



**REGIONAL DISTRICT OF CENTRAL OKANAGAN
GOVERNANCE AND SERVICES COMMITTEE MEETING
AGENDA**

Thursday, January 14, 2021

8:30 a.m.

Woodhaven Board Room
1450 K.L.O. Road, Kelowna, BC

Pages

1. CALL TO ORDER

Chair Given acknowledged that this meeting is being held on the traditional territory of the syilx/Okanagan peoples.

In accordance with the most recent Provincial Health Officer Order regarding gatherings and events, the public is currently not permitted to attend Board meetings in-person.

As an open meeting, a live audio-video feed is being broadcast and recorded on rdco.com.

Roll Call

2. ADDITION OF LATE ITEMS

3. ADOPTION OF THE AGENDA

Recommended Motion:
THAT the Agenda be adopted.

4. ADOPTION OF MINUTES

4.1. Governance & Services Committee Meeting Minutes - November 12. 2020

1 - 4

Recommended Motion:
THAT the Governance & Services Committee meeting minutes of November 12, 2020 be adopted.

5. CORPORATE SERVICES

- 5.1. North Westside Community Communications Update & 2021-2022 Electoral Area Communications Strategy.

5 - 20

Recommended Motion:

THAT the Governance and Services Committee receive for information the North Westside Community Communications report from the Director of Communication and Information;

AND FURTHER THAT the Governance and Services Committee recommend the Regional Board endorse the 2021-2022 Electoral Area Communications Strategy.

6. ECONOMIC DEVELOPMENT SERVICE

- 6.1. Economic Development Commission 2021 Priorities Plan

21 - 160

Presenting: Allan Neilson, consultant

Recommended Motion:

THAT the Governance and Services Committee receive the 2021 COEDC Priorities Plan;

AND FURTHER THAT the Governance and Services Committee recommends the RDCO Board approve the Central Okanagan Economic Development Commission's 2021 Priorities Plan.

7. NEW BUSINESS

8. ADJOURN

Directors:

- J. Baker (District of Lake Country)
- M. Bartyik (Central Okanagan East Electoral Area)
- C. Basran (City of Kelowna)
- W. Carson (Central Okanagan West Electoral Area)
- M. DeHart (City of Kelowna)
- C. Fortin (District of Peachland) (*attended electronically*)
- G. Given (City of Kelowna)
- C. Hodge (City of Kelowna) (*attended electronically*)
- S. Johnston (City of West Kelowna) (*attended electronically*)
- G. Milsom (City of West Kelowna)
- B. Sieben (City of Kelowna)
- L. Stack (City of Kelowna) (*attended electronically*)
- L. Wooldridge (City of Kelowna) (*attended electronically*)
- J. Coble (Westbank First Nation) (*attended electronically*)

Staff:

- B. Reardon, Chief Administrative Officer
- T. Cashin, Director of Community Services
- D. Dudzik, Senior Planner
- J. Foster, Director of Communication & Information Services
- C. Griffiths, Director of Economic Development (*attended electronically*)
- D. Komaika, Director of Engineering Services
- M. Kopp, Director of Parks Services (*attended electronically*)
- M. Rilko, Director of Financial Services (*attended electronically*)
- M. Drouin, Manager-Corporate Services (recording secretary)

1. CALL TO ORDER

Chair Given called the meeting to order at 8:30 a.m. and acknowledged the meeting is being held on the traditional territory of the syilx/Okanagan peoples.

Roll call was taken as some directors attended electronically.

2. ADDITION OF LATE ITEMS

There are no late items for the agenda

3. ADOPTION OF THE AGENDA

#GS44/20

BAKER/MILSOM

THAT the agenda be adopted.

CARRIED unanimously

4. ADOPTION OF MINUTES

4.1 Governance & Services Committee Meeting Minutes – October 8, 2020

#GS45/20

BAKER/DEHART

THAT the Governance & Services Committee meeting minutes of October 8, 2020 be adopted.

CARRIED unanimously

5. DELEGATIONS

5.1. Regional Emergency Plan Update – Sandra Follack, Regional Emergency Plan Coordinator (Deputy Fire Chief-City of Kelowna)

Brian Reardon introduced the update of the Regional Emergency Plan outlining the amended Emergency Preparedness Service Establishment Bylaw No. 1443 adopted in January 2020 and the Emergency Management Program Bylaw No. 1444 adopted in July 2019

Sandra Follack introduced the Plan's complete rewrite to reflect current practices and operating protocols.

The Emergency Program is a regional program funded through the Regional District and administered by the Kelowna Fire Department. It supports all communities within the region and coordinates with Emergency Management BC.

Four pillars of emergency management by the Province is followed:

- Mitigation
- Preparedness
- Response
- Recovery

The update of the Plan is required by the Emergency Program Act. It was previously 15 years old. A review of what the Plan includes was highlighted.

- EOC Locations and Facilities
 - o main Kelowna Firehall, 2nd location is the Kelowna Airport
- Who is responsible for the Plan
- The organization chart was highlighted
- Lessons learned have been included in the Plan. Since 2005 several wild fires have occurred as well as recent floods. The program continues to evolve and improve.
- The program continues to evolve and improve and matches current provincial guidelines, including financial compensation.

Question and answer period followed.

#GS46/20

BAKER/BARTYIK

THAT the update on the Regional Emergency Plan provided by Sandra Follack, City of Kelowna Deputy Fire Chief be received for information.

CARRIED unanimously

6. COMMUNITY SERVICES

6.1 Regional Growth Strategy Five-Year Review

Staff report provided the Committee with an overview of the consultation process for the consideration of a 5-Year review of the Regional Growth Strategy.

The *Local Government Act* requires that at least once every 5 years a regional district consider whether the RGS should be reviewed for possible amendments and provide an opportunity for input on whether it should be reviewed.

The RGS was adopted by the Regional Board in 2014 and a 5-Year action plan was endorsed in 2017. What an RGS is was highlighted.

RGS Priority Projects Plan was outlined including the nine projects supporting various RGS policies and issue areas.

- Regional Flood Management Plan: Phases 2 and 3
- Regional Planning Lab
- Regional Housing Needs Assessment
- Regional Growth Strategy Monitoring Program
- Regional Citizen Survey
- Regional Housing Strategy
- Regional Growth Strategy 5-Year Review
- Regional Agricultural Strategy
- Regional Employment Lands Inventory

A consultation plan will occur in the 4th quarter of 2020 and the 1st quarter of 2021. Opportunity for public input includes: Public, affected local governments, First Nations, provincial ministries and agencies, other levels of government and stakeholder groups.

Question and answer period followed.

#GS47/20

MILSOM/SIEBEN

THAT the Governance and Services Committee receive for information the November 12, 2020 Regional Growth Strategy 5-Year Review report from the Director of Community Services;

AND FURTHER THAT the Governance and Services Committee recommends the Regional Board endorse the Regional Growth Strategy 5-Year Review Consultation Plan.

CARRIED unanimously

7. NEW BUSINESS

No new business

8. ADJOURN

There being no further business the meeting was adjourned at 9:15 a.m.

CERTIFIED TO BE TRUE AND CORRECT

G. Given (Chair)

B. Reardon (Chief Administrative Officer)



Governance & Services Committee

TO: Governance and Services Committee

FROM: Jodie Foster
Director of Communication and Information Services

DATE: January 6, 2021

SUBJECT: North Westside Community Communications

Purpose: To provide an update on current community communications activities resulting from the 2017 North Westside Services and Community Issues Review and to review the goals, objectives and activities for future communications in the Electoral Areas.

Executive Summary:

An Electoral Area Communications Strategy has been developed to address the considerations outlined in the 2017 North Westside Services and Community Issues Review.

Goals of the strategy include:

- Residents feel they receive clear, correct and truthful information from the RDCO
- Residents understand what services the RDCO provides and which are provided by other agencies
- Residents feel Board decisions are transparent and understand how decisions are made
- Residents value the services they receive from the RDCO
- The Electoral Area Director and the Regional Board are aware of and feel supported through issues arising in the area
- Residents feel they have the information and direction they need during a crisis

RECOMMENDATION:

THAT the Governance and Services Committee receive for information the North Westside Community Communications report from the Director of Communication and Information;

AND FURTHER THAT the Governance and Services Committee recommend the Regional Board endorse the 2021-2022 Electoral Area Communications Strategy.

Respectfully Submitted:

A handwritten signature in cursive script, appearing to read "Jodie Foster".

Jodie Foster
Director of Communication and Information Services

Approved for Committee's Consideration

A handwritten signature in cursive script, appearing to read "Brian Reardon".

Brian Reardon, CAO

Background:

In October 2017, the Regional Board received a report entitled “North Westside Services and Community Issues Review”. The report was completed by consultants EcoPlan International and it concluded that:

- An erosion of trust is impacting working relationships among and between community and RDCO personnel.
- Misinformation is prevalent within the community and may be exacerbated by difficulty in locating information.
- There is a persistent feeling among community members that the community’s interests are not represented by RDCO Board or staff.
- Community members feel that the service costs, including administrative overheads are too high.

The report provides considerations to address the issues described and with respect to community communications includes the following considerations:

1. To improve communications – Dispelling misinformation, disseminating accessible, factual and timely information and collaboratively developing a communications strategy.
2. Establish a platform or channel for regular dialogue between North Westside residents and the RDCO.

In January 2018, staff brought forward “Next Steps” report to the Regional Board.

More recently the RDCO Chief Administrative Officer was before the Regional Board in June of 2020 with a request from the North Westside Communities Association for a letter of support for a Provincial Restructure Planning Grant.

Resolutions from the 2020 meeting are as follows:

#118/20

THAT the Regional Board receive the June 24, 2020 CAO report entitled NWCA Request for Letter of Support for a Provincial Restructure Planning Grant:

AND FURTHER THAT the Regional Board approve the North Westside Community Association request for a letter of support for a Provincial Restructure Planning Grant.

#119/20

THAT the Regional Board proceed with considerations 1 and 2 in the EcoPlan International report of October 13, 2017 and direct staff to formulate an approach to develop a communication strategy and advance workplans and budget submissions for 2021 and 2022.

2021-2022 Electoral Area Communications Strategy

In parallel and to support the process for the Provincial Restructure Planning Grant, it continues to be important to have solid community communications in place. While many communications activities for Electoral Areas have been added or refined since 2017, included in this report is a more formal communications strategy which has been developed in collaboration with the Electoral Area Directors.

It should be noted that while this work was initiated in response to concerns in the North Westside, purposeful community communications in both Electoral Areas is beneficial and the same goals, objectives and activities are proposed for both areas. Small changes may be required to accommodate a unique stakeholder groups in one area or the other.

The goals and objectives of the 2021-2022 Electoral Area Communications Strategy are as follows:

Goal 1: Residents feel they receive clear, correct and truthful information from the RDCO

Objectives:

- a) To address residents directly through RDCO channels (we break our own news)
- b) To correct misinformation when it exists
- c) To provide consistent messaging through RDCO and Area Director's channels
- d) To know what information residents want most
- e) To know where residents most often get their RDCO information

Goal 2: Residents understand what services the RDCO provides and which are provided by other agencies

Objectives:

- a) To ensure all RDCO services, programs, events, infrastructure and facilities are RDCO branded
- b) To use consistent visual identity guidelines
- c) To assist residents in understanding which services are RDCO and which are provided to them via other organizations / levels of government.

Goal 3: Residents feel Board decisions are transparent and understand how decisions are made

Objectives:

- a) To provide live access (in person or remote) to Regular Board meetings as well as Governance and Services meetings
- b) To provide a summary and recording of Board meetings available to residents anytime

Goal 4: Residents value the services they receive from the RDCO

Objectives:

- a) To know what services residents value
- b) To understand resident priorities for their area
- c) To provide information and opportunities for input on issues of concern in the area

Goal 5: The Electoral Area Director and the Regional Board are aware of and feel supported through issues arising in the area

Objectives:

- a) To notify the Electoral Area Director and the Board of emerging issues and provide communications support
- b) To take a coordinated approach in advocating for services (not administered by the RDCO) within the Electoral Area
- c) To provide opportunities for the Area Director to speak to residents on behalf of the RDCO re: Electoral Area services and projects (*Note: RDCO Board Chair will remain the spokesperson for the Board on all Board decisions so this will require some balance).

Goal 6: Residents feel they have the information and direction they need during a crisis**Objectives:**

- a) To provide residents with emergency information when the Central Okanagan Emergency Operation Centre is activated
- b) To provide residents with information when local issues / crisis arise (i.e. water notices)

Additional Community Communications

See the full communications strategy attached for a description of current and proposed activities in the Electoral Areas.

Current activities (shown in black starting on page 9 in the attached communications strategy) include regular advertising, media relations, social media channels, rdco.com website pages specifically for the Electoral Areas, Regional Board meeting summaries, bi-annual water utility newsletter, project specific engagement etc. These activities as listed will continue.

Planned or recently added activities include:

- A new rdco.com website to be delivered in Q3 2021
 - Enhances the ability to provide residents the information they want through e-newsletters subscription with the topics they chose (i.e. Electoral Area or Regional news, Economic Development, Parks, Water, Waste etc.)
 - Allows residents to more easily access information as the search function and site architecture will be improved
- Live and recorded video of the Regional Board and Governance and Services meeting which began in Q4 2020
- Undertaking Citizen survey to better understand and measure what services residents value and what issues exist in the community

New proposed activities include:

- Developing a coordinated approach in advocating for residents for services not delivered by the RDCO
- Annual open house (in person or digital as Provincial Health Orders allow)
- Annual newsletter with budget focus delivered to households
- Service Directory for each Electoral Area developed and mailed with annual newsletter in addition to regular updates in digital version
- Attendance as needed at the North Westside Community Association meetings (at least two times annually)
- Investigating an online engagement platform

Financial Considerations:

Most of the communications activities outlined in the strategy are already in place and accommodated in existing budgets. Any additional or refined activities in 2021 will also be undertaken within current budgets. If communications activities require further funds, these will be addressed in operating budgets for 2022 and onward.

Attachment(s): 2021-2022 Electoral Area Communication Strategy



Electoral Area Communication Strategy

Central Okanagan West and Central Okanagan East

2021-2022

January 4, 2021

PURPOSE

The purpose of this plan is to improve communication and increase trust among the following groups / individuals during 2021 and 2022:

- Regional District of Central Okanagan (RDCO) staff
- RDCO Regional Board of Directors
- Electoral Area Directors
- Residents in Central Okanagan Electoral Areas

BACKGROUND

Electoral Areas are communities outside municipal boundaries, often referred to as rural or unincorporated areas. As a regional district, the RDCO is responsible for administration and delivery of local services in Central Okanagan Electoral Areas including Electoral Area East and Electoral Area West.

Each Electoral Area is represented by a Director, who is elected directly to the RDCO's Board of Directors (Regional Board). Residents in the Electoral Areas only pay for services provided to their specific area. This may include a mix of local services (within one Electoral Area) and broader services offered at the regional and sub-regional level.

It should be noted that a substantial number of the services Electoral Area residents receive are from other levels of government. These include but are not limited to roads, health care, policing and schools. In Electoral Area West, many of these are delivered from organizations and offices within the North Okanagan.

Central Okanagan Electoral Area West

Central Okanagan Electoral Area West (124,756 hectares) encompasses the mostly rural, unincorporated area on the west side of Okanagan Lake, outside the municipal boundaries of the City of West Kelowna and District of Peachland. The population was 1981 in the most recent census (2016).

There are a number of communities within the Electoral Area including many along Westside Road (Traders Cove, Killiney Beach, Wilson's Landing, Westshore Estates, Fintry, Valley of the Sun), the area also includes two areas outside the District of Peachland: Trepanier Valley and Brent Road.

Westbank First Nation Reserves #9 and #10 (population 9028 in 2016 census) are included within the boundary of the Electoral Area, however Westbank First Nation is an independent, self-sustaining government.

Throughout the Electoral Area, the RDCO Zoning Bylaw applies and is supplemented by the Brent Road-Trepanier Official Community Plan and the Rural Westside Official Community Plan.

Central Okanagan Electoral Area East

This Electoral Area (127,109 hectares) encompasses the mostly rural, unincorporated area on the east side of Okanagan Lake, outside the municipal boundaries of the City of Kelowna and District of Lake Country. The population was 3824 in the most recent census (2016).

There are a number of communities within the Electoral Area including Ellison, Joe Rich and neighbourhoods along the south end of Lakeshore Road and June Springs.

Land use in the Joe Rich area is regulated by the Joe Rich Rural Land Use Bylaw and the remainder of the Electoral Area is regulated by the RDCO Zoning Bylaw, which is supplemented by the South Slopes Official Community Plan and Ellison Official Community Plan.

Electoral Area services provided by the RDCO include:

The Electoral Areas receive both community services, as well as some regional services. The key services vary slightly in each area, but generally include (and are not limited to):

Community Services:

- Community Parks
- Community Halls
- Water Systems
- Fire Services
- Solid Waste Management (curbside collection and / or transfer stations depending on the area)
- Community Planning
- Grants
- Transportation Demand Management
- Building Inspections
- Bylaw Services

Regional / Sub-Regional Services:

- Regional Parks
- Dog Control
- Regional Emergency Program
- 9-11
- Crime Stoppers and Crime Prevention
- Economic Development

KEY AUDIENCES/STAKEHOLDER ANALYSIS

| Audience | Level of Engagement | Notes: |
|--|----------------------------|---|
| Regional Board | Empower | Final decision makers (on most Regional Board items – regional in nature) |
| Area Director | Collaborate / Empower | Final decision maker (on some Electoral Area issues) |
| RDCO staff (Admin) | Inform | |
| RDCO staff (Fire Depts) <ul style="list-style-type: none"> • Wilsons Landing • North Westside • Joe Rich • Ellison | Inform / Consult / Involve | Within the branding guidelines Fire Depts can use their own logos in addition to the RDCO logo. |
| Member of the Legislative Assembly | Inform | Be kept up to date on provincial issues within the area. |
| Member of Parliament | Inform | Be kept up to date on federal issues within the area. |
| Electoral Area residents <ul style="list-style-type: none"> • Water utility customers • Waste customers • Those paying for RDCO services | Inform / Consult / Involve | Focus on content of most interest / value to residents. Also clarify RDCO role and services. Provide contact info for services not provided by RDCO. |
| Community Associations <ul style="list-style-type: none"> • North Westside Community Association • Wilson's Landing Community Association • Cottages of Paradise Valley • Trepanier Residents • Joe Rich Ratepayers and Tenants | Inform / Consult / Involve | Acts as conduit to residents. |
| Area specific media <ul style="list-style-type: none"> • Vernon Morningstar • Westside Post | Inform | Acts as conduit to residents. |
| Service providers outside the RDCO <ul style="list-style-type: none"> • Ministry of Transportation • AIM Roads • Ambulance Service • School District #22 • Adjoining Regional Districts | Inform / Consult | Focus is to help residents recognize and contact these organizations when they have issues with their service. RDCO will help amplify their messages to reach residents. |

*Engagement level based on the International Association of Public Participation Engagement Spectrum (See Appendix A).

VULNERABILITIES & OPPORTUNITIES

| Strengths (Internal) | Weakness (Internal) |
|---|---|
| Existing channels already in place (website, social media, water newsletter etc.) | No additional resources to increase communications in 2021 |
| Stronger branding on RDCO services, programs and infrastructure is underway | In some cases there has been inconsistent messaging from staff and elected officials |
| Website replacement in 2021 will provide better platform and communication tools for reaching residents directly (i.e. newsletter module) | In some cases there has been inconsistent messaging from Fire Department staff and other RDCO channels |
| Regional Board webcasting put in place in late 2020 | Fire Department has not been strongly identified as an RDCO service |
| | |
| Opportunity (External) | Threat (External) |
| Drive residents to RDCO channels to get direct information, particularly the new website | Residents are getting information “via the grapevine” rather than directly from the RDCO which leaves room for errors |
| Residents to get consistent messaging through multiple RDCO channels | Residents vary in what they want / need from the RDCO especially as there are diverse neighbourhoods including Trepanier / Brent Road, Traders and North Westside |
| Provide digital opportunities for communication and engagement that don't require in person service at KLO | Residents do not all receive the same services (i.e. several water systems, transfer stations vs. curbside pickup) |
| Provide some face to face opportunities within the Electoral Areas (in accordance with COVID health orders) | Residents cannot always recognize RDCO services and there confusion about which services are provided by the RDCO or by other agencies (i.e. roads) |
| | Residents access many day-to-day services in the North Okanagan (government, postal, shopping, media etc.) |
| | Some residents mistrust the RDCO (and information issued by the RDCO) due to inconsistent messaging and misinformation in the community |
| | Media content received in area is largely from North Okanagan outlets |
| | Long distances to Electoral Areas make in person meetings more difficult |

COMMUNICATION GOALS & OBJECTIVES

Goal 1: Residents feel they receive clear, correct and truthful information from the RDCO

Objectives:

- a) To address residents directly through RDCO channels (we break our own news)
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- d) To know what information residents want most
- e) To know where residents most often get their RDCO information

Goal 2: Residents understand what services the RDCO provides and which are provided by other agencies

Objectives:

- a) To ensure all RDCO services, programs, events, infrastructure and facilities are RDCO branded
- b) To use consistent visual identity guidelines
- c) To assist residents in understanding which services are RDCO and which are provided to them via other organizations / levels of government.

Goal 3: Residents feel Board decisions are transparent and understand how decisions are made

Objectives:

- a) To provide live access (in person or remote) to Regular Board meetings as well as Governance and Services meetings
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Goal 5: The Electoral Area Director and the Regional Board are aware of and feel supported through issues arising in the area

Objectives:

- a) To notify the Electoral Area Director and the Board of emerging issues and provide communications support
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- c) To provide opportunities for the Area Director to speak to residents on behalf of the RDCO re: Electoral Area services and projects (*Note: RDCO Board Chair will remain the spokesperson for the Regional Board on all Board decisions so this will require some balance).

Goal 6: Residents feel they have the information and direction they need during a crisis

Objectives:

- a) To provide residents with emergency information when the Central Okanagan Emergency Operation Centre is activated
- b) To provide residents with information when local issues / crisis arise (i.e. water notices)

STRATEGIC CONSIDERATIONS

The following strategic considerations have been included when building out the communications strategy:

- This two-year plan will establish more formal protocols and can be reviewed in 2023 as needed to reassess community needs and accommodate a new Regional Board (election in fall 2022)
- Under current health orders due to COVID 19, the opportunity for face to face and group activities are limited / eliminated
 - Recognizing that face to face activities build trust most quickly, those activities will be returned as soon as health orders allow
- Activities should encourage collaboration between Area Directors and the Regional Board to develop consistent messaging being issued to the community
- The first source of RDCO information should be rdco.com and a new website will be delivered in Q3 2021
 - Enhances the ability to provide residents the information they want through e-newsletters subscription with the topics they chose (i.e. Electoral Area or Regional news, Economic Development, Parks, Water, Waste etc.)
 - Allows residents to more easily access information as the search function and site architecture will be improved
- Residents and the Electoral Area Directors are striving to see improved services delivered by other levels of government
 - The Regional Board and the Area Directors may be able to work in a more collaborative and coordinated role to advocate to on behalf of Electoral Area residents
- A strong communications strategy and collaborative working relationship will be able to better assist the information sharing required through the Provincial Restructure Planning Grant process.
- Community communications should focus on issues of highest importance to residents. More research on what is important to residents will be undertaken through a Citizen Survey in 2021. In the meantime, the Area Directors have identified:
 - Services and their costs to residents (value for service)
 - Services and how to contact the “right people” for both those delivered by the RDCO and also other agencies / levels of government (roads, police, schools, Agricultural Land Commission etc.).
 - Water utilities and their costs
 - Understanding of agricultural zoning and ALC (what is allowed / not etc.)

BUDGET

The budget for the communications activities to date has been almost entirely a corporate cost. Most activities are delivered on behalf of the RDCO to all residents in the region through corporate channels and through staff that work for the RDCO as a whole (i.e. Board communications, website, social media, communications staff etc.). The only exception has been public consultation for specific projects which has been achieved as part of the individual project cost.

If during 2021 additional communications activities and costs are required only for the Electoral Areas, these can be reviewed for the 2022 operating budget in collaboration with the Area Directors.

EVALUATION

The success of the communications activities toward meeting the goals and objectives of this plan will be evaluated through:

- Citizen Survey questions with baseline set in 2021
- Questions included in exit surveys from annual open houses and other project specific public engagements
- Number of attendees at open house (either virtual or online engagement)
- Number of web visits on Electoral Area page with baseline set in 2021
- Number of sign-ups for e-Newsletter (Electoral Area news and service specific such as water utility) with baseline set in 2021.

TACTICAL ACTIVITIES

**Note: blue are new or revamped activities, black are existing

| Goal / Objective | Activity | Timing and Notes |
|--|---|--|
| Goal 1: Residents feel they receive clear, correct and truthful information from the RDCO | | |
| To address residents directly through RDCO channels (break our own news) | <ul style="list-style-type: none"> • Drive residents to rdco.com as main source of information • E-newsletter subscription (optional resident sign up) with new website • Electoral Area webpage • Annual open house (delivered in person with accompanying digital options) • Annual newsletter delivered to homes – budget focus • Media relations program (news release, PSAs) • Water utility newsletter (twice annually) • Utility billing notice • Program advertising (events, programs etc.) • Social media used to amplify news and advertising • Identify and provide regular information to stakeholders (community associations, service clubs, staff including Fire Departments) • Find other channels and meet residents where they are (Westside Post, Community bulletin boards etc.) • Waste app for all solid waste info • Temporary street signage • Posters at community bulletin boards and RDCO facilities | <ul style="list-style-type: none"> • Ongoing • Available Q3 2021 with marketing to inform residents of new option • Ongoing (updated new website) • Last in 2018. As permitted due to COVID in 2021 or 2022 • Q2 2022 • Ongoing as needed • Q1 and Q3 ongoing • Quarterly and ongoing • Ongoing as needed • Ongoing as needed • Ongoing and as needed • Review in 2021 • Ongoing and as needed • Replaced in 2020 – ongoing and as needed • Ongoing and as needed |

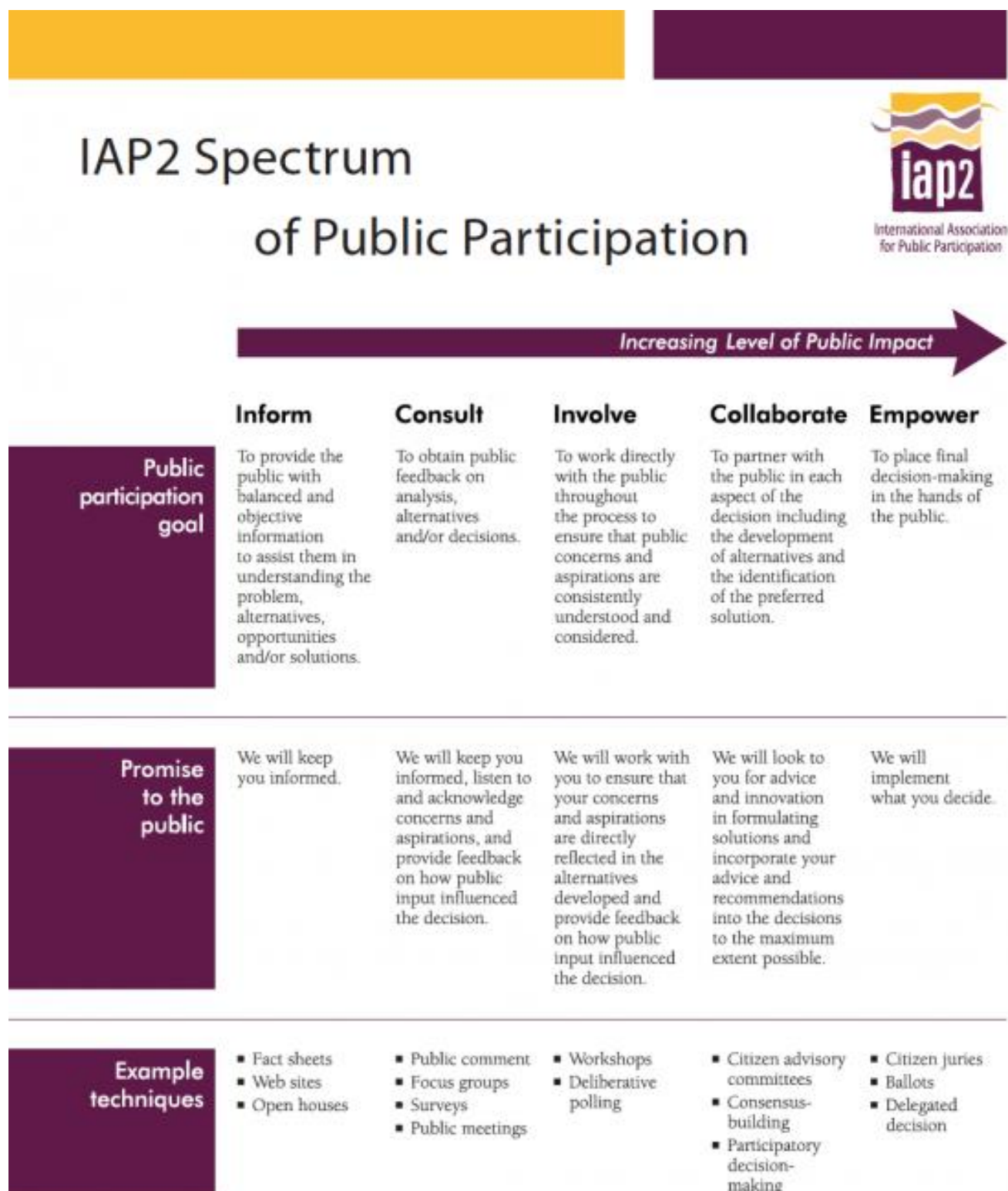
CENTRAL OKANAGAN ELECTORAL AREA COMMUNICATION STRATEGY

| | | |
|---|--|---|
| To correct misinformation when it exists | <ul style="list-style-type: none"> • Just the Facts webpage on rdco.com and sent to local media as a PSA • Monitor social media and provide information as needed to correct misinformation | <ul style="list-style-type: none"> • Ongoing as needed • Ongoing as needed |
| To provide consistent messaging through advertising, RDCO channels and Area Director's channels | <ul style="list-style-type: none"> • Collaborative message from the Director in annual newsletter to Electoral Area residents • Collaborative message from the Director on Electoral Area webpage • Regular advertising | <ul style="list-style-type: none"> • Q2 2021 and annually • Q1 2021 and onward • Ongoing as needed |
| To know what information residents want most | <ul style="list-style-type: none"> • Electoral Area questions in bi-annual citizen survey | <ul style="list-style-type: none"> • Q4 2021 |
| To know where residents most often get their RDCO information | <ul style="list-style-type: none"> • Electoral Area questions in bi-annual citizen survey | <ul style="list-style-type: none"> • Q4 2021 |
| Goal 2: Residents understand what services the RDCO provides and which are provided by other agencies / levels of government | | |
| To ensure all RDCO services, programs, events, infrastructure and facilities are RDCO branded | <ul style="list-style-type: none"> • Apply RDCO branding guidelines | <ul style="list-style-type: none"> • New guidelines in 2019 being implemented and ongoing |
| To use consistent visual identity guidelines | <ul style="list-style-type: none"> • Adhere to RDCO visual identity guidelines | <ul style="list-style-type: none"> • New guidelines in 2019 being implemented and ongoing |
| To assist residents in understanding which services are RDCO and which are provided to them via other organizations / levels of government. | <ul style="list-style-type: none"> • Directory of Services to be sent out with annual newsletter and available online – versions for Traders, North Westside and Trepanier / Brent Road since many service contracts are different in each neighbourhood • Coordinate other service providers with opportunity to speak to residents re: their services (i.e. Ministry of Highways, School District #22 etc.). Optional digital or face to face delivery | <ul style="list-style-type: none"> • Q2 2021 and annual • As allowed for group gathering or digital in Q4 2021 |
| Goal 3: Residents feel Board decisions are transparent and understand how decisions are made | | |
| To provide live access (in person or remote) to Regular Board meetings as well as Governance and Services meetings | <ul style="list-style-type: none"> • Regular Board and Governance and Services meetings livestreamed on rdco.com • Public invited to attend Board and Governance and Services meetings (*seating limited during COVID) • Board meetings and public hearings advertised • Board reports, presentations available on rdco.com prior to meetings | <ul style="list-style-type: none"> • Started in Q4 2020 and ongoing • Ongoing • Ongoing • Ongoing |

| | | |
|--|--|--|
| To provide a summary and recording of Board meetings available to residents anytime | <ul style="list-style-type: none"> Regional Board news (summary reporting for each meeting provided to local media) Minutes on rdco.com Video and audio recording of meeting on rdco.com (with links to individual agenda items) | <ul style="list-style-type: none"> Ongoing Ongoing Ongoing and video new in 2020 |
| Goal 4: Residents value the services they receive from the RDCO | | |
| To know what services residents value | <ul style="list-style-type: none"> Electoral Area questions in bi-annual citizen survey | <ul style="list-style-type: none"> Q4 2021 |
| To understand resident priorities for their area | <ul style="list-style-type: none"> Electoral Area questions in bi-annual citizen survey | <ul style="list-style-type: none"> Q4 2021 |
| To provide information and opportunities for input on issues of concern in the area | <ul style="list-style-type: none"> Highlight as content in publications and channels listed in Goal 1 RDCO staff attend North Westside Community Association meeting as needed but at least twice annually Investigate online public engagement platform Feedback from open houses and any engagement processes | <ul style="list-style-type: none"> More formally in 2021 2021 and onward (this happens now but will be formalized) 2022 Project specific ongoing |
| Goal 5: The Electoral Area Director and the Regional Board are aware of and feel supported through issues arising in the area | | |
| To notify the Electoral Area Director and the Board of emerging issues and provide communications support | <ul style="list-style-type: none"> Board Memo with issue background Key points / messages | <ul style="list-style-type: none"> Ongoing Ongoing |
| To develop a coordinated approach in advocating for services (not administered by the RDCO) within the Electoral Area | <ul style="list-style-type: none"> Staff to work with Electoral Area Director to bring forward Board resolutions Request made formally from the Board to higher levels of government on behalf the Electoral Areas Joint meetings with MLAs and MPs to address issues within Electoral Areas Investigate options to get better information regarding issues from service providers in the North Okanagan on topics which also impact Electoral Area West residents | <ul style="list-style-type: none"> Q1 2021 Q1 2021 Q1 2021 Q1 2021 |

| | | |
|---|--|---|
| To provide opportunities for the Area Director to speak to residents on behalf of the RDCO re: Electoral Area services and projects | <ul style="list-style-type: none"> • Annual newsletter, open house introduction, ribbon cuttings in Electoral Area (shared with Regional Board Chair as appropriate) | <ul style="list-style-type: none"> • Q2 2021 and ongoing as needed (*RDCO Board Chair will remain the Board spokesperson on all Board decisions so this will require some balance). |
| Goal 6: Residents feel they have the information and direction they need during a crisis | | |
| To inform residents of emergency information when the Central Okanagan Emergency Operation Centre is activated | <ul style="list-style-type: none"> • Email notification with links to cordemergency.ca • Road signage in neighbourhoods impacted • rdco.com banner alert • News release or PSA sent to local media and stakeholders • Social media channels | <ul style="list-style-type: none"> • Q1 2021 • Updated in 2020 and ongoing • Q3 2021 with website delivery • Ongoing as needed • Ongoing as needed |
| To provide residents with information when local issues / crisis arise (i.e. water notices) | <ul style="list-style-type: none"> • Email notification (i.e. Water Advisory and Boil Water Notification) • Road signage in neighbourhoods impacted • rdco.com banner alert • News release or PSA sent to local media and stakeholders • Social media channels | <ul style="list-style-type: none"> • Ongoing as needed • Updated in 2020 and ongoing • Q3 2021 with website delivery • Ongoing as needed • Ongoing as needed |

APPENDIX A – IAP2 ENGAGEMENT SPECTRUM





Governance & Services Committee

TO: Governance and Services Committee

FROM: Corie Griffiths
Director of Economic Development and Bylaw Services

DATE: January 6, 2021

SUBJECT: 2021 COEDC Priorities Plan

Purpose: To provide the Governance and Services Committee with an overview of the Economic Development Commission's 2021 programming and to receive the 2021 COEDC Priorities Plan.

Executive Summary:

At the November 2019 Governance and Services Committee meeting, staff presented the *Moving Forward to 2025* Economic Development Strategy. The Strategy was guided by the Central Okanagan Economic Base Analysis and Strategic Development Engagement reports. On November 19, 2019, the RDCO Board endorsed the *Moving Forward to 2025* Strategic Plan.

From April to December 2020 staff undertook comprehensive industry and stakeholder outreach to gain an understanding of the immediate economic impacts of the pandemic on the region. This information has been used to review and reprioritize the COEDC's 2021 priorities within the COEDC's mandate and allocation of resources.

Through a consultative approach, staff applied findings from industry roundtables, Response Action Team identified programming gaps, as well as community and industry insights provided at the Nelson Strategies facilitated 2020 COEDC Advisory Council strategic planning meetings and the RDCO Board recovery planning workshop to the 2021 COEDC Priorities Plan.

During the November 2020 recovery sessions, both the RDCO Board and the COEDC Advisory Council made it clear that while the region remains in the response phase, the COEDC's top priority is to support the local business base as we move towards economic recovery. This is reflected in the 2021 COEDC Priorities Plan to be presented today.

RECOMMENDATION:

THAT the Governance and Services Committee receive the 2021 COEDC Priorities Plan;

AND FURTHER THAT the Governance and Services Committee recommends the RDCO Board approve the Central Okanagan Economic Development Commission's 2021 Priorities Plan.

Respectfully Submitted:

Approved for Committee's Consideration

A handwritten signature in black ink, appearing to read "Brian Reardon".

Brian Reardon, CAO



Corie Griffiths
Director of Economic Development and Bylaw Services

Implications of Recommendation:

Strategic Priorities: Supports the RDCO Strategic Priorities of Sustainable and Economic Development.

