

Report to Council



Date: Oct 15, 2020
To: Council
From: City Manager
Subject: Update on Activities
Department: Business and Entrepreneurial Development

Recommendation:

THAT Council receives for information the report of the Director of Business and Entrepreneurial Development dated November 22, 2018, regarding the activities and accomplishments of the program.

Purpose:

To provide Council with a review of the Business and Entrepreneurial activities as requested by Council following conclusion of two years regarding workplan activities and overall direction.

Background:

In February of 2018, Council endorsed a shift in direction for the Business and Entrepreneurial Development program including a change of program mandate, focusing on four primary areas: Business Investment Evaluation, Strategic Negotiations, Business Development and Financial Investment (longer term).

In June of 2019, the City Manager re-organized several divisions and created the Partnership & Investment Division. The Division now has an expanded mandate which includes a Partnership Office (including the Partnership Manager, Grants Manager and Sponsorship and Advertising Manager).

The Director of Business and Entrepreneurial Development was appointed to lead the Partnership office to define how this exciting new area will operate. For the purpose of this report, specific focus will be placed upon the activities and accomplishments of the Business and Entrepreneurial Development program, and not the Partnership Office as a whole.

Activity 1 - BUSINESS INVESTMENT EVALUATION

Business Investment Evaluation Advisory Service (BIEAS)

A Business Investment Evaluation Advisory Service (BIEAS) was implemented to allow for and expedite reviews of proposed investment or partnership opportunities, utilizing a business development evaluation team. A landing page with resources and the template was developed and is active on InSites, to both encourage staff to utilize the system and provide insight into how the partnership office can help.

To date several initiatives have utilized the service. A summary can be found below:

Initiative	Summary
Technology Opportunity	The idea was supported with a full report to Council in 2022 when the next opportunity is available.
Bikeshare Review – Dropbike	The BIEAS team worked with Active Transportation to do a post-service evaluation in order to provide a framework for future negotiations and discussions regarding rideshare programs.
Recreational Partnership	Working with the Partnership manager, the BIEAS team reviewed the detailed proposal for a facility and supported the initiative moving forward.
Dark Fibre	The initial model would have the City of Kelowna provide fibre in a partnership arrangement.
New Energy Project	Discussions in process focused on a joint opportunity with new potential energy producer.
Technology Adoption in municipal facility	Support to move forward with pilot project subject to further negotiations with the proponent

Business Innovation

Staff are proactively seeking Alternative Service Delivery (ASD) methods as a means of producing operational efficiencies, financial returns or improved service levels. These include the following:

ASD Method	Operational Efficiencies
Dark Fibre Network	There are now 14 paid monthly leases with both non-profit and commercial entities, generating approximately \$160,000 annually in revenue. Development of new marketing collateral materials and the contracting of a part-time salesperson with the anticipation of new customer development was completed in 2019. A total of 55 inquiries have been dealt with in 2020.
Start-up Solutions	A partnership program that turns the City of Kelowna into a lab to test new ideas, products or services will early in 2021.
Unsolicited Administrative Policy (USP)	A policy has been developed that outlines the approach used to manage new and innovative ideas being presented to the City of Kelowna from the community at large.

Innovation Capacity Building	A teaching and learning framework to advance and sustain innovative approaches within the City of Kelowna and share information internally will be begin later this year.
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Activity 2 – STRATEGIC NEGOTIATIONS

As a normal course of business, the City will be engaged, from time to time, in critical external negotiations that involve multiple parties and dynamic circumstances. An inventory of key negotiations was undertaken, and a training program was developed. To date, 32 members of staff have been trained. Skills acquired have been utilized with acknowledgement that most recent negotiations have resulted in financial contributions flowing to the City that had not previously.

Activity 3 – BUSINESS DEVELOPMENT

The Director of Business and Entrepreneurial development is a conduit to the business sector, to ensure that the City creates a climate that supports the growth of emerging businesses and attracts new investment opportunities, including the following:

Business Outreach
<ul style="list-style-type: none"> A total of sixty site visits were completed visiting local businesses with follow-up done with 22 businesses from simple demographics work to workforce development challenges. Continued the Mayor’s Business Visitation Program, with Mayor Basran spending an hour with key employers in the City. A total of fifteen have been completed in the past year.

