

**Application to Renew
Kelowna Municipal & Regional District 3% Tax
2022 – 2027**

Submitted December xx, 2021

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Municipal and Regional District Tax (MRDT) Overview

Jointly administered by the BC Ministry of Finance, Ministry of Tourism, Arts and Culture and Destination BC, the MRDT is an accommodation tax collected under the Provincial Sales Tax legislation for use to fund tourism marketing, programs and projects.

The MRDT rate for Kelowna is 3%, collected by hotels from guests and remitted to the provincial government. In addition, Designated Recipients are required to participate in the provincial government's Tourism Events Program. This results in a mandatory requirement of .02% of the 3% held back by Destination BC and with a net 2.8% flowing back to the City for destination marketing.

- The MRDT has been in place within the City of Kelowna since January 1, 2004.
- In 2017, Kelowna's MRDT increased from 2% to 3% for the 2017- 2022 period.
- MRDT agreements with Designated Recipients carry 5-year terms. The current repeal date is July 1, 2022.
- The following is an application to renew Kelowna's 3% MRDT for the 2022-2027 term. Preparation of the application content was shared by Tourism Kelowna and the City of Kelowna.
- An October 2018 legislation change to the MRDT program allowed the City of Kelowna to exercise its right to allocate MRDT revenues from Online Accommodation Platforms (OAPs) towards affordable housing initiatives, rather than to destination marketing. An OAP funded affordable housing plan is included in this application.

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; sometimes referred to as the Eligible Entity.

Appendix 1.1 Municipal and Regional District Tax Application Form

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About the Service Provider: Tourism Kelowna

Tourism Kelowna is the marketing engine for Kelowna and the Central Okanagan region's tourism industry. Our mission is to work collaboratively with tourism businesses in the Kelowna area to create a tourism economy that is sustainable and welcoming for both visitors and local residents.

As an award-winning Destination Marketing Organization (DMO), Tourism Kelowna marketing programs stimulate inbound tourism from our target markets, resulting in overnight visitation and revenues from leisure, business, and event travellers. The Visitor Experience program operates the region's busiest Visitor Centre, as well as mobile and satellite locations that help promote local spending by visitors and residents alike.

Tourism Kelowna is a not-for-profit, industry-driven Society governed by an elected Board of Directors representing over 400 tourism related businesses in Kelowna and area. Depending on the year, MRDT revenue makes up 55-65% of Tourism Kelowna's annual revenue.

Accountability & Control

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

- The Tourism Kelowna Society Board of Directors has complete responsibility for the organization including approval of the 5-year strategic plan, the annual operations and marketing plan, the annual budget, and quarterly performance reporting. The Board consists of 17 directors, 5 of whom are appointed and 12 elected by 400-plus stakeholders representing Kelowna area tourism businesses.
- A Board Finance Committee consisting of the Treasurer, CEO, Finance Director (CPA certified) and other committee Directors review detailed financial statements monthly. The full 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 stakeholders at any time.
- Tourism Kelowna receives a full financial audit annually, fiscal year January 1 to December 31. All audits have returned clean reports.
- Tourism Kelowna provides an annual report, including 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.
- As the MRDT service provider, Tourism Kelowna also provides the annual report, financial and formal performance measures to the City in order to fulfill the City's annual MRDT Performance Management Report obligations to Destination BC/ Ministry of Finance.
- Every 5 years, the Kelowna accommodations industry has the opportunity through a consultation process, to decide whether to retain the tax. This provides assurances to the accommodations sector that the City and Tourism Kelowna are aligned with industry and community priorities.

- Tourism Kelowna is accredited by Destination Marketing Association International in addition to exceeding operational benchmarks for Canadian Destination Marketing Organizations (DMOs) as researched through Destination Marketing Association Canada's annual benchmarking study.

2021-22 Tourism Kelowna Society Board of Directors

Elected: Accommodations Sector

Carla Carlson	Comfort Suites Kelowna by Choice Hotels
Cedric Younge	Hyatt Place Kelowna
Dale Sivucha	Coast Capri Hotel, Kelowna
Edan Fay	The Royal Kelowna – BOARD TREASURER
Joseph Clohessy	Delta Hotels by Marriott Grand Okanagan Resort – BOARD CHAIR
Kelly Watt	Sandman Hotel & Suites Kelowna – BOARD VICE CHAIR