Background:

In November 2019, following comprehensive economic analysis and wide stakeholder consultation, staff presented the COEDC's 5-year strategic plan *Moving Forward to 2025* to the Governance and Services Committee. On November 19, 2020 the RDCO Board endorsed the 2020-2025 economic development strategic plan.

British Columbia declared a state of emergency March 17, 2020 to support COVID-19 response.

On May 6, 2020 B.C.'s Restart Plan released. The plan described how and what criteria the province would restart following a progression of 4 phases.

- **Phase 1** March 17 – May 18th 2020. Provincial health orders mandated temporary closure of non-essential businesses and reduced in-class learning and child care.
- **Phase 2** May 18, 2020. The temporary closure of non-essential businesses ended. Many businesses were allowed to reopen once strict safety measures including a Covid-19 safety plan were put into place.
- **Phase 3** June 23, 2020 to present. Additional restrictions are lifted including a return to school(s), film industry, hotels, parks and select entertainment all under enhanced protocols.
- **Phase 4** Conditional on global availability of vaccine or treatment

Chief economists' predictions of when an economic recovery will occur in the Canadian economy differ yet most agree that a complex "K Shaped" recovery, one where the magnitude, speed and ability to recover will be varied and especially slow for those workers and industries whose face-to-face interactions are likely.

In response to the pandemic onset, the RDCO's COEDC service centralized, and updated daily, a one stop resource translating all federal, provincial and locally available programs for business into plain language within one COVID-19 webpage.

In March 2020, the COEDC staff served as a convener and brought together the region's economic development services providers (partner organizations such as valley-wide Chamber network, Women's Enterprise Centre, Community Futures, Tourism Kelowna, Thompson Okanagan Tourism Association and staff from each Central Okanagan community) to form the Response Action Team (RAT).

As the Terms of Reference identifies, the objective of the RAT was to provide coordinated support and align existing services or programs to help Central Okanagan businesses navigate through the immediate economic impact of COVID-19. weekly meetings and follow up action items with partner organizations were facilitated by the COEDC from March to June, moving to monthly meetings from June into 2020.

These meetings serve to coordinate the efforts of various service providers, reduce duplication of work and inefficient use of limited resources, increase understanding of client needs by practitioners and provide a forum to effectively triage and refer clients to appropriate services and programs. For example, an opportunity was identified to connect accelerate Okanagan's DER3 program, designed to help main street businesses enhance or build a digital presence, to the Thompson Okanagan Tourism Association's tourism resiliency program to ensure that tourism businesses are aware of and can access support through DER3. Gaps in support programs for industry identified through these meetings are captured in an Advocacy Matrix to inform regional advocacy needs.

In May 2020, the COEDC supported the development of the Terms of Reference for the Regional Recovery Task Force (RRTF). In the response phase the role of RRTF is to communicate to other orders of government the needs, barriers and opportunities of the region as it transitions to recovery. As we move into recovery planning in the years ahead, the RRTF will help guide the development of a long term economic recovery plan.

In order for the region to make evidence based and informed economic development programming priorities for the COEDC and the region as a whole, from April to December 2020, staff facilitated industry roundtables for Aerospace, Agriculture, Arts, Culture & recreation, Construction & Development, Manufacturing, Post-Secondary Education, Small Business and Technology. Within two weeks of each Industry Roundtable, Early Indicators at a Glance documents and detailed Facts Sheets were publically published and directly shared with the RAT, RRTF, and the provincial and federal governments.

Economic development needs identified by industry outreach and statistics gathered from April to November were aligned to BC's Restart plan and were then used to guide two economic development recovery Strategic Planning Sessions.

In November 2020, through two strategic planning sessions facilitated by Nelson Strategies industry expertise and community inputs were provided by the COEDC Advisory Council and the RDCO Board. These recovery strategic planning sessions provided an increased understanding of Canada's recovery predictions, the regional economic context and known industry and workforce COVID-19 impacts as well as post-pandemic recovery needs of the region.

During the November 2020 recovery sessions, both the RDCO Board and the COEDC Advisory Council made clear that while the region remains in the response phase, the COEDC's top priority is to support the local business base as we move towards economic recovery. This is reflected in the 2021 COEDC Priorities Plan.

Alternative Recommendation:

None recommended

Attachment(s):

2021 COEDC Priorities Plan

Moving Forward to 2025

2019 Economic Base Analysis

Strategic Development and Engagement Results



BUILDING BUSINESS

PRIORITY: Support the region's businesses through one on one business guidance

PRIORITY: Create and connect businesses to resources, tools, support programming and market information

PRIORITY: Gather industry intelligence through direct connections with the region's businesses to identify need & opportunities

PRIORITY: Partner with region's business service providers to address needs and opportunities of businesses



GROWING SUSTAINABLY

PRIORITY: Provide regional stakeholders with economic data to support informed decision making

PRIORITY: Share best practices of applied sustainable growth and align with federal/provincial recovery initiatives

PRIORITY: Support implementation of regional growth strategy projects



FOSTERING A VIBRANT WORKFORCE

PRIORITY: Collaborate with industry and regional partners to support talent development, attraction, and retention

PRIORITY: Facilitate industry and post-secondary connectivity

PRIORITY: Collect and share labour market intelligence



COMPETING GLOBALLY

PRIORITY: Align the region's investment efforts with federal/provincial recovery initiatives, target sectors and priority markets

PRIORITY: Facilitate a regional approach to investment readiness and increase awareness of the region's value proposition



BUILDING BUSINESS

PRIORITY: Support the region's businesses through one on one business guidance

- Provide business guidance and support to businesses across industry sectors including business development expertise and connection to resources
- Deliver up to 25 Economic Climate and about COEDC programs awareness sessions to business and community groups
- Provide agriculture-specific business development expertise through direct visits to 15 farm operators and 1-2 agriculture events through the Agriculture & Agri-Tourism Program
- Provide business development and export expertise to 20 exporters and facilitate 1-2 export related events through Export and Business Development Program

PRIORITY: Create and connect businesses to resources, tools, support programing and market information

- Publish up-to-date COVID 19 resources and communications including plain language business operators guide to business supports and financing initiatives
- Contribute to growth of the entrepreneurial ecosystem by partnering on programs including the OKGN Angel Summit; e@UBCO; Community Futures; Women's Enterprise Centre and others
- Develop, maintain and distribute targeted publications and resources for business
- Launch online interactive database of community information and intelligence to support data-driven decision making

PRIORITY: Gather industry intelligence through direct connections with the region's businesses to identify needs & opportunities

- Seek business intelligence and provide guidance through 125 businesses site visits
- Conduct 8-10 business roundtables
- Support community leads in regional Small Business Walk Program

PRIORITY: Partner with region's business service providers to address needs and opportunities of businesses

- Lead Regional Service Provider Roundtables to ensure awareness of services and inform future response programming
- Serve on and provide economic climate information to regional bodies including the YLW Air Service Development Task Force; BC Tree Fruit Competitiveness Fund Review Committee; Community Futures; Central Okanagan Local Immigration Partnership; and others



GROWING SUSTAINABLY

PRIORITY: Provide regional stakeholders with economic data to support informed decision making

- Provide support & regional economic climate data to elected officials, municipal and WFN staff and Economic Development Committees and stakeholders
- Identify, support and implement Local Government Economic Development Priorities
- Centralize and broadly distribute community, economic and demographic data, and business intelligence information to support data-driven decision making

PRIORITY: Share best practices of applied sustainable growth and align with federal/provincial recovery initiatives

- Share information and advocacy needs to ensure the Region is positioned to benefit from Federal and Provincial COVID 19 Response relief and COVID 19 recovery initiatives
- Recognize and celebrate the sylix/Okanagan culture
- Increase awareness of Federal/Provincial Incentives and Policy Changes

PRIORITY: Support implementation of regional growth strategy projects

- Regional Growth Strategy (RGS): Enhance awareness and support priority projects plan(s)
- Share industry trends & data at RDCO Regional Planning Labs
- Increase awareness of Emergency Preparedness and Recovery for Small Businesses: tools & resources



FOSTERING A VIBRANT WORKFORCE

PRIORITY: Collaborate with industry and regional partners to support talent development, attraction, and retention

- Partner with Tourism Kelowna & Accelerate Okanagan in the second edition of the OKGo campaign focusing on innovation and talent
- Share stories of young, diverse business owners/ leaders and connect young professionals to social, career and volunteer networks through the Okanagan Young Professionals Collective (OYP) Program
- Integrate 30 newcomers, young professionals and recent graduates with professional networks through the Connector Program

PRIORITY: Facilitate industry and post-secondary connectivity

- Increase career readiness of post-secondary students and bridge divide between remote and on-campus post-secondary students and regional businesses through the OYP Student Liaison Program
- Serve as a conduit between industry and academia by Post-Secondary Committee Representation
- Support programs that retain students in the region including the UBCO Arts Career Apprenticeship program, e@UBCO and the Okanagan College School of Business

PRIORITY: Collect and share labour market intelligence

- Provide real-time Labour Market Intelligence for the Central Okanagan
- Publish semi-annual Job Market Report



COMPETING GLOBALLY

PRIORITY: Align the region's investment efforts with federal/ provincial recovery initiatives, target sectors and priority markets

- Position Region for COVID-19 economic recovery with alignment to and promotion of local, Provincial and Federal recovery initiatives
- Maintain relationships and connectivity with Provincial and Federal partners i.e. Canadian Trade Commissioners Service, Trade and Invest BC
- Provide business guidance to up to 20 businesses and facilitate 1-2 export related events through Export and Business Development Program
- Identify partnership and collaboration opportunities through Cascadia Innovation Corridor, Pacific Northwest Economic Region and others to increase awareness of the Region in target markets

PRIORITY: Facilitate a regional approach to investment readiness and increase awareness of the region's value proposition

- Participation on the Okanagan Valley Economic Development Society (OVEDS)
- Partnership with and support of the Okanagan Film Commission
- Provide licensed use of Account Management System to RDCO communities
- Work with community economic development officers to support leads with regional and community level information

MOVING FORWARD TO 2025



**CENTRAL
OKANAGAN**
ECONOMIC
DEVELOPMENT
COMMISSION

The Regional District of Central Okanagan's (RDCO) Economic Development Commission (COEDC) works in partnership to facilitate and encourage the development of a healthy and dynamic sustainable community economy by supporting existing businesses and encouraging new business investment within the Regional District of Central Okanagan.

Moving Forward to 2025 provides a roadmap for building on past success, effectively leveraging the region's strengths, and encouraging a strong and sustainable regional economy for the future.

Strategic Pillars



GROWING SUSTAINABLY

We use economic development best practices to support an economy that works for the people, businesses and environment of the Central Okanagan. We work to advance the Regional Growth Strategy priorities through partnership and collaboration.



COMPETING GLOBALLY

We showcase the Central Okanagan's profile as an innovative future-focused economy through targeted investment attraction initiatives and assisting businesses with specialized service and expertise.



INVITING TOP TALENT

We support business growth and position the Central Okanagan as a talent-rich region by communicating the Region's career and lifestyle opportunities, equipping employers with resources and facilitating connections between industry and post-secondary.



BUILDING BUSINESS

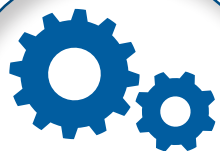
We leverage proven strategies to attract, retain and build business. We have a continual improvement partnership-driven mindset and use digital innovations and new ideas to maximize impact.

With committed and connected business support and a collective attitude that fosters entrepreneurship, the region is ready to grow as industry does

Possibilities? Endless – It's All Here Now.

SECTORS IN FOCUS

The COEDC delivers impact by building on the strengths and competitiveness of key industries through business enhancement and investment attraction.



ADVANCED MANUFACTURING / AEROSPACE

Enhance industry competitiveness for emerging and established businesses, developing core competencies by leveraging and collaborating with industry to advance solutions through aligned research and development expertise, and innovation at post-secondary institutions.



AGRICULTURE / VITICULTURE

Foster excellence in agriculture production, food processing, experiential and value-added offerings in the region to support development along the entire supply chain from production to consumption.



ANIMATION / FILM / DIGITAL MEDIA

Showcase competitiveness by increasing awareness of the Region's value proposition and enhancing the profile of regionally-based companies.



HEALTH

Support health-focused ventures with business development services, connections and collaboration throughout the public health care system and with health research and innovation expertise, and promote the region as the Health Care Hub of the Interior.



INFORMATION & COMMUNICATIONS TECHNOLOGY (ICT)

Leverage federal and provincial programming and serve as a conduit for regional partners to increase capacity and build upon the momentum of the sector.

Focus on the above key sectors does not mean others are less important – COEDC services and support are available to all businesses in the Regional District of Central Okanagan.

RETAIN | GROW | ATTRACT

Moving Forward to 2025 is grounded in extensive community and business engagement, research, and analysis building on the success of past COEDC programming, initiatives and activities. This detailed work can be found in the [Strategic Development and Engagement Results Report](#) and the [Economic Base Analysis](#).

ACTION PLAN

The COEDC will implement **Moving Forward to 2025** with innovative action items that operationalize the Strategic Pillars within Sectors in Focus. The following table provides the foundation of what is operationalized every year within three programming areas: Business Retention & Enhancement, Investment Attraction, and facilitating Coordination and Connection. Each action detailed in annual COEDC Operational plans include well-defined objectives, rationale, tactics and measurements, all of which are monitored and reported on a quarterly basis.

|  GROWING SUSTAINABLY |  COMPETING GLOBALLY |  INVITING TOP TALENT |  BUILDING BUSINESS |
|--|---|--|---|
| <p>ACTION 1: Support implementation of Regional Growth Strategy priority projects</p> <p>ACTION 2: Engage in and provide industry intelligence to Regional Planning Labs</p> <p>ACTION 3: Provide Regional Stakeholders with economic data to support informed decision making</p> <p>ACTION 4: Share best practices of applied sustainable growth and align with federal/provincial support initiatives</p> | <p>ACTION 1: Facilitate a regional approach to investment readiness</p> <p>ACTION 2: Development of lead handling protocols</p> <p>ACTION 3: Increase the awareness of the Region's value proposition</p> <p>ACTION 4: Leverage the Region's investment efforts to align with federally/provincially identified target sectors and priority markets</p> | <p>ACTION 1: Collaborate with industry and regional partners to support talent development, attraction, and retention</p> <p>ACTION 2: Collect and share labour market intelligence</p> <p>ACTION 3: Facilitate industry and post-secondary connectivity</p> <p>ACTION 4: Showcase career and professional development success stories across all industries</p> | <p>ACTION 1: Create and connect businesses to resources, tools, support programming and market information</p> <p>ACTION 2: Partner with Region's business service providers to address needs and opportunities of businesses</p> <p>ACTION 3: Create assets that showcase successful regional companies and the ecosystem that supports them (i.e. post-secondary institutions, centres of excellence)</p> <p>ACTION 4: Gather industry intelligence through direct connections with the Region's businesses</p> |
| Increased knowledge of industry intelligence, statistics and trends to inform decision making for the future | Increased Regional capacity to attract investment through the creation of tools and resources | Increased capacity of employers to retain, develop, and attract top talent | Increased capacity of regional business and business service providers to foster growth |



RETAIN | GROW | ATTRACT

The Region's Primary Business Resource

Contact Us:

Central Okanagan Economic Development Commission
info@investkelowna.com | 250.469.6280 | investkelowna.com

ECONOMIC BASE ANALYSIS

SEPTEMBER 2019



**CENTRAL
OKANAGAN**
ECONOMIC
DEVELOPMENT
COMMISSION

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Introduction

The Economic Base Analysis serves as the basis of the Central Okanagan Economic Development Commission's Moving Forward to 2025 strategy. This report includes a review of background studies, the Economic Base Analysis and Economic Forecasts, and Local Impacts of Market Trends. The report focuses on relevant socio-economic indicators – demographics, income, workforce, and business climate for the Central Okanagan. These findings will be tested and affirmed through a community engagement process to identify the opportunities and priorities of the region.

About this Report

The approach employed in the completion of this report involved the following sections:

Section I – Background Review

- A review of the Regional District of Central Okanagan's existing planning documents and policies to determine the level of support and strategies relevant to economic growth.

Section II – Baseline Analysis

- A sector overview and baseline analysis including an assessment of current labour force, employment, and business trends in the Regional District of Central Okanagan's to identify existing and emerging areas of economic opportunity.

Section III – Economic and Demographic Trends and Prospects for the Central Okanagan

- A review of past trends in population and economic growth in Central Okanagan Regional District, to identify the key industries driving growth in the Region and assessment of the prospects for growth in the area over the next 5 to 10 years.

SECTION ONE



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1. Document Review – Common Threads Analysis

A detailed review of all relevant municipal reports and policy documents was conducted. Documents reviewed include:

- Innovation Ecosystem in BC's Interior Region: Asset Inventory
- COEDC Visioning Session – Sept. 2018
- COEDC Workforce Session
- RDCO Regional Growth Strategy: Priority Projects Plan, 2017
- YouthfulCities Urban Work Index, 2019
- Central Okanagan Economic Development Commission 2019 Operational Plan
- Growing in the Okanagan, 2020 Labour Market Outlook
- An Economic Opportunities to 2020 Strategy for the Central Okanagan Region
- COEDC Manufacturing / Aerospace Sector Profile
- COEDC Animation / Film / Digital Media Sector Profile
- COEDC Agriculture/Viticulture Sector Profile
- Central Okanagan Economic Profile for Agriculture, July 2017
- Kelowna Agriculture Plan, 2017
- Central Okanagan Small Scale Food Processing Study 2015
- City of West Kelowna Westbank Centre Agriculture Plan
- District of West Kelowna Agriculture Plan, 2011
- City of Kelowna Agricultural Land Use Inventory, 2014
- BC Ministry of Agriculture First Nations Agriculture Needs Assessment
- Central Okanagan Aerospace Core Competencies, 2017
- Central Okanagan Aerospace Regional Asset Map, 2017
- Economic Impact of the Okanagan Tech Sector, 2017
- UBCO 2040, Shaping UBC Okanagan's Future
- COEDC Health Sector Profile
- COEDC Information and Communications Technology Sector Profile
- City of West Kelowna Official Community Plan, 2011
- District of Peachland Official Community Plan, 2018
- District of Lake Country Official Community Plan
- Kelowna 2030 Greening our Future, Official Community Plan, 2011

- West Kelowna Economic Development and Tourism Strategy
- Westbank First Nation Economic Development Strategic Plan 2016-2019
- Interior Health Quick Facts
- Techstars Report 2017

1.1 Summary of Findings

The reviewed policies and documents have been analyzed comparatively to uncover areas of thematic overlap. The policies have been catalogued according to common themes to observe patterns – in essence, to find the “common threads” among them.

The following observations are important, as they highlight themes that are strongly represented in the current policy framework internally, and where there is alignment with external policies in areas of importance. Further, it allows the identification of gaps that exist where key themes and areas of importance do not currently have prominence in the municipal policy framework. If these gaps represent key objectives or priorities that are identified through the research and community engagement process, they heighten awareness for further examination to ensure effective alignment with future priorities.

The common threads identified among the policies and documents examined above include:

- **Agri-Tourism** – Marketing and product development assistance aimed at supporting agri-tourism and value-added agriculture businesses to enhance the suite of experiences aimed at local and inbound visitors.
- **Business Planning and Support** – Assisting current businesses and entrepreneurs with barriers to entry including business planning, financial and regulatory support.
- **Cluster Development**—Investment attraction and business retention and enhancement initiatives are focused on identified sectors including Aerospace, Agriculture, Emerging Industries, Growth Stage Businesses and Manufacturing
- **Information Sharing** – Ensuring current resources are widely available across the region and development of a central hub of information. The COEDC can play this role as a connector and leverage their existing relationships
- **Intensification and Value Add Agriculture**— Focus on increasing outputs from decreasing agricultural land base
- **Labour Market Information**—For businesses to continue to grow, especially in the tech-enabled sector, accurate labour market information must be generated and shared so that labour demand is met with appropriately trained supply
- **Land/Policy Planning** – Protection of the Agricultural Land Reserve (ALR) and innovative planning of the areas where urban growth abuts agricultural areas combined with a regional land planning framework that ensure adequate employment lands
- **Opportunity Promotion** – Central Okanagan has a vibrant entrepreneurial, tech and aerospace sectors that are not widely known outside the community

- **Specialty Crop Development** – Adapt to changing consumer demands for organic, speciality food products
- **Succession Planning** – providing succession planning tools/toolbox for business so that they can pass on operations to the next generation or make available for sale. This is also especially prevalent within the agriculture sector.
- **Workforce Development**—ageing demographics will pose a labour force challenge in the coming years if steps are not taken to attract and retain workers and ensure programming aligns with a business need
- **Viticulture & Craft Beverage Cluster**—There is an existing viticulture industry which is being complemented by emerging craft beer and cider industries
- **Youth Retention**—Central Okanagan has a strong network of educational institutions and entrepreneurial community that must be retained

The figure below presents a common threads matrix, showing the association between each theme relative to the documents it has been identified in via a series of check marks. A single check mark (✓) indicates the document has some content relating to the theme, but it is not a primary focus of the document, while a double check mark (✓✓) indicates there is a primary focus on the theme.

Figure 1: Common Threads Analysis

| Common Themes | Cluster Develop | Viticulture /Craft Beverage Cluster | Youth Retention | Workforce Development | Business Planning & Support | Intensification and Value Added Ag | Specialty Crop Develop. | Succession Planning | Information Sharing | Labour Market Intelligence | Land/Policy Planning | Agri-Tourism | Opportunity Promotion |
|--|-----------------|-------------------------------------|-----------------|-----------------------|-----------------------------|------------------------------------|-------------------------|---------------------|---------------------|----------------------------|----------------------|--------------|-----------------------|
| Innovation Ecosystem in BC's Interior Region: Asset Inventory | ✓✓ | ✓ | | | | ✓ | ✓ | | ✓✓ | | | | |
| COEDC Visioning Session – Sept. 2018 | | | | ✓ | ✓✓ | | | | ✓✓ | | ✓ | ✓ | ✓ |
| COEDC Workforce Session | | | ✓✓ | ✓✓ | ✓ | | | ✓✓ | ✓✓ | ✓✓ | | | ✓✓ |
| RDCO Regional Growth Strategy: Priority Projects Plan, 2017 | | | | | | | | | | | ✓✓ | | |
| YouthfulCities Urban Work Index, 2019 | | | ✓✓ | ✓✓ | | | | | | | | | ✓ |
| Central Okanagan Economic Development Commission 2019 Operational Plan | ✓ | | ✓✓ | ✓✓ | ✓ | | | ✓ | ✓✓ | ✓ | | ✓ | |
| Growing in the Okanagan, 2020 Labour Market Outlook | | | ✓✓ | ✓✓ | | | | ✓✓ | ✓✓ | ✓✓ | | | ✓ |
| An Economic Opportunities to 2020 Strategy for the Central Okanagan Region | ✓ | | ✓ | ✓ | | | | | | | | | ✓ |
| COEDC Manufacturing / Aerospace Sector Profile | ✓✓ | | | ✓ | ✓✓ | | | | ✓ | ✓ | | | |
| COEDC Animation / Film / Digital Media Sector Profile | ✓✓ | | ✓ | ✓ | ✓✓ | | | | | ✓ | | | ✓✓ |
| COEDC Agriculture/Viticulture Sector Profile | ✓✓ | ✓✓ | | | ✓✓ | ✓ | ✓ | | | | ✓✓ | | |
| Central Okanagan Economic Profile for Agriculture 2017 | | ✓✓ | ✓ | ✓ | ✓✓ | ✓✓ | ✓✓ | ✓✓ | | | ✓✓ | ✓ | |
| City of Kelowna Agriculture Plan 2017 | | ✓✓ | ✓ | ✓ | ✓ | ✓✓ | ✓✓ | ✓✓ | | | ✓✓ | ✓ | |
| Central Okanagan Small Scale Food Processing Study 2015 | ✓✓ | ✓✓ | ✓ | ✓ | ✓ | ✓ | ✓✓ | | ✓✓ | | | | |
| City of West Kelowna Westbank Centre Agriculture Plan | | ✓ | | | | ✓✓ | ✓✓ | | | | ✓✓ | | |

| Common Themes | Cluster Develop | Viticulture /Craft Beverage Cluster | Youth Retention | Workforce Development | Business Planning & Support | Intensification and Value Added Ag | Specialty Crop Develop. | Succession Planning | Information Sharing | Labour Market Intelligence | Land/ Policy Planning | Agri-Tourism | Opportunity Promotion |
|---|-----------------|-------------------------------------|-----------------|-----------------------|-----------------------------|------------------------------------|-------------------------|---------------------|---------------------|----------------------------|-----------------------|--------------|-----------------------|
| District of West Kelowna Agriculture Plan 2011 | ✓✓ | ✓✓ | ✓✓ | ✓✓ | ✓✓ | ✓✓ | ✓✓ | ✓ | ✓✓ | ✓✓ | ✓ | | |
| City of Kelowna Agricultural Land Use Inventory, 2014 | | ✓ | | | | ✓✓ | ✓ | | ✓ | ✓ | ✓✓ | ✓ | |
| BC Ministry of Agriculture First Nations Agriculture Needs Assessment | | ✓ | | ✓✓ | ✓✓ | ✓✓ | ✓✓ | | ✓ | ✓ | | ✓✓ | |
| Central Okanagan Aerospace Core Competencies, 2017 | ✓ | | | ✓✓ | | | | | ✓ | ✓✓ | | | |
| Central Okanagan Aerospace Regional Asset Map, 2017 | ✓✓ | | | ✓✓ | | | | | ✓✓ | | | | |
| Economic Impact of the Okanagan Tech Sector, 2017 | ✓✓ | | ✓✓ | ✓✓ | ✓ | | | ✓ | ✓✓ | ✓✓ | | | ✓ |
| UBCO 2040, Shaping UBC Okanagan's Future | ✓ | | ✓✓ | ✓✓ | ✓ | | | | | ✓ | | | ✓ |
| COEDC Health Sector Profile, 2018 | ✓✓ | | ✓ | ✓ | | | | | ✓ | ✓ | | | ✓✓ |
| COEDC Information and Communications Technology Sector Profile, 2018 | ✓✓ | | ✓✓ | | ✓✓ | | | ✓ | ✓ | ✓ | | | ✓✓ |
| City of West Kelowna Official Community Plan, 2011 | ✓ | ✓ | | | | ✓✓ | ✓✓ | | | | ✓✓ | ✓✓ | |
| District of Peachland Official Community Plan, 2018 | ✓ | ✓✓ | | | | ✓✓ | ✓✓ | | | | ✓✓ | ✓✓ | |
| District of Lake Country Official Community Plan | ✓ | ✓✓ | | | | ✓✓ | ✓✓ | | | | ✓✓ | ✓✓ | |
| Kelowna 2030 Greening our Future, Official Community Plan, 2011 | ✓ | ✓ | | | | ✓✓ | ✓✓ | | | | ✓✓ | ✓✓ | |
| West Kelowna Economic Development and Tourism Strategy | | ✓✓ | | | ✓ | ✓ | | | | | ✓✓ | ✓ | |

| Common Themes | Cluster Develop | Viticulture /Craft Beverage Cluster | Youth Retention | Workforce Development | Business Planning & Support | Intensification and Value Added Ag | Specialty Crop Develop. | Succession Planning | Information Sharing | Labour Market Intelligence | Land/ Policy Planning | Agri-Tourism | Opportunity Promotion |
|--|-----------------|-------------------------------------|-----------------|-----------------------|-----------------------------|------------------------------------|-------------------------|---------------------|---------------------|----------------------------|-----------------------|--------------|-----------------------|
| Westbank First Nation Economic Development Commission Strategic Plan 2016-2019 | | | | | ✓✓ | | ✓✓ | | ✓✓ | | | | |
| Interior Health Quick Facts | ✓ | | ✓ | ✓✓ | | | | | | | | | |
| Techstars Report 2017 | ✓✓ | | ✓ | ✓✓ | ✓✓ | | | | ✓✓ | ✓ | | | ✓ |



1.2 Appendix Background Document Review

1.2.1 Innovation Ecosystem in BC's Interior Region: Asset Inventory

Purpose: This report looks at the entirety of BC's Interior and maps out assets from the post-secondary, industry, personnel, support systems and infrastructure that make up the innovation ecosystem. The scope of the report extends beyond the Regional District of Central Okanagan and agriculture, but it does demonstrate how the Region fits into the larger network. The interconnectivity among the three universities, six colleges, federal research institutes and industry in the BC's Interior make the region attractive to talent and entrepreneurs.

Key Takeaways & Economic Considerations:

- The economic base of the Interior Region is diverse including agriculture/viticulture, manufacturing, primary industries, health, clean tech, ICT and others.
- UBC Okanagan and Okanagan College are part of a larger network of universities and colleges engaged in applied research including University of Northern British Columbia and Thompson Rivers University
- Extensive research funds flow into the region through both the postsecondary research network including research chairs and federal research centres.
- Federal research institutions including the Agriculture and Agri-foods Canada Pacific Agricultural Research Centre in Summerland and the Dominion Radio Astrophysical Observatory in Penticton are nearby and are vital pieces of research infrastructure
- The entrepreneurial climate and diverse talent base are supported by public and private accelerators and incubators
- Natural beauty, research infrastructure and connectivity are strong features for talent attraction
- The Interior Region and its abundance of smaller university campuses and colleges lend themselves to nimble, applied research and direct connection with industry partners

1.2.2 COEDC Visioning Session – September 2018

Purpose: A visioning session was held with the COEDC staff and Advisory Board on September 27, 2018, to inform the COEDC on the opportunities as seen by a variety of stakeholder groups including elected officials, industry, local and regional government staff and partner organizations. The visioning session brought together responses in terms of immediate and medium-term opportunities.

Key Takeaways & Economic Considerations:

- Increasing the brand awareness of the RDCO/COEDC both nationally and internationally would facilitate market entry and leverage a strong Canadian brand
- Tourism as a four-season driver of economic development and investment can be further leveraged and developed
- There are opportunities with access to capital and SME's potentially for sale (especially agriculture) that could be further explored



- Partner organizations play a key role in ensuring the real impacts of policy changes are communicated to decision-makers and an ongoing feedback loop exists
- Talent and workforce attraction will become a challenge if the public policy cannot address the housing and infrastructure needs
- Government (elected officials and staff) play a key role in developing messaging and marketing about the positive business climate and economic opportunity available in the Region

1.2.3 COEDC Workforce Session – October 2018

Purpose: A facilitated session was held with the COEDC staff and Advisory Council on October 25, 2018, to inform the COEDC on workforce attraction and retention opportunities as seen by a variety of stakeholder groups including elected officials, industry, local and regional government staff and partner organizations. This session was preceded by a visioning session which was conducted to ascertain the economic development opportunities in the Region.

Key Takeaways and Economic Considerations:

- Labour market challenges are not well understood, the extent of labour challenges (current/future) are underappreciated
- Entrepreneurs are generally not HR experts and therefore require resources/access to resources and best practices to understand their obligations and employees' requirements
- Labour market information must be shared widely if it is to be acted upon
- To minimize the impact of labour shortage, COEDC could look at leading efficient tech implementation and technologies
- There are underutilized labour pools that can be harnessed
- There is a need for storytelling and innovative message delivery about opportunities/careers available in the RDCO
- Recruitment efforts should go beyond the usual quality of life messaging to focus on high tech, high skill and sophisticated career opportunities
- Recruitment efforts should go beyond posting available jobs locally and look to international recruitment
- UBCO and Okanagan College bring students from across Canada and the world to RDCO. There needs to be a focus on how to retain these graduates, promote their connections to the community and provide employment pathways once they graduate.

1.2.4 RDCO Regional Growth Strategy: Priority Projects Plan, 2017

Purpose: The Regional Growth Strategy Priority Projects Plan is a five-year plan that prioritizes actions from the Regional Growth Strategy (RGS) which encompasses all of the municipal service areas including development and growth. The document is designed to provide a focused implementation of the RGS based on consultation with RDCO staff, the RGS Steering Committee and other municipal and community partners. The Priority Projects Plan looks to ongoing projects and policies, emerging trends and issues and gaps for regional cooperation.



Key Takeaways and Economic Considerations:

- Regional coordination of services has proved successful in several service areas including solid waste management, emergency operations
- COEDC effectively provides economic development services for the region
- Regional land use planning can help to ensure availability and suitability of employment lands
- Regional agriculture planning has not been undertaken in several years with some local municipalities undertaking this on their own
- COEDC's Agricultural Support Officer provides effective services to assist farm operators and agriculture businesses
- Housing affordability is being affected by tourism (short term rental) which can increase longer term rental supply
- Housing affordability may become greatly impacted due to foreign buyers' restrictions in Vancouver pushing demand into other markets
- The report recommends Regional Planning Labs to share best practices
- The report recommends the development of a Regional Agriculture Strategy that identifies resources, trends, gaps and opportunities along the agricultural value chain.
- The report recommends an employment land inventory as the precursor to an employment lands strategy

1.2.5 YouthfulCities Urban Work Index, 2019

Purpose: YouthfulCities is an organization focused on youth engagement among 15-29-year old's to leverage their knowledge towards innovations to address issues in cities. The inaugural Urban Work Index ranked 21 cities across 48 indicators.

Key Takeaways & Economic Considerations:

- Ageing demographic requires that cities find ways to engage youth in their future
- 87% of youth (15-29 years) live in cities
- Four themes for urban work and that cities must address to engage youth include education, entrepreneurship, affordability and employment
- Edmonton, Montreal and Ottawa were the top three ranked cities according to YouthfulCities Index
- Kelowna was ranked 14 ahead of Vancouver, Halifax and Winnipeg among others

1.2.6 Central Okanagan Economic Development Commission 2019 Operational Plan

Purpose: The COEDC 2019 Operational Plan outlines the opportunities and challenges that the Commission will be addressing through its programming and actions. The actions are categorized under the programming streams of Business Retention & Enhancement, Investment Attraction and Coordination & Connection. The plan represents one aspect of the regular reporting that the COEDC



provides to the RDCO Board and is publicly available.

Key Takeaways & Economic Considerations:

- Business Retention and Enhancement (BR+E) efforts require a focus on worker retention and upcoming labour force challenges due to retirement rates
- A key feature of the Business Retention and Enhancement efforts will include one-on-one consultation and providing referrals and networking to resources
- BR+E will narrow in on some key sectors including aerospace, agriculture, emerging industries (cannabis, tech-enabled), growth stage businesses and manufacturing
- Understanding the labour market including sharing of labour market information, identifying skills training and occupation gaps and working with employers and post-secondary to address these issues is critical
- Young professionals must continue to be engaged, including UBCO and Okanagan College to ensure their talent is retained
- COEDC should dedicate resources to businesses that are ready to scale-up or export and provide assistance and referrals
- Investment attraction efforts should leverage an economic base analysis and existing work being done by the COEDC in the agriculture asset inventory
- Acceleration of existing tech-enabled firms and entrepreneur attraction are key aspects of developing the Central Okanagan region as a tech hub and attractive investment locale
- The COEDC is the catalyst, conduit and connector for economic development
- COEDC is the central resource facilitating connections between industry, government, B2B and community

1.2.7 Growing in the Okanagan, 2020 Labour Market Outlook

Purpose: This regional Labour Market Study encompasses the Central Okanagan Region as well as several neighbouring regional districts. The study focuses on labour market conditions, supply and demand assessments as well as workforce development programs for recruitment, retention and training of the workforce required for regional prosperity.

Key Takeaways & Economic Considerations:

- Occupation groups that are growing will mostly (two-thirds) require some postsecondary education that the current labour force does not necessarily fit the requirements to fill these positions.
- Medium term (six-year) employment growth is predicted which will require new workers to be recruited or encouraged to enter the labour force
- Despite the strong projected need for workers, employers have not identified workforce attraction as a priority. This may require a shift in thinking among employers.
- Workforce development is a regional issue that extends beyond municipal borders



- Growth in high-tech sectors will be dependent on the ability to train and recruit high-skilled workers to the region

1.2.8 An Economic Opportunities to 2020 Strategy for the Central Okanagan Region

Purpose: This economic development strategy was developed in 2014 to provide a framework to guide the COEDC's actions.

Key Takeaways & Economic Considerations:

- The region has strong existing advanced manufacturing, agriculture and tourism sectors
- Strong educational and research network to support idea generation and innovation in the tech sector
- Central Okanagan has the core infrastructure necessary for economic growth including broadband, highway system and growing airport
- Quality of life/lifestyle features of Central Okanagan are attractive and provide an opportunity for talent/entrepreneur attraction

1.2.9 COEDC Manufacturing / Aerospace Sector Profile

Purpose: The profile provides an overview of the existing assets and scope of the manufacturing and aerospace sector within the Region. The profile highlights the number and size of firms, occupations they employ, and the competitive advantage of the region in these sectors.

Key Takeaways & Economic Considerations:

- Central Okanagan was ranked most cost-competitive region in the Pacific by KPMG in 2016
- The dry climate is ideal for fibreglass, composite and wood manufacturing
- Well established manufacturing sector which encompasses agri-food, plastics, wood, aerospace and more
- Fabricated metal, non-metallic mineral manufacturing, transportation equipment manufacturing, plastics and rubber and beverages are anticipated to be growing industries
- Emerging aerospace cluster, supported by the Digital Technology Supercluster initiative by the Government of Canada
- Canadian Federation of Independent Business ranked Kelowna the best place to open a small business in 2018
- The manufacturing sector includes over 600 firms, employing over 5760 people in the Region
- The region is home to 18% of all aerospace companies within BC
- Kelowna International Airport is the 10th busiest in Canada



- Strong support network for the sector including the Digital Learning Factory for Advanced Composites, a joint partnership between UBCO and industry to advance composites for aerospace development

1.2.10 COEDC Animation / Film / Digital Media Sector Profile

Purpose: This profile highlights this sector's impact on the local economy as well as the competitive advantages that help position this sector for continued growth

Key Takeaways & Economic Considerations:

- BC Out of Zone Regional + Distance tax credits are among the most attractive for film shooting in North America
- Available tax credits for R&D, investment capital, film & TV production, interactive digital media, international business and registered specialist labour
- Established Okanagan Film Commission which provides sector support and marketing
- Over 200 firms in the Region employing 2450 people
- Post-secondary programming at both Okanagan College and the Landmark Technology Centre to support the sector and provide a talent pipeline

1.2.11 COEDC Agriculture/Viticulture Sector Profile

Purpose: This sector profile highlights the impact and opportunities for growth within the Region.

