
City of Kelowna

MEMORANDUM

DATE: July 14, 2008
FILE: 1950-06

TO: City Manager

FROM: Revenue Manager

RE: **Renewal of Downtown Kelowna Business Improvement Area**

RECOMMENDATION:

THAT Council approve the renewal of a specified area for the purpose of annually funding, over a 5 year period, the Downtown Business Improvement Area pursuant to Sections 215 of the Community Charter, for the properties included within the boundary as outlined on Schedule "A" attached;

AND THAT Bylaw 10010 to establish the specified area be advanced to Council for first three readings of the bylaw;

AND FURTHER THAT 4:00 p.m., Tuesday, September 9, 2008 be set as the deadline for receipt of petitions against the proposed Downtown Business Improvement Area renewal bylaw.

BACKGROUND:

Section 215 of the Community Charter permits Council, by bylaw, to grant funds to an organization that has as one of its aims, function or purposes, the planning and implementation of a business promotion scheme. Council may raise the necessary funding by levying and imposing a tax on the benefiting properties.

The first Downtown Kelowna Business Improvement Area (BIA) was established for the 5 years beginning in the 1989 Fiscal Year, with renewals in 1994, 1999, and 2004. The BIA is approximately bounded by Okanagan Lake to the west, just south of Harvey Avenue to the south, parts of Richter extending to St. Paul to the east and Sunset Drive to the north. The DKA wishes to expand its boundary by taking on properties located on Sunset Drive at 1160 to 1180, and at 1735 Richter Street.



The Downtown Kelowna Business Improvement Area business promotion scheme, which outlines a history, goals and provides details of the BIA services, is attached as Schedule "B".

The Kelowna Downtown Business Improvement Area Society wishes the City to continue to raise the annual grant by levying a tax on the land and improvement for those properties assessed as Class 5 (Light Industrial) and Class 6 (Business) with the exception of Federal, Provincial and Municipal owned properties used for government purposes. Government properties leased out for private commercial use will be subject to the levy.

The bylaw authorizes Council to grant to the Society, to a maximum dollar value, an amount equal to its annual budget. For the term of the bylaw, the amounts are (Schedule "C"-Proposed Budget attached):

2009	-	\$533,000
2010	-	\$570,000
2011	-	\$610,000
2012	-	\$652,000
2013	-	\$679,000

A report to Council will be prepared for approval of the grant prior to each fiscal year covered in the bylaw. The 5-year term of the bylaw will conclude on December 31, 2013.

LEGAL/STATUTORY AUTHORITY:

Council may, by bylaw, grant money to a corporation or other organization that has, as one of its aims, functions or purposes, the planning and implementation of a business promotion scheme, with the establishment of a Business Improvement Area in accordance with Division 5 Sections 215 of the Community Charter.

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:

Council may, by bylaw, impose a parcel tax in accordance with Division 4 to provide all or part of the funding for a service.

Considerations that was not applicable to this report:

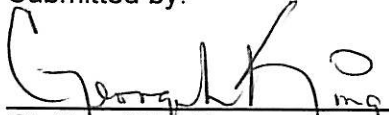
INTERNAL CIRCULATION TO:

EXISTING POLICY:

FINANCIAL/BUDGETARY CONSIDERATIONS:

PERSONNEL IMPLICATIONS:
TECHNICAL REQUIREMENTS:
EXTERNAL AGENCY/PUBLIC COMMENTS:
ALTERNATE RECOMMENDATION:

Submitted by:


GL King, CMA, Revenue Manager

Approved for Inclusion:



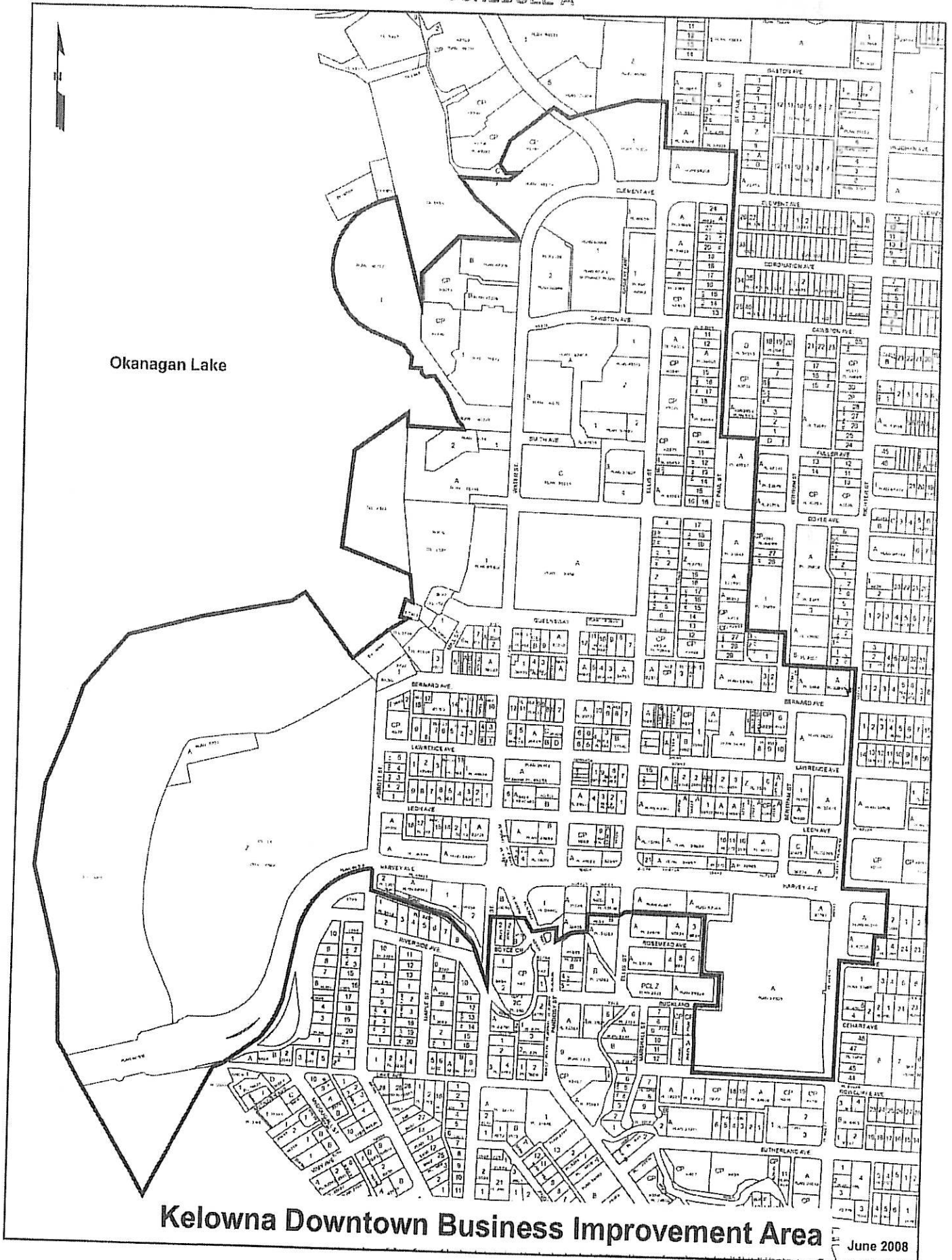
[Paul Macklem, CMA, Director of Financial Services]

SCHEDULE A

Okanagan Lake

Kelowna Downtown Business Improvement Area

June 2008



SCHEDULE B

Kelowna Downtown Business Improvement Area Association

Business Promotion Scheme

2009 to 2013

History

The Kelowna Downtown Business Improvement Area Association (Downtown Kelowna, Downtown Kelowna Association, DKA), is a registered not-for-profit society with a mission to ensure the downtown neighbourhood is a safe and desirable place to conduct business, live, work, and recreate. While initially formed as a volunteer grass roots organization in the mid 1980's, the DKA officially came into existence as an entity in November 1989 funded through an improvement levy collected by the municipality from commercial properties in the area. The annual levy becomes the Association's base operating budget upon which the organization leverages additional funding from partners including various levels of governments and corporate sponsors to support programs and initiatives.

