (gg)	Parked in handicapped zone without permit	\$100.00	\$90.00	\$110.00	No
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And replacing it with:

8120	4.1.2 (gg)	Park in accessible zone without permit	\$100.00	\$90.00	\$110.00	No
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- c) Deleting the following:

8120	4.1.2 (pp)	Unlicensed vehicle on highway	\$100.00	\$90.00	\$110.00	No
8120	4.1.2 (qq)	Parked obstructing traffic flow	\$30.00	\$25.00	\$35.00	No

And replacing it with:

8120	4.1.2 (pp)	Park without displaying valid license plates	\$100.00	\$90.00	\$110.00	No
8120	4.1.2 (qq)	Park obstructing traffic flow	\$50.00	\$45.00	\$55.00	No
8120	4.1.2 (rr)	Park for more than 72 hours with no valid Road Usage Permit and outside an approved work zone.	\$30.00	\$25.00	\$35.00	No
8120	4.1.2 (ss)	Park leaking vehicle	\$30.00	\$25.00	\$35.00	No
8120	4.1.2 (tt)	Park detached trailer	\$30.00	\$25.00	\$35.00	No

2. This bylaw may be cited for all purposes as "Bylaw No. 11216 being Amendment No. 17 to Bylaw No. Bylaw Notice Enforcement Bylaw No. 10475."
3. This bylaw shall come into full force and effect and is binding on all persons as and from the date of adoption.

Read a first, second and third time by the Municipal Council this

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk

Report to Council



Date: November 22, 2016
File: [RIM Classification Number]
To: City Manager
From: Jodie Foster, Communications Supervisor
Subject: Sponsorship and Advertising Program

Recommendation:

THAT Council receives for information, the report from the Communications Supervisor dated November 22, 2016, with respect to the development of a City of Kelowna Sponsorship and Advertising Program.

AND THAT Council approve in principle the City of Kelowna Sponsorship and Advertising policy and program guidelines for a five-year pilot program as outlined in the November 22, 2016 report from the Communications Supervisor.

Purpose:

To provide Council with an overview of the proposed City of Kelowna Sponsorship and Advertising program guidelines for a five-year pilot program.

Background:

City Council has identified exploring opportunities to generate revenue as a Council Priority for strong financial management.

Many municipalities are turning to sponsorship as an option for revenue generation. Local and national research shows that municipal sponsorship programs are supported. In the 2015, Kelowna Citizen Survey, 81 per cent of respondents said they would support corporate sponsorship for municipal programs and facilities, including 41 per cent who said they would strongly support it.

During 2015 and 2016, the City worked with Partnership Group to conduct an inventory of City assets appropriate for sponsorship, to determine the value of the assets, and to develop a sponsorship program including a proposed sales model and revenue forecasts. The exercise indicated that over time, the City could expect to generate about \$1.2 million in new gross revenue annually (about \$800,000 new net revenue annually). This combined with the City's

existing \$750,000 net revenue from sponsorship and advertising sales provides the City with over \$1.5 million annually. See Appendix A for a five-year revenue forecast table and asset values by City area.

Sponsorship and Advertising Program:

The Sponsorship and Advertising guidelines (attached in Appendix B) provide direction for a five-year Corporate Sponsorship and Advertising pilot program starting in mid-2017 pending Council approval. Staff is proposing a conservative approach forward to ensure the right balance is struck between revenue generation and the user experience.

Highlights

- A forecast projecting an additional \$800,000 in new net revenue generation, combined with existing net revenue of \$750,000 for a total of over \$1.5 million annually by Year 5 of the program
- A new Sponsorship and Advertising Policy (No. 376) for all City-owned and operated assets that clearly defines roles and responsibilities, plus a strategy to update associated policies
- A centralized sales model for all City-owned and operated assets by Year 5 of the program to support bundling of assets for the greatest revenue generation opportunity
- A self-sustaining program by Year 3 of the program
- A Sponsorship and Advertising reserve for new net revenues, the use of which will be considered at the regular budget process
- An initial inventory and valuation of City assets and a process to update inventory and valuations as required
- A corporate prospect clearance process that ensures coordination of sponsorship proposals
- A strategy to “raise the sponsorship and advertising bar” across the community by working with City partners to build sponsorship capacity and by providing professional development opportunities for local non-profits

These guidelines are based primarily on best practices and recommendations from Partnership Group.

Responsibilities

- Council will provide direction through the Sponsorship and Advertising Policy
- Council will be responsible for naming of facilities and for contracts over \$500,000
- The City Manager as Chief Administrative Officer is responsible for assignment of managerial oversight for corporate sponsorship and advertising through the establishment of the program
- The function will reside in the Communications and Information Services Department
- The Sponsorship Manager will be responsible for overall direction of the program including: Strategy, interdepartmental team, prospect clearance process, asset inventory and valuation, reporting and community capacity building
- Signing authorities will follow existing Purchasing and Invoice Approval Levels established through Purchasing Bylaw 9590

Staffing

In order to meet full revenue potential, the program would require up to three people over time. Staff is proposing to hire one position in 2017 with all other positions being considered pending revenue generation goals being met. New positions would be considered through the annual budget process.

Draft Sponsorship and Advertising Policy No. 376

The purpose of the corporate sponsorship and advertising policy is to create an authorized environment and city-wide protocol for sponsorship and advertising that establishes the conditions under which the City will pursue and/or accept corporate sponsorship and advertising. The draft is included in the guidelines for reference only at this time. The policy will be brought back for Council's consideration and finalization once staff is in place.

Next Steps:

If Council approves the program in principle next steps include:

- 2017 annual budget submission
- Hire one staff person in 2017
- Finalize policy
- Implementation

Existing Policy:

There are several existing policies related to Sponsorship and Advertising. During the first year of the sponsorship and advertising program, these policies will be reviewed and updated for consistency in cooperation with their owner departments. These include:

- Commemorative Recognitions in City Parks #242
- City of Kelowna Park Naming Policy Number # 251
- Naming of Kelowna Awards in Memory of Individual Citizens #256
- Charitable Donations and Gifts to the City Policy #306
- City of Kelowna Civic Community Facilities Naming Policy Number # 343

Financial/Budgetary Considerations:

To support this program, there will be a budget submission for consideration in the 2017 budget deliberations, including a request for a Sponsorship and Advertising Manager position and an annual operating budget. It is expected that staffing and operating costs will be offset by Year 3 of the program.

Personnel Implications:

There will be a budget submission for consideration in the 2017 budget deliberations for a Sponsorship and Advertising Manager. If the program revenue targets are met, it is expected that two more Sponsorship and Advertising Coordinator positions will be brought forward for consideration during the regular annual budgeting process over the five-year pilot project.

Legal:

The policy has been reviewed by the City's solicitors.

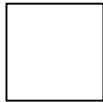
Internal Circulation:

Carla Weaden, Director of Communication and Information Services
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Genelle Davidson, Director of Financial Services

Submitted by:

J. Foster, Communications Supervisor

Approved for inclusion:




C. Weaden, Director of Communications and Information Services

cc:

Carla Weaden, Director of Communication and Information Services
Jim Gabriel, Director of Active Living and Culture
Genelle Davidson, Director of Financial Services