Key Takeaways & Economic Considerations:

- Tree fruits including apples, cherries, plums, peaches and apricots are prevalent in the Region
- The region contains 84% of total vineyard acreage in BC
- Soil, topography and hot, sunny and dry climate are ideal for many agriculture products
- Agricultural Land Reserve protects the prime agricultural area and makes up 9% of the Region's overall area
- 2370 people employed within farms, support activities for farms and beverage manufacturing
- Strong pest management programs contribute to the competitive advantage of the Region
- Proximity to Summerland Federal Research Institute is a key asset for the Region

1.2.12 Central Okanagan Economic Profile for Agriculture, July 2017

Purpose: The Profile for Agriculture outlined some of the global shifts occurring in agriculture as well as how those changes were also taking place locally.

Key Takeaways & Economic Considerations:

- More agricultural production is derived from smaller agricultural areas
- The concentration of exports to a limited number of countries



- An increasing number of agricultural importers
- Changing consumer tastes, more diversity of products and not just traditional commodities
- The national trend toward farm consolidation
- More specialty crops being grown due to changing consumer tastes
- Increasing age of farmers and lack of succession planning
- Exponential growth in cherry exports to China following the 2014 trade deal gained access to Mainland
- The high cost of land is a barrier to entry for new farmers
- Ongoing labour challenges associated with seasonality

1.2.13 Kelowna Agriculture Plan, 2017

Purpose: The Kelowna Agriculture Plan provides recommendations for how the City of Kelowna can protect agricultural land and promote local agricultural through a combination of policy levers, marketing initiatives and regulation & enforcement. The report highlighted key themes that would require actionable items for the community to achieve the vision of the Agriculture Plan, *Kelowna is a resilient, diverse, and innovative agricultural community that celebrates farming and values farmland and food producers as integral to our healthy food system, economy, and culture.*

Key Takeaways & Economic Considerations:

- Strengthening of local policies and regulations to protect agriculture is required
- Stewarding natural resources and the environment for food production
- Increasing awareness of local agriculture and access to local food
- Fostering and sustaining farm business and farmland
- Kelowna has seen a 14% decrease in the Agricultural Land Reserve since 1973
- Strong public support for preserving farmland
- Create ‘buffers’ either by planning policy or by law in vulnerable areas where residential/commercial, and agriculture uses are in proximity— ‘edge-planning’ where rural meets urban
- Agri-tourism was identified as an area of opportunity that was not currently being exploited
- Need for support infrastructure including cold storage, processing and distribution for smaller operations
- Sterile Insect Release program is seen as a success and opportunity to leverage success

1.2.14 Central Okanagan Small Scale Food Processing Study 2015

Purpose: Conducted by the Community Futures Development Corporation of Central Okanagan, this report looked at small scale food processing in terms of the landscape at the time as well as challenges and opportunities for growth in the sector.



Key Takeaways & Economic Considerations:

- Although 1600 kitchens identified in Central Okanagan, access still poses a major problem
- A freight/shipping sharing mechanism could provide an opportunity for small processors
- Exceptional products but lack of marketing savviness limiting growth
- A platform for interaction/collaboration among processors would be beneficial
- Financing specific to the food processing sector is required due to the long lead time from startup to profitability
- A centralized location for processing information related to food processing, the regulation required, best practices should be developed as currently, this information is disparate
- Food processing start-up is complex undertaken with regulations, finance requirements. A start-up guide with checklist and industry contacts would be beneficial

1.2.15 City of West Kelowna Westbank Centre Agriculture Plan

Purpose: The study was commissioned to investigate preferred options for bringing 44 hectares of privately held land within the Agricultural Land Reserve back into cultivation. The land had been underutilized but was seen to have high economic and agricultural potential.

Key Takeaways & Economic Considerations:

- The agricultural plan provides recommendations on how once active agricultural lands can be brought back into productivity
- The Westbank Centre could serve as an example for other underutilized agricultural lands that have not adapted to changing market trends
- The region enjoys mild winters and springs, with long, hot summers. Irrigation and water servicing required for greater productivity
- High demand for local food and diverse base of crops that can be grown lends itself to a variety of options. Some infrastructure would be required to enable the growth of the site
- Cider production, cherry production and mixed production sited as the most feasible scenarios for developing the site
- Recommendation of a food hub within the Westbank Centre to:
 - Centralize production
 - Centralized marketing/branding
 - Provide education resources on local food

1.2.16 District of West Kelowna Agriculture Plan, 2011

Purpose: The plan was developed to identify how the District can support the continued viability of farming through land protection, water infrastructure and regulatory environment.



Key Takeaways & Economic Considerations:

- Some challenges with RU-zoned land being treed, sloped and lacking the piped-water infrastructure
- Water is of vital concern for residents due to the inadequacy of precipitation and lack of knowledge around groundwater health
- Agriculture is a heavy user of water but is efficient
- Approximately equal hectares used for pasture and forage than with major tree fruits (apples, cherries, plums, pears)
- One of BC's largest nurseries
- Need to educate the non-farming community about the impact, challenges of agricultural production to increase understanding and value of agriculture and local food
- Farming and non-farming land uses are often nearby, and there is potential for conflict in these areas
- Fostering urban agriculture/community gardens as an opportunity to increase awareness and appreciation for the agriculture industry
- The region has a rich agricultural heritage that is not currently being exploited for tourism potential (Gellatly Nut Farm and Allison Farmhouse-heritage sites)
- Agriculture contributes more net taxes to municipality than industrial but not well known
- More intensive agriculture should be encouraged, especially those areas with renewable water supplies (Westbank and Lakeview Heights)
- Development of an agricultural learning centre should be explored with a partnership with UBC Okanagan, Okanagan College, etc. to develop mentorship for new farmers
- Continued pressure to remove land from the Agricultural Reserve and A1 zoning for other uses, especially smaller parcels that cannot sustain large scale operations
- Investigation of agricultural amenity bonusing for residential density development projects
- Meeting seasonal farm labour needs continues to pose challenges
- Succession planning is required as two-thirds of the farming population is expected to retire within five years, and the average age of Okanagan farmer is 57

1.2.17 City of Kelowna Agricultural Land Use Inventory, 2014

Purpose: The Land Use Inventory was conducted to look at the Agriculture Land Reserve and other agriculturally assessed lands to develop a baseline for how much land was being used for agriculture, how much land was unavailable for agriculture and how much land had agricultural potential.

Key Takeaways & Economic Considerations:

- Significant support for agriculture industry through UBC, Okanagan College, Summerland Research and Development Centre as well as industry associations (BC Tree Fruits, BC Cherry Growers, BC Livestock Producers, Farm to Table program and Certified Organic Associations)



- Lots of agricultural development potential with some limiting factors:
 - High input costs (land, labour, water)
 - Fragmented land with small parcels, roads through agricultural lands
 - Some invasive species and the threat of damage from wildlife
- Urban expansion creates the potential for conflict with farms and farm practices
- Water management concern for the City of Kelowna
- The growing interest in farm gate sales, organic farming and farmer's markets provide an opportunity for agricultural development
- Tree fruits make up 41% of the cultivated land in the ALR while forage & pasture make up 37% and vines 9%
- The agricultural land base is relatively fixed so agriculture growth would likely occur as a result of new commodity types or intensification

1.2.18 BC Ministry of Agriculture First Nations Agriculture Needs Assessment

Purpose: The Needs Assessment was conducted to identify the agricultural activities that First Nations were currently involved in as well as activities that they would like to pursue. The goal of the assessment was to identify the resources and actions required to support agricultural development.

Key Takeaways & Economic Considerations:

- First Nations participation in personal and small-scale gardens and canning operations, smoking of meat and fish and other food preservation techniques
- Low participation in the dominant agriculture crops in the region including tree fruits
- First Nations had access to land and labour but lack equipment, business management skills and knowledge of commercial food processing techniques
- Interest expressed in pursuing chicken farming, fruits and vegetable and greenhouse development
- Strong interest in pursuing agriculture as an economic development driver, skills development, youth engagement and community sustainability
- Funding, business planning and crop/livestock production knowledge required to enable growth

1.2.19 Central Okanagan Aerospace Core Competencies, 2017

Purpose: This document looks at the aerospace sector in the Central Okanagan as a recognized driver of economic development. With 30 companies within the Region ranging from small to the largest private employer, KF Aerospace, the sector represents a significant contributor to the regions economy.

Key Takeaways & Economic Considerations:

- The aerospace sector requires collaboration among industry, government and education in order to adapt to industry 4.0 practices that are the future of the sector and to compete globally



- Canada's Innovation Agenda identified aerospace as a driving sector in future economic development and growth
- The aerospace sector is globally competitive with Canada being a smaller market and relatively low investment when compared to other leading countries
- Projected increases in air travel over the next 20 years to require 40,000 new vehicles and result in an investment of \$5.9 trillion (USD)
- Demand for the largest passenger aircraft is shifting to smaller and mid-size aircraft to service more destinations
- Aerospace manufacturing for passenger travel is expected to be driven by greener, leaner and lower cost aircraft
- Composites and research and development will continue to play an increasing role in achieving better efficiency and lower cost flights
- Industry 4.0, digitization of the manufacturing, supply chain and customer facing aspects of the aerospace industry are transforming the sector
- The industry is facing a skilled worker shortage as pilots are required in the short term as well as trades within the industry being required in the medium term due to pending retirements
- Aerospace industry is acutely affected by political factors and international trade factors due to the global nature of sales
- BC has approximately 170 aerospace companies and generates approx. \$2.4 billion in revenue annually and supports 8,000 jobs
- BC's location advantage includes its proximity to Boeing in Washington and Asia Pacific markets
- The Kelowna International Airport (YLW) is the primary driver of the growth of this sector as the 11th busiest airport in Canada
- YLW has identified the development of an aerospace campus as part of their vision going forward
- KF Aerospace is widely considered the anchor of the industry due to its size and high levels of employment
- The Learning Factory for Advanced Composites is a collaboration between UBC, the Composites Research Network and Avcorp to develop commercial production of composite aircraft components
- Aerospace industry in the region is dominated by small employers, many of whom operate in niche areas
- Region is impacted by global shortage of pilots
- Smaller firms lack marketing budgets and personnel to drive sales growth
- Development of a cluster and collaborative eco-system could help small firms and the relatively small sector compete with major global competitors
- YLW serves as a multi-modal hub and is actively pursuing opportunities to create and build the cluster as part of their growth strategy



- YLW has the largest amount of available land for development in close proximity among BC's largest airports
- Recommendations include development of an industry lead association, development of a cluster mentality, sector marketing support and networking support and collaboration in the development of the aerospace campus

1.2.20 Central Okanagan Aerospace Regional Asset Map, 2017

Purpose: The Regional Asset Map provides an overview of the infrastructure, organizations and research and development institutions that will continue to make the sector a key driver in the local economy

Key Takeaways & Economic Considerations:

- The inventory highlights the Kelowna International Airport (YLW) as a key component to the continued development of the sector
- Educational assets in the Region include the Air-Hart Aviation Flight School, Okanagan College's Aviation Diploma program, Okanagan Mountain Helicopter Flight School & Charter as well as KF Aerospace which provides training to the RCAF
- R&D is facilitated by the Composites Research Network, the Materials and Manufacturing Research Institute, the Survive and Thrive Applied Research Initiative and the Learning Factory, which is developing partnership between UBC, AvCorp and Boeing

1.2.21 Economic Impact of the Okanagan Tech Sector, 2017

Purpose: This annual study is commissioned by Accelerate Okanagan in partnership with the COEDC to understand the growing tech sector in the Central Okanagan in order to assist businesses, inform policy and share information

Key Takeaways & Economic Considerations:

- The economic impact of the tech sector is estimated to be \$1.67 billion annually in both direct and indirect impact
- Central Okanagan's tech sector businesses are getting younger with 64% of firms being less than five years old compared with 60% in the 2016 survey
- The tech sectors revenues average revenues continue to grow with an average of \$1.28 million in 2017, a 7% increase from the previous year
- Tech businesses reported a lower proportion of male employees from 72% to 61% and a slight increase in workers under 35 years old from 52% to 55% from 2016
- 77% of businesses indicated plans to increase their workforce in the next year compared with 67% in 2016
- Lifestyle, climate and commute time were identified as the top three advantages for workers



- Locational disadvantages identified included lack of talent, distance to clients, small client base, travel costs and cost of living
- The estimated tech workforce in the Region was 12,474 which represented a 64% growth since 2015

1.2.22 UBCO 2040, Shaping UBC Okanagan's Future

Purpose: This strategic vision for the UBCO is based on UBC's strategic plan to 2040. UBCO draws from UBC's vision and strategy in the strategic vision and objectives for the Okanagan Campus based upon its strengths.

Key Takeaways & Economic Considerations:

- Goal of 18,000 students enrolled by 2040 in the campus
- The economic impact is estimated to be \$4.8B if successful implementation of the plan
- Aim for research funding to grow from \$21.9 million in 2017/18 to \$100 million annually by 2040
- UBCO is envisioned to have 1 million additional square feet of space
- Also envisioned are greater connections to colleges, global connections to ensure learning and work integration

1.2.23 COEDC Health Sector Profile, 2018

Purpose: This document provides an overview of the sector in the COEDC Region highlighting the sectors employment, wage and other assets in the Region.

Key Takeaways & Economic Considerations:

- Sector is broken down into the publicly funded health care services offered by the Interior Health Authority and non-profit and for-profit healthcare businesses and research and development
- 8% of the total workforce in the region is employed in the healthcare sector with 4,775 in hospitals, 4,250 in ambulatory services, and 2,215 in nursing and residential facilities
- There are 44 medical facilities in the region
- Kelowna General Hospital serves as a training facility for UBC's Medical School
- UBCO is the site of the Centre for Heart, Lung & Vascular Health
- Well-developed talent pipeline exists for the sector including a practical nursing program at Okanagan College
- BC and the Central Okanagan have the lowest provincial income tax for individuals earning up to \$121,000.



1.2.24 COEDC Information and Communications Technology Sector Profile, 2018

Purpose: This document provides an overview of the ICT sector in the COEDC Region highlighting the sectors employment, wage and other assets in the Region.

Key Takeaways & Economic Considerations:

- The economic impact of the sector is \$1.67 billion annually in the Central Okanagan
- Sector benefits from the Digital Technology Supercluster funding
- There are 693 tech-enabled firms in the region, with employment of 12,471 persons
- The COEDC Region was named the most Cost Competitive Region for business in the Pacific by KPMG in 2016

1.2.25 City of West Kelowna Official Community Plan, 2011

Purpose: The Official Community Plan (OCP) lays out the long-term vision for the municipality. The document serves as the guiding document for community planning and land management within the City of West Kelowna as it manages growth.

Key Takeaways & Economic Considerations:

- The Official Community Plan was undertaken in 2009 due to the recent incorporation of the City of West Kelowna
- Population projections for the City of Kelowna show the city increasing from 30,892 in 2011 to 48,714 by 2034
- Economic stability objectives of the OCP include fostering a diverse economy, support the unique character of the community, balanced development of employment and housing, encourage sustainable tourism
- Economic sustainability policies of the OCP include encouraging new commercial and residential development in the Westbank and Boucherie Centres, support business parks within Corridor GMDs to attract high-tech investment, development of pedestrian oriented neighbourhoods and support for the Economic Development Commission
- Other policies of the OCP include support for affordable housing, support for agricultural landowners with agri-business development and increased local food production through diversification and specialty crop development

1.2.26 District of Peachland Official Community Plan, 2018

Purpose: The Official Community Plan (OCP) lays out the long-term vision for the District of Peachland. The document serves as the guiding document for community planning and land management within Peachland.



Key Takeaways & Economic Considerations:

- Guiding values for the OCP include quality of life, quality of built environment, economic development, neighbourliness, functionality and community identity
- Development permits area guidelines consider economic development to represent vibrant neighbourhoods and economic vitality
- Economic development objectives include alignment with Peachland's natural assets, supportive of an entrepreneurial culture, support for tourism and focus on downtown revitalization
- Economic development policies within the OCP include support for the diversification of home-based businesses, niche market opportunities, pursuing professional industries and partnerships with the province and the RDCO

1.2.27 District of Lake Country Official Community Plan

Purpose: The Official Community Plan (OCP) lays out the long-term vision for the District of Lake Country. The document serves as the guiding document for community planning and land management within the District of Lake Country.

Key Takeaways & Economic Considerations:

- The population projections for Lake Country indicate a projected average growth rate of 2.4% annually from 2016-2036
- The population projections indicate that Lake Country's population will reach 22,791 by 2036
- Lake Country was the fastest growing municipality within British Columbia in 2014-2015
- The unemployment rate in Lake Country was 7.5% in 2016 compared with a provincial rate of 6.7%
- Lake Country had a higher median personal income than the province in 2015 of \$36,839 compared with \$33,012 respectively
- More Lake Country residents work in Kelowna (33%) compared with 22% in Lake Country
- Economic development objectives of the Lake Country OCP include increasing local employment, ensuring supply of commercial and industrial development, provide support for agriculturists
- Economic development strategic policies of the Lake Country OCP include a focus on agricultural products, tourism, retail outlets and the service industry, a focus on Main Street employment opportunities, enhanced technical infrastructure to support home-based businesses and exploring opportunities for short-term rentals and provision of incentives for new business

1.2.28 Kelowna 2030 Greening our Future, Official Community Plan, 2011

Purpose: The Official Community Plan (OCP) lays out the long-term vision for the City of Kelowna. The document serves as the guiding document for land management, community planning and growth management within the City of Kelowna.

Key Takeaways & Economic Considerations:

- Populations projections for the City of Kelowna cite a 1.51% annual growth rate and a total population projection of an additional 45,485 people by 2030



- By 2030, Kelowna's population is expected to be 161,701
- The population of Kelowna is expected to age with the oldest age group (65+ years) increasing from 19.5% of the population in 2006 to 25.6% by 2030
- The housing distribution in Kelowna is expected to shift from 61% Single family/two unit and 39% multiple unit to 43% single family/two unit and 57% multiple unit
- Twenty-year land requirement for industrial land indicate an additional 64-80 ha of new industrial land
- The economic development objectives contained within the Kelowna OCP include sustainability including business retention and expansion efforts, partnership with the COEDC, encouraging a positive investment climate and attraction of a skilled workforce

1.2.29 West Kelowna Economic Development and Tourism Strategy

Purpose: This strategy for the District of West Kelowna was developed to support the operational and strategic goals for West Kelowna and it's relationship to the COEDC, Thompson Okanagan Tourism Association and other partners.

Key Takeaways and Economic Considerations:

- West Kelowna has a growing population with approx. 13% growth from 2011 to 2016
- The number of business licenses have remained stable year over year
- Goals of the strategy include encouraging population growth, encouraging investment activity, business support, communication improvement and continued improvement and collaboration among regional partners
- Partnerships include Westside Wine Trail, COEDC, Okanagan College, Destination BC, Westbank First Nation and others
- BR&E objectives include feasibility of a collaborative workspace, cluster expansion (aviation & manufacturing) and agri-tourism development
- Investment attraction objectives include marketing of the Westbank Centre, resident relocation, work with commercial real estate, support foreign investment
- Tourism marketing goals within the strategy include supporting the Westside Farmloop, offering information regarding Hiking and Biking and the Westside Wine Trail

1.2.30 Westbank First Nation Economic Development Commission Strategic Plan 2016-2019

Purpose: The strategic plan serves as the guiding document for the Economic Development Commissioners and incorporates the Westbank First Nation Government Strategic Plan and Community Plans.

Key Takeaways and Economic Considerations:



- Objectives of the plan include building relationship between WFN and Council, strengthening of communications between the EDC and business associations and collecting data and business intelligence
- Time and effort of the EDC is allotted with approx. 40% towards business retention, 22.5% business facilitation, 22.5% advisory role to Council and 15% business attraction
- The COEDC is listed as a key partner in regards to business facilitation

1.2.31 Interior Health Quick Facts

Purpose: Interior Health Authority covers over 215,000 square kilometres and produces an infographic and reports that highlight the impact of the Interior Health Authority

Key Takeaways and Economic Considerations:

- Interior Health Authority covers 60 municipalities and 54 First Nations communities
- Interior Health manages 4 Regional hospitals, 16 community hospitals and 24 health care centres
- There are over 20,000 Interior Health workers including 1500 physicians

1.2.32 Techstars Report 2017

Purpose: Provides an assessment of the Region using the Techstars model to measure start-up community readiness in the technology sector

Key Takeaways and Economic Considerations:

- Techstars creates the ecosystem for start-ups to thrive
- Built on the philosophy that economic development through organic development is more effective than top-down
- Start-up Communities go through seven stages of maturity
- Central Okanagan was rated at the level three maturity
 - Talent primary area of need
 - Culture slightly underdeveloped component
 - Density and capital are trailing areas of focus

SECTION TWO



**CENTRAL
OKANAGAN**
ECONOMIC
DEVELOPMENT
COMMISSION



2. Economic Baseline Analysis

This section of the report presents an overview of the socio-economic, labour force and industry composition in the Regional District of Central Okanagan. The baseline analysis illustrates the current nature and composition of jobs, employment growth and industry composition in the community and contributions to economic growth. Central Okanagan is presented in comparison to the Province of British Columbia.

The Economic Baseline Analysis complements the research completed by the COEDC in collaboration with MDB Insight to date and includes insights from the Q1 2019 Economic Indicators Report and 2018 Central Okanagan Economic Profile. The Economic Baseline Analysis is intended as a complementary document that communicates the strengths and opportunities of the Central Okanagan region to promote the area in efforts to drive economic growth.

As part of the study, the Location Quotient (LQ) and Shift-Share Analysis was studied to determine sectors of strength and regional economic drivers for Central Okanagan. The definition of these methods is provided below.

Location Quotient (LQ) - A Location Quotient (LQ) analysis provides information on the concentration of jobs or industries in a community of interest relative to an over-arching area, usually the province or nation. It can reveal what makes a region “unique.” An LQ of 1.0 indicates employment/industry concentration in the community is on par with the larger comparison area. LQ greater than 1.0 indicates that the community has proportionately more workers/industries than the larger comparison area employed in a specific industry sector. An LQ significantly less than 1.0 may indicate an opportunity to develop employment or business opportunities in the local area to meet area demand.

Shift-Share Analysis - Shift-share is a standard regional analysis method that attempts to determine how much of regional job growth can be attributed to national trends and how much is due to unique regional factors. The shift-share analysis helps answer why employment is growing or declining in the regional industry. The shift-share analysis is split into three components: (1) industrial mix effect, (2) national growth effect, and (3) regional competitive effect. Also, a time frame (start year and end year) is required to perform shift-share analysis, since shift share deals with job growth over time.

2.1 Data Sources

Results are derived from the following sources:

- Statistics Canada, Census Profile, 2016
- Statistics Canada, Census Profile, 2011
- Statistics Canada, National Household Survey, 2018
- Statistics Canada, Canadian Business Counts, December 2018
- BC Stats, 2019
- Invest Kelowna, 2019
- The Canadian Real Estate Association, 2019
- Canada Mortgage and Housing Corporation (CMHC), 2019

The latest available data sets at the time of the development of this strategy were used to obtain demographic, labour force and business information. The data for the total population is available for



2018, the data for which was obtained through BC Stats. The Statistics Canada, 2016 Census of Population is the latest and most widely dataset available and was used to find information for population by age groups, dwelling trends, aboriginal population, immigration and ethnic diversity, income, education, labour force by industry and occupation and commuting patterns. The CMHC data was used to determine housing construction activity in 2019. The total number of registered businesses in Central Okanagan for 2018 was determined using the Canadian Business Counts.

2.2 Summary of Findings

Demographic Characteristics

- **Population Levels and Growth Trends:** The Regional District of Central Okanagan (RDCO) with a population of 208,864 people, accounted for 4% of British Columbia's population in 2018. The Central Okanagan's population grew by 35% (net increase of 54,379 people) from 154,473 people in 2001 to 208,852 people in 2018.
- **Population Projections:** As per the Sub-Provincial Population Projections (P.E.O.P.L.E), 2017, BC Stats, the Central Okanagan growth is projected to increase to approximately 236,411 people by 2028. This relates to net growth of 27,559 people (13% increase) from the current population (208,852 people in 2018).
- **Population by Age Groups:** In 2016, the Regional District of Central Okanagan had a median age of 45.5 years compared to the median age of 43 years in British Columbia. Central Okanagan's median age increased from 43.4 years in 2006 to 45.5 years in 2016, suggesting that the population is ageing.
- **Dwelling Trends:** Central Okanagan's existing housing stock is predominately comprised of single detached dwelling (i.e.): low-density units. Central Okanagan has a higher proportion of low-density housing units and homeownership compared to the Province. Residential building permits grew by 12% from \$768,882 in 2017 to \$860,679 in 2018.
- **Aboriginal Population:** In 2016, approximately 11,375 people (6% of the total population) identified an aboriginal identity with the majority as First Nations (North American Indian) and Métis.
- **Immigration and Ethnic Diversity:** Central Okanagan had a lower proportion of immigrants at 15% compared to the province at 28%. From 2011 to 2016, Central Okanagan attracted only 2% of immigrants compared to the Province with immigration levels at 4%. This indicates that Central Okanagan may have difficulty attracting recent immigrants. This may present a challenge as immigrants are a good source of both skilled and unskilled labour for a community.
- **Income Levels:** Median household income in Central Okanagan in 2015 was \$71,127 compared to \$69,995 in the Province. Median household income grew by 20%, an increase of \$11,671 from 2010 to 2015. This compares to the median income growth of \$9,662 in the Province.
- **Educational Profile:** In 2016, 15% of the population aged 15 years and over in Central Okanagan had no certificate, diploma or degree. For the people with a secondary (high) school diploma or equivalency certificate, Central Okanagan's share of the labour at 31% is higher than the Province.



Central Okanagan has a lower proportion of the population with a university certificate, diploma or degree at bachelor level or above at 18% compared to the Province at 25%.

Labour Force Profile

- **Labour Force Status:** As of March 2019, Central Okanagan has a lower unemployment rate at 4.1% compared to the Province at 4.7%.
- **Labour Force by Industry:** In 2016, Central Okanagan's labour force was concentrated in health care and social assistance, retail trade, construction and accommodation and food services. Labour force by industry in Central Okanagan grew by 7,725 people; 8% growth from 2011 to 2016. Comparatively, the Province of British Columbia saw 5% growth for the same period.
- **Employment Location Quotient (LQ):** The construction sector with an LQ of 1.32 is a competitive sector. The sector is one of the top employing and growing industry sectors for Central Okanagan, employing 11% of the total labour force. Accommodation and food services with an LQ of 1.1 provides opportunities for continued employment growth.
- **Labour Force by Occupation:** The labour force by occupations shows that sales and services occupations rank the highest in Central Okanagan, accounting for 26% (26,765 occupations) of total occupations. Central Okanagan also has a similar percentage of trades, transport and equipment operators and related occupations at 16% (16,575 occupations) compared to Province at 15%.
- **Commuting Patterns:** The majority of Central Okanagan's workforce commute within the Region. The majority live and work in the City of Kelowna.

Business Environment and Structure

- **Key Business Characteristics:** As of December 2018, approximately 26,768 businesses were registered in Central Okanagan. Of the 26,768 businesses, the majority were sole- proprietorships (18,421 businesses – 69% of total businesses). Approximately 4,374 businesses employed between 1 to 4 employees while 1,674 businesses employed between 5 to 9 employees. Central Okanagan is also a centre for large business establishments, with approximately 121 businesses employing at least 100 employees.
- **Business Counts by Industry:** The sectors with the highest proportion of business establishments in 2018 include real estate and rental and leasing, construction, professional, scientific and technical services, other services (except public administration) and finance and insurance.
- **Business Counts Location Quotient (LQ):** Construction businesses with an LQ of 1.21 is a competitive industry for Central Okanagan. Sectors with businesses on par with business in the Province include finance and insurance and accommodation and food services. Opportunities exist for building investment in these sectors to ensure continued economic growth.

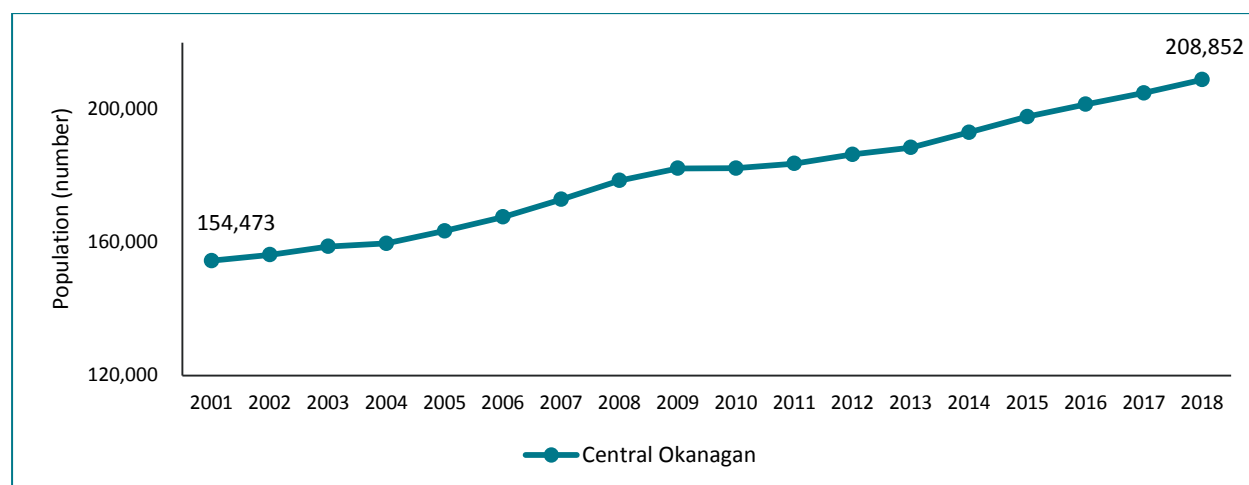


2.3 Demographic Characteristics

2.3.1 Population

The Regional District of Central Okanagan (RDCO) with a population of 208,864 people, accounted for 4% of British Columbia's population in 2018. As shown in Figure 2 and Figure 3, the Central Okanagan's population grew by 35% (net increase of 54,379 people) from 154,473 people in 2001 to 208,852 people in 2018.

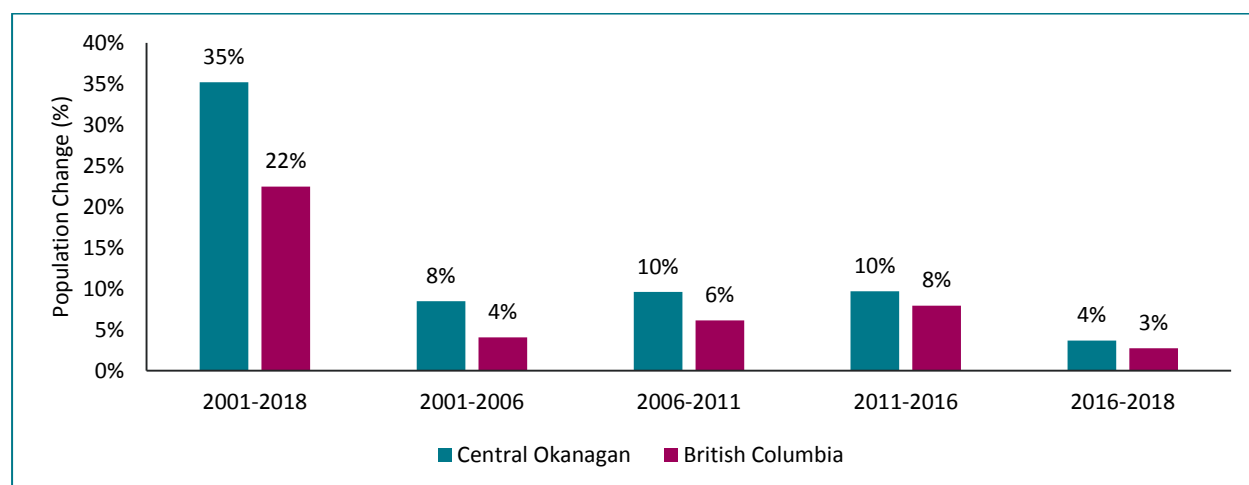
Figure 2: Population, Central Okanagan, 2001-2018



Source: BC Stats, Population Estimates, 2001-2018.

As shown in Figure 3, Central Okanagan's population increased at a faster rate than the Province of British Columbia between 2001 and 2018. From 2016 to 2018, Central Okanagan's population grew by 4% (an increase of 7,429 people).

Figure 3: Population Change, Central Okanagan, 2001-2016



Source: BC Stats, Population Estimates, 2001-2018.



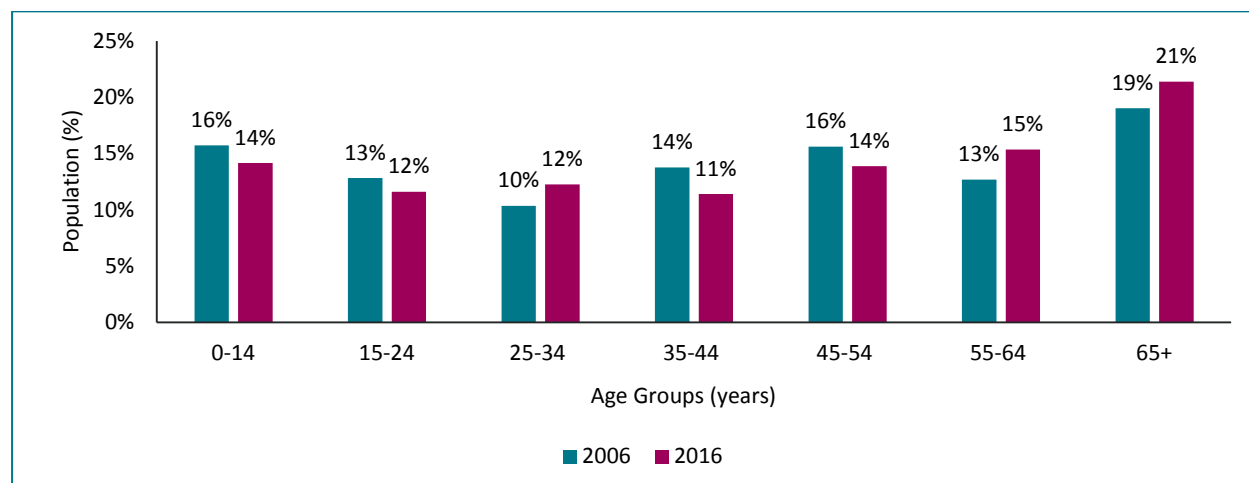
As per the Sub-Provincial Population Projections (P.E.O.P.L.E), 2017, BC Stats, the Central Okanagan growth is projected to increase to approximately 236,411 people by 2028. This relates to net growth of 27,559 people (13% increase) from the current population (208,852 people in 2018). While population growth presents opportunities for continued economic growth, the Region needs to ensure that enough infrastructure is in place to meet the current and future demands of population increase.

2.3.2 Population by Age Groups

In 2016, the Regional District of Central Okanagan had a median age of 45.5 years compared to median age of 43 years in British Columbia. Central Okanagan's median age increased from 43.4 years in 2006 to 45.5 years in 2016, suggesting that the population is ageing.

As shown in Figure 4, residents 65 years and above represent the largest percentage of the population in 2016 at 21%. Consistent with the increasing median age, this age group had increased from 19% in 2006 to 21% in 2016. Central Okanagan is witnessing a decrease in the percentage of children (0-14) and youth (15-24) in the population. Also, the lower proportion of core workforce (35-44) at 11% is important to monitor, as it may indicate a future skills shortage. Central Okanagan needs to ensure an adequate pool of skilled workers is available to replace the retiring workforce in the next 5-15 years. It can be understood that the increase in the 25-34 age group does indicate opportunities for increased labour force participation.

Figure 4: Age of the Population by Broad Age Groups (%), Central Okanagan, 2006 & 2016



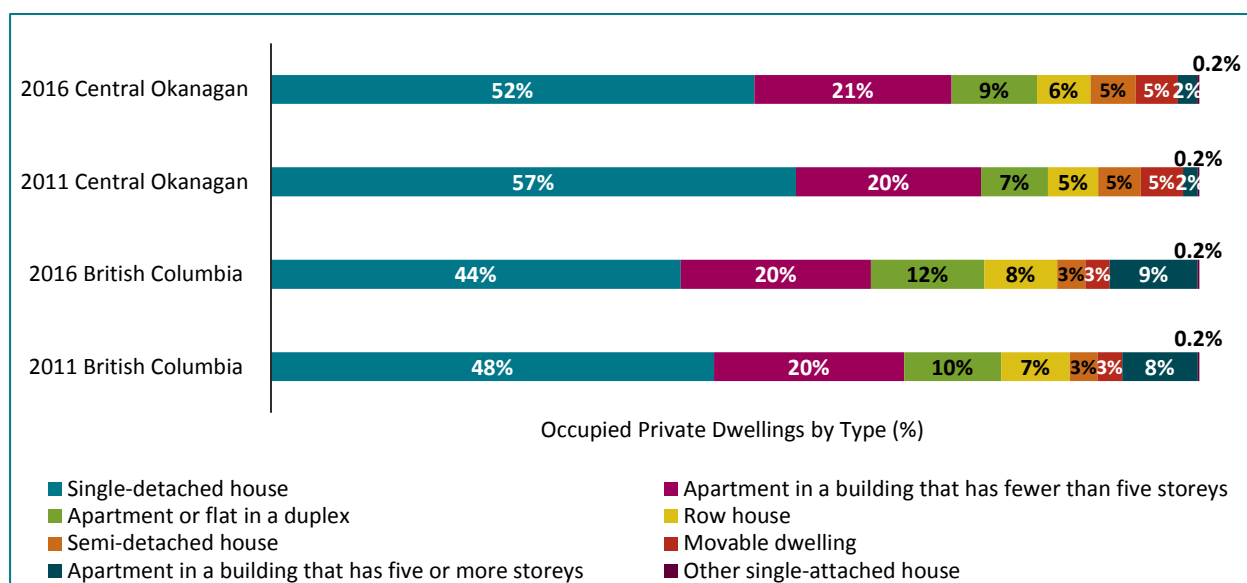
Source: Statistics Canada, 2016 Census of Population. Statistics Canada; 2006 Census of Population.