Elected: General Tourism Businesses

Annika Betts	Sandhill Wines - BOARD SECRETARY
Audrey Surrao	RauDZ Creative Concepts Ltd.
Jon De Bruyne	Kelowna Concierge
Kristi Caldwell	Wiseacre Farm Distillery
Michael Ballingall	Big White Ski Resort
Nataley Nagy	Kelowna Art Gallery

Appointed Seats:

Gail Given	Councillor, City of Kelowna (non-voting)
Penny Gambell	Councillor, District of Lake Country (non-voting)
Natalie Corbett	President Kelowna Hotel Motel Association (Accent Inns)
Sam Samaddar	Director, Kelowna International Airport
Thom Killingsworth	Board Past Chair (Kelowna Yacht Club)

Tourism Kelowna Staff

Lisanne Ballantyne	President & CEO
Carla Bechard	Travel Media & Communications
Cheryl van den Bold	Executive & Board Assistant (PT)
Chris Lewis	Director of Visitor Experience
Chris Shauf	Director of Marketing & Communications
Colin McGuinness	Business Development, Sports & Events
Jennifer Horsnell	Director of Business & Destination Development
Julia Garner	Business Development
Lauren Lander	Director of Finance (PT)
Sara Correa	Marketing Programs & Research
Steve Small	Digital Marketing
Sydney Solland	Manager of Visitor Experience
Visitor Centre	Part-time staff numbers vary from 2-6 seasonally

Certificate of Incorporation, Constitution and Bylaws for Tourism Kelowna

PDFs embedded here.



Certificate of
Incorporation.pdf



Constitution (filed)
January 2018.pdf



Tourism Kelowna
Bylaws - Approved at

Five Year Strategic Business Plan 2022-2027

Background

On September 22, 2021, the Tourism Kelowna Board of Directors approved the DMO's 5-year Strategic Plan for the term 2022-2027. The Strategic Plan is reviewed annually by the Board and updated or revised as required. This long-term planning document guides the effective destination leadership and marketing efforts of Tourism Kelowna. It provides clear goals, objectives and key initiatives for impactful resource allocations.

We expect this document will be revised by 2023 since the Tourism Kelowna Board of Directors is continuing strategic planning work into 2022. The ongoing and significant market changes and disrupters resulting from the global pandemic demand a more in-depth, thoughtful, and responsive strategic planning process.

The DMO is additionally working with the City of Kelowna and other community partners to develop a co-created Tourism Destination Master Plan in 2022 that will include a "Place DNA" examination to identify Kelowna's authentic, brand distinguisher. This important work is sure to inform the DMO's long- term and annual planning.

Section 1: Five-year strategic overview with identified targets and actions

The Board utilizes not only input from staff and an experienced strategic facilitator, but they also incorporate consumer, stakeholder, and resident research. An Internal & External Assessment Report was also commissioned to inform long-term priority setting.

Goals: Strategic Pillars

- Increase high value visitation
- Grow in-destination spending
- Manage sustainable growth of the destination
- Ensure the organizations' value proposition

Objectives: Desired Outcomes

- In addition to summer, Kelowna and area is recognized as a desirable destination for late fall and winter travel.
- Visitor spending is increased, benefiting a wide variety of businesses throughout the year.
- A resilient visitor economy exists, aligned with community values and stakeholder needs.
- Tourism Kelowna is recognized as a trusted Destination Marketing and Management Organization, collaborating with local businesses to grow the Central Okanagan visitor economy.

Key Markets

Primary: Western Canada
Secondary: Ontario, Quebec
Emerging: U.S. Pacific NW

Target Profiles

Wine and food lover
Urban adventurer

Verticals

Culinary
LBGTQ+

Golf enthusiast
Meeting and event planners
Local Residents (Visiting Friends & Family)

Arts and culture
Agri-business
Indigenous

Significant shifts for the next 5 years:

- Focus on economic recovery, including air services, to 2024.
- Increase marketing investment into four-season dispersal.
- Shift from destination marketing to destination development/ management.
- Changing service needs of tourism stakeholders due to pandemic.
- Recognition of the vital role of residents in supporting the growth of the tourism sector.
- Increase inter-community collaboration and local activation.
- Growing need for coordinated co-op marketing strategies specific to the Central Okanagan.
- Closer, more formal working relationship between Tourism Kelowna and the City of Kelowna.
- Need for ongoing educating and engagement on the Value of Tourism to strengthen the sector's value proposition for long-term sustainability.

