

# **Application to Increase the Municipal & Regional District Tax from 2% to 3%**

Date: August 8, 2016

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Municipal and Regional District Tax Application Form

City to insert

## Municipal and Regional District Tax (MRDT) Overview

The MRDT program has been made possible with enabling provincial legislation. In 2015 the maximum taxation level was changed from 2% to 3%.

The MRDT program is jointly administered by the Ministry of Finance, the Ministry of Jobs, Tourism and Skills Training, and Destination British Columbia. This program is intended to increase local tourism revenue, visitation, and economic benefits and should be supported by both local governments and tourism industry stakeholders. The local impacts contribute to the growth of BC revenues, visitation, and jobs, and amplify BC's tourism marketing efforts in an increasingly competitive marketplace.

Funds from the MRDT program should augment current funding and cannot be used to replace existing sources of tourism funding in a community.

The MRDT has been in place within the City of Kelowna since January 1, 2004.

### DESIGNATED RECIPIENT

The City of Kelowna is the Designated Recipient for the designated accommodation area of the Kelowna municipality. The Designated Recipient may choose to either administer the MRDT program directly or delegate the administration to a service provider such as a destination marketing organization.

### SERVICE PROVIDER

Since Kelowna's implementation of the MRDT program in 2004, the Tourism Kelowna Society has been the City of Kelowna's service provider for its administration.

## About the Service Provider: Tourism Kelowna Society

Tourism Kelowna is the destination marketing engine for Kelowna and the Central Okanagan region's tourism industry. Our program of work is built to stimulate inbound travel to increase the economic benefit for area tourism businesses, our city, and surrounding communities. As a Destination Marketing Organization (DMO) we are dedicated to providing leadership and coordination in promoting and marketing Kelowna's amenities and tourism businesses, resulting in increased overnight visitation and revenues. Tourism Kelowna is a not-for-profit, industry-driven Society governed by an elected Board of Directors representing over 320 tourism related businesses in Kelowna and area.

### OUR MISSION

***To generate overnight visitor demand to economically benefit Kelowna and its neighbouring communities***

### ACCOUNTABILITY AND CONTROL

Transparency, accountability, and the development of adequate controls are required for organizations entrusted with the investment of the MRDT. Tourism Kelowna has procedures and controls in place to address these requirements as itemized below:

- The Tourism Kelowna Society Board of Directors has complete responsibility for the organization including the approval of a 5-year strategic plan, annual budget, annual sales & marketing plan, and quarterly performance reporting. The Board consists of a maximum of 18 directors, 6 of whom are appointed with 12 being elected by the tourism businesses located within the Central Okanagan.
- A Finance Committee consisting of the Treasurer, Directors, CEO, and Financial Administrator (CPA certified) review detailed financial statements monthly. The Board reviews and approves these quarterly, and the voting stakeholders of the society review them annually within the Annual General Meeting process. These documents are available to all stakeholders and funders at any time.
- Tourism Kelowna receives a full audit annually. (fiscal is September 1 – August 31)
- Tourism Kelowna provides an annual update to City Council and submits its financial statements to the City of Kelowna. These are compiled into a report submitted by the City, to the Province, at the time of the municipal audit.
- Beginning in April, 2016 the Province of BC now requires that Annual Performance Management and Reporting is provided by the Designated Recipient (City of Kelowna). As the service provider, Tourism Kelowna works with the City to provide the report requirements.
- Every 5 years, the accommodation industry decides whether to retain the tax. This provides the accommodation sector with the assurance that Tourism Kelowna is aligned with industry objectives.
- Tourism Kelowna meets or exceeds operational benchmarks for Canadian DMOs as researched through Destination Marketing Association Canada's annual benchmarking study.
- Tourism Kelowna is accredited through Destination Marketing Association International.