Appendix A - Revenue Forecast and Revenue by City Area

City of Kelowna - Sponsorship Program 5 Year Projections for Operating Costs							
	Year 1 - 2017	Year 2 - 2018	Year 3 - 2019	Year 4 - 2020	Year 5 - 2021	TOTALS	
Existing Net Revenue - Pre Sponsorship Program*	\$ 750,000.00	\$ 733,875.00	\$ 718,096.69	\$ 702,657.61	\$ 687,550.47	\$ 3,592,179.77	
Projected Revenue from new sponsorship program**	\$ -	\$ 150,000.00	\$ 500,000.00	\$ 785,000.00	\$ 1,225,000.00	\$ 2,660,000.00	
Total Gross New Revenue	\$ -	\$ 150,000.00	\$ 500,000.00	\$ 785,000.00	\$ 1,225,000.00	\$ 2,660,000.00	
Staffing Costs - New Program***	\$ 90,000.00	\$ 155,000.00	\$ 210,000.00	\$ 220,500.00	\$ 231,525.00	\$ 907,025.00	
Fulfilment Hard Costs - New Program****	\$ -	\$ 12,000.00	\$ 40,000.00	\$ 62,800.00	\$ 98,000.00	\$ 212,800.00	
Operating Costs - New Program*****	\$ 5,000.00	\$ 7,500.00	\$ 8,000.00	\$ 8,000.00	\$ 8,500.00	\$ 37,000.00	
Consulting Fees*****	\$ 7,500.00	\$ 20,000.00	\$ 20,000.00	\$ 7,500.00	\$ 5,000.00	\$ 60,000.00	
Total Gross Costs	\$ 102,500.00	\$ 194,500.00	\$ 278,000.00	\$ 298,800.00	\$ 343,025.00	\$ 1,216,825.00	
Net New Revenue / Loss	-\$ 102,500.00	-\$ 44,500.00	\$ 222,000.00	\$ 486,200.00	\$ 881,975.00	\$ 1,443,175.00	
* Over the five year term this initial net \$750,000 of existing revenue has a projected attrition rate of 5% and revenue increase of 3%							
** Revenue is based on new business development as per the timeline with an 80% renewal rate / 20% attrition rate and 5% increase in revenue							
*** Payroll costs are based on the high end of the pay scales and no labor consideration for the existing revenue channel. A 5% increase in pay in years 4 & 5							
**** Fulfilment costs traditionally are about 8% for a municipality.							
***** These costs include such elements as hosting and hospitality, travel expenses and any sales production costs							
***** These are costs for sponsorship workshops and training as well as the City Department educational updates and seminars as well as appropriate mentoring							

AREA/FACILITY	Associated Value *	Related %
Airport	\$251,534.07	10.5%
Arena - Memorial	\$74,061.50	3.1%
Arena (Ice Pad) - Stuart Park	\$29,940.00	1.2%
Arena - Rutland	\$181,191.00	7.6%
ArtWalk	\$14,700.00	0.6%
Boat Launch areas - 4	\$7,200.00	0.3%
Events	\$38,538.00	1.6%
Facility - Kelowna Community Theatre	\$281,718.20	11.7%
Facility/Room usage	\$2,400.00	0.1%
Facility - H2O (2010 Canada Games IAV)	\$289,630.00	12.1%
Fleet vehicles	\$80,720.00	3.4%
Grants	\$52,160.00	2.2%
Mission Recreation Park	\$68,898.00	2.9%
Parkade Structures - Library Chapman (2)	\$28,518.00	1.2%
Parks - Baseball (11)	\$41,910.00	1.7%
Parks - Parkinson Recreation Complex	\$153,388.40	6.4%
Parks - Glenmore Recreation Complex	\$55,752.00	2.3%
Parks - Other	\$108,775.50	4.5%
Programs	\$68,046.00	2.8%
Publications/Collateral	\$11,732.50	0.5%
Social/Digital Media - City of Kelowna	\$36,887.37	1.5%
Social/Digital Media - YLW	\$23,329.98	1.0%
Supplier Categories	\$106,000.00	4.4%
Transit	\$368,469.00	15.4%
Trails	\$22,916.24	1.0%
SUB-TOTAL	\$2,398,415.76	100.0%
Goodwill	\$647,572.25	
TOTAL including Goodwill	\$3,045,988.01	

* does not include related associated goodwill value

Appendix B - Sponsorship and Advertising Program Guidelines

City of Kelowna Corporate Sponsorship and Advertising Program Guidelines

November 22, 2016

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SECTION 1 PROGRAM SUMMARY

This document provides the City of Kelowna with guidelines to move forward with a five-year Corporate Sponsorship and Advertising pilot program to the end of 2021. The pilot program formalizes activities the City has undertaken on an ad hoc basis and provides a more strategic approach, seeking a balance between maximizing revenue and continuing to provide a positive overall user experience of City assets. The City will welcome corporate sponsorship and advertising from qualified businesses and organizations that align with the City's values, priorities and asset audiences. The City of Kelowna's strong financial management strategies aim to ease the demand for taxation by finding efficiencies and developing other sources of revenue.

Highlights:

- A forecast projecting an additional \$800,000 in new net revenue generation, combined with existing net revenue of \$750,000 for a total of over \$1.5 million annually by Year 5 of the program
- A new Sponsorship and Advertising Policy (No. 376) for all City-owned and operated assets that clearly defines roles and responsibilities, plus a strategy to update associated policies
- A centralized sales model for all City-owned and operated assets by Year 5 of the program to support bundling of assets for the greatest revenue generation opportunity
- A self-sustaining program by Year 3 of the program
- A sponsorship and advertising general reserve for new net revenues, which will be considered as part of the budget process
- An initial inventory and valuation of City assets and a process to update inventory and valuations as needed moving forward
- A corporate prospect clearance process that ensures coordination of sponsorship proposals
- A strategy to "raise the sponsorship and advertising bar" across the community by working with City partners to build sponsorship capacity and by providing professional development opportunities for local non-profits

Outside the scope of the pilot

- Private-public partnerships (i.e. RG Properties and Prospera Place)
- City-owned facilities and programs that are operated by another organization except as outlined in operating, lease or use agreements
- Philanthropic contributions, gifts or donations
- Grants obtained from other levels of government, foundations or trusts
- City sponsorship of external projects, programs or events where the City provides funds to an outside organization
- Street names

The guidelines for the program are primarily based on recommendations from Partnership Group including the revenue forecast from an Inventory Asset Valuation feasibility study conducted in 2015. In order to meet projections of \$1.2 million new gross revenue per year (\$800,000 new net), the program team will need to build out to three full time positions over the five-year pilot project.

By the end of the five-year pilot, all City-owned and operated assets will fall under a centralized sales model. All assets are owned by the City of Kelowna and will be collectively used to maximize revenue at the corporate level. Departments do not "own" the assets they manage.

Additionally, with this new expertise in place, City staff will help build sponsorship capacity for our City partners and will offer professional development opportunities for local non-profits.

For program definitions see Appendix A.

SECTION 2 BACKGROUND

City of Kelowna Council has identified exploring revenue generation as a Council Priority for strong financial management. More municipalities are turning to sponsorship as one option for revenue generation. Partnership Group was contracted to work with the City in 2015/2016 to review current City activities. Partnership Group completed an inventory and valuation of several City properties and their associated assets. Additionally, Partnership Group reviewed the draft Sponsorship and Advertising Policy and other associated City policies, and provided recommendations for sales approach and staffing model, templates, revenue forecasts and timelines to launch a City program.

As part of the review and engagement process, the City also hosted a free community workshop facilitated by Partnership Group to provide a professional development opportunity and gather feedback from City Partners and local non-profits.

Research

Research supports corporate sponsorship in municipalities and shows it as one of the fastest growing sectors of the sponsorship industry and is supported by residents at a municipal level.

- The Canadian Consumer Sponsorship Rankings (2015) show that 85% of Canadians believe corporations / businesses should be able to name / sponsor public places such as hockey rinks, ball parks and recreational facilities
- The Canadian Municipal Benchmarking Survey (2015) on Sponsorship and Naming Rights revealed that:
 - 66% of all Canadian municipalities are engaged in some sort of corporate sponsorship
 - Almost 1 in 2 municipalities have been engaged in corporate sponsorship for 5+ years
 - 94% of those municipalities that have identified being engaged in some sort of corporate sponsorship are actively engaged in seeking naming rights and 2/3 of that group already have some sort of naming rights in place
- The City of Kelowna's own research (2015 Citizen Survey) noted that 81% of the city's residents support a City of Kelowna sponsorship program and 41% showed strong support for it.

Current Activities

A review of existing activities and agreements revealed the City is already generating about \$750,000 net revenue annually, with a focus on advertising. The two largest areas of advertising revenue are Transit and the Airport, with some additional sponsorship funds coming from the Airport, events in Transportation Demand Management group and Active Living and Culture Division.