2.3.3 Dwelling Trends

As per the 2016 statistics, Central Okanagan comprised of approximately 81,383 private dwellings. Of these, approximately 59,665 (73%) were owned dwellings while 21,700 (27%) were rented dwellings. As shown in Figure 5, Central Okanagan's existing housing stock is predominately comprised of single detached dwelling (i.e.): low-density units. Central Okanagan has a higher proportion of low-density housing units and homeownership compared to the Province. Apartment buildings that have five or more storeys at 2% are comparatively lower than the Province at 9%.



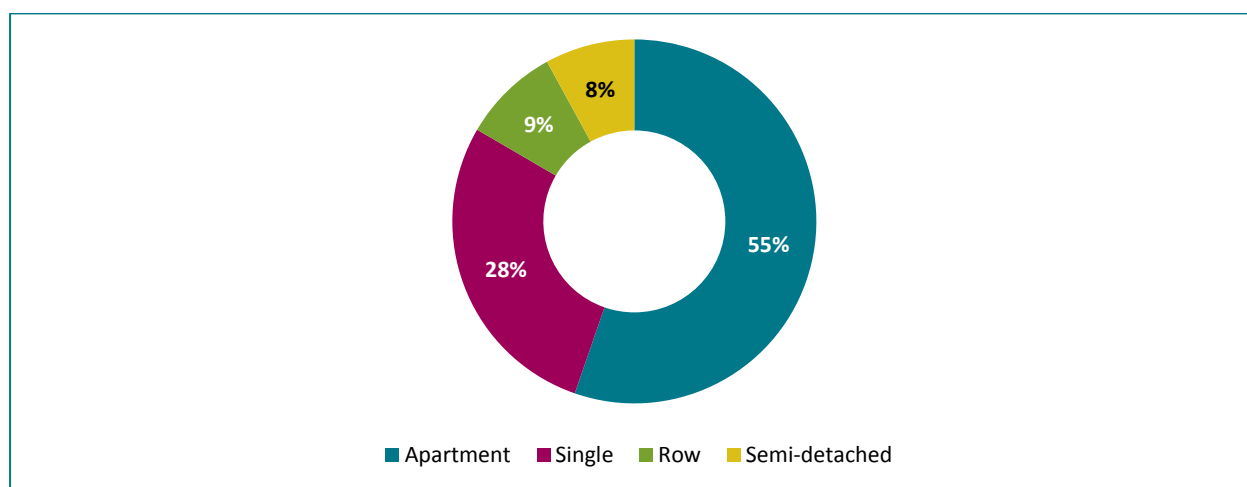
Figure 5: Occupied Private Dwellings by Type, Central Okanagan and BC, 2016



Source: Statistics Canada, 2016 Census of Population.

Recent trends show that housing starts in (new residential construction projects) in Kelowna CMA (Central Okanagan) are predominantly new apartment buildings. As of April 2019, 55% of all housing starts in Kelowna CMA (Central Okanagan) were apartments.

Figure 6: Housing Starts, Kelowna CMA, YTD 2019



Source: Canada Mortgage and Housing Corporation (CMHC) ©2019. Data for Kelowna CMA (Central Okanagan)

A higher proportion of low-density style development patterns has implications for municipal servicing. It is important that a municipality offers a wide range of housing options for a broad range of income groups. To attract the working-age population necessary to support a broad range of employment opportunities requires a diversity of housing stock.

Residential building permits grew by 12% from \$768,882 in 2017 to \$860,679 in 2018. A general increase in building permits might indicate a need for more homes. A rise in building permits specifically for



single-family homes can indicate that more citizens have accumulated enough finances to afford their residences.

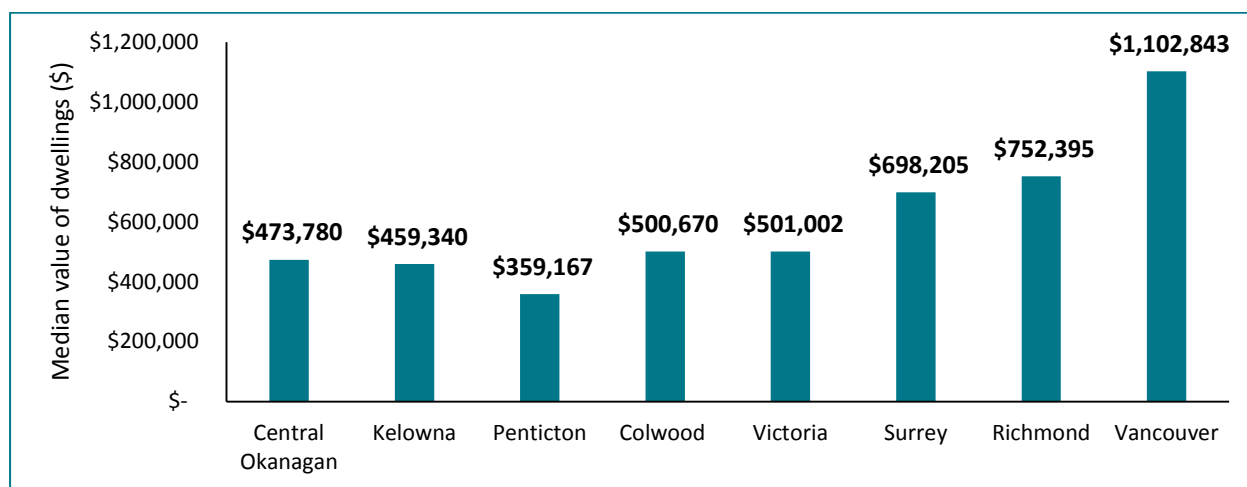
Comparative Dwelling Trends

The median value of dwellings, housing costs and rental rates in Kelowna were compared to comparator communities, namely, Colwood, Penticton, Richmond, Surrey, Vancouver and Victoria to provide a benchmark that Central Okanagan can compare itself to. The dwelling trends and costs are important indicators to consider in the attraction of graduates, young families, professional and creative individuals and business growth and investment.

Median value of dwellings (\$)

As shown in Figure 7, the Central Okanagan and relatedly the City of Kelowna show a lower median housing value compared to Colwood, Victoria, Surrey, Richmond and Vancouver. Dwellings in Colwood and Victoria cost \$40K more than dwellings in Kelowna while dwellings in Surrey and Richmond cost between \$238K to \$293K more than dwellings in Kelowna. Despite the housing market changes, dwelling prices in the City of Vancouver is still significantly higher than the surrounding region.

Figure 7: Median value of dwellings (\$), 2016



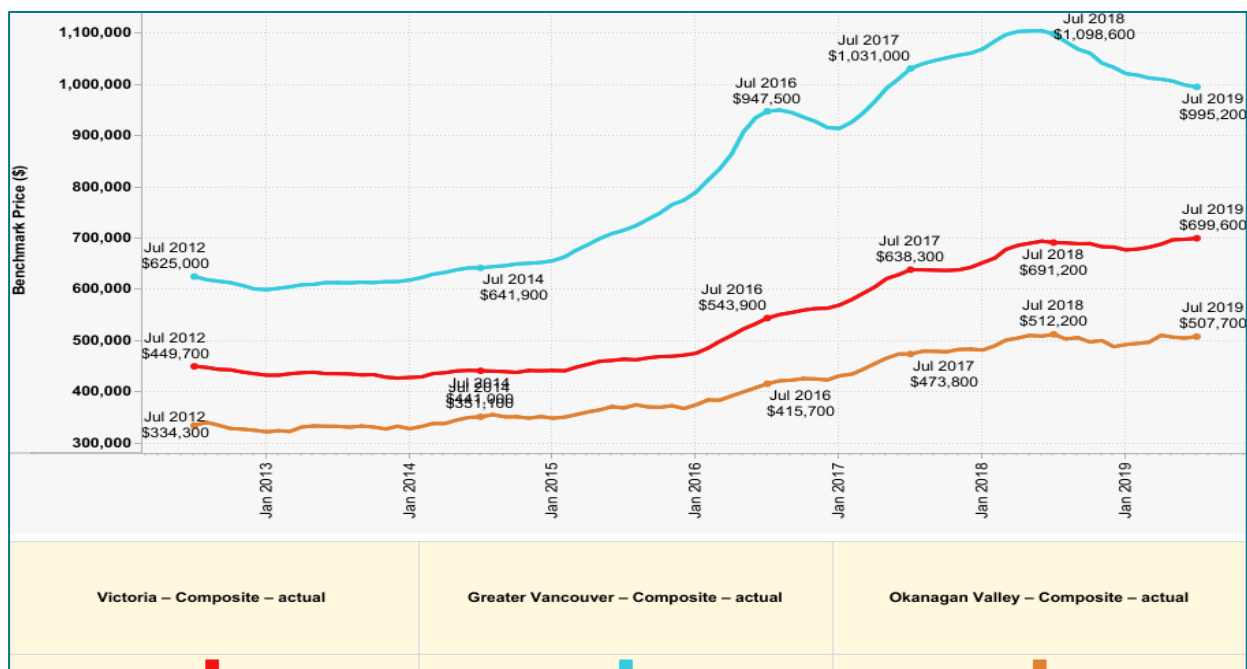
Source: Statistics Canada, 2016 Census of Population.

Housing Costs

As per The Canadian Real Estate Association Statistics (Figure 8), Okanagan Valley showed a lower housing price of \$507,700 in 2019 compared to \$699,600 in Victoria and \$995,200 in Greater Vancouver. Similar to comparable communities, housing prices in the Okanagan Valley has increased over the years. From 2012 to 2019, housing price has increased by \$173,400 (52%) in Okanagan Valley. Comparatively, Victoria saw housing price increases of \$249,900 (56%) while Greater Vancouver saw increase of \$370,200 (59%). Thus, Okanagan Valley is still an affordable alternative compared to Victoria and Greater Vancouver. This is an important consideration in the attraction of young families and professional and creative individuals.



Figure 8: Benchmark Price Performance over Time, 2012-2019



Source: The Canadian Real Estate Association.

Rental Rates

Studying rental rates provided by the CMHC Rental Market Survey (Figure 9) showed that private apartments in Kelowna had an average rent of \$1,117 in 2018. Comparing this to Vancouver and Richmond with average rents of \$1,478 and \$1,323 respectively, Kelowna is considered affordable. Residential rental rates in Kelowna is similar to rates in Victoria, Colwood and Surrey. Similar to housing prices, residential rental rates in Kelowna has increased recently by 26% (increase of \$227) from 2015 rates. This rate of increase is comparable to increasing rents in Vancouver, Victoria and Surrey.

Figure 9: Average Rents (\$) of Private Apartments, 2015-2018

| Private Apartment Average Rents (\$) | Year (month of October) | | | | Rent Increase from 2015-2018 | | Rent Difference (\$) Compared to Kelowna (2018) |
|--------------------------------------|-------------------------|---------|---------|---------|------------------------------|-----|---|
| | 2015 | 2016 | 2017 | 2018 | \$ | % | |
| Kelowna | \$890 | \$968 | \$1,033 | \$1,117 | \$227 | 26% | |
| Vancouver | \$1,233 | \$1,324 | \$1,389 | \$1,478 | \$245 | 20% | \$361 |
| Richmond | \$1,152 | \$1,211 | \$1,261 | \$1,323 | \$171 | 15% | \$206 |
| Victoria | \$941 | \$997 | \$1,064 | \$1,166 | \$225 | 24% | \$49 |
| Colwood | \$1,058 | \$1,052 | \$992 | \$1,127 | \$69 | 7% | \$10 |
| Surrey | \$874 | \$940 | \$1,005 | \$1,079 | \$205 | 23% | -\$38 |
| Penticton | \$764 | \$800 | \$838 | \$950 | \$186 | 24% | -\$167 |

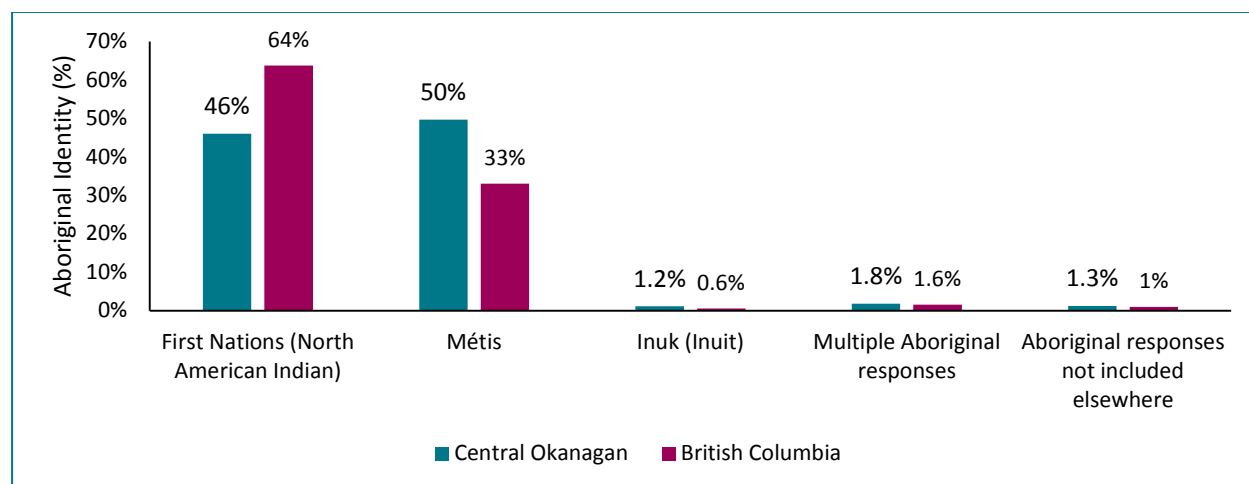


Source: CMHC Rental Market Survey. Data shown includes average total rents of Bachelor, 1 Bedroom, 2 Bedroom and 3+ Bedroom apartments.

2.3.4 Aboriginal Population

Studying the Aboriginal population in the Central Okanagan, it was determined that in 2016, approximately 11,375 people (6% of the total population) identified an aboriginal identity. As shown in Figure 10, of the 11,375 aboriginal persons, the majority identified as First Nations (North American Indian) and Métis. Approximately 5,235 people identified as First Nations (North American Indian) and 5,650 identified as Métis.

Figure 10: Aboriginal Identity, Central Okanagan and BC, 2016



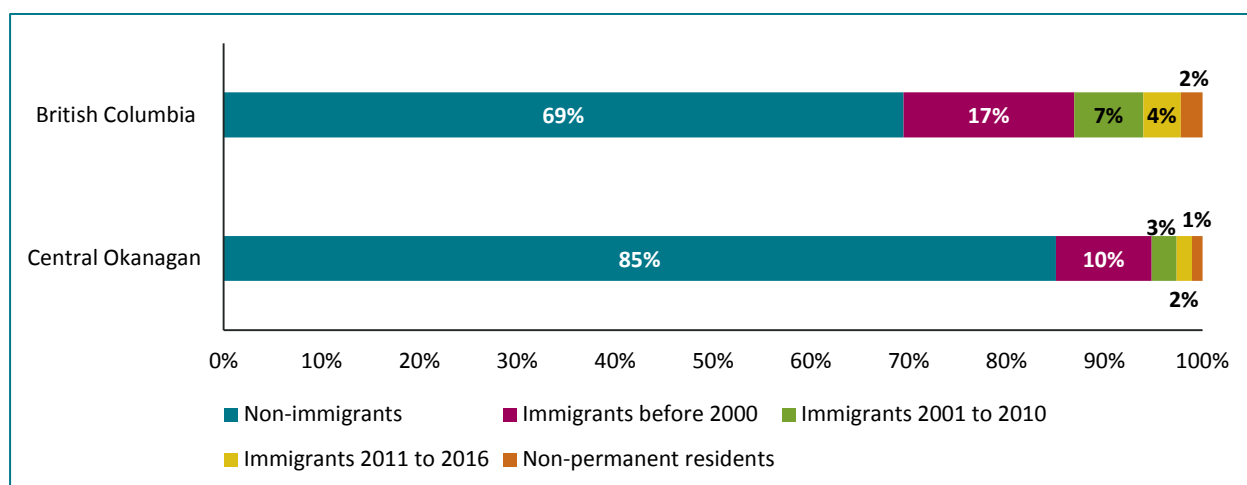
Source: Statistics Canada, 2016 Census of Population.

2.3.5 Immigration and Ethnic Diversity

In 2016, Central Okanagan had a larger proportion of non-immigrants in its population. Neither Central Okanagan nor British Columbia had significant levels of non-permanent resident populations. Central Okanagan had a lower proportion of immigrants at 15% compared to the province at 28%. From 2011 to 2016, Central Okanagan attracted only 2% of immigrants compared to the Province with immigration levels at 4%. This indicates that Central Okanagan may have difficulty attracting recent immigrants. This may present a challenge as immigrants are a good source of both skilled and unskilled labour for a community.



Figure 11: Migration Levels, Central Okanagan and BC, 2016

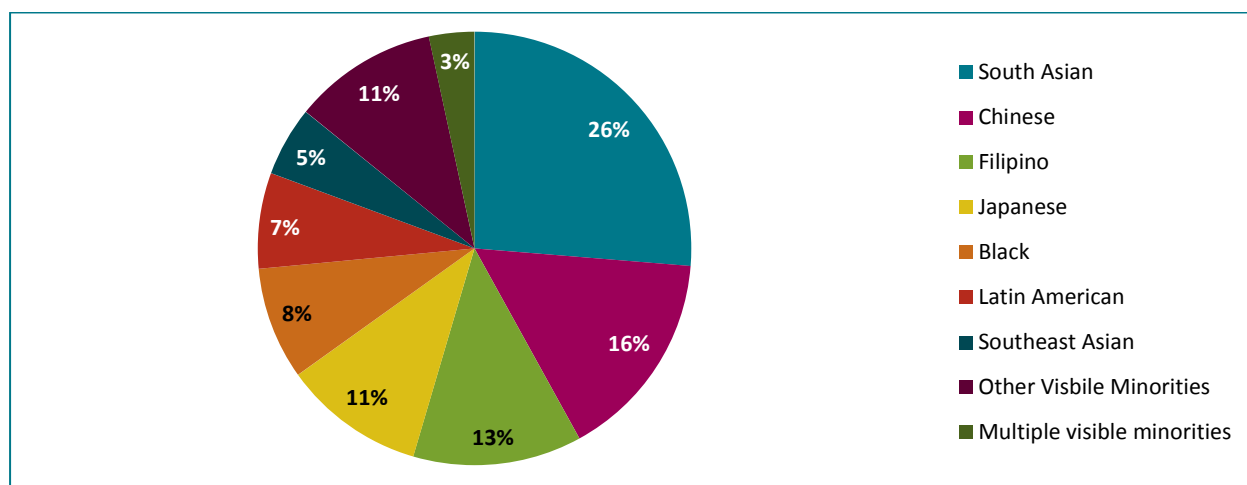


Source: Statistics Canada, 2016 Census of Population.

The ethnic diversity of Central Okanagan is another way of understanding the composition of communities. The Visible minority refers to whether a person belongs to a visible minority group as defined by the Employment Equity Act. Visible minorities are defined as "persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour."

Approximately 14,930 people identified themselves as a visible minority in the Central Okanagan region. The South Asian population is the largest minority group in Central Okanagan at 26%. The South Asian population include East Indian, Pakistani and Sri Lankan. Other majority visible minorities include Chinese, Filipino and Japanese.

Figure 12: Visible minority, Central Okanagan and BC, 2016



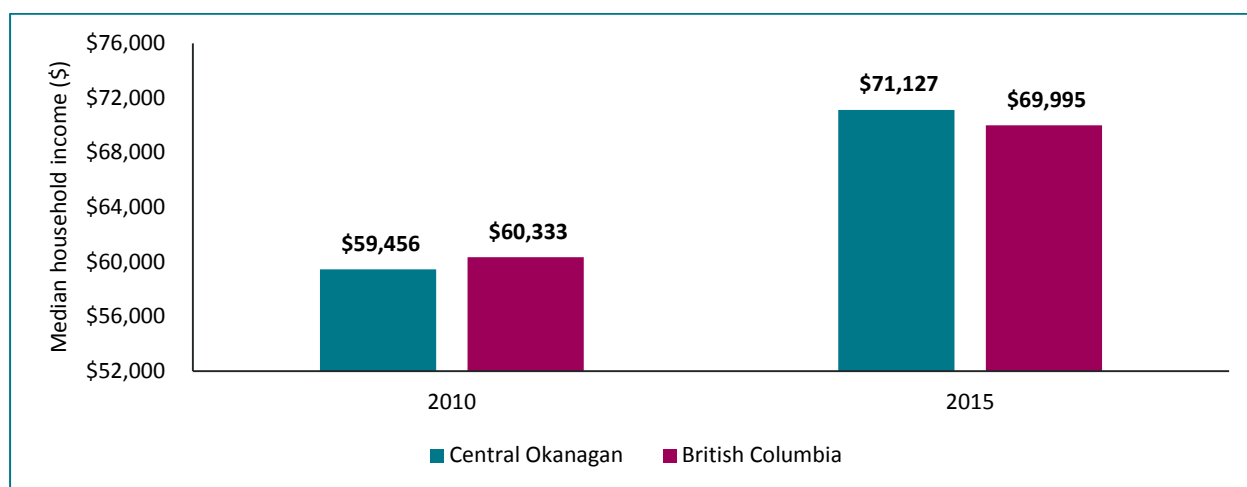
Source: Statistics Canada, 2016 Census of Population. The other visible minority percentage includes West Asian, Korean, Arab, and Visible minority. i.e. These groups were pooled together for easy representation in the figure.



2.3.6 Income Levels

The median income of a specified group is the amount that divides the income distribution of that group into two halves, i.e., the incomes of half of the units in that group are below the median, while those of the other half are above the median. For the 2016 Census, the reference period is the calendar year 2015 for all income variables. Median household income in Central Okanagan in 2015 was \$71,127 compared to \$69,995 in the Province. Median household income grew by 20%, an increase of \$11,671 from 2010 to 2015. This compares to the median income growth of \$9,662 in the Province.

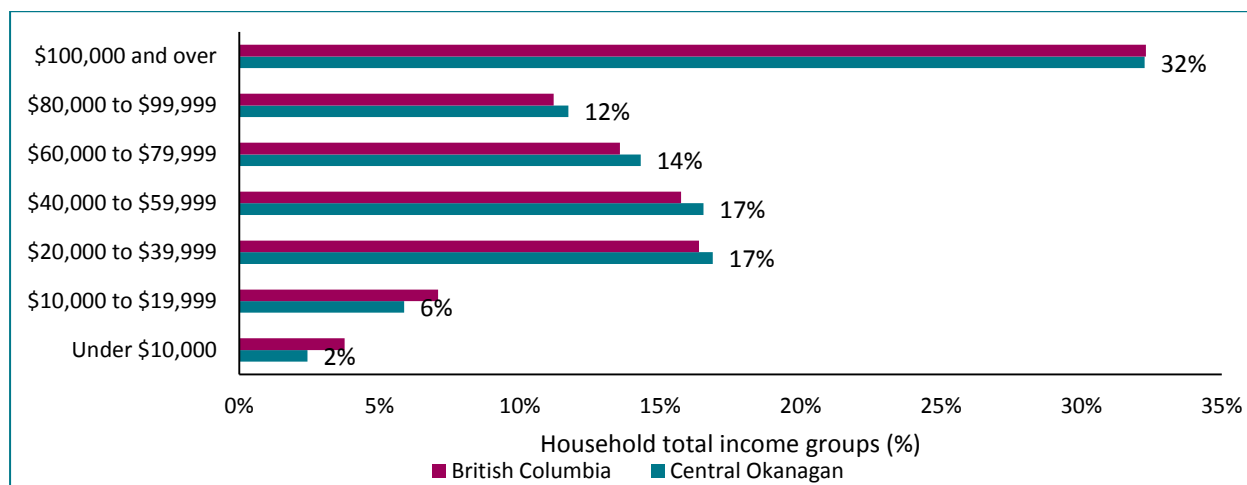
Figure 13: Median Household Income (\$), Central Okanagan and BC, 2010 & 2015



Source: Statistics Canada, 2016 Census of Population. The reference period is the calendar year 2015 for all income variables.

In terms of the individual income distribution, Figure 14, shows that Central Okanagan follows the broader provincial trend for most income brackets. The presence of high-income earners (\$100,000 and over) in Central Okanagan at 32% raises the income profile of the Region.

Figure 14: Household Total Household Income Groups, Central Okanagan and BC, 2015



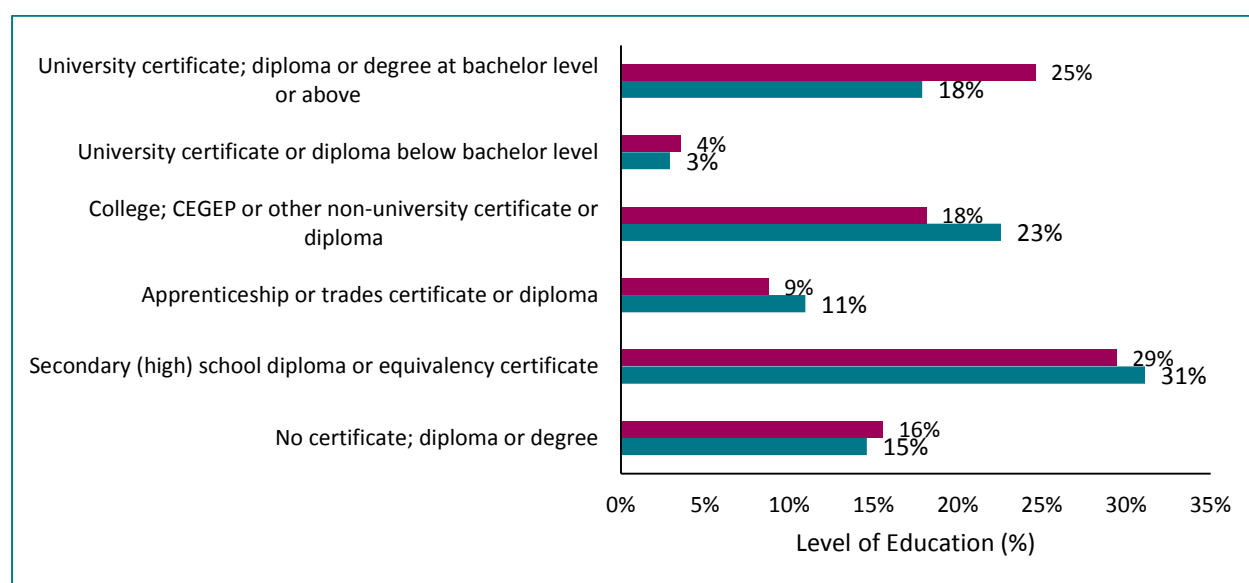
Source: Statistics Canada, 2016 Census of Population. The reference period is the calendar year 2015 for all income variables.



2.3.7 Educational Profile

It was determined that in 2016, 15% of the population aged 15 years and over in Central Okanagan had no certificate, diploma or degree. For the people with a secondary (high) school diploma or equivalency certificate, Central Okanagan's share of the labour at 31% is higher than the Province. The share of people with college, CEGEP or non-university diploma or degree is also higher than the Province. Central Okanagan has a lower proportion of the population with a university certificate, diploma or degree at bachelor level or above at 18% compared to the Province at 25%.

Figure 15: Educational Attainment, Central Okanagan and BC, 2016



Source: Statistics Canada, 2016 Census of Population.

Figure 16 shows the major fields of study for Central Okanagan's population with a postsecondary certificate; diploma or degree. Most of the Region's population have an education related to architecture; engineering; and related technologies, business; management and public administration and health and related fields.



Figure 16: Postsecondary certificate; diploma or degree by Field of Study, Central Okanagan and BC, 2016

| Classification of Instructional Programs (CIP) 2016 for the population aged 15 years and over | Central Okanagan | % of Total | British Columbia | % of Total |
|---|------------------|------------|------------------|------------|
| Total - Postsecondary certificate; diploma or degree | 88,505 | 100% | 2,130,185 | 100% |
| Architecture; engineering; and related technologies | 19,475 | 22% | 427,670 | 20% |
| Business; management and public administration | 18,450 | 21% | 426,460 | 20% |
| Health and related fields | 16,195 | 18% | 322,715 | 15% |
| Social and behavioral sciences and law | 7,590 | 9% | 245,990 | 12% |
| Education | 6,480 | 7% | 144,100 | 7% |
| Personal; protective and transportation services | 6,360 | 7% | 122,855 | 6% |
| Humanities | 3,635 | 4% | 124,600 | 6% |
| Visual and performing arts; and communications technologies | 3,275 | 4% | 98,735 | 5% |
| Physical and life sciences and technologies | 2,835 | 3% | 86,425 | 4% |
| Mathematics; computer and information sciences | 2,380 | 3% | 80,070 | 4% |
| Agriculture; natural resources and conservation | 1,830 | 2% | 50,210 | 2% |
| Other | - | 0% | 355 | 0% |

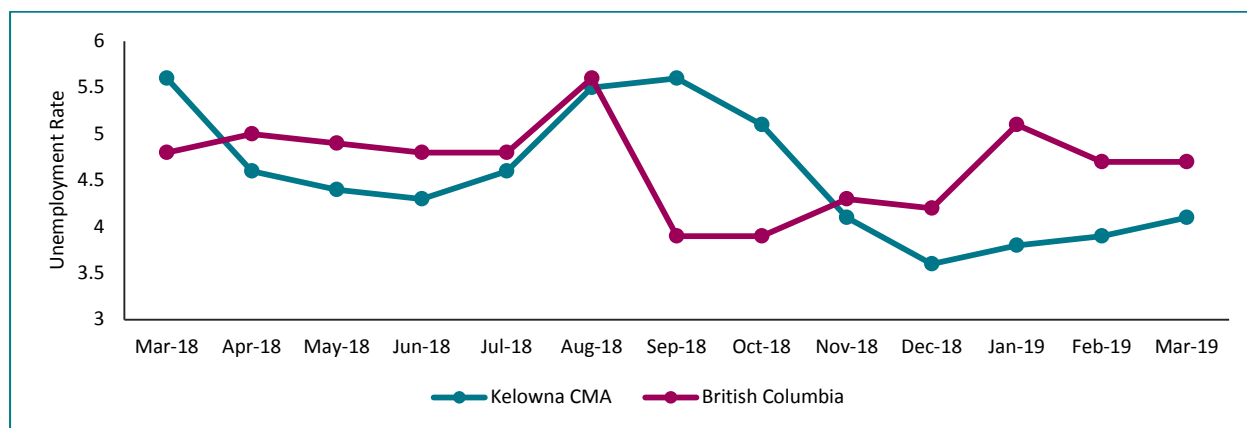
Source: Statistics Canada, 2016 Census of Population.

2.4 Labour Force Profile

2.4.1 Labour Force Status

The labour force profile shows that Kelowna CMA (Central Okanagan) participation in the labour force (Figure 18), has been growing since November 2018 to a high of 64.8% in March 2019. As of March 2019, Kelowna CMA (Central Okanagan) has a lower unemployment rate at 4.1% compared to the Province at 4.7%. Although the unemployment rate has been increasing in recent months, the increasing participation rate shows that people are either employed or actively looking for jobs.

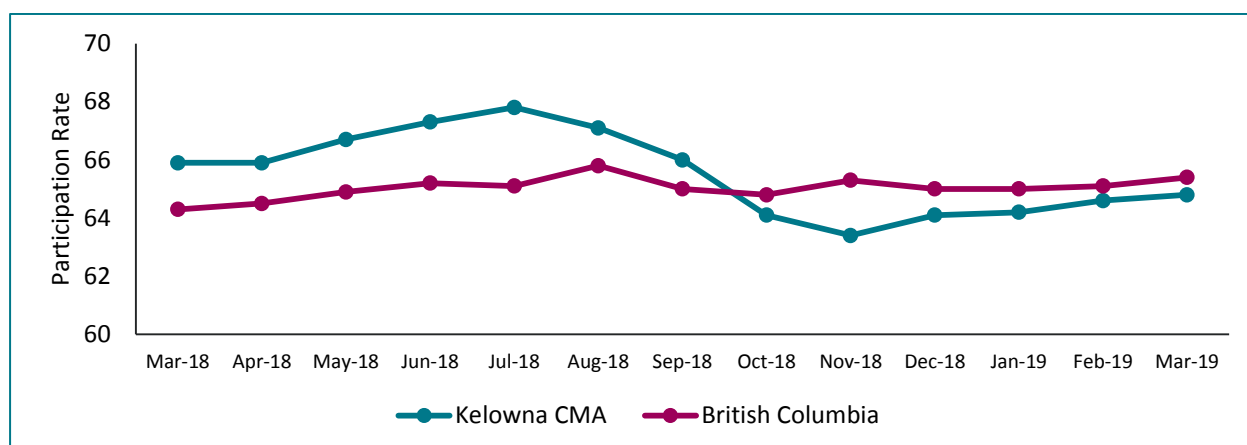
Figure 17: Unemployment Rate Trends, Kelowna CMA (Central Okanagan) and BC, 2018-2019



Source: Statistics Canada, CANSIM 282-0128 and CANSIM 282-0001. Data for Kelowna CMA (Central Okanagan)



Figure 18: Participation Rate Trends, Kelowna CMA (Central Okanagan) and BC, 2018-2019



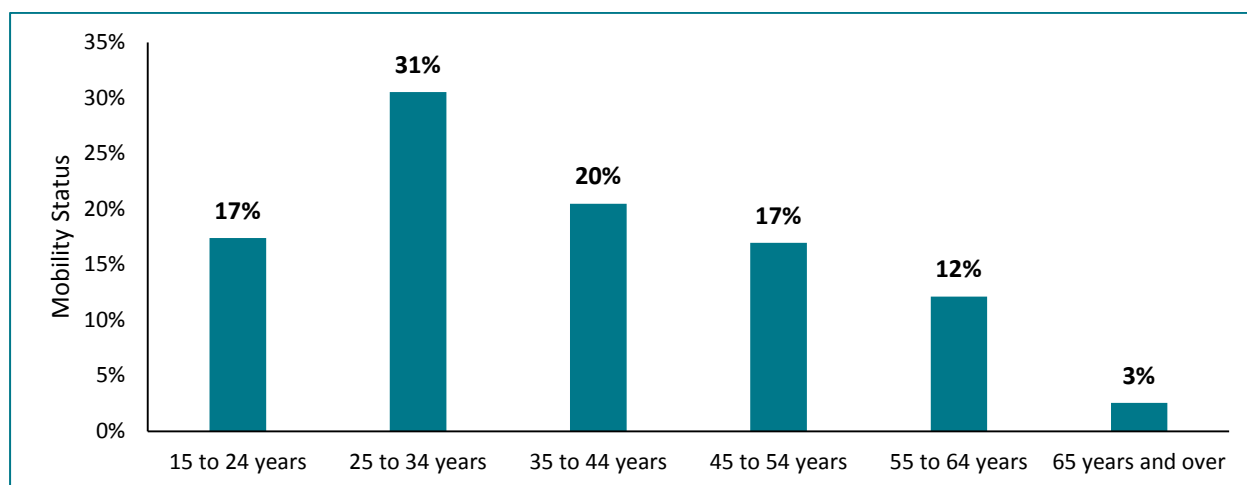
Source: Statistics Canada, CANSIM 282-0128 and CANSIM 282-0001. Data for Kelowna CMA (Central Okanagan)

2.4.2 Labour Force Mobility by Age

The mobility status of the labour force compared to their Place of residence 5 years ago was studied by broad age groups. Approximately 52,230 people (50%) of Central Okanagan's labour force moved to the region within the last five years. These include non-migrants and internal migrants. Internal migrants include intraprovincial and interprovincial migrants.

As shown in Figure 19, of the 52,230 people, the majority of movers; 31% were between the ages of 25 to 34 years. Approximately 17% were between the ages of 15 to 24 years. This is given considering that Central Okanagan is home to post-secondary educational institutions.

Figure 19: Labour Force Mobility by Broad Age Groups - Place of residence 5 years ago, Central Okanagan, 2016



Source: Statistics Canada, 2016 Census of Population.