Regular connection to business stakeholders such as the Kelowna Chamber of Commerce, the Downtown Kelowna Association, Central Okanagan Economic Development Commission, the Uptown Rutland Business Association, Accelerate Okanagan, Metabridge and more. Other highlights include:

Other Highlights
<ul style="list-style-type: none"> Handled 700 inquiries from local and external businesses in inquiries. Areas of focus continue to be in the relocation opportunities from Vancouver and Toronto and workforce development inquiries.
<ul style="list-style-type: none"> Updated stats including census releases interpreted and made available to the community to assist in business development and for internal use within City hall.
<ul style="list-style-type: none"> Collaboration with internal business units to ensure a business perspective in considered
<ul style="list-style-type: none"> Active role in, and involvement in number of city policy initiatives (COVID Working Group, Mayors Task Force, Disruptive Technologies, Supportive Housing and Shelter, Ag Plan, Smart Cities, Cannabis Retailing, Bike and Scooter share)
<ul style="list-style-type: none"> Economic Scorecard – The economic scorecard project was completed in January of 2019 and provided an evidence-based view of Kelowna’s performance in comparison to 16 other North American and International cities.

Internal Circulation:

Information Services
Property Management
Purchasing
Partnerships & Investments

Considerations not applicable to this report:

Existing Policy:
Legal/Statutory Authority:
Legal/Statutory Procedural Requirements:
External Agency/Public Comments:
Communications Comments:
Alternate Recommendation:

Submitted by: R. Fine, Director of Business and Entrepreneurial Development

Approved for inclusion: D. Edstrom, Divisional Director, Real Estate

Attachments: 1. Schedule A – PowerPoint Presentation

Appendix A



Date: Oct. 15 2020
To: City Manager
From: R. Fine, Director, Business and Entrepreneurial Development
Subject: Update on Activities

Background:

In February of 2018, Council endorse the continued direction of the Business and Entrepreneurial Development program. At the time Council supported the change of program mandate, focusing on four primary areas:

- 1) Business Investment Evaluation - Through circumstantial opportunities or by proactively seeking out innovative solutions to corporate and community challenges the City will often be required to evaluate investment and service delivery alternatives. The Program will develop an objective tool and set of criteria to aid in this evaluation and when called upon, complete a review of the proposed investment or partnership opportunity.
- 2) Strategic Negotiations - As a normal course of business the City will be engaged, from time-to-time, in critical external negotiations that involve multiple parties and dynamic circumstances.
- 3) Business Development - The City plays a key role as a catalyst in supporting and generating economic benefits to our community. Through the purposeful delivery of key business development strategies, the Program will be a primary conduit to the business sector.
- 4) Financial Investment – longer term

To purposely build and enhance investment opportunities across the organization that have a higher risk/reward tradeoff with the intention of creating greater inter-generational wealth, alternative revenue and ongoing capital funding for key goals of Council .