Program Opportunities

- To increase revenue and create efficiencies through a centralized sales model with tiered and bundled asset packages
- To reduce overall corporate risk by implementing policy and ensuring contracts for each sponsorship and advertising deal
- To ensure sponsors align with the City's values, priorities and asset audiences
- To own and build stronger relationships with sponsors and advertisers
- To provide sponsors and advertisers with consistent and professional experience when dealing with the City of Kelowna
- To assist City Partners and local non-profits understand and build sponsorship and advertising skills

SECTION 3 PROGRAM GOALS AND OBJECTIVES

Program Goals and Objectives

Goal 1:

- Generate an additional \$800,000 in new net revenue annually by Year 5 of the program

Objectives:

- Maximize revenue generation through a coordinated corporate program including tiered bundling
- Grow sponsorship and advertising program at rate that encourages community acceptance

Goal 2:

- Centralize the sponsorship and advertising program for all City-owned and operated assets during five-year pilot program

Objectives:

- Maximize efficiency of staff working on sponsorship and advertising activities and increase program professionalism through a coordinated corporate sales approach
- Build and maintain relationships with sponsors and advertisers directly for long-term program success
- Balance revenue generation with user experience of City assets

Goal 3:

- Help City partners and community non-profits build sponsorship capacity through the five-year pilot program

Objectives:

- Provide annual professional opportunities to build sponsorship knowledge and skills through workshops for City Partners and local non-profits
- Provide direct sponsorship support to City partners on joint projects

SECTION 4 POLICY

Corporate Sponsorship and Advertising Policy

The draft Sponsorship and Advertising Policy No. 376 (Appendix B) will be forwarded to Council for consideration and finalization in 2017 if the Sponsorship and Advertising Program and budget are approved by Council.

The purpose of the corporate sponsorship and advertising policy is to create an authorized environment and city-wide protocol for sponsorship and advertising that establishes the conditions under which the City will pursue and/or accept corporate sponsorship and advertising.

The policy applies to sponsorship within all City-owned and operated assets including but not limited to: built and natural infrastructure; facilities; events; communications; programs and services; special projects; facility features or components (i.e. rooms, ice pads, playgrounds); and other relevant properties.

This policy applies to all City business units, departments and divisions upon the adoption of the policy and program by Kelowna City Council.

This policy also applies to paid advertising on City property, at City events, in City publications and on City communication channels.

The policy does not apply to:

- Private-public partnerships (i.e. RG Properties and Prospera Place)
- City-owned facilities and programs that are operated by another organization except as outlined in operating, use or lease agreements
- Philanthropic contributions, gifts or donations
- Grants obtained from other levels of government, foundations or trusts.
- City sponsorship of external projects, programs or events where the City provides funds to an outside organization
- Street names

Policy No. 376 Review

The policy will be reviewed after the first two years of operation of the sponsorship and advertising program and again in Year 5 of the pilot program.

Other Relevant Policies

There are several existing policies associated to sponsorship and advertising. Each of these has been reviewed and necessary changes and alternations have been noted to align with the new sponsorship and advertising policy. During the first year of the sponsorship and advertising program, these policies will be updated as needed in cooperation with their owner departments for consistency.

They include:

- Commemorative Recognitions in City Parks #242
- City of Kelowna Park Naming Policy Number # 251
- Naming of Kelowna Awards in Memory of Individual Citizens #256
- Charitable Donations and Gifts to the City Policy #306
- City of Kelowna Civic Community Facilities Naming Policy Number # 343

SECTION 5 ASSET IDENTIFICATION AND VALUATION

Asset Identification

In 2015, Partnership Group conducted a sponsorship feasibility study and Inventory Asset Valuation for the City of Kelowna. The asset list while not exhaustive, outlines a reasonable number of assets currently owned and operated by the City that are appropriate for sponsorship or advertising consideration in the first five years of a City of Kelowna program. The program will launch using this list.

Overall, the report identifies more than 525 inventory benefits for the City of Kelowna. Of the benefits identified, some are physical such as signage or logo inclusion, others are intangible such as access or alignment to the City of Kelowna. These unique benefits in turn, extrapolate to over 3,100 individual inventory items. (i.e. hockey rink boards are listed as a benefit, and there are 20 rink boards at Memorial Arena for a total of 20 individual inventory items).

For this five-year pilot, the asset inventory and valuation has been conducted for the following City assets:

- Airport
- Arena - Memorial
- Arena (Ice Sheet) - Stuart Park
- Arena - Rutland
- ArtWalk (between Library Parkade and Rotary Centre for the Arts)
- Boat Launches (4)
- Events
- Facility - Kelowna Community Theatre
- Facility / Room Usage
- Facility - H2O
- Fleet Vehicles
- Grants
- Mission Recreation Park
- Parkades (Library and Chapman)
- Parks - Baseball (11)
- Parks - Parkinson Recreation Complex
- Parks - Future Glenmore Recreation Complex
- Parks - Other
- Programs
- Publications / Collateral
- Social / Digital Media
- Supplier Categories
- Transit
- Trails

Inventory Asset Valuation

The value of each asset in the inventory was determined by Partnership Group and was derived from such criteria as clutter factor, market trends, goodwill, brand value and available assets, strength of sales force etc.

An intangible or “goodwill” associative value incorporated into the valuation includes the worth of corporate identity, and is enhanced by corporate image.

The valuation was used to provide the City of Kelowna with a reasonable expectation of annual revenue based on growth through a five-year pilot program.

It is expected that 40 per cent of the total \$3 million in assets listed in the Inventory Asset Valuation will be used each year, with an annual generation of \$1.2 million new gross revenue (which amounts to \$800,000 new

net revenue annually by the end of the five-year pilot). This is in addition to the existing \$750,000 net revenue which the City already generates.

AREA/FACILITY	Associated Value *	Related %
Airport	\$251,534.07	10.5%
Arena - Memorial	\$74,061.50	3.1%
Arena (Ice Pad) - Stuart Park	\$29,940.00	1.2%
Arena - Rutland	\$181,191.00	7.6%
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SUB-TOTAL	\$2,398,415.76	100.0%
Goodwill	\$647,572.25	
TOTAL including Goodwill	\$3,045,988.01	

*The goodwill value currently associated with the City of Kelowna is included as 27 per cent.

Recognizing that successful sponsorship programs in part rest on creative solutions for sponsors, it is acknowledged that the inventory will grow and change over time. When assets are added to the inventory, a professional valuation will be done to determine their market value and to ensure the City maximizes revenue. The valuation will include placement within the tiering system. For the first two years of the program, funds are allocated in the program operating budget to retain a consultant for neutral third party valuations if needed.

SECTION 6 TIERING AND BUNDLING ASSETS

Asset Tiering

To ensure maximum potential revenue, each asset will be ranked as a Tier 1, 2, 3 or 4 element depending on its value. Assets will be sold in a tiered package. Tiering helps prioritize the assets, manage their use and facilitate proper integration into customized packages for prospective sponsors.

The inventory of benefits will not be sold individually, but bundled into packages where they provide added value for the sponsor and incremental revenue overall for the City of Kelowna. A bundled package may include assets from a number of City facilities. The tiering system ensures specific items of value or limited quantity are sold in a bundled package at the appropriate level to maximize revenue for the City of Kelowna. It also ensures sponsors receive the highest possible return on their investment.

By tiering, each asset will be structured so that a “particular asset can only be allocated to bundled packages greater than \$25,000” or “greater than \$50,000” and so forth. This format ensures that maximum revenue potential is achieved for each asset sold in a package, especially where high perceived value or premium benefits are included.

Tier 1 benefits as a rule are only incorporated into top tier packaging of \$50,000 or more. Top tier packaging may also include Tier 4 elements, but a Tier 4 package will not include a Tier 1 element.

Tiering Levels

Tier	Spend Range per Year
1	\$50,000 +
2	\$25,000 - \$50,000
3	\$10,000 - \$25,000
4	Less than \$10,000

SECTION 7 SALES MODEL

Sales Approach and Staff

The goal in sales, typically, is to sell product. Sponsorship and true consultative advertising sales are different. This approach is about finding sponsors that fit the audience in municipal facilities, building relationships with sponsors and providing solutions to sponsor businesses that help them develop a better bottom line. This will be a paradigm shift for the City. Rather than sales for revenue alone, the goal will be to find sponsors that provide a suitable experience for municipal service users and to help those sponsors and advertisers achieve their goals. Having successful sponsors increase the chances for renewal, which will help the program grow and prosper. Having sponsors that fit well with City audiences will ensure acceptance of a municipal program.

For instance, a winery sponsor fits the Airport but would not make sense as a naming sponsor for a children's swim program. Additionally, the assets that will assist a local gaming store in Orchard Park Mall will not likely be the same assets that will help a local chartered accounting firm achieve its objectives. There must be a fit on both sides.

