

Alternative Revenue Initiative

City of Kelowna



April 2024

Alternative Revenue Initiative

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



Corporate Priority

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



Examples of Alternative Revenue



Park Development DCCs



Grant Management Program

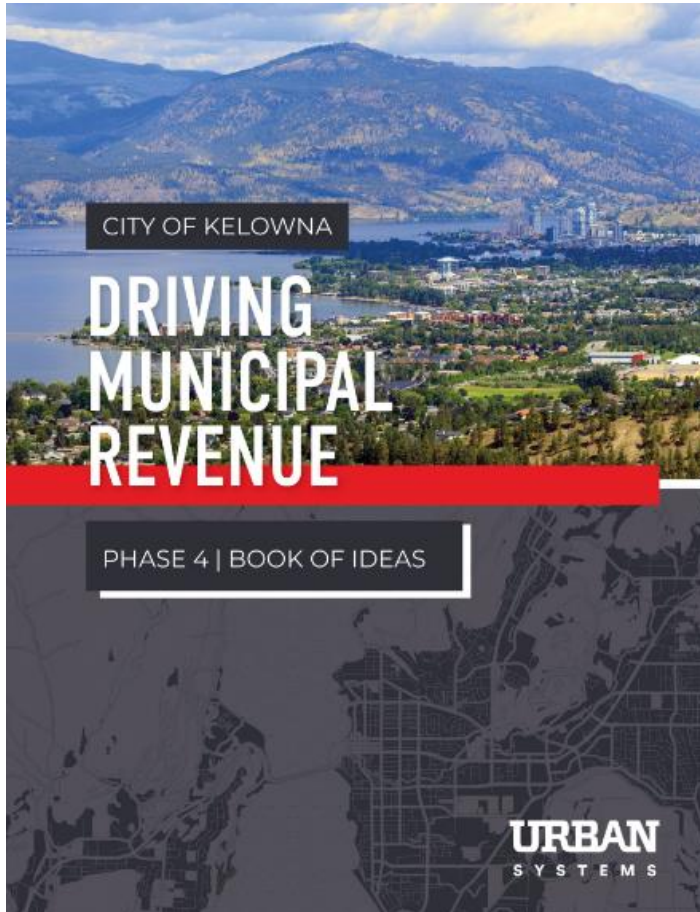


KCT Box Office & Concession



KFD Dispatch

Driving Municipal Revenue Study



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

Project Goals

1

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

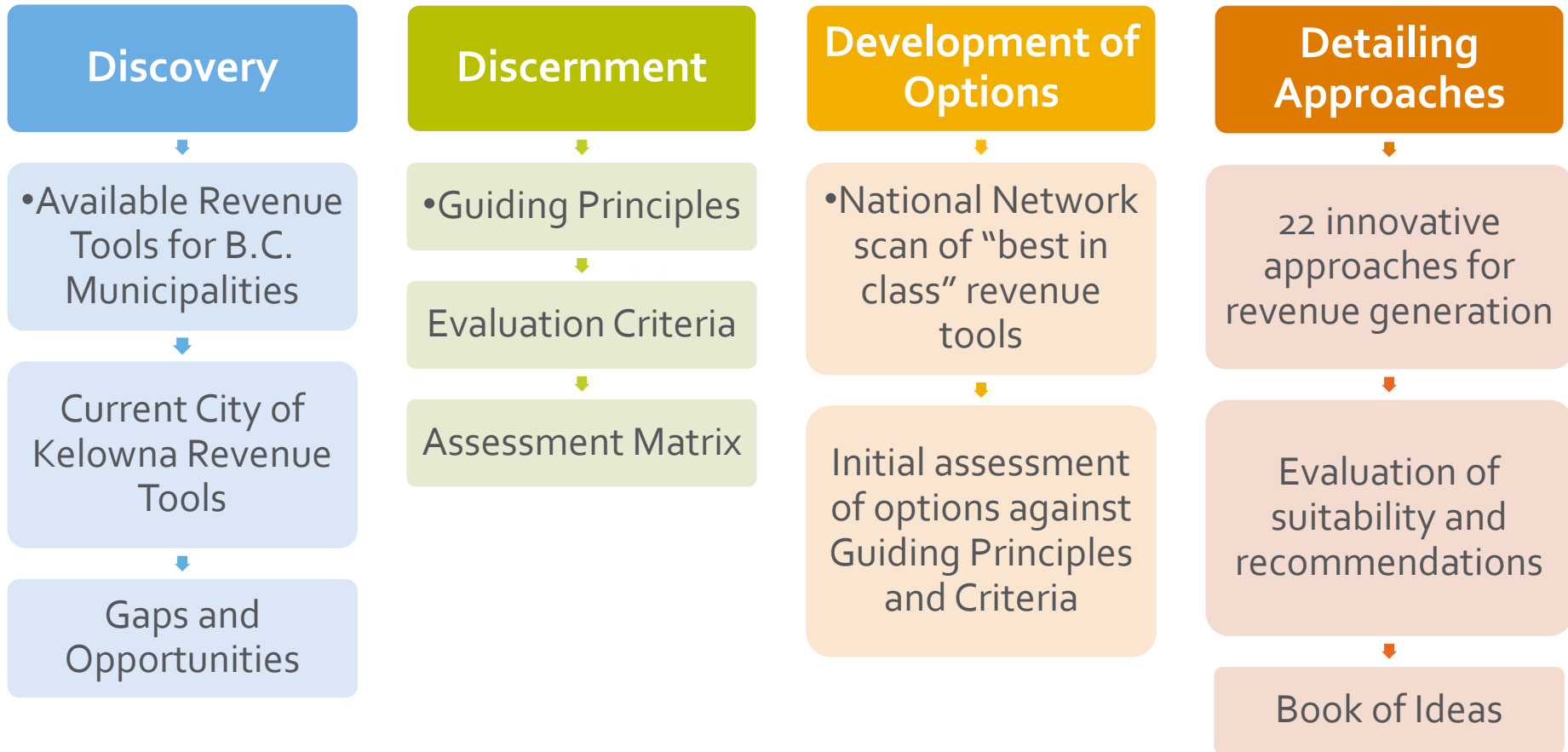
2

Develop a list of pragmatic revenue solutions to explore further

3

Determine which options can be accomplished during this Council term

Process Overview



Phase 1 | Discovery

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

Phase 2 | Discernment Guiding Principles



Effective
Revenue Tool



Alignment
with Municipal
Priorities



Administrative
Efficiency



Social Equity
Impacts



Innovation

Phase 2 | Discernment Evaluation Criteria

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



Phase 3 | Development of Options

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



Phase 4 | Detailing the Approaches

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

Revenue Categories



Cost Recovery

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