Appendix 1.2 Five Year Strategic Business Plan

Appendix 1.2A Internal External Assessment

Appendix 1.2B Five Year Goals Objectives Targets and Strategies

PDFs embedded here:



Appendix 1.2 5-Year
Strategic Business - FI



Appendix 1.2A - TK
Internal External Assessment



Appendix 1.2B - TK
Strategic Plan 2022 -2

Section 2: One-Year Tactical Plan with performance measures

On September 22, 2021, the Tourism Kelowna Board of Directors approved the 2022 Tactical Plan.

The full plan, including Key Initiatives, Output Measures and Outcome Measures have been included to provide detailed activities Tourism Kelowna will undertake to achieve its annual objectives and 5-year strategic goals.

Appendix 1.2C One Year (2022) Tactical Plan

Appendix 1.2D 2022 Performance Measures

PDFs embedded here:



Appendix 1.2C - TK
Tactical Plan 2022 - FI



Appendix 1.2D - 2022
Performance Measures

Section 3: Detailed Budget for Year One: 2022 Budget including incremental revenue

On September 22, 2021, the Tourism Kelowna Board of Directors approved the DMO's 2022 Operations Budget. Please note our fiscal year is January 1 – December 31.

Budget Assumptions:

The 2022 budget assumes continued easing of COVID health orders and travel restrictions.

2022 MRDT forecasts are based on 85% of pre-COVID revenue levels.

Remaining revenue forecasts assume the DMO's continuing ability to secure self-earned revenue.

Budget History	Total Budget Forecast	MRDT Component Forecast
2020	\$4.4 M	\$2.96 M
2021	\$2.7 M	\$1.54 M
2022	\$3.9 M	\$2.63 M

Funds from MRDT are incremental to existing sources of tourism funds. Other 2022 revenue sources include:

Stakeholder contributions (i.e., membership dues)	\$493 K
Estimated co-op funding (e.g., CTO; DMO-led projects)	\$19 K
Grants - Federal	\$10 K
Grants- Provincial	\$25 K
Grants & Fees for Service - Municipal	\$361 K
Retail Sales program	\$341 K

Appendix 1.2E 2022 Budget

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Appendix 1.2E 2022
Budget - FINAL.pdf

Consultation and Support from Local Governments

City of Kelowna

Since Kelowna's implementation of the MRDT program in 2004, the City of Kelowna has designated the Tourism Kelowna Society as its service provider (or 'Eligible Entity') for administration and expenditure of MRDT revenues.

On July 26 2021, Kelowna City Council approved a new five-year agreement with Tourism Kelowna for the provision of tourism services, with the option to renew the agreement for an additional five-year term. The agreement provides for an annual operating grant of \$344,430 from the City to Tourism

Kelowna to support the Society's programs and services. The agreement also includes provisions relating to administration of MRDT funds and reporting requirements for the MRDT program.

Regional District of Central Okanagan

The Regional District of Central Okanagan encompasses the District of Lake Country, the City of Kelowna, the City of West Kelowna, Westbank First Nation and the District of Peachland, along with two electoral areas.

A 13-member Board of Directors represents the member municipalities and First Nation and electoral areas.

At its meeting on xxx, 2021, the Regional District Board of Directors considered the City of Kelowna's application to renew the 3% Municipal and Regional District Tax and provided the letter included below.

Letter from Regional District of Central Okanagan

PDF embedded here:

Authority and Request to Impose the Tax

At its meetings on October 25 and xxx, 2021, Kelowna City Council reviewed and adopted Municipal and Regional District Tax Bylaw 12290.

City of Kelowna Municipal and Regional District Tax Bylaw 12290

PDF embedded here:

Affordable Housing Plan

The City of Kelowna, through its Official Community Plan and Healthy Housing Strategy, is committed to addressing the community's most pressing housing issues. Improving housing affordability and reducing barriers for affordable housing are key directions in the Strategy. The City has retained 100% of Online Accommodation Platform (OAP) MRDT revenues in an OAP Reserve Fund, which is used to support affordable housing initiatives.

Appendix 1.8 Affordable Housing Plan (2022)

PDF embedded here:



Kelowna 2022
Appendix 1.8 Affordal

Consultation with Tourism Industry Stakeholders

2021 COVID restrictions presented a unique challenge in how to safely and effectively conduct the stakeholder engagement and feedback collection needed to support Kelowna's MRDT renewal application.