It is important to note that the average timeline for a significant sponsorship in Canada from prospect clearance to closing is 18-22 months. This is because successful sponsorships are built through relationships not just selling packages. In order to expedite the sponsorship process and to ensure sponsors are the best fit for City assets, a formal competitive process (Request for Proposals Process) is not required when soliciting sponsorship opportunities.

Corporate Sponsorship and Advertising Sales Approach

The City of Kelowna will build in-house capacity for the Corporate Sponsorship and Advertising program. Over the five-year pilot program, all City-owned and operated assets will transition to become part of the corporate program and will be coordinated through the centralized function.

This approach ensures the following:

- The professional relationships with sponsors are managed and maintained by City staff
- Assets can be bundled across the organization for the greatest revenue opportunities
- Prospect clearance can be conducted corporately to coordinate proposals
- As the program matures and delivers success, program staff can manage assets directly and / or assist with management of assets for those City departments that are currently selling assets on their own (i.e. Airport and Transit)
- City of Kelowna staff will balance the need to build long-term relationships to meet corporate objectives with revenue generation, versus an outsourced sales agency that is solely focused on commission revenues
- Collaboration with City partners is managed and maintained by in-house staff
- Collaboration and sponsorship capacity building is developed with local community groups and non-profits
- A continuity between existing departmental contracts (Airport and Transit) and new opportunities is maintained
- Consistency between the sales process and sponsorship contract fulfilment is maintained - staff make sure all City commitments are fulfilled

Reporting Structure

The Sponsorship and Advertising program will be administered through the Communications and Information Services Division and the Sponsorship and Advertising Manager will report to the Divisional Director.

Staff Projections Based On Revenue

Based on a projected net revenue plateau of over \$1.2 million new gross revenue per year, the team will build out over the five-year pilot project. The program will require a full-time Sponsorship and Advertising Manager to establish and lead the team. A Sales Coordinator and a Fulfilment Coordinator will be required to reach the \$1.2 million new gross revenue target.

The Sponsorship and Advertising Manager will be hired in Year 1 of the program. The Sponsorship Sales Coordinator position will be initiated only when the program reaches \$150,000 new gross revenue annually. This is expected in the second year of the program. The Sponsorship Fulfillment Coordinator position will be initiated only when the program reaches \$500,000 new gross revenue annually, which is expected in the third year of the program. It is expected that by the third year of the program, the sponsorship and advertising function will be self-sustaining, with all staff and operational costs offset by the revenue generated through the program. It should be noted that if targets are reached sooner than anticipated, hiring will also be initiated sooner.

Additional positions will be vetted through the City's business planning process and, if approved, brought forward for Council consideration as part of the annual budget deliberation process.

Use of Consultants

During the first three years of the program, funds have been included in the operating budget for professional services which will be used for staff coaching, community educational workshops, as well as valuation and negotiation/agreement consulting. As the program matures and City staff are established in their roles, less operational funding will be required for this use.

Interdepartmental Sponsorship and Advertising Team

The Sponsorship and Advertising Manager will establish and facilitate a corporate Sponsorship and Advertising Coordination Team within the City. The goal is to maximize revenue through a coordinated approach using the tiering system for bundled packages. This will require a shift from the silo approach taken today, in which individual departments develop their own ad hoc plans and relationships with sponsors and advertisers.

This team will provide essential interdepartmental communication between the departments and business units within the City that manage the City-owned assets, that will be available for sponsorship.

The team will be made up of representatives from:

- Active Living and Culture - Cultural Services, Grants and Partnerships, Sport and Event Services
- Business and Entrepreneurial Development
- Civic Operations - Parks, Building Services
- Community Planning - Real Estate
- Corporate and Protective Services - Finance and Purchasing
- Infrastructure - Integrated Transportation (Transit, TDM)
- Kelowna International Airport

The team will coordinate activities across the organization such as current and future opportunities, prospect clearance, asset identification, valuation, asset bundling, determining asset availability and program reporting.

Prospect clearance will allow the broader City team to discuss alignment of goals and values, details, contact information, possible joint approaches, existing relationships, assets availability etc. In addition, this process avoids multiple approaches to the same business, and will generate greater revenue through a more coordinated approach with bundled packaging of assets.

Prospect Identification and Clearance

Prospect identification

The City will constantly look for new opportunities and will need a firm understanding of each facility / program / event's audience demographics and psychographics (athletes, transit users, automobile drivers and buyers, airline passengers, arts supporters etc.). By working with the interdepartmental team to understand the audience in each facility, the City can further determine what businesses are appropriate for the audience and what businesses want to reach these specific audiences.

In particular, there are several business categories compatible with municipal sponsorship and advertising programs. These will be considered as a starting point for prospecting and include:

- Credit Unions and Financial Institutions - Financial institutions often look for grass root programs in communities to drive branch traffic, as well as major branding opportunities through a naming right.
- Automotive retail - Car dealerships and after-market services. Automotive is a typically a strong category in the sponsorship industry. Sponsorships allow them to showcase product, drive traffic to dealers, encourage test drives and focus on specific demographics depending on vehicle types such as compacts, SUVs etc.
- Boat and aquatic services - These are companies that earn a living from the lake lifestyle and are targeting Kelowna and area residents as well as tourists.
- Home Builders and Developers - As the city and region continue to grow, the home building and development community has become very competitive. Many home builders look to sponsorship programs to differentiate themselves from the competition where they can acquire exclusivity. As well they can tie in contests, traffic to show homes or show home parades, build brand and drive website traffic through integrated and well activated sponsorship programs.
- Surrounding area tourism organizations and wineries - These businesses earn a living from the lake lifestyle and are targeting Kelowna and area residents as well as tourists. The wineries, even the small ones, look to run effective marketing programs and the City of Kelowna may be part of that solution. Regional festivals such as the Interior Pacific Exhibition (Armstrong Fair) are also all looking to gain rubber tire traffic by attracting Kelowna residents to their events.

Ethics Scan

As part of the City's reputation management, initial ethical scans will be conducted on all sponsorships. In depth scans will be completed for sponsors expected to sign agreements valued at \$10,000 or more.

Written Agreements

Written agreements will be signed for every sponsorship and advertising deal, providing full details about the relationship and the exchange of value and assets. Agreements will follow the signing authority as outlined in Policy No. 376.

Transition to City-wide Program

Policy No. 376 will apply to all City business units, departments and divisions upon the adoption of the policy and program by Kelowna City Council.

By the end of the five-year pilot, the goal is to have all City-owned and operated assets fall under a centralized sales program. Additionally, with in-house staff in place, the City will help build sponsorship capacity for our City partners and will be able to offer some professional development opportunities for local non-profits.

Recognizing that various departments have already been conducting sponsorship and advertising activities, the program will require an orderly transition to the centralized sales model during the five-year pilot. It is important that the transition, allow flexibility to encourage revenue generation throughout the pilot.

Airport

The Airport currently conducts significant in-terminal advertising and some limited sponsorship activities (i.e. the Bucket List, a named business centre). The current advertising sales activities are contracted to Pulse Group and sponsorship agreements are negotiated by Airport staff. In 2015, net revenue was \$268,000 after hard costs and sales commission.

Since the Sponsorship and Advertising program will need time to establish itself and the Airport currently has a system in place to conduct its advertising sales, this model will remain in place for the first three years of the Sponsorship and Advertising program, expiring in 2020. The contract with the sales agency will have an option to renew for a further two years (1+1) and will identify some exclusive and some non-exclusive assets, allowing the sponsorship and advertising team, as well as Airport staff to use assets in corporate sponsorship bundles or packages for leads developed outside the advertising sales contract.

The Airport will follow Policy No. 376 and will participate in the Interdepartmental Sponsorship and Advertising Team. Sponsorship and Advertising staff will work with Airport staff to begin bundling assets to maximize revenue for the Airport as a department and the City as a whole. Sponsorship activities will be transferred to the Sponsorship and Advertising Manager in Year 2 of the program. The advertising contract will be reviewed at the end of the third year of the contract.