Raise Money

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



Cost Reduction

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

Book of Ideas



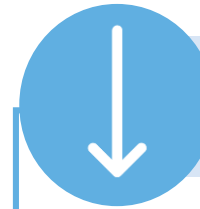
Cost Recovery

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



Raise Money

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



Cost Avoidance

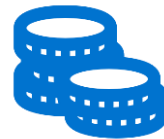
- Optimize Services and Returns
- Digital Transformation

Priority Initiatives



Cost Recovery Tools

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



Raise Money Tools

Dark Fibre
Marine Facility User
Pay Program



Other Tools

Monetization of
Value-Added Data

Fees and Fines Review

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

Facility Use Fees

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



Storm Drainage Utility

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



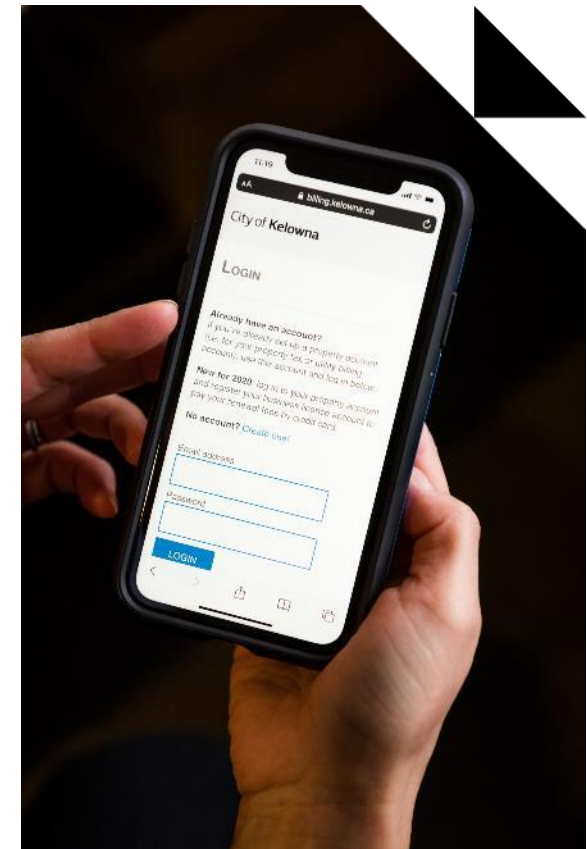
Frontage Works Program

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



Dark Fibre

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



Marine Facility User Pay Program

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



Value-Added Data

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



Next Steps

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



Questions?

For more information, visit kelowna.ca.