As the third community in British Columbia to initiate a Business Improvement Area (BIA), the Association has grown to become a provincial leader in programs and initiatives. Comprising of 42 square blocks of office, retail, entertainment, and recently constructed residences set against Lake Okanagan, Downtown Kelowna is one of the most ideal locations within the province.

The BIA Movement

The DKA is part of a vibrant movement towards downtown revitalization currently taking place in cities around the world. In North America, downtowns are enjoying a resurgence in interest by citizens as they look for places where they can interact more with one another; walk more and drive less, and be recognized as vibrant, creative places. Currently, there are more than 1,400 BIAs across North America and more than 70 in the Province of British Columbia. These associations continue to build and enhance their neighbourhood's through cleanliness, safety, security, business development, promotion, and event initiatives.

BIA Benefits

As ideal vehicles for cooperation between individual businesses and property owners to work collectively on issues of common concerns, BIAs provide strong links and relationships between all the necessary agencies and individuals. Over the past five years, the DKA has continued to demonstrate how these links can be utilized to make significant positive changes to the neighbourhood.

Individual property owners, their tenants, the City of Kelowna, and other stakeholders have benefitted from the Association through:

1. **Coordinated Efforts** – Working together, everyone is able to achieve more than working alone. Whether it be addressing street issues, managing growth and development, or attracting new businesses, the efforts of the Association, its membership, and stakeholders has a dramatic impact in the community.
2. **Sustained Funding** – Through a five year mandate, the BIA structure allows the Association to plan and execute multi-year programs. This has allowed the expansion of programs from ad hoc or seasonal, to annual programs through a mix of core funding and leveraged dollars from government and corporate sources. Each year, the Association typically leverages between 30 and 35% of its annual base budget towards core projects and initiatives from government and corporate sources.
3. **Self Reliance** – The BIA model provides both the structure and mechanisms for the Association to identify useful neighbourhood projects and allocate money towards these initiatives. Businesses benefit from the whole area coming together to leverage its resources verses each business trying to work independently.
4. **Strong Public Image** – The activities and commitment of the Association to improve the area through stewardship raises the profile of downtown and creates an image of a "cared for" area of the community.
5. **Community Benefits** – Through numerous economic development reports over the past twenty years, consensus amongst economic development professionals relate that the health of an entire community can be measured by the success of its downtown neighbourhood. A strong and vibrant downtown neighbourhood, the heart of any community regardless of size, enhances the image and economy of the entire community.

Growth and Maturity

Founded on the objectives of marketing and promoting downtown through events and promotional schemes, the Association has broadened its mandate to encompass a neighbourhood management ideology. Addressing neighbourhood cleanliness, safety, planning, public space programming, and retail recruitment all took priorities in the Association's annual planning and budgeting. Throughout the current mandate (2003 to 2008), programs and initiatives were added or adapted to meet the needs of downtown businesses and visitors.

Goals from 2003 to 2008

1. Business Recruitment & Retention

- *Researching and implementing a façade improvement grant program for property owners and downtown tenants*
- *Investigating access to funding for development incentives*
- *Encouraging second floor residential development*
- *Meeting one-on-one with businesses whose leases expire within three years to encourage retention*
- *Creating an on-line database of available downtown office space*

Through unforeseen shifts in the economy and commercial property marketplace, initial goals as identified in late 2002 for the 2003 to 2008 mandate were realigned. Throughout the current mandate unprecedented growth in new construction took place – namely the development of mixed use buildings along Ellis Street as it borders downtown's Cultural District. Efforts shifted from retention to recruitment as new commercial spaces and a vibrant downtown market emerged. New construction, building renovations, and façade improvements throughout the BIA drew new investments in a snowball like effect. As a result the BIA worked with property managers and prospective tenants to make introductions and pass off leads to downtown commercial spaces.