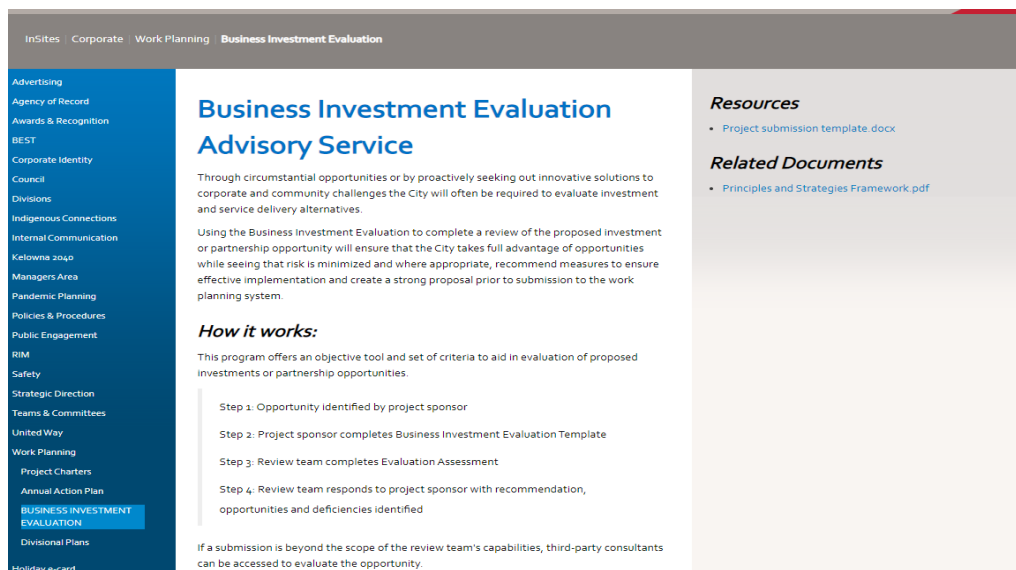
The Partnership Office

In June of 2019, the City Manager re-organized several divisions and created the Partnership & Investment Division focusing on strategic investments in real estate, and now includes investment in parks and city buildings. The division now has an expanded mandate which includes a (including the Partnership Manager, Grants Manager and Sponsorship and Advertising Manager

The Director of Business and Entrepreneurial Development, was appointed to lead the Partnerships Office to define how this exciting new area will operate. This report will specifically focus on the accomplishments of the Business and Entrepreneurial Development function.

Activities to Date

Activity 1 - BUSINESS INVESTMENT EVALUATION



The screenshot shows a web page titled "Business Investment Evaluation Advisory Service" on the InSites platform. The page has a blue sidebar with a navigation menu including items like Advertising, Agency of Record, Awards & Recognition, BEST, Corporate Identity, Council, Divisions, Indigenous Connections, Internal Communication, Kelowna 2040, Managers Area, Pandemic Planning, Policies & Procedures, Public Engagement, RIM, Safety, Strategic Direction, Teams & Committees, United Way, Work Planning, Project Charters, Annual Action Plan, BUSINESS INVESTMENT EVALUATION (highlighted), and Divisional Plans. The main content area features the title "Business Investment Evaluation Advisory Service" and a description: "Through circumstantial opportunities or by proactively seeking out innovative solutions to corporate and community challenges the City will often be required to evaluate investment and service delivery alternatives. Using the Business Investment Evaluation to complete a review of the proposed investment or partnership opportunity will ensure that the City takes full advantage of opportunities while seeing that risk is minimized and where appropriate, recommend measures to ensure effective implementation and create a strong proposal prior to submission to the work planning system." Below this is a section titled "How it works:" with a list of four steps: 1. Opportunity identified by project sponsor; 2. Project sponsor completes Business Investment Evaluation Template; 3. Review team completes Evaluation Assessment; 4. Review team responds to project sponsor with recommendation, opportunities and deficiencies identified. A note at the bottom states: "If a submission is beyond the scope of the review team's capabilities, third-party consultants can be accessed to evaluate the opportunity." On the right side, there are sections for "Resources" (Project submission template.docx) and "Related Documents" (Principles and Strategies Framework.pdf).

Business Investment Evaluation Advisory Service – BIEAS

Through circumstantial opportunities or by proactively seeking out innovative solutions to corporate and community challenges, the City will often have the opportunity to evaluate investment and service delivery alternatives. To this end, a Business Investment Evaluation Advisory service was implemented to allow for and expedite reviews of proposed investment or partnership ventures. This will ensure that the City takes full advantage of these opportunities while seeing that risk is minimized and where appropriate, recommend measures to ensure effective implementation and create a strong proposal prior to submission to the work planning system.

This program offers an objective tool and set of criteria to aid in evaluation of proposed investments or partnership opportunities. A landing page with resources and a template was developed and is active on Insites, to both encourage staff to utilize the system and provide insight into how the Partnership office can help.