2.4.3 Labour Force by Industry

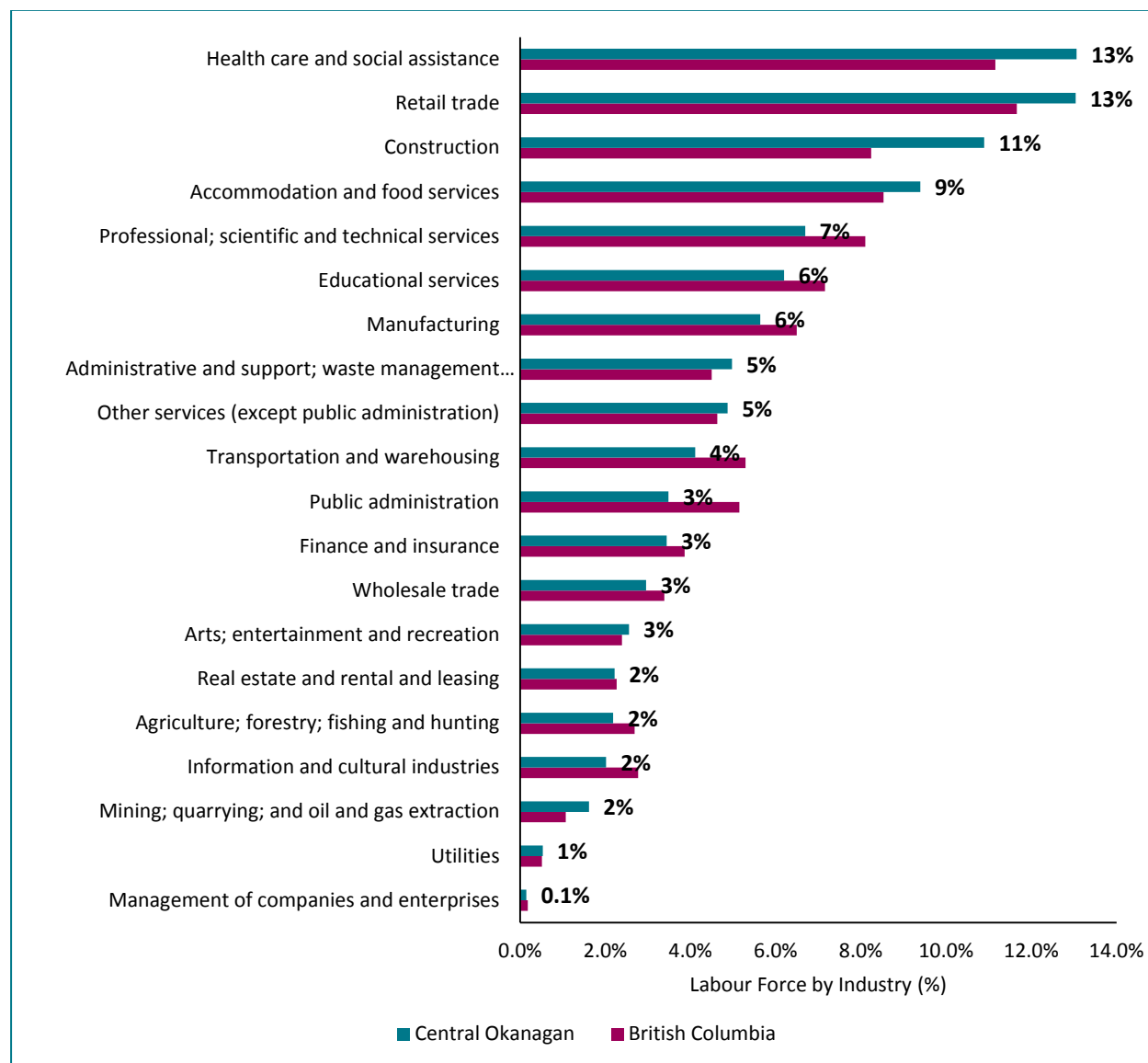
Figure 20 shows the percentage of employed labour force by industry in Central Okanagan and



comparative rates in British Columbia in 2016. The labour force by Industry analysis for Central Okanagan shows that employment is centred in the following industry sectors:

- Health care and social assistance – 13,365 people (13% of the total labour force)
- Retail trade – 13,340 people (13% of the total labour force)
- Construction – 11,145 people (11% of the total labour force)
- Accommodation and food services – 9,610 people (9% of the total labour force)

Figure 20: Employed Labour Force by Industry (%), Central Okanagan & BC, 2016



Source: Statistics Canada, 2016 Census of Population.

Figure 21 shows that labour force by industry in Central Okanagan grew by 7,725 people or 8% growth from 2011 to 2016. Comparatively, the Province of British Columbia saw 5% growth for the same period. The following sectors showed the largest growth in terms of net employment:



- Accommodation and food services – the net growth of 2,465 people
- Health care and social assistance – the net growth of 1,325 people
- Construction – the net growth of 1,145 people

Sectors that sawed the largest decline in employment numbers for the same period were:

- Public administration – a decline of 825 people
- Wholesale trade – a decline of 685 people
- Real estate and rental and leasing – a decline of 200 people

The decline in public administration labour force may be due to the closing or consolidation of a number of regional service departments into lower mainland service. Compared to Figure 16, the top employment sectors in Central Okanagan have shown growth from 2011 to 2016.

Figure 21: Employed Labour Force by Industry (%), Central Okanagan, 2016

| Total labour force population aged 15 years and over by industry - (NAICS) 2007 | Year | | Labour Force Change 2011-2016 | |
|---|--------|---------|-------------------------------|----------|
| | 2011 | 2016 | Net Change | % Change |
| All industries | 94,570 | 102,295 | 7,725 | 8% |
| Agriculture; forestry; fishing and hunting | 1,885 | 2,235 | 350 | 19% |
| Mining; quarrying; and oil and gas extraction | 805 | 1,650 | 845 | 105% |
| Utilities | 575 | 540 | (35) | -6% |
| Construction | 10,000 | 11,145 | 1,145 | 11% |
| Manufacturing | 5,460 | 5,765 | 305 | 6% |
| Wholesale trade | 3,710 | 3,025 | (685) | -18% |
| Retail trade | 12,770 | 13,340 | 570 | 4% |
| Transportation and warehousing | 3,375 | 4,205 | 830 | 25% |
| Information and cultural industries | 2,225 | 2,065 | (160) | -7% |
| Finance and insurance | 3,325 | 3,515 | 190 | 6% |
| Real estate and rental and leasing | 2,465 | 2,265 | (200) | -8% |
| Professional; scientific and technical services | 6,510 | 6,845 | 335 | 5% |
| Management of companies and enterprises | 45 | 150 | 105 | 233% |
| Administrative and support; waste management and remediation services | 4,465 | 5,085 | 620 | 14% |
| Educational services | 5,825 | 6,335 | 510 | 9% |
| Health care and social assistance | 12,040 | 13,365 | 1,325 | 11% |
| Arts; entertainment and recreation | 2,465 | 2,615 | 150 | 6% |
| Accommodation and food services | 7,145 | 9,610 | 2,465 | 34% |
| Other services (except public administration) | 5,085 | 4,980 | (105) | -2% |
| Public administration | 4,385 | 3,560 | (825) | -19% |

Source: Statistics Canada, 2016 Census of Population.

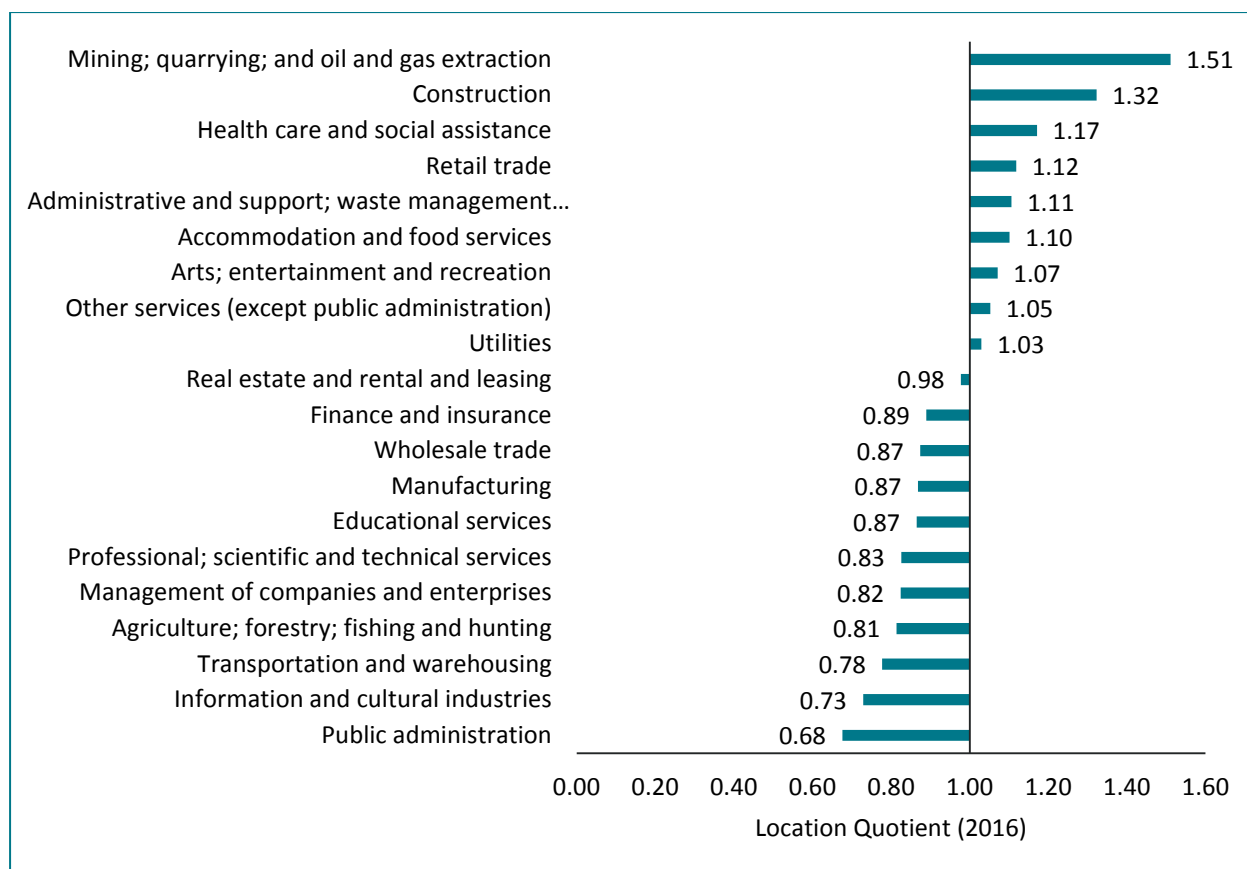
While the percentage of the labour force and employment growth by industry sector is important to analyze, the labour force location quotient identifies which industries have a competitively higher proportion of labour force than the province. An LQ score of 1.25 or greater shows that the community has a high labour force concentration compared to the province. An LQ score between 0.75 and 1.25 represents a labour force concentration that is on par with the province (1.0 represents perfect parity),



and a score below 0.75 represents a low labour force concentration in a sector. Based on the above considerations, the following observations emerge (Figure 22):

- The construction sector with an LQ of 1.32 indicates that labour force is highly concentrated in Central Okanagan compared to the Province. This sector accounts for 11% of the total labour force and is one of the top growing industry sectors for Central Okanagan (Figure 20 and Figure 21).
- The Mining; quarrying; and oil and gas extraction with an LQ of 1.51 indicates high labour force concentration in Central Okanagan compared to the Province. As shown in Figure 16, the sector accounts for only 2% of the total labour force.
- Sectors with moderate labour force concentration include health care and social assistance, retail trade, administrative and support; waste management and remediation services and accommodation and food services.
- Accommodation and food services account for 9% of the Central Okanagan's labour force and is a growth sector for Central Okanagan (Figure 20 and Figure 21). Accommodation and food services with an LQ of 1.1 indicates labour force concentration on par with the province.
- Sectors with low labour force concentration compared to the province include public administration and information and cultural industries.

Figure 22: Employment Location Quotient (LQ) Analysis, Central Okanagan, 2016



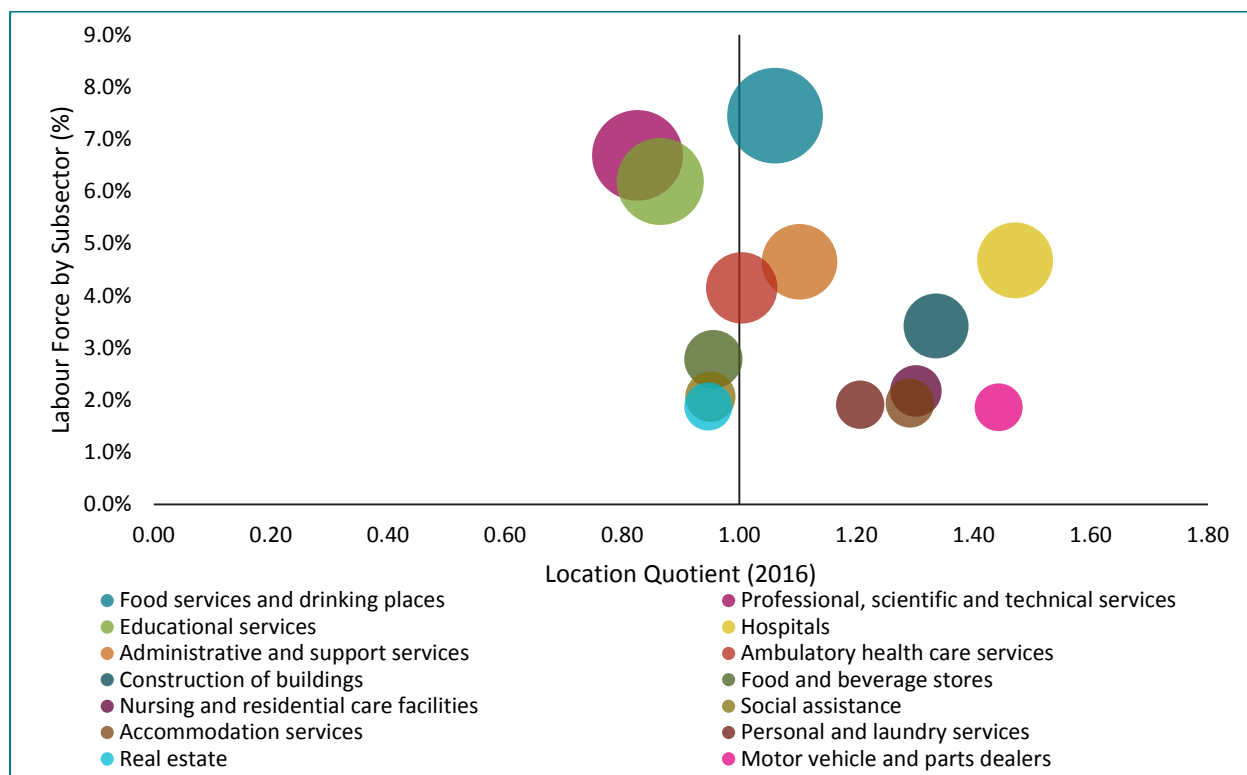
Source: Statistics Canada, 2016 Census of Population.



A deeper analysis of the labour force was conducted at the sub-sector level. The top 15 industrial subsectors for Central Okanagan by their proportion of labour force was identified and their relative Location Quotients (LQ's) was studied, to understand competitive areas of strength for the Central Okanagan. The results of this analysis are shown in Figure 19 and described below:

- The industry sub-sector *food services and drinking places* account for the majority of the Central Okanagan's labour force with 7,625 employees (7.5% of the total labour force). The sector shows an LQ of 1.06, indicating labour force concentration on par with the province.
- The industry sub-sector *professional, scientific and technical services* is the second highest labour force contributor with has 6,845 employees (6.7% of the total labour force). The sector shows an LQ of 0.83, indicating labour force concentration below average compared to the province.
- The industry sub-sector *educational services* have a labour force of 6,335 people (6.2% of the total labour force). The sector shows an LQ of 0.86, indicating labour force concentration below average compared to the province.
- The industry sub-sector *speciality trade contractors* have a labour force of 6,320 people (6.2% of the total labour force). The sector shows an LQ of 1.28, indicating a high labour force concentration compared to the province.
- The industry sub-sector *hospitals* have a labour force of 4,785 people (4.7% of the total labour force). The sector shows an LQ of 1.47, indicating a high labour force concentration compared to the province.

Figure 23: Concentration and Percentage Employment for Top 15 Industrial Subsectors, Central Okanagan, 2016



Source: Statistics Canada, 2016 Census of Population.



2.4.4 Commuting Patterns

While the labour force by industry data provides information on the type of industry where Central Okanagan's population are employed, it does not indicate if the labour force is employed in industries within Central Okanagan or if they commute outside the Region to work. The commuting patterns are important in this regard as it indicates where Central Okanagan's labour force live and work.

Workforce commuting patterns provides a representation of the movement of labour in and out of a community. The 2016 Statistics Canada, Commuting Flow from Geography of Residence to Geography of Work for the Employed Labour Force provides a representation of the movement of labour in and out of Central Okanagan.

The data as shown in Figure 24 is interpreted as follows. Labour Flow Patterns by industry compares the number of jobs held by local residents, who commute outside the community to work (indicated as A in the table) with the number of jobs held by non-residents working in the community (indicated as B in the table). When interpreting the table, if (C-B) is positive, it indicates a community is a net importer of workers; more people commute into the community to work in it than leave it. Conversely, if (C-B) is negative, it indicates a community is a net exporter of workers; more people leave the community to work than enter it for work.

As illustrated in the table, approximately 76,090 residents of Central Okanagan, work in Central Okanagan's industrial sectors. The majority of residents perform jobs in in Central Okanagan's health care and social assistance, retail trade and accommodation and food services.

Approximately 6,380 Central Okanagan residents work outside Central Okanagan (A). Most of the residents' travel to communities outside Central Okanagan to work in their mining, quarrying, and oil and gas extraction, health care and social assistance and construction sectors, among others.

Comparing the labour force population and the commuting flow data, the following inference can be made. While the labour force data shows 1,650 people are employed in the mining; quarrying; and oil and gas extraction, only 260 residents work locally in Central Okanagan's mining; quarrying; and oil and gas extraction. Approximately 930 residents commute outside Central Okanagan to work in mining; quarrying; and oil and gas extraction sector of other communities.

Central Okanagan attracts approximately 4,020 people from outside communities to work in its industrial sectors (B). Retail trade, health care and social assistance and accommodation and food services are the top three sectors that attract the greatest number of people.

Considering the net flow of labour, it can be understood that Central Okanagan is a net exporter of workers. While commuter outflow accounts for 6,380 residents, commuter inflow represents 4,020 people. Thus, Central Okanagan net exports 2,360 people. As identified above, the mining, quarrying, and oil and gas extraction accounts for the majority of worker export.

The pattern of export support anecdotal evidence that workers choose to live in Central Okanagan, possibly due quality of life it affords, regardless of where they may choose to work. In terms of individual sectors, educational services are a net importer of workers supporting evidence that educational institutions including UBCO and Okanagan College are economic drivers for Central Okanagan, providing jobs that employs its residents and attracts workers from nearby communities.



Figure 24: Net Export (-)/Net Import (+) of Labour by Industry, 2016

| Industry | Resident working IN Central Okanagan | Central Okanagan resident 'working outside' Central Okanagan (A) | Non-residents 'working in' Central Okanagan (B) | Net Import (+) (or) Net Export (-) |
|---|--------------------------------------|--|---|------------------------------------|
| Total | 76,090 | 6,380 | 4,020 | -2,360 |
| Educational services | 5,525 | 195 | 390 | 195 |
| Arts, entertainment and recreation | 2,045 | 120 | 155 | 35 |
| Transportation and warehousing | 2,525 | 215 | 245 | 30 |
| Information and cultural industries | 1,735 | 55 | 80 | 25 |
| Other services (except public administration) | 3,990 | 175 | 190 | 15 |
| Agriculture, forestry, fishing and hunting | 1,640 | 140 | 140 | 0 |
| Wholesale trade | 2,345 | 175 | 165 | -10 |
| Professional, scientific and technical services | 5,785 | 285 | 275 | -10 |
| Utilities | 345 | 70 | 40 | -30 |
| Management of companies and enterprises | 125 | 30 | - | -30 |
| Admin & support, waste mgmt. & remediation services | 2,485 | 180 | 145 | -35 |
| Real estate and rental and leasing | 1,830 | 100 | 50 | -50 |
| Retail trade | 11,620 | 535 | 475 | -60 |
| Public administration | 2,895 | 300 | 240 | -60 |
| Finance and insurance | 3,100 | 195 | 90 | -105 |
| Accommodation and food services | 8,005 | 535 | 400 | -135 |
| Manufacturing | 4,480 | 470 | 280 | -190 |
| Health care and social assistance | 11,405 | 810 | 430 | -380 |
| Construction | 3,955 | 785 | 320 | -465 |
| Mining, quarrying, and oil and gas extraction | 260 | 930 | 20 | -910 |

Source: Statistics Canada, 2016 Census of Population.

Figure 25 shows where residents of Central Okanagan work. As shown in Figure 20, the majority of Central Okanagan's residents work in Central Okanagan (76,090 residents – 93% of commuting workforce). The remaining 7% (6,380 residents) of Central Okanagan residents travel outside to work. The majority travel to work in North Okanagan, Okanagan-Similkameen and Alberta.

Figure 25: Place of Work for Residents of Central Okanagan, 2016

| Communities | Number of Residents | % of total |
|----------------------|---------------------|------------|
| Central Okanagan | 76,090 | 92% |
| North Okanagan | 1,525 | 2% |
| Okanagan-Similkameen | 1,050 | 1.3% |
| Alberta | 1,000 | 1.2% |
| Division No. 16 | 635 | 0.8% |
| Greater Vancouver | 410 | 0.5% |
| Kootenay Boundary | 155 | 0.2% |
| Division No. 6 | 140 | 0.2% |



| Communities | Number of Residents | % of total |
|---|---------------------|------------|
| Thompson-Nicola | 140 | 0.2% |
| Division No. 11 | 110 | 0.1% |
| Rest of Communities | 1,215 | 1.5% |
| Commuting workforce of Central Okanagan | 82,470 | 100% |

Source: Statistics Canada, 2016 Census of Population. Rest of communities include Columbia-Shuswap, Ontario, Fraser Valley, Saskatchewan, Capital and Peace River, among others.

Figure 26 shows the commuting patterns of workers who commute to Central Okanagan to work. Central Okanagan attracts approximately 4,020 people from other communities. The majority of the non-residents who work in the Region are from North Okanagan (1,550 people – 39% of total) followed by Okanagan-Similkameen. Residents of Greater Vancouver and Alberta also travel to Central Okanagan to work.

Figure 26: Place of Residence for Workers who Commute to Central Okanagan to Work, 2016

| Communities | Number of Non-residents | % of total |
|---|-------------------------|------------|
| North Okanagan | 1,550 | 39% |
| Okanagan-Similkameen | 835 | 21% |
| Greater Vancouver | 270 | 7% |
| Alberta | 245 | 6% |
| Division No. 6 | 155 | 4% |
| Columbia-Shuswap | 105 | 3% |
| Ontario | 100 | 2% |
| Kootenay Boundary | 95 | 2% |
| Rest of Communities | 665 | 17% |
| Non-residents 'working in' Central Okanagan (B) | 4,020 | 100% |

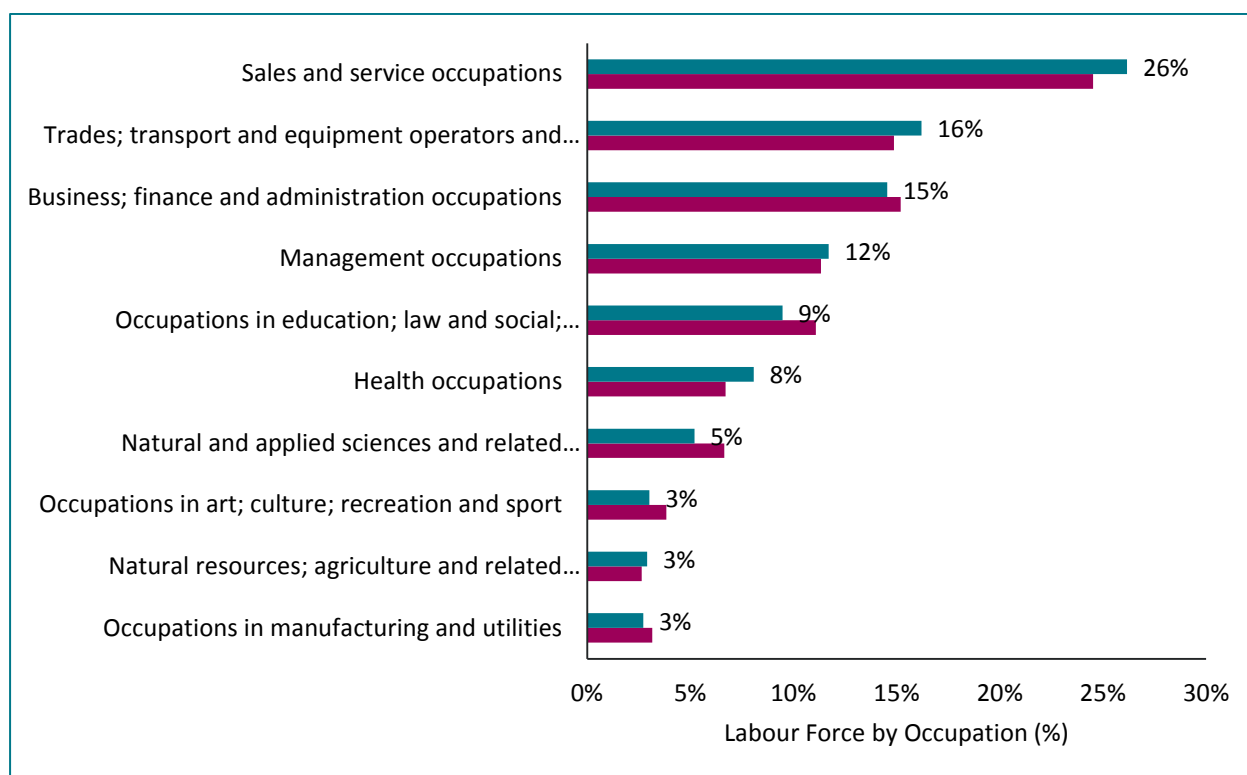
Source: Statistics Canada, 2016 Census of Population. Rest of communities include residents of Thompson-Nicola, Division No. 11, Central Kootenay, Saskatchewan, Fraser Valley, Cariboo and Division No. 11, among others.

2.4.5 Labour Force by Occupation

The labour force by occupations shows that sales and services occupations rank the highest in Central Okanagan, accounting for 26% (26,765 occupations) of total occupations. Sales and services occupations are also the top occupation sectors in the Province. Central Okanagan also has a similar percentage of trades, transport and equipment operators and related occupations at 16% (16,575 occupations) compared to Province at 15%. Occupations in education; law and social; community and government services are lower in Central Okanagan at 9% (9,685 occupations) compared to the Province at 11%.



Figure 27: Labour Force by Occupation (%), Central Okanagan, 2016



Source: Statistics Canada, 2016 Census of Population.

2.5 Business Environment and Structure

A business characteristics assessment was completed to study the number and type of businesses in the Central Okanagan. Specifically, businesses in Central Okanagan were profiled total employee number, size of business establishments by employees and businesses by industry.

2.5.1 Notes on Data

Statistics Canada's Canadian Business Counts Data provides a record of business establishments by industry and size. This data is collected from the Canada Revenue Agency (CRA). The business data collected for Central Okanagan include all local businesses that meet at least one of the three following criteria:

- Have an employee workforce for which they submit payroll remittances to CRA; or
- Have a minimum of \$30,000 in annual sales revenue; or
- Are incorporated under a federal or provincial act and have filed a federal corporate income tax form within the past three years.

The Canadian Business Counts Data records business counts by "Total," "Indeterminate" and "Subtotal" categories. The establishments in the "Indeterminate" category include the self-employed (i.e. those who do not maintain an employee payroll but may have a workforce consisting of contracted workers, family members or business owners). It should be noted that the Canadian Business Counts Data uses



the CRA as a primary resource in establishment counts; therefore, businesses without a business number or indicating annual sales less than \$30,000 are not included. The population of these small, unincorporated businesses is thought to be in the range of 600,000 in all of Canada.

2.5.2 Interpreting the Data

Canadian business counts are compiled from the Business Register, Statistics Canada's central listing of Canadian businesses. There are some considerations when analyzing and interpreting the data.

- As changes to the Business Register's methodology or business industrial classification strategies can bring about increases or decreases in the number of active businesses, it is important to study the data as a percentage of total businesses rather than focus on absolute numbers.
- As mentioned above the "Indeterminate" category of businesses include contracted workers, family members or business owners who list the businesses as belonging to an industrial sector, and this may show high business numbers for an industry.

Statistics Canada also specifies that the business counts are based on the statistical concept of "location"—that is, each operating location is separately counted, including cases where one business comprises multiple locations. For example, a retail business with ten stores represents ten businesses in the Canadian business counts.

2.5.3 Key Business Characteristics

A detailed review of the business counts data was studied using the Canadian Business Counts. As of December 2018, approximately 26,768 businesses were registered in Central Okanagan. Figure 28 shows the businesses in Central Okanagan by employees. Of the 26,768 businesses, the majority were sole- proprietorships (18,421 businesses – 69% of total businesses). Approximately 4,374 businesses employed between 1 to 4 employees while 1,674 businesses employed between 5 to 9 employees. Central Okanagan is also a centre for large business establishments, with approximately 121 businesses employing at least 100 employees.

Figure 28: Businesses by Employees, Central Okanagan, 2018

| Total Businesses | Without employees | Businesses with Employees | | | | | | | |
|------------------|-------------------|---------------------------|-------|-------|-------|-------|---------|---------|-------|
| | | 1-4 | 5-9 | 10-19 | 20-49 | 50-99 | 100-199 | 200-499 | 500 + |
| 26,768 | 18,421 | 4,374 | 1,674 | 1,235 | 727 | 216 | 73 | 39 | 9 |
| % of Total | 69% | 16% | 6% | 5% | 3% | 1% | 0.3% | 0.1% | 0.0% |

Source: Canadian Business Counts, 2018

The following sectors exhibited the highest proportion of business establishments in 2018:

- Real estate and rental and leasing – 5,509 businesses (21% of total businesses)
- Construction – 4,132 businesses (15% of total businesses)
- Professional, scientific and technical services – 3,095 businesses (12% of total businesses)
- Other services (except public administration) – 2,025 businesses (8% of total businesses)
- Finance and insurance – 1,977 businesses (7% of total businesses)

These include sole-proprietorships and businesses with employees. Figure 29 shows the proportion of businesses by industry sectors.



Figure 29: Businesses by Industry, Central Okanagan, 2018

| Businesses by Industry NAICS | Total | % of Total |
|---|--------------|-------------------|
| Total Businesses | 26,768 | 100% |
| Real estate and rental and leasing | 5,509 | 21% |
| Construction | 4,132 | 15% |
| Professional, scientific and technical services | 3,095 | 12% |
| Other services (except public administration) | 2,025 | 8% |
| Finance and insurance | 1,977 | 7% |
| Health care and social assistance | 1,846 | 7% |
| Retail trade | 1,751 | 7% |
| Administrative and support, waste management and remediation services | 1,147 | 4% |
| Accommodation and food services | 892 | 3% |
| Transportation and warehousing | 839 | 3% |
| Agriculture, forestry, fishing and hunting | 772 | 3% |
| Wholesale trade | 630 | 2% |
| Manufacturing | 609 | 2% |
| Arts, entertainment and recreation | 422 | 2% |
| Educational services | 348 | 1.3% |
| Information and cultural industries | 314 | 1.2% |
| Management of companies and enterprises | 264 | 1% |
| Mining and oil and gas extraction | 145 | 0.5% |
| Utilities | 34 | 0.1% |
| Public administration | 17 | 0.1% |

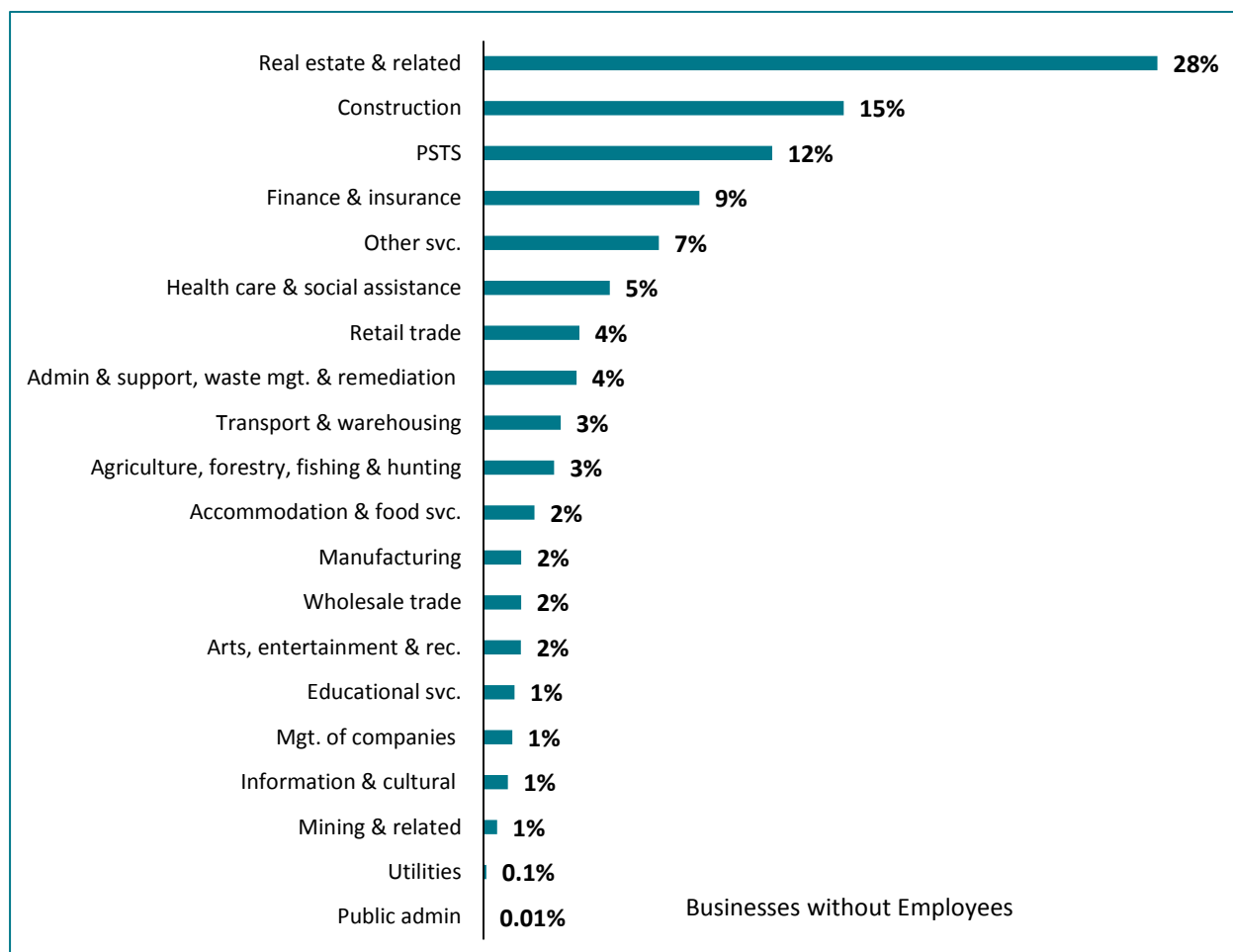
Source: Canadian Business Counts, 2018

Analyzing sole-proprietorships (Figure 30), showed that industry sectors with the highest number of sole-proprietorships in 2018 remain consistent with the highest business establishment proportions in real estate and rental and leasing. The sectors with the highest sole proprietorships in 2018 were:

- Real estate and rental and leasing – 5,089 businesses (28% of total businesses)
- Construction – 2,719 businesses (15% of total businesses)
- Professional, scientific and technical services – 2,178 businesses (12% of total businesses)
- Finance and insurance – 1,629 businesses (9% of total businesses)



Figure 30: Businesses without Employees by Industry, Central Okanagan, 2018



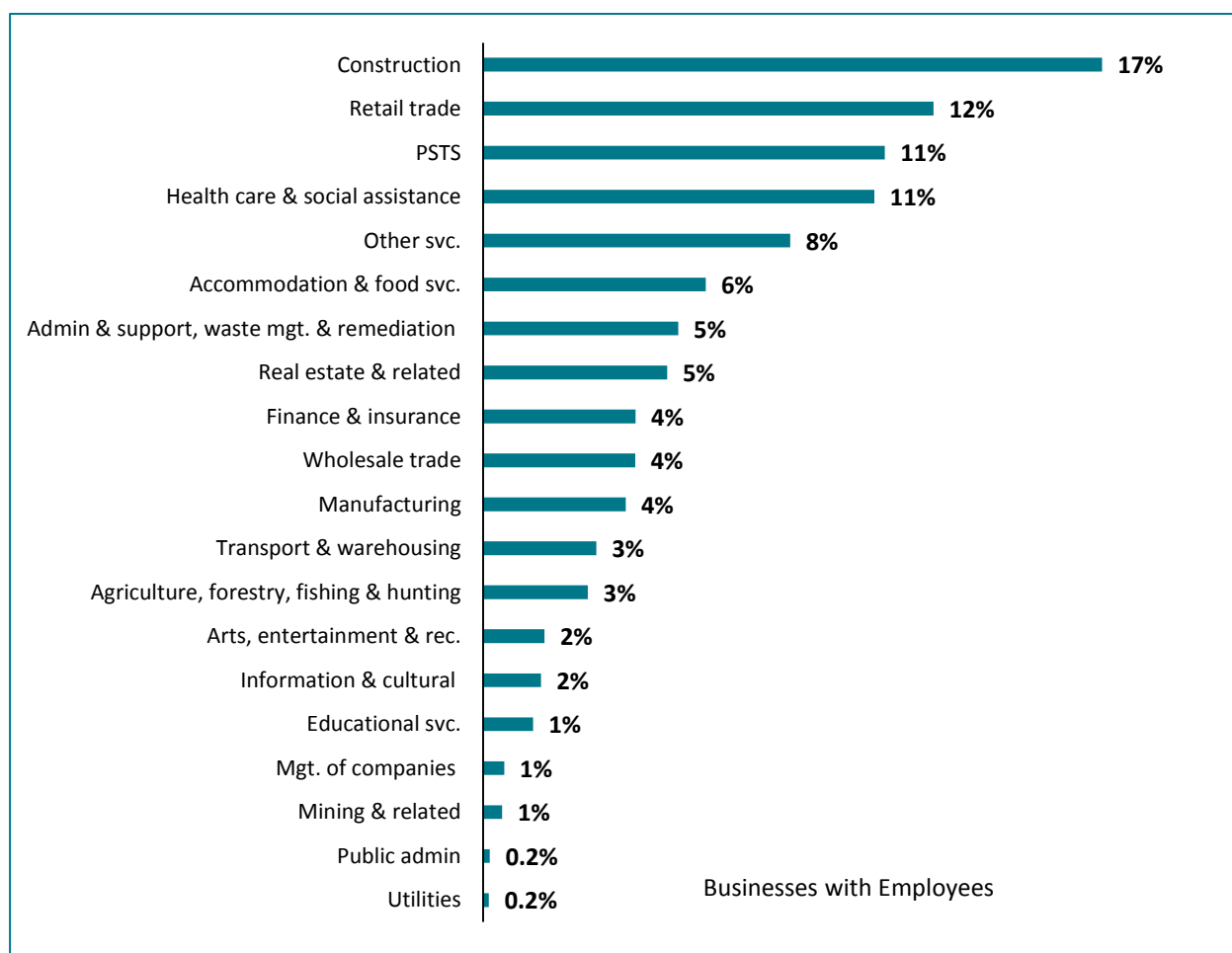
Source: Canadian Business Counts, 2018

Analyzing businesses with employees (Figure 27), it was determined that top industry sectors in 2018 were:

- Construction – 1,413 businesses (17% of total businesses)
- Retail trade – 1,028 businesses (12% of total businesses)
- Professional, scientific and technical services – 917 businesses (11% of total businesses)
- Health care and social assistance – 893 businesses (11% of total businesses)



Figure 31: Businesses with Employees by Industry, Central Okanagan, 2018



Source: Canadian Business Counts, 2018

As shown in Figure 28, business establishments in Central Okanagan are characterized by sole-proprietorships and small enterprises that employ less than ten people. The industries with the highest number of establishments employing fewer than ten people were:

- Construction – 1,124 businesses
- Professional, scientific and technical services – 797 businesses
- Health care and social assistance – 716 businesses
- Retail trade – 619 businesses

It is also important to note the small number of medium and large firms in the municipality's economy. Small firms are generally the major source of new products and ideas, while mid-size and large business are typically more export-oriented and generate higher operating surpluses. A healthy mix of small, medium and large firms ensures that a community can capitalize on innovation and entrepreneurship opportunities and at the same time attract and grow investment.