Coordination here is especially important since there will be two avenues for the sale of assets. Availability and valuation of assets at the Airport will be reviewed with Airport staff prior to proposal to prospects captured through the corporate program. The Airport Director or a staff designate will sign off on assets in advance of the asset being sold, and the legal agreement being signed, to make sure it is a proper fit for the facility.

Integrated Transportation (Transit and Transportation Demand Management)

In 2015, contracts with Lamar Advertising and Jim Pattison Outdoor Advertising generated more than \$289,000 in net revenue. A contract is in place with Lamar for on-bus advertising until 2022. Since this is outside the five-year pilot, these assets can only be included in bundles by coordinating with Lamar through its sales team, within its fee structure. The contract for bus shelters and benches is currently under review.

Other transportation and transit assets can start transitioning over to the city-wide sponsorship and advertising program in Year 2 of the program. This will include assets such as facilities (transit exchanges), as well as Transportation Demand Management programs and events.

Other Departments

Other departments, such as Active Living and Culture have limited sponsorship and advertising activities but include the Cold Beverage contract and a few community events. These existing assets and agreements will be reviewed and transitioned to the sponsorship and advertising program in Year 1 and Year 2. New assets will be coordinated by the Sponsorship and Advertising team starting in Year 1 of the program.

The rest of the departments, can be incorporated into the program in Year 1.

Community Development**City Partners**

Valuation was conducted for several City partner facilities - those owned by the City of Kelowna but operated by another organization (i.e. Rotary Centre for the Arts, Kelowna Museums, the Kelowna Art Gallery). This

also includes Festivals Kelowna, to which the City provided \$256,000 in 2016 to coordinate City events such as New York, New Year's Eve and Canada Day. These partner assets are outside the scope of the five-year pilot program with the exception of overall facility naming.

While the City may look more closely at incorporating these assets into a comprehensive City program after the five-year pilot, at this time, the program will focus on supporting these City partners to build their own sponsorship capacity. The Sponsorship and Advertising program team will coordinate professional development opportunities, such as workshops to raise the sponsorship bar in the community. As noted in other City programs such as ArtsVest, building capacity by gaining expertise and the ability to create sponsorships will enhance organizations financial strength. In addition, when many organizations in the community are sponsorship savvy, it creates a draw for larger sponsorship organizations to invest in the community, knowing they will encounter professionals in multiple organizations.

During development of the sponsorship and advertising program, City partners identified that it would be problematic if the City negotiated exclusive sponsorship deals, that precluded City partners from hosting sponsored events within City facilities. To address this issue, the Policy includes a clause that specifies City exclusivity rights do not flow through to third-party users of City assets except as outlined in operating, use, lease or service level agreements for the City asset. For instance, this would allow Festivals Kelowna to host a sponsored event in a named City facility.

Because, properties are owned by the City of Kelowna, any overall naming rights of City partner facilities should be contracts with the City itself, especially if the duration of a naming right agreement is longer than the partner's agreement to operate the facility. Smaller sponsorship agreements associated to internal naming, programming and events can continue to be arranged with City partners directly.

During the five-year pilot, contracts with each of the City partners will be reviewed and evaluated upon renewal. Updated language for sponsorship and advertising activities will be included to more clearly define City and user group rights.

Community Non-profits

The City also works with many non-profit user groups who hold user agreements for City facilities/properties (i.e. Kelowna Minor Hockey, Central Okanagan Minor Baseball, Kelowna Minor Lacrosse etc.). Generally, these facilities have multiple user groups. Traditionally, some groups have informally secured sponsors and provided temporary advertising opportunities (temporary banners etc.) during tournaments and short-term events. This will continue "as is" and language will be updated in user agreements as needed to clarify.

There are also a small number of longer term lease agreements, such as the Kelowna Chiefs and Kelowna Falcons, within multi-user facilities. In these cases, as the agreements are due for renewal, they will be evaluated and reviewed to clarify the rights to sponsorship and advertising within the lease area. In some cases, it may make sense for the sponsorship rights to remain with the lease holder, but in general, the objective is that all City-owned and operated assets will become part of the corporate program.

SECTION 8 APPROVALS AND RESPONSIBILITIES

Approvals

The signing authority for legal agreements rests with the Corporate Sponsorship and Advertising Manager up to \$50,000, the Divisional Director up to \$200,000 and the City Manager up to \$500,000. These follow the Purchasing and Invoice Approval Levels as established under Purchasing Bylaw 9590.

Council will have final approval on agreements with a value of over \$500,000 and for all overarching naming rights for facilities.

Before a sponsorship and advertising package is finalized or an agreement is signed, the Director or a staff designate in charge of managing the assets included in the package, will sign off on the agreement.

Program Direction

The Sponsorship and Advertising Manager will be responsible for the overall direction of the Sponsorship and Advertising program including strategy, prospect clearance, asset inventory, asset valuation, reporting and community capacity building.

Council

A report providing program progress, measures and recommendations for program adjustments will be provided to Council annually.

Council will be asked to consider any policy changes throughout the pilot study.

At the end the pilot program, Council will be provided with a comprehensive evaluation of the program and policy. The evaluation will include recommendations on the viability of the corporate program, plus any recommended changes to the program or policy.

SECTION 9 NET REVENUE PROJECTIONS

The net revenue forecast below includes costs such as staffing, fulfillment and operating costs to deliver the program to provide net numbers. These are the true revenues the City can expect to garner and access for re-investment.

Note that by Year 3 the program is anticipated to be self-sufficient and generate new net revenue of \$222,000 (i.e. above the existing \$750,000 net revenue already generated by the City). By Year 5, the program is expected to generate more than \$800,000 new net revenue for a total of more than \$1.5 million annually going forward.

City of Kelowna - Sponsorship Program 5 Year Projections for Operating Costs						
	Year 1 - 2017	Year 2 - 2018	Year 3 - 2019	Year 4 - 2020	Year 5 - 2021	TOTALS
Net Existing Revenue - Pre Sponsorship Program*	\$ 750,000.00	\$ 733,875.00	\$ 718,096.69	\$ 702,657.61	\$ 687,550.47	\$ 3,592,179.77
Projected Revenue from new sponsorship program**	\$ -	\$ 150,000.00	\$ 500,000.00	\$ 785,000.00	\$ 1,225,000.00	\$ 2,660,000.00
Total Gross New Revenue	\$ -	\$ 150,000.00	\$ 500,000.00	\$ 785,000.00	\$ 1,225,000.00	\$ 2,660,000.00
Staffing Costs - New Program***	\$ 90,000.00	\$ 155,000.00	\$ 210,000.00	\$ 220,500.00	\$ 231,525.00	\$ 907,025.00
Fulfilment Hard Costs - New Program****	\$ -	\$ 12,000.00	\$ 40,000.00	\$ 62,800.00	\$ 98,000.00	\$ 212,800.00
Operating Costs - New Program*****	\$ 5,000.00	\$ 7,500.00	\$ 8,000.00	\$ 8,000.00	\$ 8,500.00	\$ 37,000.00
Consulting Fees*****	\$ 7,500.00	\$ 20,000.00	\$ 20,000.00	\$ 7,500.00	\$ 5,000.00	\$ 60,000.00
Total Gross Costs	\$ 102,500.00	\$ 194,500.00	\$ 278,000.00	\$ 298,800.00	\$ 343,025.00	\$ 1,216,825.00
Net New Revenue / Loss	-\$ 102,500.00	-\$ 44,500.00	\$ 222,000.00	\$ 486,200.00	\$ 881,975.00	\$ 1,443,175.00
* Over the five year term this initial net \$750,000 of existing revenue has a projected attrition rate of 5% and revenue increase of 3%						
** Revenue is based on new business development as per the timeline with an 80% renewal rate / 20% attrition rate and 5% increase in revenue						
*** Payroll costs are based on the high end of the pay scales and no labor consideration for the existing revenue channel. A 5% increase in pay in years 4 & 5						
**** Fulfilment costs traditionally are about 8% for a municipality.						
***** These costs include such elements as hosting and hospitality, travel expenses and any sales production costs						
***** These are costs for sponsorship workshops and training as well as the City Department educational updates and seminars as well as appropriate mentoring						

SECTION 10 FUND ALLOCATION

Principles of Allocation

General Revenue vs. Asset Specific Revenue

There are two main lines of reasoning in municipal sponsorship and advertising programs about how to allocate revenue. The first suggests all generated revenue goes into a single reserve for allocation as needed, not unlike the collection of taxes. When all sponsorship and advertising revenue is collected to a single account, the revenue can be used for capital upgrades, introduction of new programs and expansion of existing programs, etc. This allows Council to direct new revenue to the highest need. It is important to remember that corporate sponsorship is a marketing investment by sponsors and not a philanthropic gift. The sponsor cannot dictate the use of funds, but may negotiate some terms as part of the sponsorship agreement.