The following steps are involved:

Step 1: Opportunity identified by project sponsor

Step 2: Project sponsor completes Business Investment Evaluation Template

Step 3: Review team completes Evaluation Assessment

Step 4: Review team responds to project sponsor with recommendation, opportunities and deficiencies identified

If a submission is beyond the scope of the review team's capabilities, third-party consultants can be accessed to evaluate the opportunity.

To date, a number of initiatives have utilized the service. A summary can be found below:

Initiative	Summary
Technology Opportunity	The idea was supported with a full report to Council in 2022 when the next opportunity is available.
Bikeshare Review – Dropbike	The BIEAS team worked with Active Transportation to do a post-service evaluation in order to provide a framework for future negotiations and discussions regarding rideshare programs.
Recreational Partnership	Working with the Partnership manager, the BIEAS team reviewed the detailed proposal for a facility and supported the initiative moving forward.
Dark Fibre	The initial model would have the City of Kelowna provide fibre in a partnership arrangement.
New Energy Project	Discussions in process focused on a joint opportunity with new potential energy producer.
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Business Innovation

Staff are proactively seeking alternative service delivery (ASD) methods as a means of producing operational efficiencies, financial returns or improved service levels. Staff will utilize a model for receipt and evaluation of unsolicited proposals, seeking new and innovative ideas that would assist the City in achieving its goals. The City has great success when it proactively determines a need and solicits opportunities. This is in contrast to being reactive to another parties requests and demands to fulfill a perceived civic need. Staff will focus on identifying opportunities to solve known challenges and

recommend the terms under which solutions may be sought.

Dark Fibre Network



The City's Dark Fibre network, which has now expanded to 32 km, has continued to generate revenue and cost avoidance for the City while delivering a market driven service. There are now fourteen paid monthly leases with both non-profit and commercial entities, generating approximately \$160,000.

A total of fifty-five inquiries are typically processed in any given year and numerous presentations to community groups, tech organizations and metabridge, the annual global technology event held in Kelowna have helped place Kelowna in the forefront of innovative service delivery

Development of new marketing collateral materials and map to reflect expansion of Fibre Network with two new routes, and the contracting of a part-time salesperson with the anticipation of new customer development was completed in 2019. An 8-month program aimed at assessing the current and future market potential for Dark Fibre sales in Kelowna has led to several conclusions. To begin with, there is limited value in marketing the opportunities in terms of a dedicated full-time staff or the development of extensive marketing campaigns. The drop-in competitors pricing, the limited area which is accessible to our network and the lack of firms requiring high speed, point to point, large data transfer is limited. The network will continue to grow with a few additional customers each year.

Start-up Solutions



A partnership program that turns the City of Kelowna into a lab to test new ideas, products or services will launch later this Fall. Through the program innovation-based companies participants get access to staff, data and facilities to assist with making Kelowna more efficient and encourage a culture of innovation at the City. Startups and entrepreneurs' partner with the City to test out a product or service that helps local government become more efficient and encourage a culture of innovation.

As a significant client and testing ground, the City can give entrepreneurs a valuable use case for their products and services. This exposure can potentially help attract new investors and clients. In return for providing a valuable testing ground and special access to resources to selected entrepreneurs, the City hopes to learn about new technologies and approaches to improve the delivery of new services or provide savings to Kelowna residents.

A unique opportunity for local companies to get a chance to do research in our "sandbox" which can lead to bigger success for Start-up companies. A new business attraction tool is established to provide added emphasis to starting a business in Kelowna vs. other cities. New processes, products or services offered to the City are at no appreciable cost, solving City problems in an innovative fashion.

Unsolicited Administrative Policy (USP) – The City of Kelowna is often approached with great ideas, and in considering these, Council needs to demonstrate transparency and accountability. A policy has been developed that outlines the approach used to manage new and innovative ideas being presented to the City. It is intended to give confidence to innovators, entrepreneurs, investors and the community that proposals will be considered in a consistent, transparent, efficient and lawful manner to deliver the highest standards of public value.