2. Clean & Safe

- *Enhancing the Downtown Patrol and BIZ Patrol programs to offer year-round clean and safe initiatives to our members*
- *Offering customized presentations on available services and programs*
- *Establishing "Smart and Safe Fairs" in partnership with RCMP, Fire and Emergency Personnel for downtown employees*

Throughout the 2003 to 2008 mandate, significant changes to the DKA's Clean and Safe programs allowed for greater services to the Association's members. Downtown Patrol program saw unexpected growth in its involvement relating to street issues and emerged as a key enforcement tier in conjunction with the RCMP and City of Kelowna Bylaw officers. Further program enhancement saw the program move from an outsourced security program to become the Province's first in-house BIA Security Program rebranded as Downtown On Call. This change specifically allowed the Association greater control in staffing,

enhancement of relationships with stakeholders, and more flexibility to work in conjunction with other enforcement groups to meet the needs of our membership. Downtown On Call members along with the Association's Executive Director continue to make presentations to workplaces, community groups, and more each month to educate on services provided.

Additionally, the Association in partnership with the City of Kelowna, purchased a Sidewalk Sweeper Scrubber in effort to offer our members an enhanced level of cleaning 8 months a year. Staffed by the Association, cleaning initiatives included sidewalks, graffiti and tag removal, litter, and removal of miscellaneous items.

3. Education

- *Providing regular education seminars on a variety of topics including accessing funds for non-profit societies, development incentives for property owners and time management strategies for professionals*

The Association was proud to offer a number of educational programs for our members throughout the current mandate. From Counterfeit Money and Fraud to Crime Prevention Through Environmental Design to Retailing Refreshers, members have had the opportunity to better inform themselves.

4. Promotion & Communications

- *Creating an on-line newsletter to reach membership and Kelowna residents*
- *Increasing television presence to create more awareness of events and initiatives, partner with local hotels to provide in-room television information on Downtown Kelowna*
- *Attracting more residents and tourists to downtown year-round*

The Association continued to build awareness of downtown events and initiatives throughout the mandate term utilizing television spots featured on Shaw, media coverage on Castanet, consistent radio ads on the Kelowna stations, and paper based ads in the Capital News and Daily Courier. An exciting partnership between the DKA, its members, and SNAP! Okanagan resulted in a new downtown insert in quarterly editions of SNAP Okanagan featuring the best of life in downtown. An e-newsletter is in the works to keep members, guests, and partners abreast of what's happening in downtown Kelowna. All of these initiatives along with new attractions have helped see downtown visitors and guest numbers increase in both frequency and consistency.

5. Partnerships

- *Continuing strong relations with the City of Kelowna and providing input on such projects as signage and wayfinding, the Cultural District, parking and transportation programs and entertainment districts*

- *Enhancing Business Recruitment Team (DKA, Economic Development Commission, Kelowna Chamber of Commerce) initiatives*

Partnerships were actively sought out by both the DKA and its stakeholders. Issues which were addressed through partnerships included parking, an award winning wayfinding program, downtown redevelopment, clean and safe programs with the City of Kelowna; street and social issues through the Partners for a Health Downtown working group comprised of the representatives of enforcement, social agencies, outreach workers, and the business community; an active presence on the Kelowna Chamber of Commerce board, Downtown Taskforce, City of Kelowna Parking Committee, and more. The Business Recruitment Team (BRT) saw tremendous success by adding attendance to the International Council of Shopping Centers shows in Whistler and Toronto. By inviting local lease agents to join us at the show or send promotional literature with the BRT, greater exposure of the opportunities to outside businesses and lease agents was achieved. For the DKA, American Apparel was a direct result of a lead generated at the Whistler ICSC tradeshow and then handed off to local lease agents.