The second option suggests revenue remains with the sponsored property or asset where it is generated. The advantage here is that stakeholders (business and community) can see and understand the immediate impact that sponsorship has made. This is often well received in the community. The downside is that new and high-profile assets are more likely to receive sponsorship but revenue may actually be needed more in the less-prestigious facilities that need refurbishment and are not as likely to attract sponsors.

All assets are City of Kelowna assets. Departments do not “own” the assets they manage. The program will take a hybrid approach to fund allocation, recognizing the current state of sponsorship throughout the City. The recommended approach includes:

- Revenue collected from assets which are currently being used in sponsorship and advertising activities will continue to receive the revenue directly (see more in Grandfathering section below)
- For new overarching naming rights of facilities, revenue will remain with the asset
- Net operating surplus from all other assets, will be allocated to a Sponsorship and Advertising General Reserve as outlined below

No Debt Servicing

Funds will not be allocated to service capital debt.

Grandfathering

Because departments within the City are already selling sponsorship and advertising and have accounted for the revenue generated in annual operating budgets, it is acknowledged allocations must be flexible.

Existing, new and incremental revenue secured through the following assets will be grandfathered and kept at the asset. These include:

- Airport
 - In keeping with City accounting practices, revenue from Airport assets will be deposited into the Airport Revenue Fund first, then any service fee owing to the Sponsorship and Advertising program will be transferred as required
- Transit infrastructure currently contracted to Jim Pattison / Lamar including bus shelters and benches, as well as on-bus advertising
- The Civic Awards event
- Bike to Work Week

Revenue Allocation

Funds received by the City through the corporate sponsorship and advertising program for facilities, programs and services will be allocated based on the provisions below:

- All revenues generated from an overarching building / facility naming right will be allocated to that named facility or building and its operations, programs and services
- For the term of the pilot project, all existing agreements with City Partners (facility operators) will remain “as is” with the exception of an overall naming of a facility
- Where the City sponsorship team is undertaking sponsorship and advertising activities on behalf of a grandfathered revenue generation area and the revenue has historically been going to the department, the City sponsorship team will receive a service fee of 20% for sales generation and the balance will return to the asset
- All available (i.e. not already under agreement or under negotiation for an agreement) City-owned and operated assets will be available to the City sponsorship team to include in sponsorship proposals and agreements based on Inventory Asset Valuation
- All net operating surplus from the sponsorship and advertising program will be allocated to the Sponsorship and Advertising General Reserve

Allocation Formula

Funds coming from the sponsorship and advertising program will be tracked.

- At the end of each year, the net operating surplus will be contributed to the Sponsorship and Advertising General Reserve
- For non-exclusive Airport assets (those not under exclusive contract to the advertising sales company) sold by the Sponsorship and Advertising Team, a 20% service fee will be payable to the Sponsorship and Advertising program. Airport assets sold directly by the Airport or the contract advertising sales company will not be subject to the 20% service fee
- Transit assets under contract to Pattison Group / Lamar will not be subject to a 20% service fee
- Program operating and fulfilment costs will be attributed to the corporate program, except for the grandfathered areas which will be responsible for their own fulfilment costs
- Sponsors will be responsible for their own hard costs (production, hardware etc.) as outlined in the sponsorship agreements
- Advertisers will be responsible for their own production costs as outlined in their agreements

City Accounting

The program will follow City accounting best practices and will be established with a new Cost Centre which includes both revenue and expense codes to track funds through the program. Once the program is underway, the Sponsorship and Advertising General Reserve will also be established.

Since sponsorship and advertising are considered a marketing function, invoices will be sent to businesses for the value of their sponsorship packages and GST must be charged.

City Partner Assets (City-owned but partner operated facilities, programs and events)

City-owned assets managed and operated by City Partners will be outside the scope of the five-year pilot program, with the exception of overall naming of a property or facility. The allocation of funding can remain with the City partner, but the legal contract for such naming rights which extends past the timeline of the partner’s existing agreement with the City should be with the City and not the City partner.

During the five-year pilot, contracts with each of the City Partners will be reviewed and evaluated upon renewal. Updated language about sponsorship and advertising activities and the associated revenue allocation will be included to more clearly define City and user group rights.

Multiple Users in a Facility

For properties where there are multiple groups with user agreements, such as arenas and some ball parks, all revenue for sponsorship and advertising will remain with the City unless there is specific language included in the existing agreement that already describes sponsorship and advertising rights.

During the five-year pilot, contracts with each of the user groups will be reviewed and evaluated upon renewal. Updated language regarding sponsorship and advertising activities and the associated revenue allocation will be included to more clearly define City and user group rights.

SECTION 11 MEASUREMENTS

New Gross Revenue Targets (\$s)

Year	New	Renewed Contracts	Total
Year 1	0	0	0
Year 2	150,000	0	150,000
Year 3	500,000	0	500,000
Year 4	360,000	425,000 (includes 5% increase on renewals)	785,000
Year 5	425,000	800,000 (includes 5% increase on renewals)	1,225,000

Reporting

Quarterly report including milestones and measurements will be submitted to the Divisional Director.
Annual report including milestones and measurements will be submitted to Council.

Milestones

Year One

- Hire Sponsorship and Advertising Manager
- Legal review of program and agreement templates completed
- City policies associated with sponsorship and advertising updated in collaboration with owner departments (i.e. Community Facility Naming)
- Plans confirmed for capacity building for City partners and local non-profits
- Community workshop with training opportunities for City partners and local non-profits completed
- Interdepartmental sponsorship and advertising team established
- Prospecting begins

Year Two

- First annual program update and measures presented to Council
- Program and policy review initiated and adjustments completed as needed
- Community workshop with training opportunities for City partners and local non-profits completed
- Process to hire Sponsorship Sales Coordinator initiated based on successful revenue generation of \$150,000 new net revenue

Year Three

- Second annual program update and measures presented to Council
- City partner mentorship program established
- Community workshop with training opportunities for City partners and local non-profits completed
- Process to hire Sponsorship Fulfilment Coordinator initiated based on successful revenue generation of \$500,000 new net revenue
- Airport advertising contract reviewed by Sponsorship and Advertising Manager and Airport Director to determine effectiveness - contract renewed or terminated

Year Four

- Third annual program update and measures presented to Council
- Community workshop with training opportunities for City partners and local non-profits completed
- City partner mentorship program conducted

Year Five

- Fourth annual program update and measures presented to Council
- Community workshop with training opportunities for City partners and local non-profits completed
- City partner mentorship program conducted

- Lamar advertising contract for transit assets reviewed - contract renewed or terminated
- Program and policy review and recommendations for program going forward as pilot project ends
- Work with City Partners to establish their participation in the program outside the five-year pilot and include recommendations in the program review as the pilot ends.

APPENDIX A DEFINITIONS

Advertising

Advertising is the sale or lease of City-owned property and space and is universally accepted as a commodity transaction rather than a partnership. Unlike sponsorship, there are no associative values and the commercial use and or lease of City space is based on pre-determined industry standard rates of cost per thousand impressions. Advertising does not imply a reciprocal relationship between the advertiser and the property owner and as such the advertiser is not entitled to additional benefits beyond the space being purchased.

Asset

A sponsorship asset, also referred to as a 'property' has a broad application which includes but is not limited to real property (buildings/facilities/green space), events, communications (i.e. printed material or access to a digital channel) programs and services, special projects, features (i.e. rooms, ice pads, playgrounds) and other relevant properties.

Community Non-Profit

In this context, a charity or non-profit that undertakes sponsorship activities but does not operate a City of Kelowna asset.

Corporate Sponsorship

Sponsorship is a mutually beneficial business relationship where a corporation or organization provides a rights fee in cash or value in-kind arrangement in return for recognition, acknowledgement or other promotional benefits. Sponsorship is a marketing based activity and unlike philanthropic programs (donations) there is a commercial expectation on the part of the buyer (sponsor).