USPs allow the City to identify and prioritize projects, help overcome challenges related to early stage project identification and assessment and generate innovative solutions to infrastructure opportunities. An appropriately designed USP process that allows private entities to propose project ideas that are in line with a government's infrastructure plan can harness the private sector's interest in developing commercially viable project solutions. An intake process and template has been developed to implement the Program before year end.



Innovation Capacity Building

A teaching and learning framework to advance and sustain innovative approaches within the City and share information internally will be completed this year.

As the City moves to leverage innovation as a capability to create current and future value, there is both excitement and expectation, but alas no training component to make this possible. A pilot project to train staff with a structured process and practical tools that they need to generate breakthrough solutions to everyday challenges. Two potential platforms have been identified that would focus on the foundation of innovation. In focusing on associating, questioning, observing, networking, and experimenting, an innovation assessment will provide the insight needed to connect opportunity with the City's desired outcomes. Through the review of 200 distinct data points, the process identifies skills/capacity gaps and develops a blueprint for where to invest focus and time. From there a go-forward plan with clear objectives and measurable results would be developed.

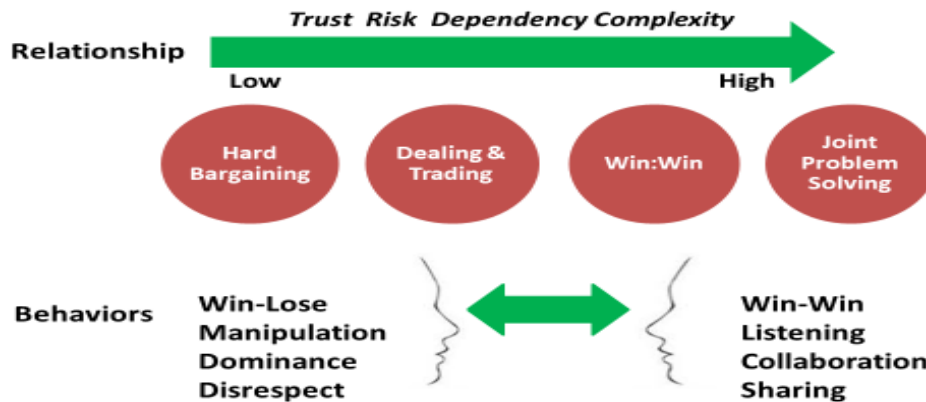
The innovation platform will result in the "Art of the possible" mindset in City teams, unlocking our resources creative capacity. Building a culture of curiosity into the unknown, testing & experimenting and acting on new ideas. will lead to cost savings, efficiencies, new programming and will supplement tools like the Business Investment Evaluation Advisory Service. Training will be completed in partnership with the City's Intelligent Cities manager, and the delivery of pilot training day for the Senior Leadership Team.

Activity 2 - Strategic Negotiations

As a normal course of business, the City will be engaged, from time to time, in critical external negotiations that involve multiple parties and dynamic circumstances. Often these negotiations will not

be directly aligned with a primary department or the department most closely aligned may not have the capacity or ability to lead the negotiations.

Negotiating Style Continuum



In order to ensure that the resource capacity and capability is available to achieve the desired outcome on key negotiations for the City, a detailed training program was developed. The program was created to ensure that the City systematically and appropriately prepares for key/critical external negotiations, utilizing strong project management strategies, negotiating techniques and selection of resources/expertise.

The program developed training tools to equip staff resulting in better outcomes, included:

- Awareness and readiness – improved awareness of when a negotiation is occurring and how to prepare and respond
- Recruitment – skills to hire key staff in a range that is appropriate to internal standards
- Collective bargaining – the skills introduced prepare HR professionals for bargaining
- Strategic deals – the ability to plan complex deals, generate creative options and make deals happen

An inventory of key/critical external negotiations was identified and completed prior to the training being offered to ensure those City staff with significant negotiations would have access to the training program developed.

To date, 32 members of staff have been trained. Feedback has been highly positive and skills acquired have been utilized with acknowledgement that some recent negotiations resulted in financial contributions flowing to the City that had not previously.