## 2016 TOURISM KELOWNA BOARD OF DIRECTORS

|                                 |  |   |
|---------------------------------|--|---|
| Accommodation:                  | Daniel Bibby, <b>Chair</b><br>Stan Martindale, <b>Past Chair</b><br>Thom Killingsworth, <b>Vice Chair</b><br>Sean Coward<br>Rosemary Paterson<br>Tanya Stroinig, <b>Treasurer</b><br>Heather Schroeter<br>Heather Schaub<br>Dan Matheson | Delta Grand Okanagan<br>Ramada Hotel & Conference Centre<br>Four Points by Sheraton Kelowna<br>Kelowna Hotel Motel Association<br>Best Western Plus Kelowna<br>Prestige Hotel Kelowna<br>Manteo Resort Waterfront Hotel<br>Casa Loma Lakeshore Resort<br>Okanagan Golf Club<br>Big White Ski Resort<br>Quails' Gate Winery<br>Distinctly Kelowna Tours<br>Okanagan Lavender & Herb Farm<br>Actors Studio Dinner Theatre<br>Kelowna International Airport<br>City of Kelowna<br>District of Lake Country |
| Golf:                           | Katie Balkwill   |   |
| Ski:                            | Tony Stewart   |   |
| Wineries:                       | Debbie Dupasquier  |   |
| Attractions/Retail/Restaurants: | David McFadden, <b>Secretary</b>   |   |
| Agri-Tourism:                   | Nathan Flavel  |   |
| Arts & Culture:                 | Sam Samaddar   |   |
| Transportation:                 | Gail Given   |   |
| Municipal Representation:       | Penny Gambell  |   |

## 2016 TOURISM KELOWNA STAFF

|  |                     |
|--|---------------------|
| President and CEO:                       | Nancy Cameron       |
| Financial Administrator:                 | Lauren Lander       |
| Executive and Administrative Assistant:  | Cheryl van den Bold |
| Director of Marketing and Communication: | Chris Shauf         |
| Marketing Manager:                       | Shauna Merritt      |
| Marketing Co-ordinator:                  | Tyler Magas         |
| Communications Co-ordinator:             | Alexa Creelman      |
| Director of Sales:                       | Jennifer Horsnell   |
| Sports and Events Sales Manager:         | Harvey Hubball      |
| Sales Co-ordinator:                      | Julia Garner        |
| Visitor Sales and Services Manager:      | Chris Lewis         |
| Visitor Sales and Services Co-ordinator: | Ashley McGowan      |

## Five-year Strategic Plan, 2015 - 2019

This 5-year Strategic Plan is a guiding document for the effective destination leadership and marketing efforts of Tourism Kelowna. It provides clear focus, direction, and a roadmap for impactful resource allocations.

The Board of Directors utilized not only input from staff and a highly experienced tourism development facilitator but they also paid close attention to specific consumer, stakeholder, and resident research that was conducted to inform their Strategic Plan discussions and Tourism Kelowna's brand marketing activities.

Performance targets are in place to allow for the measurement of progress over the 5-year period that will culminate in reaching our objective of having 2.5 million visitors annually by 2019.

This plan is reviewed annually by the Board of Directors. It is revised as required by market conditions and emerging opportunities. The tourism landscape changes quickly and this diligence ensures that Tourism Kelowna is responsive to these changes and invests its funds effectively.

Tourism Kelowna recognizes the immense tourism growth potential that the Kelowna area has and so included 'to secure funding to realize growth' as one of its Strategic Plan goals. The ability to increase the MRDT rate had not been announced at the time this plan was developed and approved however with its proposed implementation within the City of Kelowna, Tourism Kelowna will be in a position to resource market development and expedite this growth.

This will occur with expanded marketing in Saskatchewan, Manitoba, Ontario and Eastern Canada, and new investment in Washington State. We will also increase Kelowna's exposure in overseas and US markets through new partner investments with our provincial and national tourism marketing organizations.

The Board of Directors approved the 2015 – 2019 Strategic Plan at their February 25, 2015 Board meeting.

Please note that this plan was developed and implemented prior to the Municipal and Regional District Tax Program Requirements were released in the fall of 2015 so not all of the required sections are included in the document attached. All required sections are however covered within the **About the Service Provider** section on page 5, in the **Annual Sales and Marketing Plan** section on page 12, and in the **2016-17 Approved Budget** section on page 8.

PDF's included below:

1. 2015 – 2019 Strategic Plan



2015-19 TK Strat  
Plan - detailed.pdf



## Funding Sources: 2016-17 Budget Including Incremental Revenue

The Tourism Kelowna Board of Directors approved the 2016-17 budget on June 22, 2016. Two assumptions were made for the development of this budget:

1. MRDT will increase from 2% to 3% beginning April 1, 2017. This will begin to flow to Tourism Kelowna June 2017.
2. The construction of a new visitor centre will be financed within our current levels of revenue (2016 funding levels).

Please note that our fiscal year is September 1 – August 31 and so for the purposes of this application all budget and sales and marketing plan documents are for this period. The required annual reports will be provided for a calendar year period as required.