Ethical Scan

An ethical scan will vet a potential sponsor or advertiser's overall business including the main company and its subsidiaries. The process determines if a sponsor or advertiser meets the requirements defined by the City's sponsorship and advertising policy or is otherwise affected by restrictions laid out in the policy.

Naming Rights

A type and level of sponsorship whereby a company or organization purchases the exclusive rights to name a physical structure such as a facility or event with a commercial name typically for a defined period of time under specific contractual terms.

Partner

An organization operating a City of Kelowna asset or delivering a City of Kelowna program or event. For instance, the Kelowna Visual & Performing Arts Centre Society operates the Rotary Centre for the Arts and Festivals Kelowna delivers events including New York New Year's Eve and Canada Day festivities on behalf of the City of Kelowna.

APPENDIX B DRAFT POLICY

Policy starts on next page.



City of Kelowna
1435 Water Street
Kelowna, BC V1Y 1J4
250 469-8500
kelowna.ca

Council Policy

CORPORATE SPONSORSHIP AND ADVERTISING

ESTABLISHED: DATE

Contact Department: Communications

Guiding Principle

The City of Kelowna is open to creating opportunities through strategic partnerships with community groups, non-profit organizations, the private sector and other levels of government to improve services and amenities.

To generate revenue used to enhance facilities, programs and services for residents, the City welcomes corporate sponsorship and advertising from qualified businesses and organizations whose support aligns to the City's mission, values and priorities.

Purpose

To create a framework for corporate sponsorship and advertising that will supplement City funding for its facilities, programs and services.

Application

This policy applies to all City owned and operated assets, where assets are defined broadly as property, including but not limited to:

- Real property (facilities/green space/parks)
- Property features and components (rooms/playgrounds/ice surfaces)
- Events, special projects, programs and services
- Communications (publications/digital communication channels)
- Other relevant properties

The policy does not apply to:

- Public-private partnerships (i.e. RG Properties and Prospera Place)
- City owned facilities, programs and services that are operated by another organization except as outlined in operating, use, lease or service level agreements with the organization
- Philanthropic contributions, gifts or donations
- Grants obtained from other levels of government, foundations or trusts
- City sponsorship of external projects, programs or events where the City provides funds to an outside organization
- Street names

Policy Statements

1.0 General

- Sponsorship relationships are defined under this policy as mutually beneficial experiential business relationships where a corporation or organization provides a rights fee in cash or value in-kind arrangement in return for recognition, acknowledgement or other promotional benefits.
- Advertising is defined as the sale or lease of City owned property or space and is accepted as a commodity transaction rather than a partnership. Unlike sponsorship, where there is an associative value, advertising and the commercial use of City space is based on market rates. Advertisers are not entitled to additional benefits beyond the space being purchased.
- Corporate sponsorship and advertising revenue may only be accepted to supplement City-approved initiatives.
- Corporate sponsorship and advertising must not unduly detract from the character, integrity, aesthetic quality or safety of a City asset or unreasonably interfere with its enjoyment or use.
- The City does not endorse the products, services or ideas of any corporate sponsor or advertiser.

2.0 Responsibilities

- The City Manager, as the Chief Administrative Officer will be responsible for:
 - Assignment of managerial oversight for corporate sponsorship and advertising through the establishment of a Corporate Sponsorship and Advertising Program
- City Council must directly approve:
 - Any sponsorship which involves the naming or renaming of a City facility
 - Any proposal which exceeds \$500,000 in cash or in-kind value

3.0 Requirements

- Corporate sponsorships are associative in nature and therefore alignment to City values is necessary
- Corporate sponsorship and advertising must be mindful and respectful of all the communities associated with the asset so as not to disrupt or interfere with the experience of the asset
- Sponsorship and advertising activities will be conducted in the spirit of transparency, but a formal competitive process is not required when soliciting or accepting sponsorship or advertising opportunities
- Sponsorships shall take into consideration City capacity implications on staffing and financial resources
- Corporate sponsorship and advertising must comply with the City's visual identity guidelines
- All political advertising must indicate this it is paid by a party or candidate to avoid any impression that the City is supporting any particular party or candidate

4.0 Sponsorship and Advertising Criteria

- The City will consider all sponsorship proposals but retains the discretion not to accept sponsorship from any entity at its sole discretion
- Corporate sponsorships and advertising must conform to all applicable federal and provincial statutes and all applicable City bylaws, policies and practices
- Sponsorship and advertising must not confer a personal benefit, directly or indirectly, to any particular City employee or official or their families
- The City shall retain ownership and control over all City owned and operated assets
- Benefits provided to the sponsor by the City are limited to those stated in the sponsorship agreement
- Corporate sponsorship must not result in any competitive advantage, benefit or preferential treatment for the sponsor outside of the sponsorship agreement
- Category exclusivity rights provide exclusivity rights to the asset being sponsored and does not imply exclusivity privileges with the City itself
- Category exclusivity rights to an asset do not flow through to third-party users of City assets (i.e. Festivals Kelowna or other users) except as outlined in operating, use, lease or service level agreements for the City asset

5.0 Restrictions

- Corporate sponsorship and advertising within a City facility must reflect the target audiences associated with the facility
- The City will not solicit or accept corporate sponsorship or advertising from companies or organizations whose business:
 - Contradict any bylaw or policy of the City in any way
 - Could compromise the reputation of the City's public image
 - In light of prevailing community standards, it is likely to cause deep or widespread offence
- For assets that are targeted toward children and youth, the City will not solicit or accept corporate sponsorship or advertising from companies or organizations that produce alcohol or other addictive substances
- The City will not solicit or accept corporate sponsorship or advertising from companies or organizations:
 - Whose business is derived from the production of tobacco
 - Whose business is derived from pornography or illegal sexual services
 - Whose business is derived from armaments and weapons manufacturing
 - Who are not in good standing with the City (i.e. currently in violation of a by law or under litigation)
 - Discriminate by way of race, religion or sex, in employment, marketing or advertising practices

6.0 Fund Allocation

- Funds received through the City Sponsorship and Advertising program:
 - Will not be used to service capital debt

- For Transit (bus bench and shelter, as well as on-bus advertising), the Airport, Civic Awards and Bike to Work Week assets, will continue to be allocated to the asset
- For overarching facility naming rights are to be used for the maintenance and enhancement of the named asset, as well as for supporting programs and services directly related to the asset
- The net operating surplus for all other assets will be transferred to the Sponsorship and Advertising General Reserve
- The Sponsorship and Advertising General Reserve will be used for new capital projects, capital upgrades, new or enhanced programs and special projects

7.0 Documentation

- Written agreements will be signed for every sponsorship and advertising deal, providing full details about the relationship and the exchange of value and assets.

8.0 Evaluation

- Sponsorship and advertising opportunities will be evaluated on an asset by asset basis to determine fit and alignment, and to assess that all provisions in this policy are satisfied.
- General ethical scans will be conducted on all companies and organizations, with in-depth scans conducted for sponsorship agreements of \$10,000 or more in value.

9.0 Review

- An annual report will be provided to Council on the performance of the Corporate Sponsorship and Advertising Program.