With guidance and approval from Destination BC, Tourism Kelowna created an online process to help facilitate the process. A micro-website was created to convey MRDT information and provide an easy "click here" opportunity to electronically sign a support letter or to request a meeting for further information

This was in addition to one-on-one meetings with stakeholders, formal surveys and a multi-month education and engagement process:

March 24	Tourism Kelowna Board of Directors begin review of Strategic Plan: goals and outcomes
April 28	Tourism Kelowna Board of Directors continue Strategic Planning: key initiatives
May 11	Annual General Meeting: stakeholders advised of MRDT renewal application, and that we will be seeking feedback
May – Aug	Spring and summer planning meetings with tourism sector partners including MRDT education and feedback opportunities on Strategic Plan
June 3	Presentation to the Kelowna Hotel Motel Association followed by direct email to all members and follow up.
June 10	Stakeholder "Plug In" Session: virtual information session on MRDT renewal and feedback workshop on the draft Strategic Plan
June 17 June 28 July 6	Three separate direct email communiques to 400+ Tourism Kelowna stakeholders reminding them of MRDT renewal and directing them to microsite to support.
July 26	Approval of 5-year service agreement between City Council and Tourism Kelowna Board
August 11	Tourism Kelowna Board of Directors strategic planning retreat: mission and vision approved
August	Stakeholder Survey issued to 400+ Tourism Kelowna members
September	Citizens Survey issued to local residents, collecting feedback on draft Strategic Plan
Sept. 22	Tourism Kelowna Board of Directors approves MRDT renewal application including 5-year Strategic Plan, 2022 Tactical Plan, budget and evaluation measures

Stakeholder & Resident Satisfaction

Tourism Kelowna conducts regular surveys of all its stakeholders to gauge satisfaction and learn important information for our continuous improvement of efforts. This year, we added content to specifically measure MRDT awareness and gather feedback on Tourism Kelowna's 5-year strategic plan. A residents' survey was also conducted to gather feedback on the strategic plan to better understand community priorities with respect to tourism

Tourism Kelowna Stakeholders Survey, September 2021

Kelowna Local Residents Survey, August 2021

PDFs embedded here:



Appendix - 2021
Stakeholder Survey.pdf



Appendix - 2021

Residents Survey Results.pdf

Accommodation Directory and Accommodation Sector in Support of MRDT

Kelowna has a total of 65 accommodators collecting and remitting MRDT; this represents 4,553 rooms. Strong support to renew the 3% MRDT has been secured from the Kelowna accommodation sector as shown in this chart:

PROPERTY SUMMARY				
	Units/Rooms	Percentage	Properties	Percentage
In Support	3492	77%	38	58%
Not in Support	729	16%	9	14%
Did Not Respond	332	7%	18	28%
Total	4553	100%	65	100%

Despite repeated and best efforts, there were a number of properties who chose not to respond. We attributed this to the June to August outreach timing when many Kelowna accommodators were overwhelmed and not available due to the unprecedented combination of COVID restrictions, forest fires and significant labour challenges.

Appendix 1.3 Accommodation Directory Form

Appendix 1.4 Accommodation Sector in Support Forms

PDFs embedded here:



Appendix 1.3 -
Accommodation Direc



Accommodation
Signed Appendix 1.4.pdf

Consultation with Destination BC

Tourism Kelowna fully understands the activities that Destination BC (DBC) undertakes and purposefully coordinates its own work to ensure that it is complementary and in alignment with DBC. Tourism Kelowna's Director of Marketing sits on DBC's provincial marketing committee.

Tourism Kelowna relies on DBC for its exposure in international markets. Within domestic and near-US markets, Tourism Kelowna participates in DBC programs to leverage Kelowna's exposure and attach our destination to the highly recognized and revered British Columbia brand.

These programs currently include travel media and influencer hosting, content development programs, travel trade hosting, sector-specific co-op marketing programs including golf, beer, mountain biking and more, social media partnerships and the Visitor Centre Network program.

Through regular communication with DBC and the Thompson Okanagan Tourism Association, Tourism Kelowna is able to employ highly targeted marketing strategies, focused on direct-air access markets and Western Canada road access markets.

Tourism Kelowna staff are regularly in direct consultation with DBC on various marketing initiatives and program development, and Kelowna is a key stakeholder in the roll-out of DBC's new "Iconics" strategy and program.

We believe that strong industry partnership are the cornerstone of short-term economic recovery and the key driver for long-term growth of trans-border and international travel to the Kelowna area.

Additional Application Documents

[Appendix 1.5 Third Party Authorization Form](#)

[PDF embedded here:](#)

[Appendix 1.6 Disclosure of Information Authorization Form](#)

[PDF embedded here:](#)

[Appendix 1.7 Tourism Events Program Sponsorship Undertaking](#)

[PDF embedded here:](#)

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