Where partnership negotiations exist, which do not fall into the category of strict financial investment, it is seen that we have now built a team of strategic negotiators that could assist across departments to be managed by the Partnership office. A second more advance training for those identified by the trainer as being most capable may be offered in 2021.

Activity 3 - Business Development

The City plays a key role as a catalyst in supporting and generating economic benefits to our community. Through the purposeful delivery of key business development strategies, the Director of Business and Entrepreneurial development will be a primary conduit to the business sector, to ensure that the City creates a climate that supports the growth of emerging businesses and attracts new investment that will foster economic growth and employment.

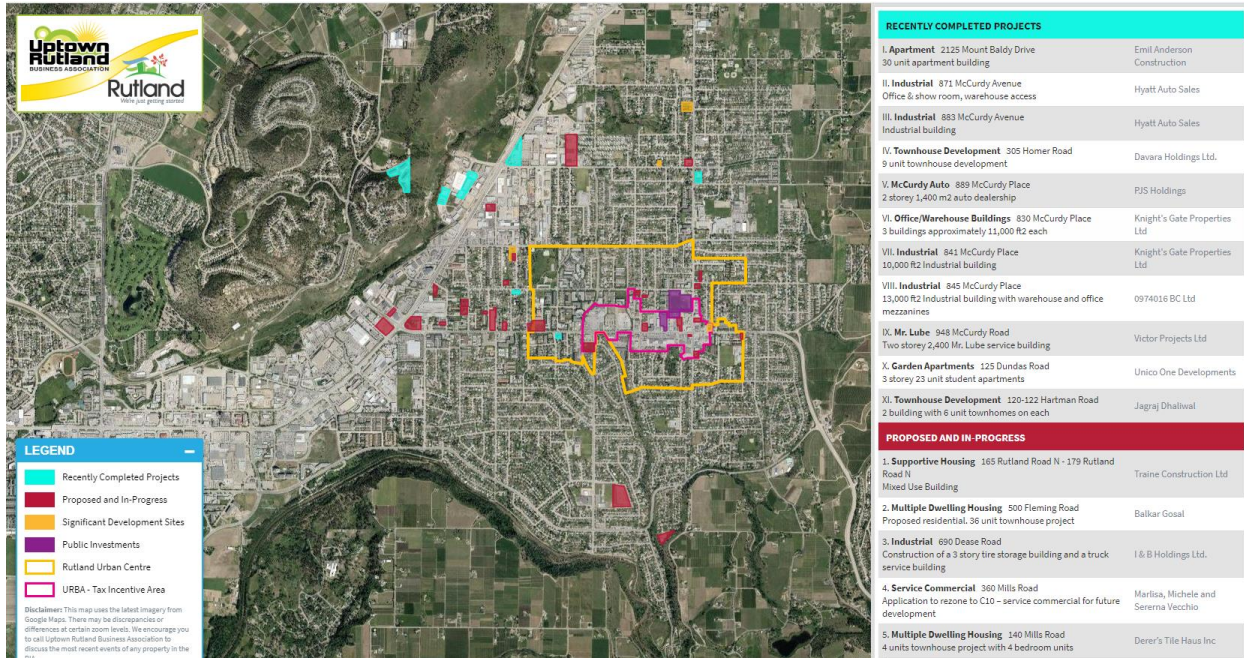
Business Outreach



Program staff proactively connect with business owners and operators to ensure that the business climate remains healthy and that local businesses are aware of the services that are available to help them thrive. By building ongoing relationships, the City can stay ahead of business trends, demonstrate support, improve communication and ensure a higher rate of business retention each year. Highlights in the past two years include:

- A total of sixty site visits were completed visiting local businesses with follow up done with 22 businesses from simple demographics work to workforce development challenges.
- Continued the Mayor's Business Visitation Program, with Mayor Basran spending an hour with key employers in the City. A total of fifteen have been completed to date

Agency Liaison



The Director of Business and Entrepreneurial Development works closely with business service providers and organizations to ensure a strong link between City objectives and business objectives. Keeping apprised of programs and activities being undertaken by business and community organizations and feeding back issues and opportunities to City staff is a primary strategy to ensure we maintain and build a strong business environment

Regular connection to well business stakeholders such as the Kelowna Chamber of Commerce, DKA, COEDC, URBA, AO and more.