PDF's included below:

1. 2016-17 Budget – Tourism Kelowna (TK) format
2. 2016-17 Budget – Prov BC Format requested in Section 3 of the Municipal and Regional District Tax Program Requirements



2016-17 Budget - TK  
Format.pdf



2016-17 Budget -  
MRDT Format.pdf

## Evidence of Consultation with Regional District

Space being held for copy of RDCO letter of support – City to secure

## Evidence of Authority: City of Kelowna MRDT Bylaw

Space being held for copy of approved bylaw – City to provide

## Certificate of Incorporation and Bylaws for Service Provider

PDF versions of the Tourism Kelowna Society's Certificate of Incorporation and Bylaws included below:



Certificate of  
Incorporation.pdf



Constitution and  
Bylaws.pdf

## MRDT Administration: 2016 - 17 Sales and Marketing Plan

The Board approved 2016-17 Sales and Marketing Plan (One-Year Tactical Plan), Project Plan, Output Measures, and Outcome Measures have been included in this section to provide detailed information about the activities that Tourism Kelowna will undertake to achieve its annual and 5-year Strategic Plan objectives.

The 2016-17 Sales and Marketing Plan was approved by the Tourism Kelowna Board of Directors on June 22, 2016.

PDF's included below:

1. 2016-17 Sales and Marketing Plan (One-Year Tactical Plan)
2. Project Plan – Visitor Services
3. Project Plan – Marketing Communications
4. Project Plan – Meetings Conventions
5. Output Measures
6. Outcome Measures



2016-17 Sales &  
Mktg Plan Approvec



Project Plan -  
Visitor Services.pdf



Project Plan -  
Marketing Commur



Project Plan -  
Meetings Conventic



Output  
Measures.pdf



Outcome  
Measures.pdf

### CONSULTATION PROCESS FOR MRDT RENEWALS/CHANGES:

When the opportunity to increase the MRDT rate from 2% to 3% was made available, the Tourism Kelowna Board of Directors instructed the CEO to determine whether there was sufficient support amongst the accommodation sector to apply for this increase.

The CEO discussed the opportunity with the Kelowna Hotel Motel Association members at their November 2015 meeting. This was followed by individual meetings with each MRDT collecting accommodation property owner or operator. Meeting one-on-one allows for frank conversation about their perspective on this funding mechanism, the overall tourism industry, and Tourism Kelowna's role within it. At these meetings the operator either confirmed or declined their support for the MRDT increase.

### STAKEHOLDER SATISFACTION:

Tourism Kelowna conducts regular surveys of all of its stakeholders to gauge satisfaction and glean important information for our continuous improvement efforts. The stakeholders surveyed include attractions, activities, services, associations, and accommodations. The most recent survey was conducted in April 2016 and questions related to stakeholder satisfaction with Tourism Kelowna and included in the PDF below.



Stakeholder Survey  
Satisfaction Indicatc

## Accommodation Directory

See attached pdf for the City of Kelowna Master Accommodation Directory:



Accommodation  
Directory.pdf

## Accommodation Sector Support of MRDT

Strong support to increase the MRDT from 2% to 3% has been secured from the Kelowna accommodation sector as shown in this chart:

|                          |       |
|--------------------------|-------|
| <b>PROPERTY SUMMARY:</b> |       |
| In Support               | 65.5% |
| <b>UNITS SUMMARY:</b>    |       |
| In Support               | 84.4% |

Included below are the following:

1. MRDT Approval List
2. Listing of Signatures



MRDT Approval  
List.pdf



Listing of  
Signatures.pdf



Tourism Kelowna relies on Destination British Columbia (DBC) for its exposure in international markets. Within domestic and near-in US markets Tourism Kelowna participates in DBC programs that leverage Kelowna's exposure and attach Kelowna to the highly recognized and revered British Columbia brand. These programs currently include travel media hosting, travel trade hosting, golf sector partnered marketing, social media Instameets, and the Visitor Centre Network program.

Tourism Kelowna fully understands the activities that DBC undertakes and co-ordinates its own work to ensure that it is complementary and in alignment to the efforts of DBC.

Through regular communication with the DBC and TOTA, Tourism Kelowna is able to employ highly targeted marketing strategies, focused to those markets that are served by our direct city-pair air routes and our Western Canadian road access.

We believe that with the combination of increased resources and strong industry partnerships Tourism Kelowna will have the tools it needs to grow domestic, trans-border and international travel to Kelowna.

## Third Party Authorization Form

City to insert

## Disclosure of Information Authorization Form

City to insert

## Tourism Events Program Sponsorship Form

City to insert