Figure 32: Total Businesses with Employees by Employee Range, Central Okanagan, 2018

| Industry NAICS | Total | Employee Range |
|----------------|-------|----------------|
|----------------|-------|----------------|



| | Businesses with Employees | 1-4 | 5-9 | 10-19 | 20-49 | 50-99 | 100-199 | 200-499 | 500 + |
|---|---------------------------------|-------|-------|-------|-------|-------|---------|---------|-------|
| Total | 8,347 | 4,374 | 1,674 | 1,235 | 727 | 216 | 73 | 39 | 9 |
| Agriculture, forestry, fishing and hunting | 239 | 120 | 45 | 39 | 19 | 9 | 5 | 1 | 1 |
| Mining and oil and gas extraction | 43 | 23 | 8 | 4 | 8 | 0 | 0 | 0 | 0 |
| Utilities | 13 | 5 | 0 | 3 | 2 | 3 | 0 | 0 | 0 |
| Construction | 1,413 | 843 | 281 | 163 | 97 | 20 | 8 | 1 | 0 |
| Manufacturing | 325 | 117 | 71 | 65 | 49 | 12 | 4 | 7 | 0 |
| Wholesale trade | 347 | 140 | 95 | 67 | 34 | 10 | 0 | 1 | 0 |
| Retail trade | 1,028 | 341 | 278 | 250 | 104 | 37 | 12 | 6 | 0 |
| Transportation and warehousing | 258 | 137 | 42 | 34 | 32 | 8 | 2 | 2 | 1 |
| Information and cultural industries | 132 | 60 | 25 | 16 | 21 | 6 | 2 | 2 | 0 |
| Finance and insurance | 348 | 191 | 58 | 65 | 23 | 8 | 3 | 0 | 0 |
| Real estate and rental and leasing | 420 | 318 | 51 | 27 | 15 | 7 | 2 | 0 | 0 |
| Professional, scientific and technical services | 917 | 686 | 111 | 65 | 40 | 11 | 2 | 2 | 0 |
| Management of companies and enterprises | 48 | 28 | 5 | 8 | 4 | 1 | 0 | 0 | 2 |
| Administrative and support, waste management and remediation services | 445 | 221 | 110 | 59 | 34 | 14 | 4 | 3 | 0 |
| Educational services | 114 | 47 | 25 | 22 | 12 | 3 | 1 | 2 | 2 |
| Health care and social assistance | 893 | 558 | 158 | 104 | 42 | 19 | 7 | 4 | 1 |
| Arts, entertainment and recreation | 140 | 51 | 32 | 20 | 23 | 7 | 4 | 3 | 0 |
| Accommodation and food services | 508 | 86 | 102 | 140 | 129 | 34 | 13 | 3 | 1 |
| Other services (except public administration) | 701 | 399 | 175 | 83 | 36 | 6 | 2 | 0 | 0 |
| Public administration | 15 | 3 | 2 | 1 | 3 | 1 | 2 | 2 | 1 |

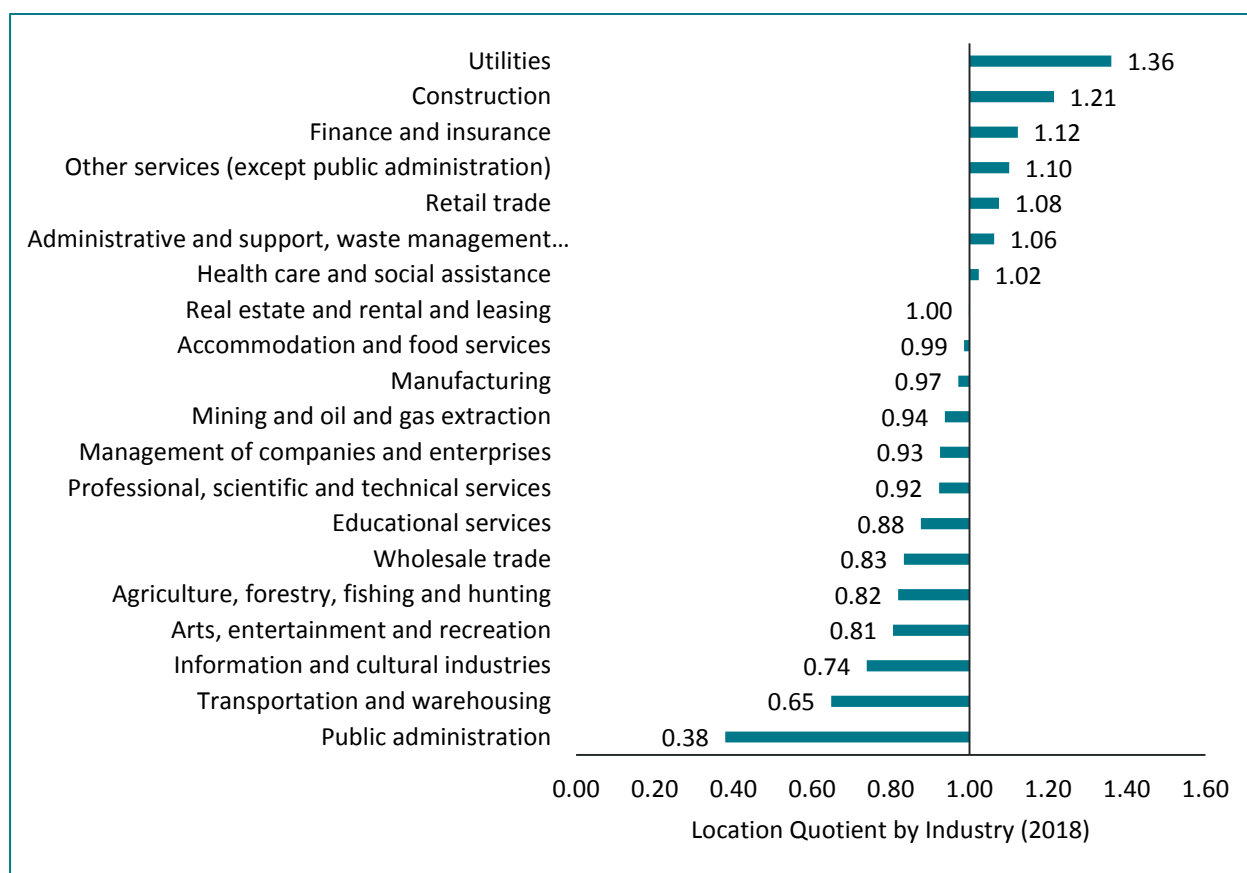
Source: Canadian Business Counts, 2018

The location quotients analysis for the business sector in Central Okanagan compared to the average British Columbia community of business provides the following insights:

- Utilities and Construction businesses with an LQ of 1.36 and 1.21, respectively are competitive industries for Central Okanagan. The construction sector is a top employer for the region and is a sector of competitive strength. Although the “utilities” sector shows a high concentration of businesses compared to the province, it accounts for only 0.1% of total businesses in Central Okanagan and employs only 1% of the total labour force (Figure 16).
- Sectors with businesses on par with business in the Province include finance and insurance and accommodation and food services. Opportunities exist for building investment in these sectors to ensure continued economic growth. Emerging sectors such as the FIRE sector is gaining national and global prominence, considering the demand for new technology-based business models.
- Sectors with low business concentration compared to the Province include public administration, transportation and warehousing and information and cultural industries



Figure 33: Location Quotient (LQ) Analysis by Businesses, Central Okanagan, 2018



Source: Canadian Business Counts, 2018

2.6 Synergies with Sector Profiles

The COEDC has also undertaken studies that focus on specific sectors, namely, Agriculture/Viticulture, Manufacturing/Aerospace, Health, Animation/Film/Digital Media and Information and Communications Technology. A critical component of the baseline analysis was to identify synergies with the sector profiles.

Agriculture/Viticulture: The baseline analysis identified that employment in the agriculture sector has grown from 2011 to 2016. Although employment in the sector is trailing the provincial employment in this sector the LQ of 0.81 shows opportunities for growth. In addition, the sector is a regional driver for Central Okanagan, approximately 211 jobs in the sector is specifically due to the competitive strength of the Region. The sector accounts for approximately 772 businesses (3% of total businesses). The Agriculture/Viticulture Sector Profile identified that agriculture is a sector of strength for the region. The Region has many high-quality farm operations with a diverse offering of products including 84% of the total vineyard acreage of BC. A key priority of the 2019 Central Okanagan Economic Development Commission is to focus on agriculture, agri-food, and emerging industries including cannabis. As per the 2018 Canadian Business Counts, Central Okanagan is home to eight (8) Cannabis businesses, all of which are indoor production.



Manufacturing: The baseline analysis identified that employment in the sector has grown from 2011 to 2016. Although employment in the sector is trailing the provincial employment in the sector, the LQ of 0.87 shows opportunities for growth. In addition, the sector is a regional driver for Central Okanagan, approximately 115 jobs in the sector is specifically due to the competitive strength of the Region. The sector accounts for approximately 609 businesses (2% of total businesses). The Manufacturing/Aerospace Sector Profile identified that Central Okanagan has a growing segment of well-established and new aerospace companies and suppliers. The profile anticipates that fabricated metal, non-metallic mineral manufacturing, transportation equipment manufacturing, plastics and rubber and beverages will be growth industries for the Region.

Health: The baseline analysis identified that employment in the Health care and social assistance sector has grown from 2011 to 2016. With an LQ of 1.17, the concentration of employment in this sector is higher than the provincial average. The sector is also a regional driver for Central Okanagan; approximately 165 jobs in the sector are specifically due to the competitive strength of the Region. The sector accounts for approximately 1,846 businesses (7% of total businesses). The Health Sector Profile identified that Central Okanagan employs 8% of the Region's workforce. Approximately 44 medical facilities provide diverse and specialized care. Partnerships with the tech sector have resulted in new technology applications in the health field including QHR Technologies electronic medical record platform. Competitive Advantages include state of the art hospital facilities KGH in Kelowna.

Animation/Film/Digital Media and Information and Communications Technology¹: As per the Animation/Film/Digital Media Sector Profile, Central Okanagan has over 200 animation, film, and digital media firms (including independent contractors) employing 2,450 people. The baseline analysis identified that employment in the professional, scientific and technical services and arts, entertainment and recreation has grown from 2011 to 2016 while employment in Information and cultural industries declined for the same time period.

The information and cultural industries sector include components of the creative economy such as telecommunications, data processing and the motion picture and sound recording industries. The creative economy intersects culture, technology, economy and social aspects and is becoming increasingly important for economic growth and development. The low LQ of the information and cultural industries sector and the declining employment should be monitored to ensure that Central Okanagan can capitalize on existing growth opportunities, including tech-enabled firms, post-secondary R&D and support, dark fibre network, the Digital Technology Supercluster and the Cascadia Innovation Corridor.

¹ The Animation/Film/Digital Media Sector Profile and Information and Communications Technology Sector Profile was studied in tandem as the baseline analysis completed at the 2-digit NAICS has overlaps with industry sectors.

SECTION THREE



3. Economic and Demographic Trends and Prospects for the Central Okanagan

3.1 Introduction

This section of the report reviews past trends in population and economic growth in Central Okanagan Regional District (RDCO), identifies the key industries driving growth in the Region and assesses the prospects for growth in the area over the next 5 to 10 years.

3.2 Notes on Data

The Economic and Demographic Trends and Prospects for Central Okanagan data are based on Statistics Canada's post-censal population estimates and employ in-house calculations by *metroeconomics*. The economic baseline analysis for population uses BC Stats data. As such, population numbers have slight variation with respect to total numbers.

3.3 Summary of Findings

- As per Statistics Canada's post-censal population estimates, since 2001 the population of Central Okanagan has increased faster than that of British Columbia.
- In 2016, Kelowna's population of 127,380 accounted for 65% of the Region's total population of 194,882 (based on Census counts not adjusted for the undercount).
- The age and gender distribution of the population of Central Okanagan is a very close match to that of the province. The Region's population has slightly higher shares among persons aged 54 and over and slightly lower shares among persons 53 and under, especially among persons 28 to 45.
- Total employment in Central Okanagan reached a peak of 102,000 in 2018, up by 30,000 from 72,000 in 2001. The path from then to now has been less than steady, however: steady gains from 2001 to 2010 were followed by slow declines from 2010 to 2016 then by major gains in each of 2017 and 2018.
- The Region's unemployment rate of 4.8% in 2018 was among the lowest achieved in British Columbia last year suggesting the labour market is currently tight in the Central Okanagan area.
- Employers in Central Okanagan provided 409 jobs for every 1,000 residents in 2016 which is close to the province-wide average of 421.
- Long term historical trends reveal the traditional economic base jobs are rapidly declining while service industries jobs – whether serving local residents or visitors – are rapidly increasing
- Central Okanagan's population will reach 281,000 in 2031 compared to 212,316 in 2018 (on a post-censal population basis) driven primarily by population growth induced employment growth and the Baby Boomer retirement phenomenon.



- Employment will grow in total by 9,900 between 2019 and 2024 and by 11,050 between 2024 and 2029 for a total of 20,950 new jobs over the next decade.
- The largest gain among the 18 major industries over the 2019 to 2029 span will occur in health care and social assistance (4,700).
- The significant long-term erosion of employment in manufacturing and agriculture in the past is now over. The goods-producing sectors are not about to undergo major employment reversals; however; rather the levels that currently exist are expected simply to hold steady in the years ahead. In contrast, the economy of Central Okanagan will continue to witness significant gains in service sector jobs across a wide range of services.

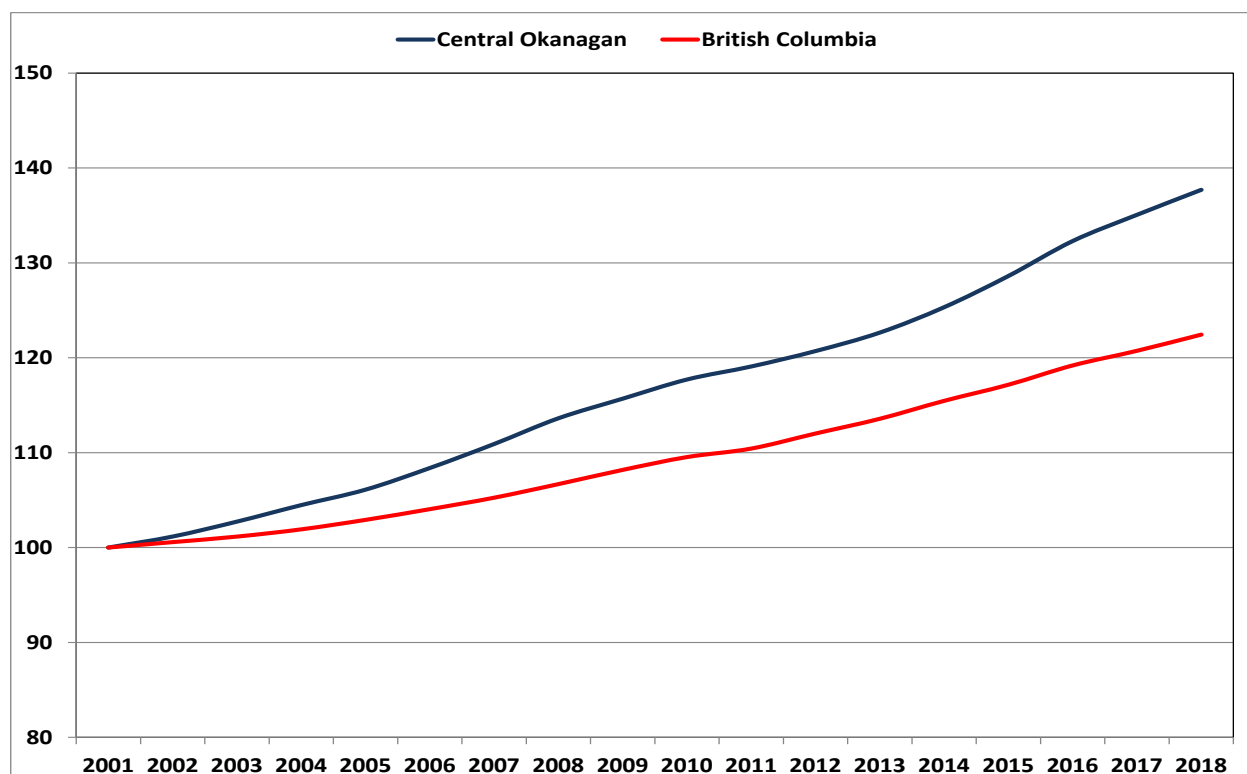
3.4 Population Trends in Central Okanagan

Since 2001 the population of Central Okanagan has increased faster than that of British Columbia (as illustrated in Figure 34). The Region's population grew from 154,190 in 2001 to 212,316 in 2018 (or by 38 percent) while the province's population grew from 4.08 million to 4.99 million (or by 22 percent) according to Statistics Canada's post-censal population estimates².

² The post-censal population estimates adjust the Census counts of the population for the estimated undercount of the Census and shift the day of estimation from mid-May (when the Census was taken) to July 1st. The undercount in 2016 is estimated at 4.47 percent for the Central Okanagan Regional District and 4.35 percent for British Columbia as a whole.



Figure 34: Total Population of Central Okanagan and British Columbia. Annual Data 2001 to 2018 as Indices with 2001 = 100



Source: Statistics Canada and *metroeconomics*

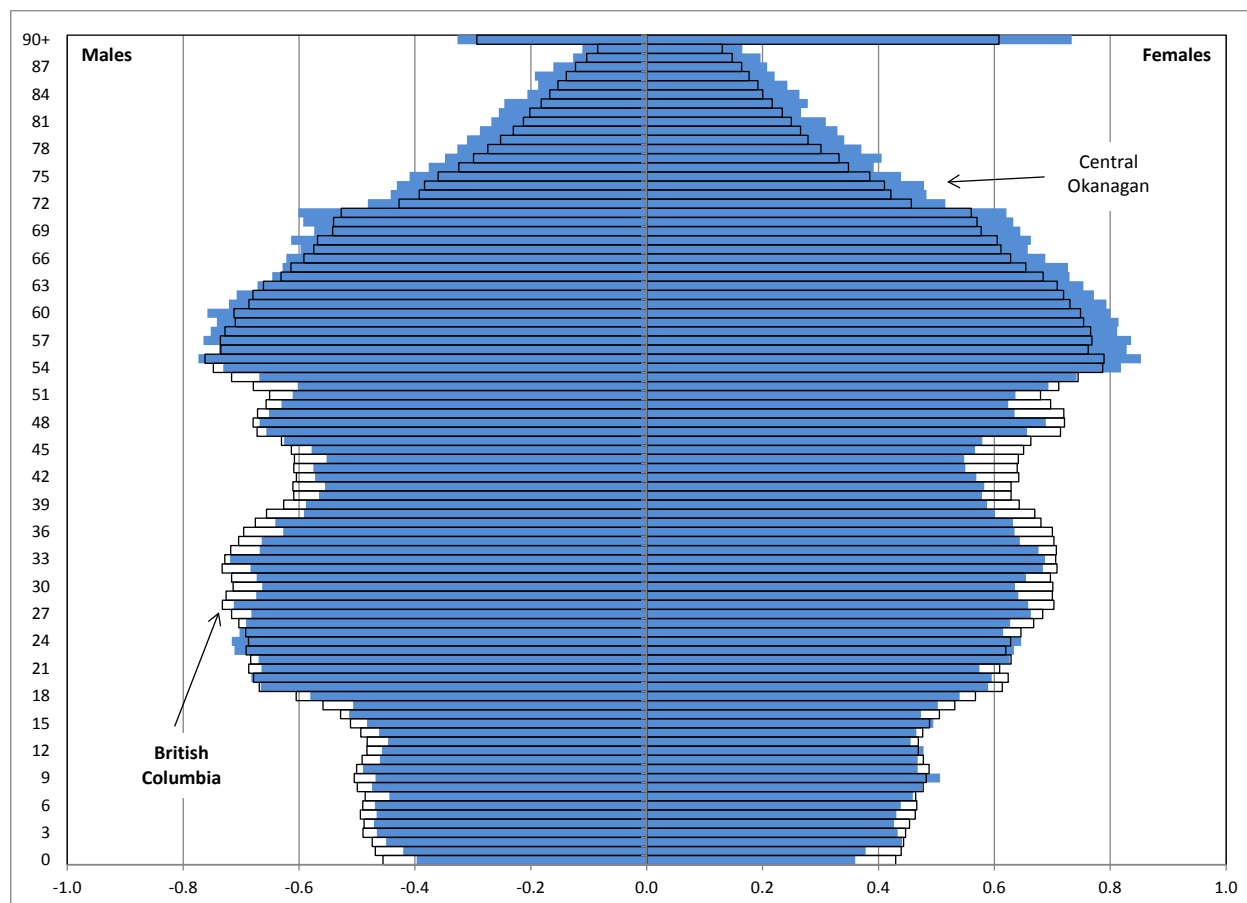
In 2016 Kelowna's population of 127,380 accounted for 65 percent of the Region's total population of 194,882 (based on Census counts not adjusted for the undercount). West Kelowna's population of 32,655 accounted for 17 percent, Lake County's 12,922 for 7 percent and Peachland's 5,428 for 3 percent. The remaining 16,497 or 8 percent of the Region's population is scattered throughout the remainder of the Region.

The age and gender distribution of the population of Central Okanagan is a very close match to that of the province as a whole (Figure 30, based on post-censal estimates). The Region's population has slightly higher shares among persons aged 54 and over and slightly lower shares among persons 53 and under, especially among persons 28 to 45. But the differences are minor.

The dominance of the Post War Baby Boomers – aged 52 to 72 years in 2018 – within the total is unmistakable for both areas.



Figure 35: Population of Central Okanagan (Blue Bars) and British Columbia (Clear Bars). Single Year Age Groups and Gender as of 2018



Source: Statistics Canada and *metroeconomics*

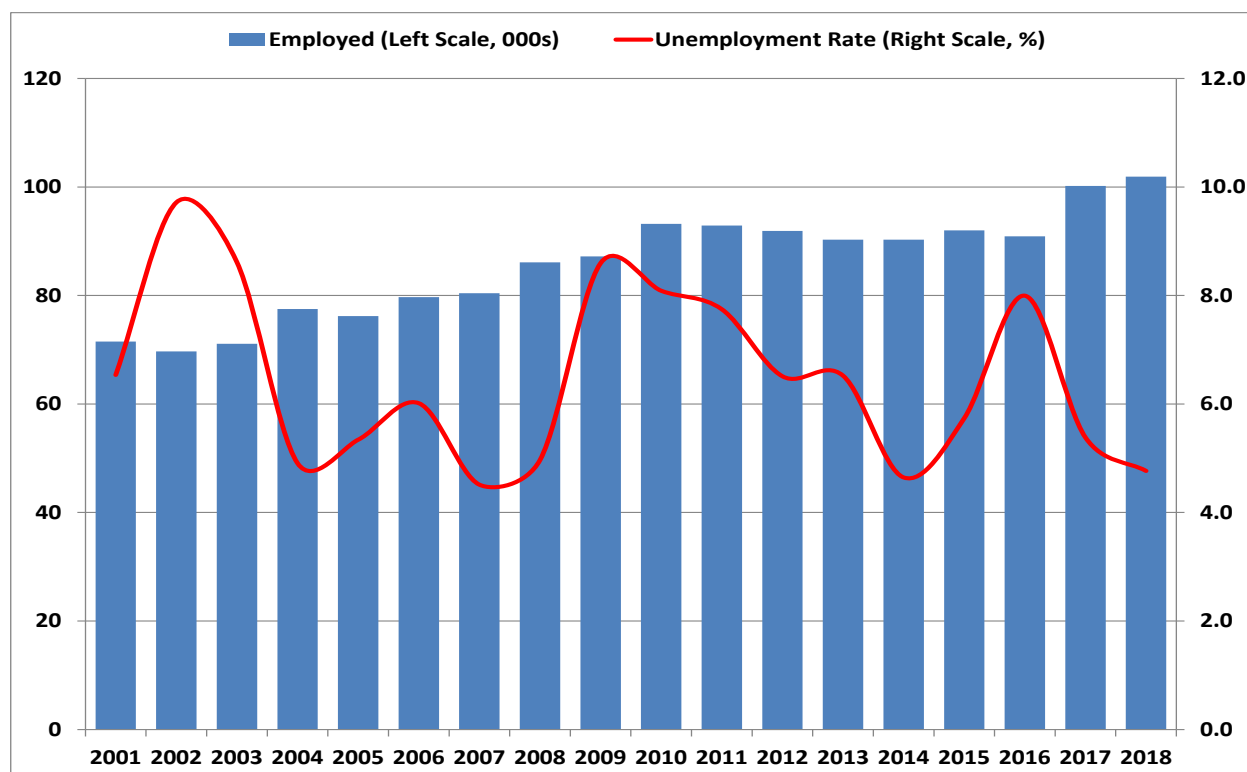
3.5 The Economy of Central Okanagan

Figure 36 illustrates the path of Central Okanagan's total employment and unemployment rate³ on an annual basis over the period from 2001 to 2018.

³ The unemployment rate is the number of unemployed people as a percentage of the labour force (employed and unemployed) www150.statcan.gc.ca/n1/daily-quotidien/190208/dq190208a-eng.htm.



Figure 36: Central Okanagan Employment (Blue Bars, 000s, Left Scale) Unemployment Rate (Red Line, %, Right Scale)



Source: Statistics Canada

Total employment in Central Okanagan reached a peak of 102,000 in 2018, up by 30,000 from 72,000 in 2001. The path from then to now has been less than steady, however: steady gains from 2001 to 2010 were followed by slow declines from 2010 to 2016 then by major gains in each of 2017 and 2018. The Region's unemployment rate of 4.8 percent in 2018 was among the lowest achieved in British Columbia last year suggesting the labour market is currently tight in the Central Okanagan area.

Within the Region, the major employment locations in 2016 were Kelowna (64,555), West Kelowna (7,325) and Lake Country (2,780). The rest of the 4,980 jobs were scattered throughout the Region.

Figure 37 compares the numbers of jobs provided in 2016 by employers by industry in Central Okanagan (on a place of work basis) to the number provided by employers by industry across the entire province. Figure 37 also calculates for each area the number of jobs by industry per 1,000 residents (a ratio referred to as the activity rate). Employers in Central Okanagan provided 409 jobs for every 1,000 residents in 2016 which is close to the province-wide average of 421.



Figure 37: Employment by Place-of-Work in Central Okanagan and British Columbia in 2016. Economic Base and Community Base Employment in Central Okanagan

| | Central Okanagan | | British Columbia | | CO-BC | Central Okanagan | |
|--|------------------|-----------|------------------|-----------|------------|------------------|--------|
| | Number | Per 1,000 | Number | Per 1,000 | Difference | EB | CB |
| Total population | 194,882 | | 4,648,055 | | | | |
| Total employment by place-of-work | 79,640 | 409 | 1,959,070 | 421 | | 11,411 | 68,229 |
| Agriculture, other primary | 1,750 | 9 | 43,150 | 9 | 0 | 1,750 | 0 |
| Mining, oil and gas | 265 | 1 | 15,185 | 3 | -2 | 265 | 0 |
| Utilities | 385 | 2 | 10,305 | 2 | 0 | 0 | 385 |
| Construction | 4,260 | 22 | 79,140 | 17 | 5 | 942 | 3,318 |
| Manufacturing | 4,765 | 24 | 138,910 | 30 | -5 | 4,765 | 0 |
| Wholesale trade | 2,500 | 13 | 70,415 | 15 | -2 | 0 | 2,500 |
| Retail trade | 11,990 | 62 | 256,990 | 55 | 6 | 1,215 | 10,775 |
| Transportation, warehousing | 2,750 | 14 | 85,840 | 18 | -4 | 0 | 2,750 |
| Information, culture | 1,805 | 9 | 52,860 | 11 | -2 | 0 | 1,805 |
| Finance, insurance | 5,045 | 26 | 133,115 | 29 | -3 | 0 | 5,045 |
| Professional, scientific, technical services | 6,015 | 31 | 171,270 | 37 | -6 | 0 | 6,015 |
| Other business services | 2,740 | 14 | 66,675 | 14 | 0 | 0 | 2,740 |
| Education | 5,875 | 30 | 152,630 | 33 | -3 | 0 | 5,875 |
| Health, social services | 11,805 | 61 | 242,630 | 52 | 8 | 1,632 | 10,173 |
| Arts, entertainment, recreation | 2,160 | 11 | 47,195 | 10 | 1 | 181 | 1,979 |
| Accommodation, food | 8,270 | 42 | 185,210 | 40 | 3 | 505 | 7,765 |
| Other services | 4,145 | 21 | 95,140 | 20 | 1 | 156 | 3,989 |
| Government | 3,115 | 16 | 112,410 | 24 | -8 | 0 | 3,115 |

Source: Statistics Canada and *metroeconomics*

The economic activities occurring in any community can be divided into those that are *export-based* and those that are *community-based*.

- Export-based (economic base) industries produce goods that are shipped to markets outside the community (agriculture, forestry, fishing and manufacturing); they provide services to visitors to, or temporary residents of, the community (hotels, tourism attractors, specialized hospitals, colleges and universities); or they provide services to businesses outside the community (specialized financial, professional, scientific and technical services).
- Community-based (population serving) industries produce services that primarily meet the needs of the residents in the community (retail, medical, primary and secondary education, and personal and government services).

In a somewhat isolated community such as Central Okanagan, population growth will typically occur only if employment within the community's export base is expanding.⁴ In the absence of high unemployment *export-based* employment expansion leads to the recruitment of workers from outside the community, workers who, in many cases, bring with them spouses and other dependents. Every new export-based job means a population gain of at least one, and possibly two or more people. This population growth, in turn, drives growth in the demand for *community-based* activities such as retail, education, health, recreation, etc. The growth in these population serving jobs, in turn, leads to further recruitment from outside of the area and to additional population growth.

Based on the activity rates in Central Okanagan relative to the activity rates of the average community

⁴ The export-based industries in an area as a group are often referred to as the economic base of the area. The terms *export-based* industries and *economic-base* industries are used interchangeably throughout this report as they refer to the same concept.



within BC (Figure 37) indicates the following:

- Employers provided a total of 79,640 jobs in Central Okanagan in 2016.
- The number of economic base jobs in Central Okanagan totalled 11,411. Thus, 14 percent of all the jobs in Central Okanagan are economic base jobs.
- Central Okanagan's 11,144 economic base jobs are partially accounted for by the traditional providers: manufacturing (4,765) and agriculture, forestry, fishing and hunting (1,750). These two sectors account for 57 percent of the area's economic base jobs.
- The Region's remaining economic base jobs are accounted for by exportable service industries with strong representation in health care and social assistance (1,632), retail trade (1,215), construction (942), accommodation and food (505) and construction (180).

The strong service sector representation within the Region's economic base reflects its role as a centre for the provision of such services not only to those living in the Region but also to those living in nearby communities.⁵

Long term historical trends (Figure 38) reveal the traditional economic base jobs are rapidly declining while service industries jobs – whether serving residents or visitors – are rapidly increasing:

- Between 2001 and 2016 the number of jobs provided by employers in Central Okanagan across all industries grew from 59,475 to 79,640 or by 20,165.
- Manufacturing employment fell from 6,605 in 2001 to 4,765 in 2016 (down 1,840).
- Agriculture and other primary employment fell from 1,890 to 1,750 over that span (down 140).
- In contrast, health and social services employment grew from 7,465 to 11,805 (up 4,340); retail trade from 8,440 to 11,990 (up 3,550); accommodation and food from 5,660 to 8,270 (up 2,610); professional, scientific and technical services from 3,550 to 6,015 (up 2,465); and education from 3,855 to 5,875 (up 2,020).

This transformation of the area's industrial profile away from goods to services is projected to continue over the next decade and beyond for several reasons.

⁵ The decomposition of jobs within a service industry into its export and community base components is achieved by comparing the local area ratio of jobs to 1,000 people for any given industry to that ratio province-wide. For example, drawing on Figure 30, there are 61 health and social service workers per 1,000 District residents compared to 52 province-wide. The difference of 8 (rounded) represents workers in that industry in the District exceeding the local needs of the average community. Therefore these 8 per 1,000 are most likely providing such services to people residing in nearby communities. That means 1,632 of those employed in the industry in the District (or about 8 times 195 thousand people) are serving non-residents (i.e. exporting those services).



Figure 38: Employment by Place-of-Work by Industry in Central Okanagan 2001 to 2016

| Employed by Industry | Number | | | | Change | | | |
|--|--------|--------|--------|--------|--------|--------|-------|--------|
| | 2001 | 2006 | 2011 | 2016 | 01-06 | 06-11 | 11-16 | 01-16 |
| | 59,475 | 69,775 | 73,510 | 79,640 | 10,300 | 3,735 | 6,130 | 20,165 |
| Agriculture, forestry | 1,890 | 1,905 | 1,420 | 1,750 | 15 | -485 | 330 | -140 |
| Mining, oil and gas | 115 | 155 | 240 | 265 | 40 | 85 | 25 | 150 |
| Utilities | 370 | 430 | 510 | 385 | 60 | 80 | -125 | 15 |
| Construction | 2,295 | 4,560 | 3,830 | 4,260 | 2,265 | -730 | 430 | 1,965 |
| Manufacturing | 6,605 | 6,305 | 4,560 | 4,765 | -300 | -1,745 | 205 | -1,840 |
| Wholesale trade | 2,320 | 2,740 | 2,765 | 2,500 | 420 | 25 | -265 | 180 |
| Retail trade | 8,440 | 10,025 | 11,245 | 11,990 | 1,585 | 1,220 | 745 | 3,550 |
| Transportation, warehousing | 2,055 | 2,450 | 2,295 | 2,750 | 395 | -155 | 455 | 695 |
| Information, culture | 1,810 | 1,195 | 1,855 | 1,805 | -615 | 660 | -50 | -5 |
| Finance, insurance | 4,240 | 5,120 | 5,060 | 5,045 | 880 | -60 | -15 | 805 |
| Professional, scientific, technical services | 3,550 | 4,960 | 5,525 | 6,015 | 1,410 | 565 | 490 | 2,465 |
| Other business services | 1,820 | 2,780 | 2,265 | 2,740 | 960 | -515 | 475 | 920 |
| Education | 3,855 | 4,295 | 5,090 | 5,875 | 440 | 795 | 785 | 2,020 |
| Health, social services | 7,465 | 8,425 | 10,440 | 11,805 | 960 | 2,015 | 1,365 | 4,340 |
| Arts, entertainment, recreation | 1,415 | 1,590 | 2,010 | 2,160 | 175 | 420 | 150 | 745 |
| Accommodation, food | 5,660 | 6,880 | 6,120 | 8,270 | 1,220 | -760 | 2,150 | 2,610 |
| Other services | 3,310 | 3,740 | 4,485 | 4,145 | 430 | 745 | -340 | 835 |
| Government | 2,260 | 2,220 | 3,795 | 3,115 | -40 | 1,575 | -680 | 855 |

Source: Statistics Canada and *metroeconomies*

The Baby Boom Generation as of 2016 spanned the ages from 50 to 70; those that survive to 2031 by that year will be 65 to 85 years old. Over that span, most of the currently working Boomers will retire. As they do, they will need to be replaced by younger people not now living in Central Okanagan, people who will be attracted there by the availability of Boomer-vacated positions. This phenomenon is not unique to Central Okanagan; it will be in play BC-wide and Canada-wide over this span and will necessitate major increases in annual rates of immigration over that time.

Central Okanagan's population boost from the in-migration of Baby-Boomer-replacements will, in turn, create the need for more community base (population serving) jobs. As those jobs, too, are filled by new migrants the population of Central Okanagan will grow even more.

metroeconomies projects Central Okanagan's population will reach 281,000 in 2031 compared to 212,316 in 2018 (on a post-censal population basis) driven primarily by population growth induced employment growth and the Baby Boomer retirement phenomenon.

3.6 Recent and Future Sources of Central Okanagan Population Growth

Recently released post-censal population estimates at the Census Division (CD) level – Central Okanagan is Census Division 5935 according to Statistics Canada – indicate the population of the Region grew at an average annual rate of 4,162 between 2016 and 2018, up slightly from an annual rate of 4,076 between 2011 and 2016.