One annual partnering project, with the DKA and URBA, is the Downtown prospectus and the new Rutland Prospectus, highlighting recent and completed developments, potential development sites, incentive areas, projects proposed, and public investments.

Information Sharing

The City facilitates the sharing of information to assist new investors in successfully addressing key decision triggers. As well, the City will develop and maintain statistical analysis and information from a range of sources, to assist in completing a comprehensive economic picture of the City to share with the community at large, those seeking location assistance, and other business service providers. Highlights include:

- Handled 700 inquiries from local and external businesses in inquiries. Areas of focus continue to be in the relocation opportunities from Vancouver and Toronto and workforce development inquiries.
- Updated stats including census releases interpreted and made available to the community to assist in

business development and for internal use within City hall.

- Collaboration with internal business units to ensure a business perspective is considered
- Active role in, and involvement in number of city policy initiatives (Disruptive Technologies, Supportive Housing, Pandemic work, Ag Plan, Smart Cities, Cannabis Retailing, Bike and Scooter share)
- Initiated meetings to begin grassroots discussion regarding the startup ecosystem as identified in Techstars initiative.



Economic Scorecard - This economic scorecard project was completed in January of 2019 and provided an evidence-based view of Kelowna's performance in comparison to 16 other North American and International cities. Data was drawn from 78 sources to generate scores and grades on 24 indicators – 12 social indicators and 12 economic indicators.

Overall, Kelowna came in 10th out of 17 cities with a final grade of C with the City of Kelowna performing better on the Economic indicators (6th) than on the Social indicators (14th). At the top end of the scorecard, Kelowna received three A grades (income inequality, self-employed in labour force, and total value of building permits per capita.) At the bottom end, Kelowna received five D grades (proportion of population with at least a post-secondary degree/diploma, non-visible minorities as a percentage of population, real GDP per capita, high tech employment share, and disposable income per capita.)

The results of this scorecard have been used by community stakeholders to create initiatives that help make Kelowna a better place to live, work, and prosper. Three areas were identified for future improvement – housing affordability, youth retention and immigration diversity. For example, COLIP, the Central Okanagan Local Immigration Partnership, has worked to create a number of employment forums to promote diversity in the workforce and the opportunities to hire new Canadians. As well, a number of new prospective residents and investors have appreciated the honest and non-marketing approach in presenting another set of tools to look more objectively at Kelowna.

Moving forward, the scorecard's data will be maintained and updated by the Kelowna Chamber of Commerce. This will allow progress to be monitored and will help stakeholders adjust their initiatives to respond to real-world changes.

Knowledge Economy Support - metabridge



The City fosters the continued growth of the knowledge economy in Kelowna by connecting with existing and growing firms, seeking input and providing assistance in identifying long term strategic challenges and opportunities for the sector. The promotion of Kelowna as technology sector, encouraging both human and investment capital, by showcasing successes and facilitating the development of new training outlets, while building on efforts being undertaken regionally.

Metabridge is an executive program that connects technology CEO's and Founders at intimate events and networking retreats. The program provides access to an extensive network of Alumni who have built and sold companies, established in Silicon Valley, partners at top venture capital firms in North America and executives at global enterprise technology organizations. Those who attend the annual retreat come to disconnect and network with like-minded peers. Visions are shared and relationships are formed, with the content led by the attendees. Those who have attended on more than one occasion become part of the metabridge charter member group, providing help to others by connecting them up through their business network..

In the past year, the event has connected with over 60 inbound investment opportunities from across the globe including new restaurant, recruitment firms and a technology cloud company looking to establish opportunities in Kelowna. In its 12th year, over \$2 million has been invested by metabridge in the program in the region and over last decade, \$488 million in investment attracted and 29 metabridge companies acquired over past decade with relocations in process, and numerous tech entrepreneurs now calling Kelowna home.