6. Accountable

- *Conducting regular evaluation of all programs and initiatives to ensure effectiveness and financial responsibility*

The Association's Board of Directors through the use of sub-committees has completed ongoing evaluations of programs and initiatives in an effort to meet fiscal and defined program goals. For example, the Downtown Patrol program review in late 2007. Through Director Sub-committee evaluation, it was decided that a new direction was needed to be taken in effort to regain control of program and fiscal goals. Subsequent work by the committee resulted in the program moving from contract staffed to an in house program.

The Next Five: A Look Forward

As a BIA formed in November of 1989, the DKA has not just grown in its programs and initiatives, but also in its efforts to manage a neighbourhood in transition. A look back to the start of the current mandate in early 2003 and there were significant discussions about what the future would hold: possible residential construction, an evolving tenant mix, strengthening economy, and changing consumer preferences. In fact, all of these perceptions of the future held true and happened much sooner than anyone anticipated. As a result, the Association looks to enter into its fifth mandate beginning December 31, 2008.

The City has been asked to approve a five-year term to 2013 based on a business plan and budget supported by the DKA's membership that would support growth of new and existing programs to benefit our entire neighbourhood.

The Evolution of Neighbourhood Management

The Association's role over the current mandate saw significant change from one who was in the state of evolution to one which was maturing into an organization keen to take a leadership role as stewards of the neighbourhood. Demonstrating value for our members begins with on-street programs and ends with taking care of the neighbourhood details.

The DKA's greatest strength and source of value for it's members comes from enhancing what's available – working along side the RCMP and Bylaw officers with our Downtown On Call members to make downtown safer; making sidewalks and other public areas cleaner than the City's standard; helping local lease agents market to a bigger leasing marketplace through BRT efforts; adding neighbourhood life through partnerships to program public spaces (i.e. Farmer's & Crafters Market, Community Events, and more); and working to keep our Association members and citizens of Kelowna abreast of what's happening downtown.

Consistent funding, conscientious staff and board members, creativity, and flexibility are key components to being able to manage the neighbourhood while meeting our membership's needs.

DKA Business Improvement Area

The current boundary is a 42-square block radius from Harvey Avenue to Clement Avenue and from Okanagan Lake to Richter Street. The DKA wishes to expand its existing boundary, by taking on properties located on Sunset Drive at 1160 to 1180, and at 1735 Richter Street.

Budgeting

Membership surveys on a wide range of issues, together with input from the Board of Directors, establish a clear list of priorities for the DKA. Programs are evolved to address these issues and a budget is prepared. DKA's revenue from the membership levy increased an average of 1.34% per year during the last five years, to a total levy amount of \$428,000 for the year 2008. The DKA is proposing a one time increase of 19% for the first year in effort expand on-street programs including Cleaning, Co-operative Capital Investments, and Downtown on Call. Subsequent years of the mandate will see 7% increases over the next four years to maintain new initiatives and existing programs to a maximum levy budget of \$679,000 in 2013.

Maximum Levy Contribution by Downtown Property Owners:

2009	2010	2011	2012	2013
\$533,000	\$570,000	\$610,000	\$652,000	\$679,000

Goals for 2009 to 2013

1. Clean

- Immediate expansion of the Cleaning Program to include enhanced service to members through the use of a full-time staff member
- Immediate purchase of additional tools including a pressure washer, vehicle, and other tools to enhance cleaning services offered to the membership
- Establish regularly scheduled cleaning of sidewalks and alleys in front of and behind properties
- Enhanced Graffiti removal program
- Explore additional partnerships to make downtown 'greener' (i.e. On-street recycling program, energy efficient public space lighting, etc)

2. Safe

- Ability for expansion of Downtown On Call program (i.e. expanded hours, additional members on street, visitor information program, etc)
- Build upon the initial successes of Downtown On Call through improved role definition with RCMP and Bylaw
- Improve member response times
- Develop Safe-related education programs and presentations
- Work with Entertainment Business Owners to address afterhours customer behaviours, transportation, and future integration into the neighbourhood