The sources of 2011 to 2016 annual growth pace of 4,076 were as follows:

- Births averaged 1,656 per year and deaths 1,650 per year; thus, the net natural change in population averaged 6 persons per year (births minus deaths).
- Net migration from all sources averaged 4,071 per year
- Within that 4,071 per year average net inter-provincial migration averaged 1,580 per year, net intra-provincial migration averaged 1,411, and net-international migration averaged 302.

Thus, the key factors explaining the Region's rapid population growth over the 2011 to 2016 span were net in-migration from other provinces in Canada and from other communities in BC.

To reach the 281,000 projected population totals for 2031 cited above the Region's population will need to grow at an annual rate averaging about 5,300 per year.

Over that span deaths will outnumber births by about 350 per year. That means net in-migration will need to average about 5,650 per year for the 281,000-population total to be achieved, a number that should be readily achieved given that national net immigration flows will increase significantly over this span to meet the country's requirements for Boomer replacements.

3.7 Employment by Detailed Industry for Central Okanagan

The 2016 Census provides information regarding the 79,640 jobs provided by employers in Central Okanagan not only for the 18 major industries listed in Figure 34 (at the 2-digit NAICS⁶ level) but also for each of 303 detailed industries (at the 4-digit level).

Space here does not permit a tabulation of information for all 303 industries (the accompanying Excel file contains the details). Instead, Figure 39 lists the 75 industries from among the 303 accounting for the greatest number of employees in Central Okanagan in 2016.

Key information revealed by this tabulation includes the following:

- The top 75 industries collectively account for 80 percent of all the jobs provided.
- Among the 303 industries full-service restaurants and limited service eating places (NAICS 7225) account for the greatest number of employees in the Region (6,180).
- Hospitals (6220) rank second with 4,320 employees.
- Elementary and secondary schools (6111) rank third with 3,215 employees.
- Nursing and residential care facilities (6230) rank fourth with 1,970 employees.
- Grocery stores (4451) rank fifth with 1,905 employees.

These top 5 industries collectively account for 22 percent of all the employees in the Region.

⁶ NAICS refers to the North American Industrial Classification system.



Figure 39: Employment by Place-of-Work by Industry for Central Okanagan. Estimated for 2019 and Projected for 2024 and 2029

| Rank | NAICS Code | Detailed industries | Number | Cumulative | |
|------|------------|---|--------|------------|---------|
| | | | | Number | Percent |
| | | Total all 303 industries | 79,465 | 79,465 | |
| 1 | 7225 | Full-service restaurants and limited service eating places | 6,180 | 6,180 | 7.8 |
| 2 | 6220 | Hospitals (6221 to 6223) | 4,320 | 10,500 | 13.2 |
| 3 | 6111 | Elementary and secondary schools | 3,215 | 13,715 | 17.3 |
| 4 | 6230 | Nursing and residential care facilities (6231 to 6239) | 1,970 | 15,685 | 19.7 |
| 5 | 4451 | Grocery stores | 1,905 | 17,590 | 22.1 |
| 6 | 7211 | Traveller accommodation | 1,575 | 19,165 | 24.1 |
| 7 | 6113 | Universities | 1,320 | 20,485 | 25.8 |
| 8 | 9130 | Local, municipal and regional public administration (9131 and 9139) | 1,305 | 21,790 | 27.4 |
| 9 | 8121 | Personal care services | 1,220 | 23,010 | 29.0 |
| 10 | 4461 | Health and personal care stores | 1,215 | 24,225 | 30.5 |
| 11 | 7139 | Other amusement and recreation industries | 1,215 | 25,440 | 32.0 |
| 12 | 5221 | Depository credit intermediation | 1,160 | 26,600 | 33.5 |
| 13 | 2361 | Residential building construction | 1,150 | 27,750 | 34.9 |
| 14 | 5415 | Computer systems design and related services | 1,150 | 28,900 | 36.4 |
| 15 | 5412 | Accounting, tax preparation, bookkeeping and payroll services | 1,130 | 30,030 | 37.8 |
| 16 | 1110 | Farms | 1,125 | 31,155 | 39.2 |
| 17 | 5617 | Services to buildings and dwellings | 1,100 | 32,255 | 40.6 |
| 18 | 6213 | Offices of other health practitioners | 1,010 | 33,265 | 41.9 |
| 19 | 5413 | Architectural, engineering and related services | 1,005 | 34,270 | 43.1 |
| 20 | 9112 | Other federal government public administration | 1,005 | 35,275 | 44.4 |
| 21 | 4411 | Automobile dealers | 1,000 | 36,275 | 45.6 |
| 22 | 6211 | Offices of physicians | 925 | 37,200 | 46.8 |
| 23 | 6241 | Individual and family services | 925 | 38,125 | 48.0 |
| 24 | 4481 | Clothing stores | 920 | 39,045 | 49.1 |
| 25 | 2382 | Building equipment contractors | 915 | 39,960 | 50.3 |
| 26 | 8111 | Automotive repair and maintenance | 890 | 40,850 | 51.4 |
| 27 | 4441 | Building material and supplies dealers | 865 | 41,715 | 52.5 |
| 28 | 5312 | Offices of real estate agents and brokers | 850 | 42,565 | 53.6 |
| 29 | 6212 | Offices of dentists | 840 | 43,405 | 54.6 |
| 30 | 5416 | Management, scientific and technical consulting services | 820 | 44,225 | 55.7 |
| 31 | 5411 | Legal services | 745 | 44,970 | 56.6 |
| 32 | 4529 | Other general merchandise stores | 710 | 45,680 | 57.5 |
| 33 | 4521 | Department stores | 690 | 46,370 | 58.4 |
| 34 | 6244 | Child day-care services | 690 | 47,060 | 59.2 |
| 35 | 5242 | Agencies, brokerages and other insurance related activities | 675 | 47,735 | 60.1 |
| 36 | 2383 | Building finishing contractors | 665 | 48,400 | 60.9 |
| 37 | 4511 | Sporting goods, hobby and musical instrument stores | 665 | 49,065 | 61.7 |
| 38 | 6112 | Community colleges and C.E.G.E.P.s | 645 | 49,710 | 62.6 |
| 39 | 9120 | Provincial and territorial public administration (9121 to 9129) | 605 | 50,315 | 63.3 |
| 40 | 4881 | Support activities for air transportation | 600 | 50,915 | 64.1 |
| 41 | 3121 | Beverage manufacturing | 585 | 51,500 | 64.8 |
| 42 | 6116 | Other schools and instruction | 540 | 52,040 | 65.5 |
| 43 | 5171 | Wired telecommunications carriers | 460 | 52,500 | 66.1 |
| 44 | 5313 | Activities related to real estate | 445 | 52,945 | 66.6 |
| 45 | 5239 | Other financial investment activities | 435 | 53,380 | 67.2 |
| 46 | 5241 | Insurance carriers | 430 | 53,810 | 67.7 |
| 47 | 2381 | Foundation, structure, and building exterior contractors | 420 | 54,230 | 68.2 |
| 48 | 5616 | Investigation and security services | 420 | 54,650 | 68.8 |
| 49 | 3211 | Sawmills and wood preservation | 415 | 55,065 | 69.3 |
| 50 | 4413 | Automotive parts, accessories and tire stores | 415 | 55,480 | 69.8 |
| 51 | 8131 | Religious organizations | 415 | 55,895 | 70.3 |
| 52 | 5419 | Other professional, scientific and technical services | 410 | 56,305 | 70.9 |
| 53 | 3371 | Household and institutional furniture and kitchen cabinet manufacturing | 405 | 56,710 | 71.4 |
| 54 | 4431 | Electronics and appliance stores | 395 | 57,105 | 71.9 |
| 55 | 4163 | Lumber, millwork, hardware and other building supplies merchant wholesalers | 375 | 57,480 | 72.3 |
| 56 | 5418 | Advertising, public relations, and related services | 365 | 57,845 | 72.8 |
| 57 | 4841 | General freight trucking | 360 | 58,205 | 73.2 |
| 58 | 6214 | Out-patient care centres | 355 | 58,560 | 73.7 |
| 59 | 4453 | Beer, wine and liquor stores | 350 | 58,910 | 74.1 |
| 60 | 4539 | Other miscellaneous store retailers | 335 | 59,245 | 74.6 |
| 61 | 7132 | Gambling industries | 330 | 59,575 | 75.0 |
| 62 | 4412 | Other motor vehicle dealers | 320 | 59,895 | 75.4 |
| 63 | 5121 | Motion picture and video industries | 310 | 60,205 | 75.8 |
| 64 | 5311 | Lessors of real estate | 310 | 60,515 | 76.2 |
| 65 | 4452 | Specialty food stores | 305 | 60,820 | 76.5 |
| 66 | 2362 | Non-residential building construction | 300 | 61,120 | 76.9 |
| 67 | 4422 | Home furnishings stores | 300 | 61,420 | 77.3 |
| 68 | 4471 | Gasoline stations | 300 | 61,720 | 77.7 |
| 69 | 8129 | Other personal services | 300 | 62,020 | 78.0 |
| 70 | 3399 | Other miscellaneous manufacturing | 295 | 62,315 | 78.4 |
| 71 | 5414 | Specialized design services | 290 | 62,605 | 78.8 |
| 72 | 2389 | Other specialty trade contractors | 285 | 62,890 | 79.1 |
| 73 | 5191 | Other information services | 285 | 63,175 | 79.5 |
| 74 | 4131 | Food merchant wholesalers | 280 | 63,455 | 79.9 |
| 75 | 4911 | Postal service | 280 | 63,735 | 80.2 |

Source: Statistics Canada and *metroeconomics*



The next five industries with the greatest number of employees include:

- Traveller accommodation (7211) with 1,575 employees.
- Universities (6113) with 1,320 employees.
- Local, municipal and regional public administration (9130) with 1,305 employees.
- Personal care services (8121) with 1,220 employees.
- Health and personal care stores (4461) with 1,215 employees.

The top 10 industries collectively account for 31 percent of all the employees in the Region.

3.8 Employment Projections for Central Okanagan

Figure 40 tabulates the level of employment by major industry (2-digit NAICS) estimated for 2019 and projected for 2024 and 2029 for Central Okanagan. Behind these projections are projections for each of the 303 individual industries for each year from 2019 to 2029. The detailed projections are provided in an accompanying Microsoft Excel spreadsheet file.

Figure 40 indicates the following:

- Employment will grow in total by 9,900 between 2019 and 2024 and by 11,050 between 2024 and 2029 for a total of 20,950 new jobs over the next decade.
- The largest gain among the 18 major industries over the 2019 to 2029 span will occur in health care and social assistance (4,700).
- Other major gains will occur in accommodation and food services (3,160), retail trade (2,290), educational services (1,670), professional, scientific and technical services (1,540), finance and insurance (1,260) construction (1,210), transportation and warehousing (1,070), other personal services (990) and other business services (810).
- Modest or no gains are expected for mining and oil and gas (0), utilities (up 30), agriculture and forestry (up 100) and manufacturing (up 150).
- The remaining industries will achieve gains of 190 to 710.

The industrial trends projected here represent changes to both economic base and community base jobs in Central Okanagan.



Figure 40: Employment by Place-of-Work by Industry for Central Okanagan. Estimated for 2019 and Projected for 2024 and 2029

| | Number | | | Change | | Change 19-29 | |
|--|--------|--------|---------|--------|--------|--------------|------|
| | 2019 | 2024 | 2029 | 19-24 | 24-29 | Number | Rank |
| Major industries | | | | | | | |
| Total all industries | 81,680 | 91,580 | 102,630 | 9,900 | 11,050 | 20,950 | --- |
| Agriculture, forestry | 1,750 | 1,800 | 1,850 | 50 | 50 | 100 | 16 |
| Mining, oil and gas | 260 | 260 | 260 | 0 | 0 | 0 | 18 |
| Utilities | 390 | 400 | 420 | 10 | 20 | 30 | 17 |
| Construction | 4,380 | 4,960 | 5,590 | 580 | 630 | 1,210 | 7 |
| Manufacturing | 4,760 | 4,840 | 4,910 | 80 | 70 | 150 | 15 |
| Wholesale trade | 2,530 | 2,620 | 2,720 | 90 | 100 | 190 | 14 |
| Retail trade | 12,240 | 13,350 | 14,530 | 1,110 | 1,180 | 2,290 | 3 |
| Transportation, warehousing | 2,850 | 3,350 | 3,920 | 500 | 570 | 1,070 | 8 |
| Information, culture | 1,850 | 2,080 | 2,320 | 230 | 240 | 470 | 13 |
| Finance, insurance | 5,180 | 5,780 | 6,440 | 600 | 660 | 1,260 | 6 |
| Professional, scientific, technical services | 6,170 | 6,910 | 7,710 | 740 | 800 | 1,540 | 5 |
| Other business services | 2,820 | 3,200 | 3,630 | 380 | 430 | 810 | 10 |
| Education | 6,040 | 6,830 | 7,710 | 790 | 880 | 1,670 | 4 |
| Health, social services | 12,240 | 14,420 | 16,940 | 2,180 | 2,520 | 4,700 | 1 |
| Arts, entertainment, recreation | 2,230 | 2,560 | 2,940 | 330 | 380 | 710 | 11 |
| Accommodation, food | 8,560 | 10,030 | 11,720 | 1,470 | 1,690 | 3,160 | 2 |
| Other services | 4,250 | 4,720 | 5,240 | 470 | 520 | 990 | 9 |
| Government | 3,180 | 3,470 | 3,780 | 290 | 310 | 600 | 12 |

Source: Statistics Canada and *metroeconomics*

The projections in Figure 40 suggest the significant long-term erosion of employment in manufacturing and agriculture in the past (illustrated in Figure 38) is now over. The goods-producing sectors are not about to undergo major employment reversals; however, rather the levels that currently exist are expected simply to hold steady in the years ahead. In contrast, the economy of Central Okanagan will continue to witness significant gains in service sector jobs across a wide range of services.



STRATEGIC DEVELOPMENT AND ENGAGEMENT RESULTS REPORT

SEPTEMBER 2019



**CENTRAL
OKANAGAN**
ECONOMIC
DEVELOPMENT
COMMISSION



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1. Executive Summary

The Regional District of Central Okanagan's (RDCO) Economic Development Commission (COEDC) undertakes business development initiatives to support a thriving business environment and an investment ready region. Moving Forward to 2025 provides a roadmap for building on past success, effectively leveraging the region's strengths, and encouraging a strong and sustainable regional economy for the future. The Strategic Pillars support the COEDC's overarching vision for the region as well as the desired outcomes of the strategic planning process.

The Moving Forward to 2025 strategy was developed recognizing the extensive work and communication efforts of the COEDC. The Strategy reflects on a variety of reports including the RDCO Regional Board Strategic Priorities 2019-2022 and the 2017 Five-year RDCO Regional Growth Strategy Priority Projects Plan. As successful regional economic development is highly collaborative, the Strategy has been informed by engagement with businesses and community leaders in the development of the strategic goals for the Region.

The process for developing Moving Forward to 2025 included a review of local and regional government priorities plans and research that have a direct bearing on implementation efforts resulting in the Economic Base Analysis. The Strategy also included significant industry and community consultation not limited to workshops, one-on-one interviews, and online and telephone surveys resulting in the Strategic Development and Engagement Results Report. These two technical reports provided the foundational assessments and socio-economic base analysis to identify opportunities for growth and development in the region informing the vision for 2020-2025 and strategic pillars.

The four Strategic Pillars are:

| Strategic Pillars | Directional Statements |
|---------------------|--|
| Growing Sustainably | We use economic development best practices to support an economy that works for the people, businesses and environment of the Central Okanagan. We work to advance the Regional Growth Strategy priorities through partnership and collaboration. |
| Competing Globally | We communicate the Central Okanagan's profile as an innovative future-focused economy through targeted investment attraction initiatives and assisting businesses with specialized service and expertise. |
| Inviting Top Talent | We support business growth and position the Central Okanagan as a talent-rich region by communicating the Region's career and lifestyle opportunities, equipping employers with resources and facilitating the connection between industry and post-secondary. |
| Building Business | We leverage proven strategies to attract, retain and build business. We have a continual improvement partnership-driven mindset and use digital innovations and new ideas to maximize impact. |

The Strategic Pillars support existing goals and ensure the Strategy reflects current conditions as well as provide flexibility if new priorities/actions are required.



The COEDC will implement Moving Forward to 2025 with innovative action items that operationalize the Strategic Pillars within Sectors in Focus. The following table provides the foundation of what is then operationalized every year within three programming areas: Business Retention & Enhancement, Investment Attraction and facilitating Coordination and Connection. Each action detailed in the annual Operational Plans include well defined objectives, rationale, tactics and measurements, all of which are monitored and reported on a quarterly basis.

| Growing Sustainably | Competing Globally | Inviting Top Talent | Building Business |
|---|--|---|--|
| Action 1: Support implementation of Regional Growth Strategy priority projects Action 2: Engage in and provide industry intelligence to Regional Planning Labs Action 3: Provide Regional Stakeholders with economic data to support informed decision making Action 4: Share best practices of applied sustainable growth and align with federal/provincial support initiatives | Action 1: Facilitate a regional approach to investment readiness Action 2: Development of lead handling protocols Action 3: Increase the awareness of the Region's value proposition Action 4: Leverage the Region's investment efforts to align with federally/provincially identified target sectors and priority markets | Action 1: Collaborate with industry and regional partners to support talent development, attraction, and retention Action 2: Collect and share labour market intelligence Action 3: Facilitate industry and post-secondary connectivity Action 4: Showcase career and professional development success stories across all industries | Action 1: Create and connect businesses to resources, tools, support programming and market information Action 2: Partner with Region's business service providers to address needs and opportunities of businesses Action 3: Create assets that showcase successful regional companies and the ecosystem that supports them (i.e. post-secondary institutions, centres of excellence, etc.) Action 4: Gather industry intelligence through direct connections with the Region's businesses |
| Increased knowledge of industry intelligence, statistics and trends to inform decision making for the future | Increased Regional capacity to attract investment through creation of tools and resources | Increased capacity of employers to retain, develop, and attract top talent | Increased capacity of regional business and business service providers to foster growth |



2. Introduction

Moving Forward to 2025 proposes a five-year strategic plan that incorporates the broader vision of the Region and its continued growth and prosperity. The priorities, objectives, and actions in Moving Forward to 2025 provide a compelling path forward to support the sustainable growth of the region's economy, promote investment readiness, and attract and develop workforce opportunities for residents.

Moving Forward to 2025 reflects on a variety of background materials including the RDCO Regional Board Strategic Priorities 2019-2022 and the five-year 2017 RDCO Regional Growth Strategy Priority Projects Plan. Moving Forward to 2025 has also been informed by past and current COEDC initiatives.

The process of developing Moving Forward to 2025 included a review of new and updated regional government plans and studies that have a direct bearing on the implementation of Moving Forward to 2025. Moving Forward to 2025 also reflects the input of business and community stakeholders. The key findings from the completed Economic Base Analysis and PEST/SOARR Assessment, undertaken to further define the Region's value proposition and investment readiness, have also been incorporated.

PEST/SOARR Assessment and Engagement Results

The PEST / SOARR Assessment and Engagement Results identifies the political, economic, social and technological factors along with the strengths, opportunities, aspiration, risks and results influencing the economic outcomes in the Regional District of Central Okanagan. This understanding serves as the foundation for defining value propositions, articulating a long-term vision for the Central Okanagan's economy, and ultimately identifying the strategic objectives and priorities for Regional District of Central Okanagan's Economic Development Commission's Economic Development Strategy for 2020-2025.

Informing the PEST/SOARR Assessment and Engagement Results Report is the comprehensive analysis of the local and broader regional and provincial economy included in the Economic Base Analysis. The Economic Base Analysis details the Central Okanagan's recent economic performance and includes a review of relevant background studies, an economic base analysis and economic forecasting, and analysis of broader market trends impact on the local economy.

Additionally the Strategic Development and Engagement Results Report provides a thematic recap of the extensive consultations and research that informs factors considered in the PEST (Political, Environmental, Social and Technological) and SOARR (Strengths, Opportunities, Aspirations, Risks and Results) results. The PEST and SOARR Assessments incorporate the Economic Base Analysis in combination with a comprehensive consultation process. Community and stakeholder consultations included telephone and online surveys with the business community, business and stakeholder interviews, and workshop discussions with Regional Economic Development Staff, COEDC staff and the COEDC Advisory Council exploring perceptions of the local business environment and opportunities for long term sustainable economic growth.



2.1 About the PEST /SOARR Assessment and Engagement Results Report

Section I – Background Report Summary

- Key themes that emerged from the document review and including labour force, employment, and business trends
- Competitiveness, Trends and Regional Value Proposition for the RDCO
- FDI Opportunities Matrix focused on identified key sectors

Section II – Engagement Process

- Description of the engagement process and results of the Business Survey, Advanced Reconnaissance Interviews and workshops with COEDC staff and COEDC Advisory Council.

Section III – PEST/SOARR Assessment Results

- Description of the PEST and SOARR processes and the results of the assessment

Section VI - Strategic Development

- Description of the strategic pillars and directions for the project

How to use the PEST/SOARR:

This is a technical document providing a foundational overview of the various stakeholder engagement activities conducted as part of the Strategic Plan 2020-2025 development process. Additionally, the report presents data from Statistics Canada, BC Statistics, and municipal partners describing key aspects of the economy of the Central Okanagan Region.



3. Economic Base Analysis Summary

3.1 Key Themes Emerging from Document Review

A comprehensive background review was conducted of existing strategies, plans, policy documents, and research studies, including but not limited to those cited in the Appendix, related to the Regional District of the Central Okanagan and the member communities. The documents were analyzed comparatively to reveal areas of thematic overlap then used to inform the strategic vision and component reports.

In the analysis, several key themes were identified based on the frequency they occurred in the documents, the associated relative importance towards the overall success of the Regional District of the Central Okanagan and their potential to provide a competitive advantage to the Region through targeted action. Below provides a brief overview of the key theme areas that emerged in the Economic Base Analysis:

Challenges:

- **Youth Retention**—Central Okanagan has a strong network of educational institutions and entrepreneurial community that must be retained. The Youthful Cities Urban Work Index ranked Kelowna 14th out of 21 urban areas for youth aged 15-29 to work.
- **Ageing Demographics:** Retirees leaving the workforce, lack of succession plans and pressure on health and services sectors.
- **Attracting and Retaining Workers:** Ensure attraction and talent development programming aligns with business needs.

Opportunities:

- **Labour Market Information**— For businesses to continue to grow, especially in the tech-enabled sector, accurate labour market information must be generated and shared so that labour demand is met with appropriately trained supply.
- **Land/Policy Planning** – Protection of the Agricultural Land Reserve (ALR) and innovative planning of the areas where urban growth abuts agricultural areas combined with a regional land planning framework that ensure adequate employment lands.
- **Regional Awareness** – Central Okanagan has a vibrant entrepreneurial, tech and aerospace sectors that are not widely known outside the community.

Comparatively the activities of the Central Okanagan Economic Development Commission (COEDC) are focused in these areas:

1. Business Development

The COEDC business retention and enhancement initiatives are currently focused on:

- Advanced Manufacturing, Aerospace, Emerging Industries and Growth Stage Businesses;
- Agriculture, including significant sub-sectors in Viticulture & Craft Beverages, Specialty Crop Development including organic and speciality food products, Intensification and Value Add Agriculture and Agri-Tourism.



- Business Planning and Support – Assisting current businesses and entrepreneurs with barriers to entry, including business planning, financial and regulatory support.
- Succession Planning – providing succession planning tools/toolbox for business so that they can pass on operations to the next generation or make available for sale.

2. Investment Attraction

The COEDC Investment attraction activities currently include:

- Marketing and Promotion – supporting businesses in storytelling local success stories, and communicating the Central Okanagan Value Proposition through resource development for investment attraction
- Information Sharing – Ensuring current resources are widely available across the region and development of a central hub of information.

3. Workforce Development

The COEDC workforce development activities currently include:

- Marketing and Promotion – supporting businesses in storytelling local career path and employment culture success stories, and communicating the Central Okanagan Value Proposition through resource development for talent attraction
- Information Sharing – Ensuring current resources are widely available across the region and development of a central hub of information.
- Connector and Okanagan Young Professional Programming – tailored programming support for new and young workers to retain talent in the region.

3.2 Current Economic Context

The Regional District of Central Okanagan (RDCO) is part of a rapidly growing provincial economy with strengths in agriculture and agri-food, advanced manufacturing, aerospace, digital animation and ICT, and creative sectors. Economic trends show that the region is projected to grow in both population and employment. Additionally, the City of Kelowna ranked 7th in the Youthful Cities Urban Work Index for entrepreneurship in the 15-29 aged cohort and 14th overall. Supporting this rapid growth are recent infrastructure investments, co-working spaces, post-secondary and industry partnerships, and business start-up and business accelerator supports.

The Creative Sector: All self-employed individuals, profit, non-profit and public enterprises including incorporated and unincorporated businesses that produce, create, distribute and/or conserve cultural and artistic goods and services.¹

The following section provides high-level insights into advancing economic growth in the region. A complete analysis of Central Okanagan's economic performance as it relates to the development of the strategy can be found in Economic Base Analysis.

¹ Kelowna Creative Sector Economic Impact Assessment, City of Kelowna, 2019.



3.2.1 Population Growth and Related Trends

As per the *BC Stats, Population Estimates*, the Central Okanagan's population of 208,864 residents made up 4% of British Columbia's population in 2018. The City of Kelowna accounts for 65.4% of the region's population followed by the City of West Kelowna (16.8%), District of Lake Country (6.6%), Westbank First Nation (4.6%), District of Peachland (2.8%), the Electoral Districts of East (2%) and West (1%) and Okanagan Indian Band (0.9%).

The Central Okanagan has experienced significant population growth over a short period. From 2011 to 2018, the region's population grew by 14% (25,210 people), outpacing growth rate in Metro Vancouver of 12%. It is anticipated that this trend of growth will continue as the population is projected to reach 281,000 people by 2031, driven primarily by population growth induced employment growth and the immigration of those aged 25-34 representing the younger end of the working-age population.

However, the population of the Central Okanagan is ageing as *the Statistics Canada, 2016 Census of Population* identifies that the median age in the region increased from 43.4 years in 2006 to 45.5 years in 2016. Further, in 2016, individuals aged 50 years and above represented 44% of the population while young adults between the ages of 25-39 years accounted for only 18% of the total population.

Infrastructure, natural assets, business supports, and position as the largest trading centre between Vancouver and Calgary², make the Central Okanagan a premier location for residents and business. The region has a comparatively higher income profile³, indicating opportunities for reinvestment in the community.

As per the *Q1 2019 Central Okanagan Economic Indicators*, the value of residential building permits grew by 12% from \$768,882,000 in 2017 to \$860,679,000 in 2018 as development, and housing market demand increased to meet growing population needs. Historically the region's housing stock was comprised of low-density units, while recent trends demonstrate a drive towards high-density and diversified housing options entering the market.

3.2.2 Employment Growth and Workforce Patterns

As per *Statistics Canada, CANSIM 282-0128 and CANSIM 282-0001*, Kelowna CMA (Central Okanagan) showed a higher labour participation rate and a lower unemployment rate of 4.1% compared to the Province at 4.7% as of March 2019, suggesting that the labour market is tight in Central Okanagan as people are either employed or actively looking for jobs.

As per the *Statistics Canada, 2016 Census of Population*, the Region's labour force by industry grew by approximately 8% from 94,570 in 2011 to 102,295 in 2016. In 2016, the service sector accounted for 80% of Central Okanagan's labour force with the majority centred in health care and social assistance and retail trade, each accounting for 13% of the total labour force.

² 2018 Central Okanagan Economic Profile

³ Central Okanagan showed a median household income of \$71,127 compared to \$69,995 in the Province in 2015. Data obtained from Statistics Canada, 2016 Census of Population. The reference period is the calendar year 2015 for all income variables.



Sectors that showed the largest net growth in the labour force include accommodation and food services, health care and social assistance and construction.

When developing growth strategies for the region, it is important that consideration is given to those sectors and jobs that are susceptible to automation. While technological advancements have helped drive innovation and raised the need for highly skilled talent, it has also reduced the need for many routine tasks across the economy.

Seeing net growth in accommodation and food services, health care and social assistance sectors and with a higher concentration of labour force in the construction sector⁴ when compared to the province the region could experience disruption as the accommodation and food services and the construction sectors are amongst the top sectors that are classified as highly susceptible to automation⁵. Like provincial trends, occupations that accommodate most the region's labour force are in sales and services, namely, retail salespersons, food and beverage counter attendants and servers, kitchen helpers and cashiers. These routine work activities are found to be most at risk of automation.

In contrast, managerial work and professional expertise are seen to be relatively resistant to automation. Analyzing the skill level of Central Okanagan's labour force, it can be said that the region has a lower proportion of professionals at 15% compared to Greater Vancouver at 20% and the province at 17%. Furthermore, as reported by the *Statistics Canada, 2016 Census of Population*, the region has shown relatively limited labour force growth in educational services and professional, scientific and technical services and a decline in the labour force in its information and cultural industries. These sectors are identified to be the least susceptible to automation⁶.

Long term provincial trends project that technology-based sectors, including green technologies, digital media, life sciences and health care, innovative practices in traditional industries, and retail sales, will drive the economy⁷.

The Central Okanagan's employment projections align with provincial trends, with the largest gains projected to occur in health care and social assistance, followed by accommodation and food services, retail trade, educational services, professional, scientific and technical services, finance and insurance, and construction.

The trends discussed above have several implications for the economic development strategy. Growing populations and sectors will create increased demand for services and the workforce. These pressures will be felt at both ends of the skills spectrum, with the highest wages, growth and opportunities available for highly skilled and highly mobile talent who will need to be attracted, and lower-skilled

⁴ LQ of 1.51

⁵ Automation Across the Nation. Brookfield Institute, 2017.

⁶ *ibid*

⁷ British Columbia Labour Market Outlook: 2018 Edition.



service occupations that will need to be able to afford to live in the region. The regional challenge will be to facilitate the alignment of skills development and business requirements, proactively attract a skilled workforce, and support sustainable inclusive growth.

3.2.3 Workforce Commuting Patterns

As per the 2016 Statistics Canada, *Commuting Flow from Geography of Residence to Geography of Work for the Employed Labour Force*, the Central Okanagan experiences an outflow of 6,380 residents to employment in communities external to the Region.

Commuting Patterns – The commuting flow from the geography of residence to the geography of work for the employed labour force aged 15 years and over having a usual place of work.

The greatest export of residents occurs in the mining, quarrying, and oil and gas extraction sector, followed by construction, and health care and social assistance to a lesser degree. Given the region's proximity and access to Vancouver, Calgary, and Edmonton, many of these workers have likely capitalized on the growth of the oil and gas sector and the demand for construction workers associated with a strong housing sector and major capital construction projects evident in each of these communities. It is inferred from the designation of the Central Okanagan as a net export of labour that workers choose to live in the Central Okanagan because of the quality of life it affords, regardless of where they may choose to work.

The 2016 Statistics Canada, *Commuting Flow from Geography of Residence to Geography of Work for the Employed Labour Force* data also shows that the Central Okanagan's workforce is highly self-contained as residents account for most of the workforce; approximately 76,090 people live and work in Central Okanagan. Most residents are employed in retail trade, health care and social assistance, and accommodation and food services sectors.

In terms of workforce attraction, the Central Okanagan imports approximately 4,020 people from outside communities to work in its sectors. Retail trade, health care and social assistance, and accommodation and food services are the top three sectors attracting the greatest number of people from outside the region. Comparatively, sectors that are focused on skilled talent including professional, scientific and technical services and information and cultural industries attract talent to a lesser degree. Considering the resident workforce, Central Okanagan has a healthy proportion of residents who work in the professional, scientific and technical services. This indicates that the sector can support skilled talent including financial auditors and accountants, information systems analysts, computer programmers and interactive media developers. As such, opportunities exist for increased workforce attraction from outside the region, to ensure continued infrastructure growth and business development in this sector.

Talent Attraction – Strategies and campaigns at the regional and employer levels to attract and retain talent based on the promotion of factors that attract skilled workers to locate to the Region.

Talent attraction is an important consideration for the region as projections indicate the in-migration of young adults between the ages of 25-39 years as central to continued employment growth. Like national and provincial trends⁸, it is expected as the current baby boomer labour force retires, they will be

⁸ British Columbia Labour Market Outlook: 2018 Edition.



replaced by young people attracted to the region due to the availability of the boomer-vacated positions. The in-migration of youth will, in turn, create the need for more community based (population serving) jobs. As those jobs, too, are filled by new migrants, the population of Central Okanagan will grow even more. Due to the high quality of life in the region and access to health care facilities, it is likely baby boomers (55-75) will retire in place. These ageing residents will require increased health services, investment advisors, and other services and amenities that will drive employment growth.

Recent trends are promising as the in-migration of youth is currently underway. The mobility status of Central Okanagan's labour force as per the *Statistics Canada, 2016 Census of Population*, shows that approximately 50% of its workforce moved to the region within the last five years. Of these, approximately 17% were between the ages of 15 to 24 years, while 31% were from 25 to 34 years.

3.2.4 Industry Performance

As per the 2018 Canadian Business Counts, approximately 26,768 businesses were registered in Central Okanagan. Of these, 69% were sole proprietorships (often home-based businesses) compared to 16% of businesses employing between 1 to 4 employees and 6% employing between 5 to 9 employees. Central Okanagan also supports a wide range of larger business establishments, with approximately 121 businesses employing at least 100 employees. *and* calculations provided by *metroeconomics* based on *Statistics Canada* data identified that employers in Central Okanagan provided 409 jobs for every 1,000 residents in 2016, which is close to the province-wide average of 421.

Industry sectors with the highest numbers of sole proprietorships include real estate and rental and leasing, construction, professional, scientific and technical services, and finance and insurance. The top industry sectors for businesses with employees in 2018 were construction, retail trade, professional, scientific and technical services, and health care and social assistance.

It is important to note the small number of medium and large-scale firms in a region's economy. Small firms are generally the major source of new products and ideas, while mid-size and large businesses are typically more export-oriented and generate higher operating surpluses. A healthy mix of small, medium and large firms ensures that a community can capitalize on innovation and entrepreneurship opportunities and at the same time, serve to attract and grow new business investment.

3.3 Competitiveness, Trends and Regional Value Proposition

Informing the competitiveness and trend analysis is the assessment of the local and broader regional and provincial economy detailed in the Economic Base Analysis. The report describes Central Okanagan's recent economic performance and includes a review of relevant background studies, an economic base analysis and economic forecasting, and analysis of the impact of broader market trends on the local economy. Building on the Economic Base Analysis a PEST/SOARR assessment and the engagement results identify the strengths, opportunities, aspiration, risks and results along with the political, economic, social and technological factors influencing the economic outcomes in the Regional District of Central Okanagan. This understanding provides the foundation for defining value propositions and articulating a long-term vision for the Central Okanagan's economy.



3.3.1 Enablers and Inhibitors

The availability of essential assets are required for industry competitiveness and support opportunity identification for investment and growth. The economic success of the Region is impacted enablers and inhibitors. Enablers represent opportunities for leveraging assets and supporting growth, inhibitors represent risks and weaknesses in the region to be mitigated through policy. These factors identified as part of the competitive advantage analysis, are the decision-making factors that guide growth and innovations within the Region as a whole. The following is an overview of some of these factors:

Enablers

- **Regional Collaboration** – The collaborative regional approach to economic development to support economic growth across the region is a recognized best practice model. The continued buy-in and support of the municipalities and staff in the region enables the COEDC to successfully implement and provide programming.
- **Entrepreneurial Culture** – As of 2018 most businesses in the region are sole-proprietorships (69% of total businesses). The City of Kelowna was named the most entrepreneurial city in Canada by the Financial Post and the best city in B.C. to open a small business by the Canadian Federation of Independent Business in 2018.
- **Strong Demographic Indicators** – The region has experienced over 8% population growth since 2015 and is projected to grow an additional 13% to approximately 236,411 people by 2028. Household income of residents has also increased, leading to greater purchasing power and potential for reinvestment in the community.
- **The Educational Institutions and Research Facilities** – The access to educational institutions and research support fosters the incubation and commercialization of ideas in response to industry needs. The Region's two public post-secondary Institutions University of British Columbia's Okanagan Campus and Okanagan College generate significant economic impact by attracting research and development dollars and expertise while hosting over 16,000 students. This number is growing annually and expected to exceed 18,000 students on UBCO's campuses alone by 2040.
- **Natural Assets and Quality of Place** – The region is a community of choice in Canada with significant projected population growth which supports workforce attraction.
- **Micro-climates** – The region has several microclimates that support a wide range of crop production and staggered harvest timelines.
- **International Connectivity Via Air Transportation** – Kelowna International Airport (YLW) offers more than 60 daily non-stop commercial flights, had over 2 million passengers in 2018, up 9.8% from 2017, and is the 10th busiest airport in Canada.
- **Access and Proximity to Markets** – The region continues to benefit from its position as the largest trading centre between the two largest cities in Western Canada—Vancouver and Calgary. Central Okanagan is well-served by numerous highway systems, including Highway 97, Trans-Canada Highway and Highways 3.
- **Canadian Dollar** – The value of the Canadian dollar relative to the US dollar is giving producers and processors a key advantage in domestic and export markets



Inhibitors

- **Workforce Challenges** – Despite the strong projected need for workers, employers have not implemented workforce attraction as a priority. This may require a shift in thinking among employers to meet current and projected future needs.
- **Lack of Brand Awareness** – Historically messaging has focussed on the ‘quality of life’ and stakeholders identified that the region’s economic profile and industry success stories are not well known on a provincial, national and international level. The region has promising high-growth sectors and the promotion of commercialization potential should be increased.
- **Farm and Residential Conflict** – Expansion of the urban and suburban areas as population growth pushes outward is increasing the edges of growth boundaries and adding tensions between land uses. Concurrently, farm practices have evolved with innovative technologies and new applications for machinery increasing production while potentially causing disruptions for neighbouring properties. Edge-planning has been referenced as one strategy to mitigate this potential source of tension.
- **Post-Secondary Education Achievement** – In 2016, 15% of the population aged 15 years and over in region had no certificate, diploma or degree and a lower proportion of the population with a university certificate, diploma or degree at bachelor level (8% lower than the Province). This may limit the ability of employers to find the talent and skills required for an expanding economy.
- **Transportation Infrastructure** – Lack of access to rail transport (2 hours by car to nearest access) and the reliance on Highway 97 roadway as the singular traffic corridor through the region inhibits growth in some sectors.
- **Interprovincial Trade Barriers** – Provincial trade is still heavily regulated for certain products limiting market access. The removal of trade barriers and interprovincial red tape would enable local industry to access larger markets.
- **Housing Stock Shortages** – The increasing pressures of population growth and housing needs are raising the costs of land in the region resulting in increased housing costs.
- **Climate Change** – Most long-range models are predicting that the region will become warmer and drier impacting crop production and an increased risk of adverse natural events. Future development and infrastructure investment should consider these changing factors.
- **Land Availability** – Limited serviced employment lands coupled with perceived challenges associated with zoning may limit the region’s ability to attract investment for industrial land uses and commercial and office employment use.