Related Policies

Commemorative Recognitions in City Parks #242

City of Kelowna Park Naming Policy Number # 251

Naming of Kelowna Awards in Memory of Individual Citizens #256

Charitable Donations and Gifts to the City Policy #306

City of Kelowna Civic Community Facilities Naming Policy Number # 343

Amendments

None



SPONSORSHIP AND ADVERTISING

Program Guidelines



PROGRAM PURPOSE

- ▶ Increase revenue
- ▶ Create consistency
- ▶ Increase efficiencies
- ▶ Reduce City's existing risk

Street Banners



ADDITIONAL OPPORTUNITIES

- ▶ Ensure alignment
- ▶ Build relationships
- ▶ Build on City brand
- ▶ Assist community

Water parks



221

DEFINITION

- ▶ Advertising
 - ▶ Sale of space
 - ▶ No additional benefits
 - ▶ Pre-determined industry rates



Airport Advertising

DEFINITION

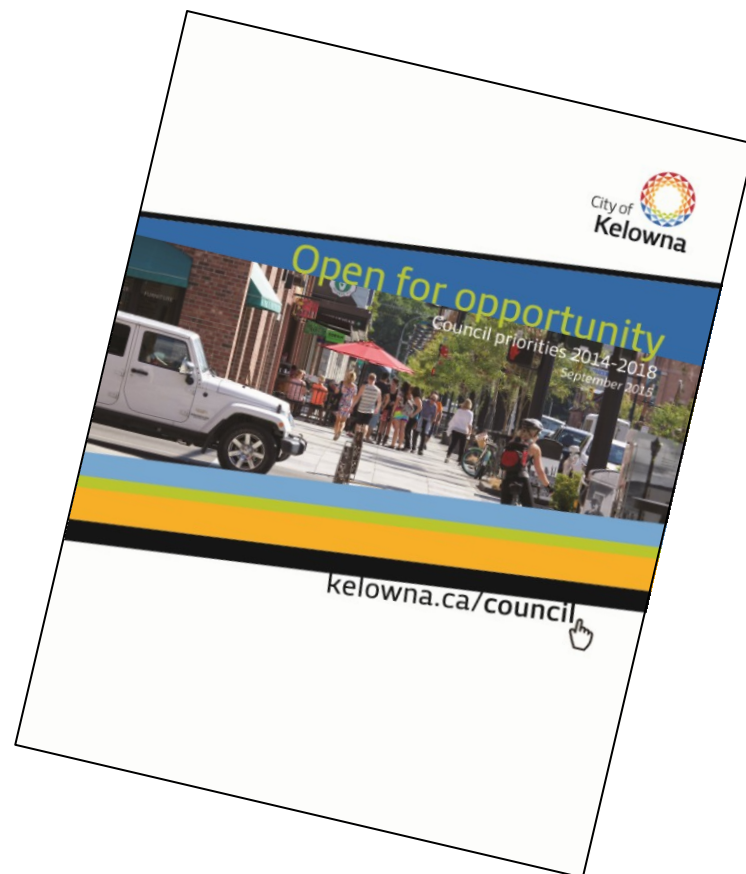
- ▶ Sponsorship
 - ▶ Mutually beneficial business relationship
 - ▶ Receive recognition or other promo benefits
 - ▶ Activation is key
 - ▶ Not philanthropy



Play area

BACKGROUND

- ▶ Council Priorities
 - ▶ Strong financial management - explore revenue generation opportunities
 - ▶ Fair but firm - consistent policy on how we do business



WORK COMPLETED TO DATE

- ▶ Inventory and valuation
- ▶ Net revenue forecast
- ▶ Policy and program guidelines
 - ▶ Internal Team
- ▶ Community engagement
- ▶ Legal review

Transit Exchanges, Shelters and Benches



PROGRAM HIGHLIGHTS

- ▶ \$800,000 new net annually
- ▶ Self-sustaining program
- ▶ Policy
- ▶ Centralized sales model
- ▶ Community support

REVENUE FORECAST

City of Kelowna - Sponsorship Program 5 Year Projections for Operating Costs



	Year 1 - 2017	Year 2 - 2018	Year 3 - 2019	Year 4 - 2020	Year 5 - 2021	TOTALS
Existing Net Revenue - Pre Sponsorship Program*	\$ 750,000.00	\$ 733,875.00	\$ 718,096.69	\$ 702,657.61	\$ 687,550.47	\$ 3,592,179.77
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PROGRAM

- ▶ Based on best practices
- ▶ City-wide
- ▶ Tiering and bundling

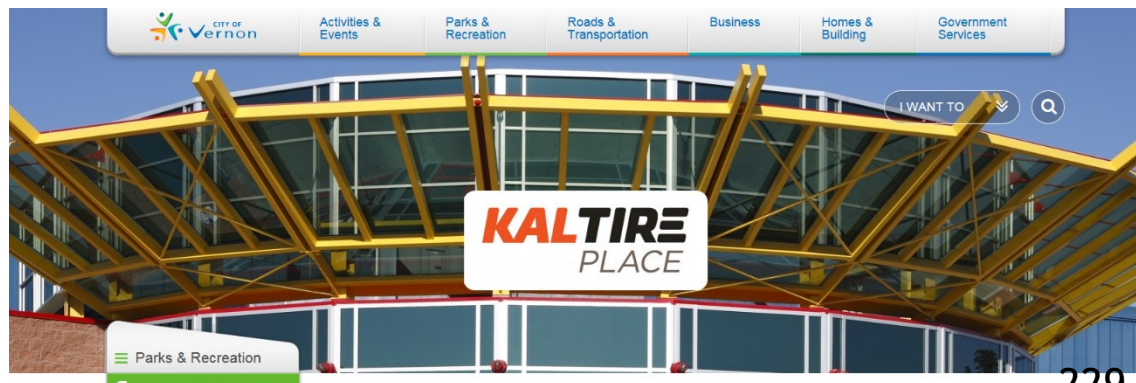
Social Media Mentions



TIERING AND BUNDLING

- ▶ Asset tiers
- ▶ Bundled packages
- ▶ Incremental revenue

Facility Naming



PROGRAM

- ▶ 5-year pilot
- ▶ City owned and operated
- ▶ Balance
 - ▶ Corporate/dept./community
 - ▶ Slow transition
 - ▶ Existing contracts remain
 - ▶ Interdepartmental team
 - ▶ Grandfathering revenue
 - ▶ Sponsorship and advertising reserve



Bike Maintenance Station at Bike to Work Week

PROGRAM

- ▶ Centralized sales model
 - ▶ Inventory and valuation
 - ▶ Prospect clearance
 - ▶ Interdepartmental team
- ▶ Community support



FUND ALLOCATION

- ▶ Grandfathering
- ▶ Named facilities
- ▶ Operating costs
- ▶ Reserve
 - ▶ New capital projects and capital upgrades
 - ▶ New and expanded programs
 - ▶ Special projects

RESPONSIBILITIES

- ▶ Council
- ▶ Communications Dept.
- ▶ Sponsorship
Manager



Activation Activities

MEASUREMENTS AND REPORTING

- ▶ Revenue targets
- ▶ Annual Council reporting

Civic Awards



TRANSITION

- ▶ City departments
 - ▶ Manager responsible for program
 - ▶ Interdepartmental team
 - ▶ Advertising contracts remain
 - ▶ Sponsorship in Year 1 or 2

TRANSITION

- ▶ Partners
 - ▶ Evaluate contracts upon renewal
 - ▶ Overarching naming
- ▶ User Groups
 - ▶ Events and short term same
 - ▶ Continue by agreement



Ice rinks

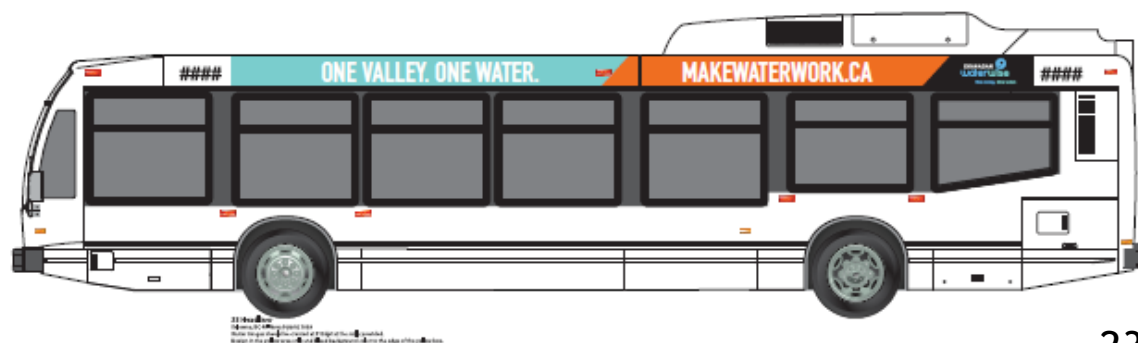
POLICY

- ▶ Finalize in 2017
- ▶ Highlights
 - ▶ Responsibilities
 - ▶ Criteria
 - ▶ Restrictions
 - ▶ Fund allocation



NEXT STEPS

- ▶ If approved...
 - ▶ 2017 budget submission
 - ▶ Hire manager
 - ▶ Policy forward for consideration
 - ▶ Implementation



Transit Advertising

DISCUSSION?



Park and
Play Program