3. Fun

- Actively recruit and host additional events which engage the community and highlight our neighbourhood's best attributes: people, buildings, shops, services, and restaurants
- Grow the BIZ Patrol program by exploring additional partner funding opportunities to add more members each summer
- Partner with new and existing events to provide expertise, potential sponsorships (in-kind or through financial contributions)

4. Inform

- Utilize new forms of communication (e-news, text messaging, etc) to maintain contact with stakeholders, partners, members, visitors and guests.
- Enhance media relationships in an effort maintain accessibility and to share positive stories of what's happening in the neighbourhood

5. Invest

- Build on Business Recruitment (Kelowna Chamber of Commerce & Economic Development Commission) partnership efforts to continue to position Downtown Kelowna as an area ripe for investment
- Educate and communicate with property owners on Façade Improvements programs, building renovations, and redevelopment.

6. Monitor

- Maintain strong relationships with City of Kelowna, RCMP, and other neighbourhood stakeholders
- Continue to monitor issues related to the neighbourhood including planning, social/street issues, economic changes, parking/transportation, afterhours entertainment, development, and more
- Conduct regular evaluations of all programs and initiatives to ensure effectiveness and financial responsibility.

Why Renew

Downtown Kelowna continues to lead the community as the "showcase" town center for commercial, public and residential development. This can be seen through restored commercial heritage buildings, a flourishing Cultural District, a thriving business community, and new residential development. Continuing to develop a downtown that is vibrant and alive is a priority for local property owners and developers represented by the DKA in partnership with the City. The DKA will continue to be a strong asset in the development and management of a downtown that reflects the prosperity of the entire community of Kelowna.

SCHEDULE C

Renewal Budget Downtown Kelowna (2009 to 2013)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenue						
Membership Levy	428,000	533,000	570,000	610,000	652,000	679,000
Downtown On Call	45,000	45,000	45,000	45,000	45,000	45,000
BIZ Patrol	25,000	25,000	25,000	25,000	25,000	25,000
Clean Team	10,000	12,000	13,000	13,000	13,000	13,000
Events & Promotions	23,400	25,000	25,000	25,000	25,000	25,000
	<u>\$ 531,400</u>	<u>640,000</u>	<u>678,000</u>	<u>718,000</u>	<u>760,000</u>	<u>787,000</u>
Expenses						
Annual General Meeting	2,000	2,000	2,000	2,000	2,000	2,000
BIZ Patrol	30,000	30,000	31,800	33,708	35,730	37,874
Business Recruitment	10,000	10,000	10,350	10,712	11,087	11,475
Clean Team	15,000	40,000	42,400	44,944	47,641	50,499
Special Programs		20,000	20,000	20,000	20,000	20,000
Co-op Capital Improvements		20,000	20,000	20,000	20,000	20,000
Downtown On Call	105,000	115,000	121,900	129,214	136,967	145,185
Events & Promotions	94,000	97,000	107,000	117,000	129,000	130,000
Insurance	9,000	9,000	9,315	9,641	9,978	10,328
Membership & Dues	1,000	1,000	1,035	1,071	1,109	1,148
Office & Administration	19,150	19,500	20,183	20,889	21,620	22,377
Professional Development	14,000	14,000	14,490	14,997	15,522	16,065
Professional Fees	6,500	7,000	7,245	7,499	7,761	8,033
Rent	21,000	25,000	25,875	26,781	27,718	28,688
Telephone & Fax	5,500	5,500	5,693	5,892	6,098	6,311
Wages & Benefits	194,500	225,000	236,250	248,063	260,466	273,489
	<u>\$ 526,650</u>	<u>640,000</u>	<u>675,535</u>	<u>712,410</u>	<u>752,697</u>	<u>783,472</u>
To Reserves	<u>\$ 4,750</u>	<u>\$ -</u>	<u>\$ 2,465</u>	<u>\$ 5,590</u>	<u>\$ 7,303</u>	<u>\$ 3,528</u>