Factors that are both Enablers and Inhibitors

- **Ageing Population** – The median age increased from 43.4 in 2006 to 45.5 in 2016. In 2016, individuals aged 50 years and above represented 44% of the population while young adults between the ages of 25-39 years accounted for only 18% of the total population. The ageing population will create both opportunities and challenges in the region, placing higher pressure on health care services and demanding services and supports.



- Multiple Jurisdictions within the Region – The local government system in BC is unique. Regional districts are modelled as a federation composed of municipalities, electoral areas, and Treaty First Nations, each of which have representation on the regional district board. With the different actors in the overlapping jurisdictions that impact the RDCO, the alignment of efforts to leverage resources and access funding programs from upper levels of government provide significant opportunity.
- The Agricultural Land Reserve (ALR) – Protects 9% of the Central Okanagan’s overall area ensuring prime agriculture land in the region is protected. This also reduces the availability of land in the region for other development uses.
- Water Access – The Central Okanagan has access to several lakes and rivers. However, a dry climate and hot summers put pressure on agricultural producers and manufacturers to use less water, although residential use still accounts for the highest draw on the water table.



3.4 FDI Opportunities Matrix

The COEDC identified five emerging high-growth industries in the region and commissioned detailed sector profiles in 2018. The COEDC Industry Profiles were designed to improve the information exchange with potential investors and provide critical information that the COEDC could leverage in its investment attraction and regional promotion activities. By focusing on the strengths and competitiveness of these industries and highlighting local success stories, the COEDC looks to attract further international interest and investment to the Central Okanagan.

The sectors identified by the COEDC are:

Advanced Manufacturing/Aerospace

The Central Okanagan's diverse manufacturing sector ranges from traditional products such as agri-food and wood product processing to high-tech aerospace, with metal, plastic, wood, concrete and fibreglass products. The region's dry climate is ideal for fiberglass/composite and wood manufacturing. Fabricated metal manufacturing, non-metallic mineral manufacturing, transportation equipment manufacturing, plastics and rubber products, and beverages are anticipated to lead growth in the manufacturing industry as the region continues to expand. The cross section of manufacturers makes it easy for existing and new businesses to find high quality supply partners locally.

The region also claims a growing segment aerospace companies and suppliers. Maintenance, repair, overhaul/in-service support, rotary wing, and avionics are well represented, and there is an increasing number of companies offering a diverse range of products and services and supported by the Kelowna International Airport. Many of the aerospace companies engineer and manufacture components for Boeing which has its western headquarters in Washington State.

Agriculture/Viticulture

The Central Okanagan's Agriculture and Agri-food sector is defined by its restrictive geography and a climate suitable to a diverse range of agricultural activities and products. The former is a function of mountain valley landscapes that restrict development, and the latter has allowed for an agricultural sector that could not exist elsewhere in Canada.

Since the first apple trees planted in 1859, agriculture has been a major contributor to the local economy. The climate of the Central Okanagan creates opportunities to grow high-value tree fruits and wine grapes, which are the core product lines of the sector today. These sectors highlight the market requirement for high-value crops and value-added production due to both land restriction and cost.

A major component of the sector's current and future success is the Agricultural Land Reserve (ALR) created in 1974 currently protecting 4,613,162 hectares (5% of the total area) of prime agricultural land within B.C. The ALR constitutes approximately 224,780 hectares or 9% of the Central Okanagan's overall area, ensuring prime agriculture land in the region is protected. This protection has served to mitigate the growth and resulting land development pressures experienced in other jurisdictions.



Animation/Film/Digital Media

The Animation/Film/Digital Media sector in the Central Okanagan is thriving. With over 200 animation, film, and digital media firms (including independent contractors) employing 2,450 people, the industry is making a significant contribution to the regional economy and assists with the attraction of younger age cohorts. Local companies in the sector include state-of-the-art studios such as Bardel Entertainment, Hyperhippo, and Yeti Farm Creative, developing some of the most popular movies and television series currently in production including Puss in Boots, Dinotrux, Sweet Tweets, and the SCHNARGS; and local soundstage and production facility Eagle Creek Studio. With the growing concentration of talent in the region, these firms have anchored many other complementary firms with diverse expertise in gaming and animation, motion picture and video production, and research and development.

Health

The Central Okanagan is able to service the diverse and complex health services needs of its growing population including its aging baby-boomer population. As it is nationally, the regional health services industry has a low unemployment rate and is generally immune from economic fluctuations.

The Central Okanagan is seen as a healthcare hub supporting a wide range of economic development and related healthcare research opportunities. COEDC along with its institutional partners should continue to raise the profile of the sector as a regional healthcare provider on a national and international scale. Additional opportunities for health manufacturing supported through local research expertise and specialization service at KGH/UBCO also exist.

Health care is an important sector in the Central Okanagan with two distinct sector forms: health care services provided by Interior Health Authority, non-profit and for-profit healthcare businesses; and research and development. Interior Health Authority's service delivery region covers the entire Southern Interior of B.C., supporting a population of 730,000 with an annual budget of \$2.3 billion, as the service delivery provider for Medicare services. Providing a wide range of integrated health-care programs and services the Interior Health Authority is the hub of health care for the Central Okanagan.

Kelowna General Hospital (KGH) the premier healthcare facility of Interior Health offers world class high-level, specialty medical care including emergency and trauma services, ambulatory and outpatient clinics, and diagnostic/paramedical services. KGH is also the site of the University of British Columbia's Medical School Clinical Academic Campus, a critical physician training facility developing the next generation of world class doctors, as well as the new state-of-the-art Interior Heart and Surgical Centre, enhancing their ability to provide superior intensive cardiac, perinatal and surgical care in the Interior of BC. In addition to KGH there are over 44 medical facilities servicing the region providing care for individuals who seek services for prevention, diagnosis or treatment from health care professionals, including doctors, lab technicians, dentists, optometrists and chiropractors. The strength of the regional health and technology sectors has been a catalyst for the attraction of companies providing specialized tech-based health and medical solutions.

Information and Communications Technology (ICT)

The information and cultural industries sector include components of the creative economy such as telecommunications, and data processing . The creative economy intersects culture, technology,



economy and social aspects and is becoming increasingly important for economic growth and development.

The technology sector is a driving force behind the economy of Central Okanagan with an annual economic impact of \$1.67 billion for the Okanagan Valley. Advancing technologies and their swift adoption are changing businesses around the globe especially as the Information and Communications Technology Sector expands to include technology enabled businesses.

The enabling importance of ICT sector should be recognized and monitored to ensure that Central Okanagan can capitalize on existing growth opportunities, including tech-enabled firms, post-secondary R&D and support, dark fibre network, the Digital Technology Supercluster and the Cascadia Innovation Corridor.

3.4.1 Job Demand and Labour Supply

The job demand and labour supply for Central Okanagan were determined by extracting information from publicly available online job postings through the Vicinity Jobs platform⁹.

This information can help local economic development officers, labour market experts and policymakers understand companies' short-term hiring plans as well as employment trends over time.

The job demand and labour supply for the first quarter of 2019 identified a total of 7,624 job postings and 3,414 job seekers in Central Okanagan, indicating a labour shortage. Furthermore, job demand in the region has increased by 32.5% as 1,871 more jobs were posted in comparison with the same quarter of 2018¹⁰. Most job postings and seekers were in the City of Kelowna. Of the job postings matched to specific employers, the top job openings were posted by Interior Health Authority followed by the University of British Columbia and Walmart.

Analyzing job quality indicators, 18% of job seekers finished high school compared to only 12% of job postings requiring the same. 34% of job seekers had a college diploma or certification, while only 16% of job postings required a college diploma or certification. 65% of job

Job Demand (i.e. employment outlook) – The number of job openings in a particular occupation will depending on:

- time of year (for seasonal jobs);
- trends and events affecting overall employment;
- location;
- employment turnover (work opportunities generated by people leaving existing positions);
- occupational growth (work opportunities resulting from the creation of new positions that did not previously exist);
- size of the occupation.

Labour Supply – the number of workers willing and able to work in a particular job or industry for a given wage

⁹ The platform employs the Data Warehouse and Reporting Engine to monitor “real-time” labour market information (LMI). It identifies current job openings and cross-references it against databases containing information about local employers and communities.

¹⁰ For the percentage increment calculation, Workopolis jobs are excluded to allow consistency in data sources between 2018 and 2019.



postings did not indicate the level of education required, and 5% required a graduate or master's degree. In terms of individual sectors, retail trade accounted for the highest number of job postings in the region, while accommodation and food services accounted for the highest number of job seekers. Health care and social assistance, manufacturing, professional, scientific and technical services, educational services, finance and insurance, and information and cultural industries show a high number of job postings and a comparatively lower proportion of job seekers. This may indicate gaps in job demand, talent supply skill levels.

Analyzing the job supply and demand by industry and skill set, it can be inferred that a skills mismatch and labour shortage is prevalent in the region. Job postings in the technology sector requiring skilled talent are not being filled by job seekers in the region; even though they might be skilled and are capable of being employed in these sectors, they do not have the posted skills required exemplifying the skills mismatch.



4. Engagement Activities

4.1 Business Survey

Background

The Central Okanagan Economic Development Commission has undertaken steps to accelerate their economic development activities. Business retention and expansion (BR+E) activities can be employed to ensure business needs are monitored and addressed; however, engagement can be time consuming and complex.

A business survey was commissioned to engage businesses and report on observations generalizable to the broader business community, while also allowing for the identification of potential expansion or retention opportunities, which staff can follow-up on business-by-business.

Methodology

A random sample telephone survey, conducted with 61 businesses out of an initial sample of 294. The sample was supplemented with an online survey which gathered 53 completes for a total of 114. The sample was pulled from businesses in the Central Okanagan's key sectors including: Agriculture, Forestry, Manufacturing, Construction, Aerospace, Technology, Professional Scientific and Technical Services, Arts and Culture and Tourism.

This scientific approach ensures that the results have a high level of accuracy and statistically represents the business community in the Central Okanagan. The telephone survey was administered between May 6th and 16th, 2019. The online survey was administered between June 3rd and July 31st, 2019.

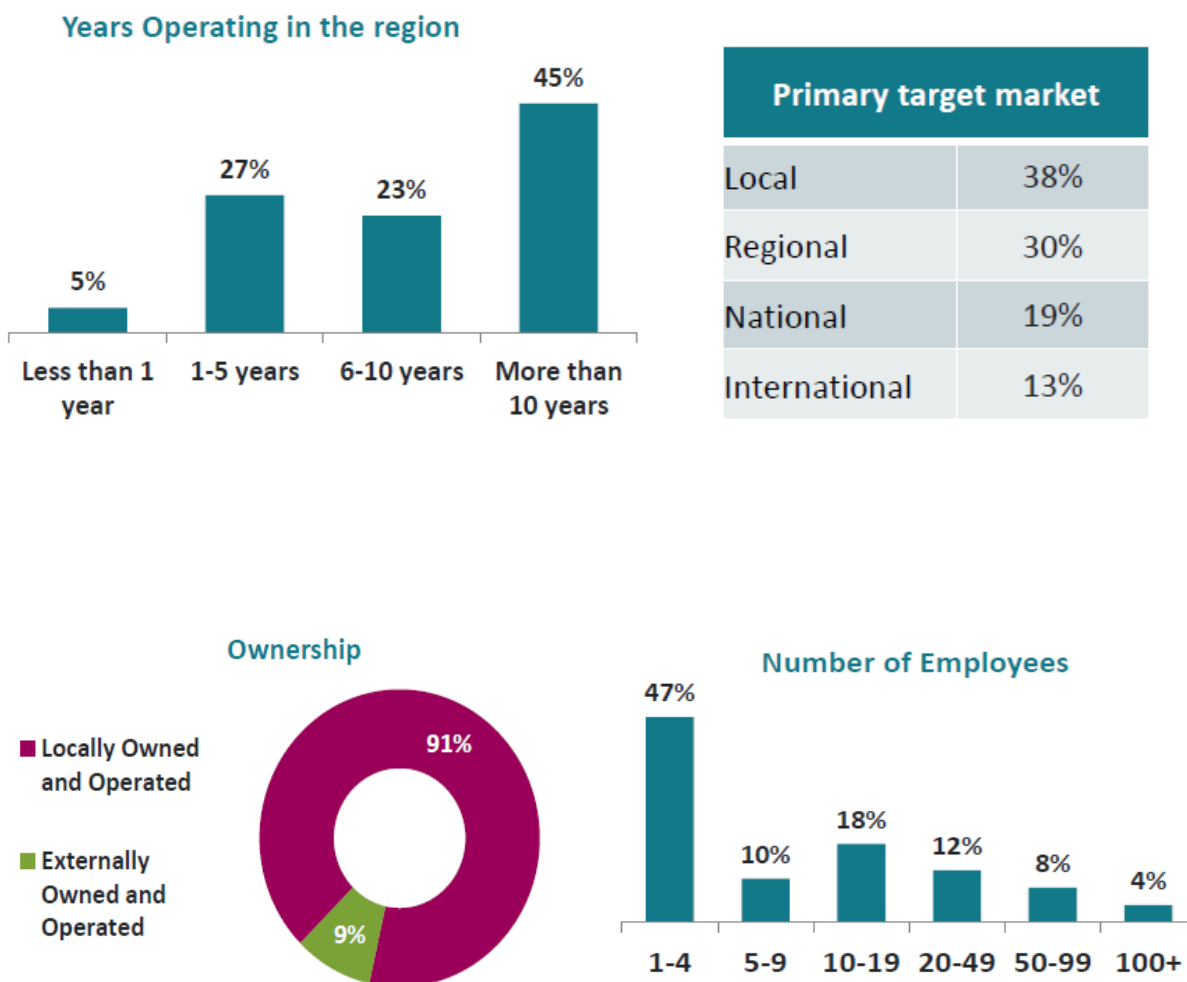
Key Findings

- Overall business satisfaction in the Regional District of Central Okanagan is quite strong at 93%; with 46% being very satisfied and 47% somewhat satisfied.
- 25% indicate their level of satisfaction is more positive than a year ago, compared to 20% indicating more negative; representing a net improvement of 5%.
- Businesses were asked to rate their satisfaction on 19 different factors affecting their business performance. Three of these factors had a satisfaction level of less than 50%.
- The factors with the lowest levels of satisfaction were: "Availability of adequate housing", "Availability of skilled labour", and "Availability of property for purchase".
- When considering what factors are statistically most likely to lead to improved business satisfaction, the top priorities are: "Development charges and offsite-levies", "Zoning" and "Availability of dark fibre network".
- Addressing these top priority business factors through review, adaptation, or sustained attention are most likely to lead to higher business satisfaction.



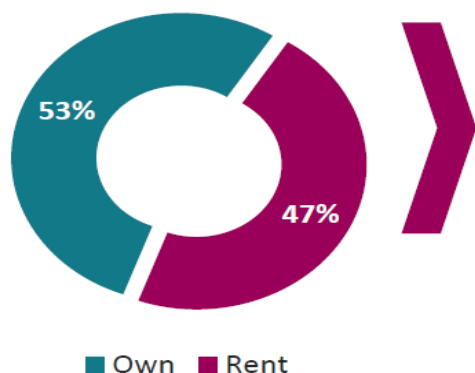
- The local business base was found to be largely established businesses evenly split between owning and renting their properties.
- The last year was mixed for businesses in the region with revenues rising or remaining the same for 76% of businesses and decreasing for 12%. The year ahead looks optimistic with 60% of businesses expecting revenues to increase.
- 33% of the business owners surveyed indicated they are planning to expand in the next two years.
- 25% of business owners surveyed indicated they would have interest in succession planning/support for the sale of their business.
- Despite high levels of overall satisfaction several businesses are considering relocating, downsizing, closing, or selling. Mitigating actions may be required to address contraction issues.

The Region's Business Profile





Own or Rent Business Property?



Term of Lease*:

Month to month = 6
One-year term = 6
Three year term = 12
Five year term = 25
More than five years = 12

Lease expires*:

Less than a year = 10
1 to 3 years = 21
3 to 5 years = 30

*Based on 61 respondents

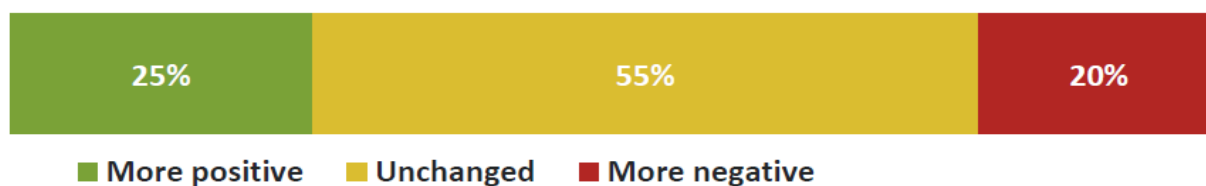
Overall how satisfied are you with the Central Okanagan as a place to own and operate a business?

Overall Business Satisfaction



Over the past 12 months would you say your attitude about doing business in the Central Okanagan has?

Business Satisfaction Past 12 Months

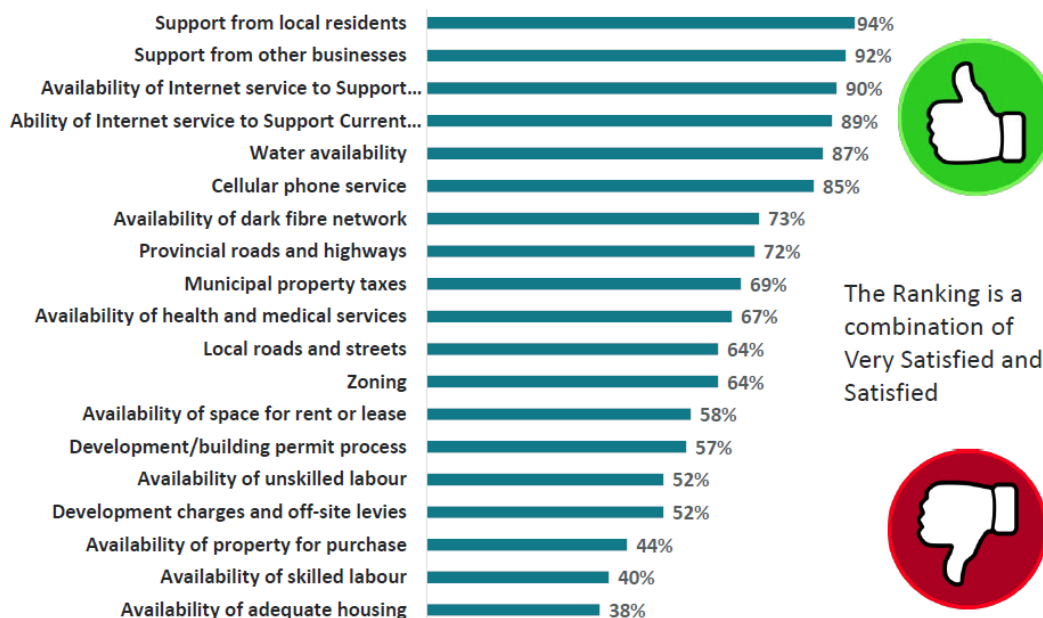


Net Improvement score = % more positive (25%) - % more negative (20%) = +5

The combined overall satisfaction is very high at 93%. While the net impact of changes over the past year is +5.



How satisfied you are with each of the following factors of doing business in the Central Okanagan?



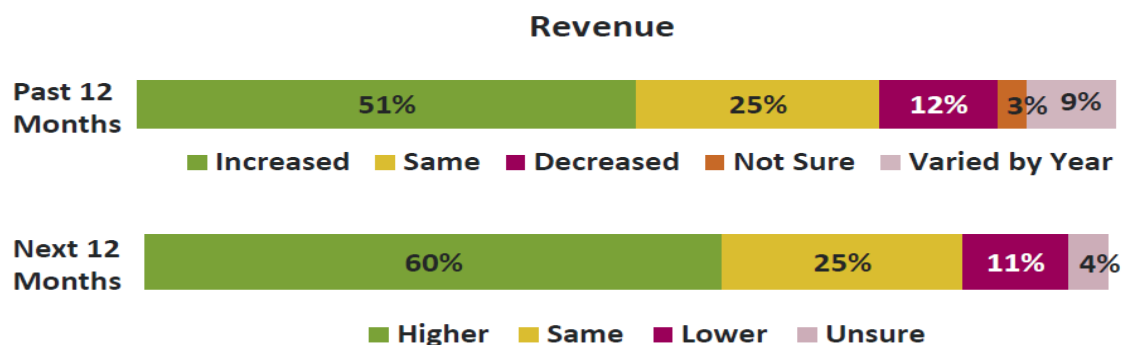
Priority Matrix

Utilizing the derived importance – which business factors will have the greatest impact on overall business satisfaction – of each of the surveyed factors of doing business in the region a priority matrix was developed.

| Business Factors | Performance | Importance | Priority |
|--|-------------|------------|----------|
| Development charges and off-site levies | 52% | 4.2 | 1 |
| Zoning | 64% | 5.0 | 2 |
| Availability of dark fibre network | 73% | 5.4 | 3 |
| Local roads and streets | 64% | 4.0 | 4 |
| Development/building permit process | 57% | 3.3 | 5 |
| Availability of property for purchase | 44% | 2.5 | 6 |
| Availability of skilled labour | 40% | 2.2 | 7 |
| Provincial roads and highways | 72% | 3.8 | 8 |
| Availability of space for rent or lease | 58% | 2.5 | 9 |
| Municipal property taxes | 69% | 2.5 | 10 |
| Availability of adequate housing | 38% | 1.1 | 11 |
| Availability of health and medical services | 67% | 1.8 | 12 |
| Availability of unskilled labour | 52% | 0.9 | 13 |
| Water availability | 87% | 2.8 | 14 |
| Support from other businesses | 92% | 4.1 | 15 |
| Support from local residents | 94% | 4.1 | 16 |
| Cellular phone service | 85% | 1.5 | 17 |
| Ability of Internet service for Current Business Needs | 89% | 0.2 | 18 |
| Availability of Internet service for future Business Needs | 90% | 1.4 | 19 |



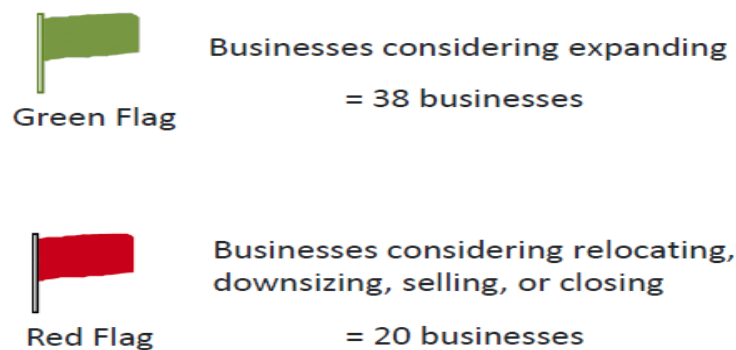
Sales and Business Outlook: Over the past 12 months have your revenues at your business and what are your expectations for the next 12 months in total revenues compared to last 12 months?



Future Plans

| Plans to... | % Yes | Timeline Context |
|----------------------------|-------|---|
| Expand within next 2 years | 33% | <ul style="list-style-type: none"> 21 within the next 6 months 17 in more than 6 months |
| Relocate | 2% | <ul style="list-style-type: none"> 2 in more than 6 months |
| Downsize | 6% | <ul style="list-style-type: none"> 2 within next 6 months 5 in more than 6 months |
| Sell | 4% | <ul style="list-style-type: none"> 1 within next 6 months 4 in more than 6 months |
| Closing | 2% | <ul style="list-style-type: none"> 2 in more than 6 months |
| Stay the Same | 53% | N/A |

Of note are any businesses that represented green or red flags. Out of 114 businesses surveyed, nearly half (58) presented an opportunity for intervention.





4.2 Stakeholder Interviews

As one key input to the COEDC's regional economic development strategy, 14 one-on-one in-depth interviews were conducted with key stakeholder organizations in the region. These sessions provided an increased understanding of the organizations, the vision of economic development, and relevant strategic priorities to inform the SOARR assessment.

Please describe your organization/association/business and its relationship to economic development in the Central Okanagan.

The individuals interviewed represented organizations from local government, business, healthcare, and educational institutions. Nearly all respondents indicated they considered their contributions to economic development as important and stressed the need for collaboration in the region.

How would you describe the business climate in the Central Okanagan?

All the respondents felt that the Central Okanagan has a relatively strong business climate and a positive future; however, some individuals perceived that growth had slowed in recent years. It was remarked multiple times that there seems to be a gap in mid-size companies, with many small and large businesses dominating the market. There were also comments from social services stakeholders that there are underutilized workforce segments (newcomers, refugees) that face barriers to employment including; transportation, housing affordability and language skills.

- “Strong, a lot of desire to be here...A robust economy, becoming younger, tech is becoming stronger.”
- “At a commercial level, we have a lot of owner-operated businesses without succession plans...An issue in the future is that the value of the business is tied up in individuals and, the sale of those businesses is difficult.”
- “There is a lot of capacity for employers to be creative and flexible; we have some champions that are benefiting from that...Big contractors doing joint ventures may need multiple partners to solve the labour issue.”

What are the most important key assets that we should know about?

Respondents listed a wide variety of assets in the region with the most common being the attractiveness of the Central Okanagan. Respondents felt this was the key driver for the region's success. Other key assets included the location of the region as a major centre between Vancouver and Calgary with a relative cost differential compared with both cities. The region's health care and educational institutions were also considered major assets that draw residents, businesses and investment. The large enrollment base of the public post-secondary institutions was also seen as an asset from the perspective of a future workforce. Many respondents alluded to a creative, entrepreneurial spirit in the region as a major differentiator for the region.

- “Adjacent to Vancouver but not Vancouver, brain drain from Vancouver's more expensive markets, affordability issues.”
- “Health care workforce, medical and nursing school programs are retaining people. A lot of community-based care, opportunities to test out new ways of developing care and delivery and prove them out.”



- “Connectivity to the world, one stop from everywhere, critical to the success of the region and the tourism industry.”

How could these assets be effectively leveraged?

Respondents had a wide variety of ideas to leverage specific assets. All felt that promoting the local quality of life was a significant first step and then focused on several more specific opportunities.

A few respondents indicated that the local tech industry, while still, comparatively a smaller player globally is key to growing the local economy with the examples of digital media companies Bardel and Yeti Farm Creative, that developed games and animation with highly talented employees luring major contracts and FDI investments. These respondents also indicated that improved access to capital, both public and private would be a key enabler of these opportunities.

- “Foster the ground-level support, the economy needs entrepreneurs driving it.”

Some respondents felt there are opportunities to enhance the connection between industry and university to retain students. This was connected to a “Crisis shortage of workers, dedicated staff members.” A few possible solutions outlined were:

- Reaching out to newcomers, permanent residents and refugees;
- Attracting an increasing diversity of workers;
- “Proactively maintain those strong relationships and reiterating the importance of collaboration and providing opportunities for us to do stuff together.”

One specific opportunity was related to tech-enabled solutions for the local health authority, suggesting that the organization has funding and the ability to locally procure innovative solutions that have the potential to be implemented province-wide. This included a focus specifically on enhancing service delivery over wide geographic areas.

- “View the health authority as a laboratory and run pilots.”

A key theme of enabling sustainable development and maintaining the assets that drive tourism was also mentioned.

- “Develop based on values, protections, helps us stand out from the crowd, received international results.”

What do you see as the most relevant challenges or barriers to economic growth in the Central Okanagan in the next 3-5 years? (Please consider those things that we can affect through action)

Respondents identified a wide variety of challenges impacting growth in the Central Okanagan that fell within three broad themes.

Investment Readiness:

- “Lack of access to capital.”
- “Lack of available serviced land in industrial and commercial areas for new investors.”
- “Everyone has succession planning issues.”



- “Lack of affordable commercial space, commercial kitchen environments, interested in working in the food industry, space for producing good, vegan options to scale need a commercial space.”

Workforce Development/Retention/Attraction:

- “Creating a more welcoming community for more diversity, without that we won’t have growth.”
- “There is a perception in the region of nothing happening...graduates not seeing the opportunities here.”
- “Workforce; hard to find well-qualified people willing to stay in entry-level roles... there has been job-hopping.”
- “Cost of living rising, difficulty retaining individuals...small businesses hard to find labour.”

Interprovincial Conflict:

- “Alberta oil and gas effect from the province, seeing less investment and the perception we are not interested in their business...need to welcome Albertans, pipeline/wine dispute has been a problem...Interprovincial trade, limitations impediments to growth.”

What are the three greatest opportunities to stimulate economic growth and business investment in the Central Okanagan in the coming 3-5 years?

Respondents had a wide variety of identified opportunities to support growth in the Central Okanagan that fell for the most part into a few key categories:

Workforce Attraction/Retention/Development

The ability for youth to find great employment in Kelowna

- “Support local businesses, stronger connections to the university includes research and hiring side.”

Quality of Life/Cost of Living Concerns

- “Everyone needs a place to live and costs associated will impact that, people who are taking positions across the industry, housing needs to be available, keep the market in check.”

Housing affordability

- Availability of childcare is a big issue

Investment in Key Sectors

- Growth in the information and tech industries
- “Continued investment by the university (UBCO); promote the university expansion and impact.”
- “Tourism is a big part of the economy, internationally known...4 seasons...higher quality experiences and international tourism.”
- “More robust capital pool would be a big thing, not just angels...organized groups, create a place for them to be impressed by local opportunities, we have the tech, but it could grow better and faster.”
- Developing the high-tech hub, perception, every effort made to continue that opportunity
- Impact investment fund, (b-corp, community development, customer focuses, environmental, governance) Platform from the University



If the Central Okanagan is to achieve its potential for economic growth, what 1-2 key priorities need to be reflected in the strategy?

A few key themes emerged from this question: the two most prevalent were related to land, investment readiness, workforce and access to capital. Most respondents indicated that prioritization of opportunities is required and that there are limited opportunities for the region to grow.

- “Review of land to make sure we have the right type...to support the investment we want.”
- “Price of real estate is a vital part.”
- “Bridge from the workforce to businesses.”
- “Access to capital...Important to think about global competitiveness.”
- “Recruitment and retention immigration, newcomers.”
- “Access to support services Childcare...ageing population support.”
- “Sustainable development approach...Cost of living, availability of housing...More housing downtown, ways to increase infill development... strategic, land development, redevelopment.”
- “Stronger connections between businesses and the universities.... (they) go after those resources too, hard to work with them when they are being so competitive.”
- “No venue for showcasing results...opportunity for local service providers to coordinate successes’

4.3 Stakeholder Workshops

In addition to the in-depth interviews with 14 stakeholder organizations, 4 stakeholder workshops were held in the Region in May 2019. Participants included:

- Economic development staff from:
 - City of Kelowna
 - City of West Kelowna
 - Westbank First Nation
- Staff and contractors from the COEDC:
 - COEDC Director,
 - COEDC Business Development Officer,
 - Export Specialist,
 - Okanagan Young Professionals Community Cultivator; and
 - Okanagan Young Professionals Student Liaison
- COEDC Advisory Council
 - Industry representatives
 - Post-secondary institutions
 - Local government appointees; and



- Partner organizations.

The workshops helped gain an understanding of local perceptions and grounded the research findings in the reality of economic development in the community. The workshops gathered feedback on the following questions.

1. What are the good news stories and key areas of strength in the Central Okanagan?
2. What challenges are limiting economic growth in the Central Okanagan?
3. What steps need to be taken to make the region more attractive to new businesses and retain existing ones? Near term, longer-term?

For each question, the responses have been summarized with attention to the frequency of each comment. As the responses provided by the various groups are similar, they have been grouped as a summary. In the case where responses are dissimilar or offer a different perspective, they have been identified in summary as well.

What are the good news stories and key areas of strength in the Central Okanagan?

Workshop participants identified that Central Okanagan's natural asset base has contributed to talent attraction and business growth in the high-growth tech sector and is an important value proposition to attract young families and youth to the region. Furthermore, the Advisory Council indicated that the Central Okanagan is viewed as a regional destination with high-end experiences and amenities. The growth and development of downtown Kelowna are identified as central to this, as it provides the infrastructure to support and improve networks and collaboration between businesses throughout the region.

Three main drivers were identified as strengths for the region, the Kelowna International Airport, Kelowna General Hospital (KGH) and the public post-secondary institutions, namely, UBCO and Okanagan College. The airport was recognized for the role it plays in the growth of aviation and subsidiary industries. The healthcare sector was also recognized for its role in contributing to the regional economy. The Kelowna General Hospital (KGH) in addition to offering speciality medical care has a physician training facility that provides specialized training for future physicians.

In addition to contributing to the in-migration of youth and international students, the public post-secondary institutions, along with Accelerate Okanagan, have established the region as an innovation hub. They have responded to the need of the sector and developed programs, e.g., Okanagan College trade school, UBCO's Industry Liaison Office and UBCO's Innovation Precinct Digital Learning Factory.

The technology sector was identified to be a strength for the region. Discussions centred on this sector indicated that the region has a rapidly growing number of start-ups and large tech companies and is marketed well. Tourism, agriculture and viticulture and related industries were also recognized for its role played in growing the economy. To fully leverage the benefits of tourism, the region has intentionally developed October to March tourism offerings and attractions as well as scaling up the business meetings, conferences, and events program. The Agricultural Land Reserve (ALR) is also identified as a strength for the sector, protecting and prioritizing agricultural land use. In terms of



manufacturing, respondents indicated that in addition to composites, the sector supports the technology sector and value-added agriculture activities, including wine and cider making.

Workshop participants recommended targeted steps such as expanding processing capabilities, improving sector visibility and increasing capital investment to grow these sectors further. Furthermore, new opportunities to continue exploring include the farm to table economy, cannabis and related processing, and cross-fertilization of the tech sector with other sectors.

Discussions centred on business growth identified that entrepreneurship spirit is high in the region and that there is a strong support network for entrepreneurs. Accelerate Okanagan was identified as an important partner in this regard. Furthermore, respondents indicate that banks are increasingly responding to business needs and provide loans and credits to support business growth and investment.

Representation and support for the Syilx/Okanagan peoples were identified as a strength. Recent trends show increased Indigenous student enrollment in local schools and more collaborative development initiatives. Furthermore, stakeholders identified strong community spirit – sense of place and community volunteerism – is high in the region.

Another important strength for the region is the partnerships between the COEDC, local economic development offices, Tourism Kelowna and industry and post-secondary institutions. The COEDC provides coordinated promotion and marketing efforts that benefit the region as a whole. Also, it has strong working relationships with the local communities, ensuring that local needs and efforts are well supported. Also, local municipalities understand that they are not in competition with each other, and the development in one municipality will positively impact the other.

What challenges limiting economic growth in the Central Okanagan?

Respondents identified a number of challenges in the community that limit growth opportunities, including the ageing demographics, increasing cost of housing, limited rental housing and urban-rural interface.

Also identified were transit gaps such as the lack of rail access has hindered the growth of manufacturing in the region as local manufacturers struggle to transport materials to major cities. The lack of convention space for (large) business events and (increased access to) spaces for networking events were identified as challenges, specifically for the technology sector.

Discussions also identified a general gap between the community and industry as the economic drivers are not well communicated to the community. This results in limited community support and low reinvestment mentality. The tech sector, in particular, was identified as having limited access to angel investment and venture capital funds; on both the investor side as well as on financial institute side. However, they are seeing this trend reversing and also identify this change as strength.

Respondents identified that global awareness as it relates to export and foreign direct investment is limited in the region. While the quality of life in the region is identified as a strength, respondents were also aware of a downside in terms of business growth, export development, and investment. Discussions centred on this theme indicated that entrepreneurs establishing businesses in the region are not looking to expand and tap into the export capabilities or have a long-term vision for their business growth. They are focussed on achieving quality work-life balance and hence are satisfied with owning and operating a steady-state business.

Challenges related to Workforce-related were commonly highlighted. The perception of a disconnect



between the industry sectors and the skill level of the region's population. The Advisory Council shared that there are limited connections between education institutions and the business community/industry. This has factored in the perception that post-secondary grads are not equipped with the skill sets required to participate in the local workforce. Okanagan Young Professionals representatives indicate that limited entry-level job opportunities, specifically in the tech sector, affect youth retention in the region. While the tech sector is great at providing mentorship, there are not many job opportunities for entry-level candidates as the majority of firms in this sector are small-sized and looking for mid-skilled talent.

- Workforce challenges specific to the tech sector and healthcare: the majority of firms are interested in hiring specialized talent. Furthermore, there is a perceived view that lifestyle tax is affecting talent attraction and retention in the technology sector. The Advisory Council Workshop provides a different perspective. Kelowna is identified as an attractive location for skilled talent and entrepreneurs as it is easier to move up the ladder here, and it pays more for the same positions compared to Vancouver.
- Workforce challenges specific to the agriculture, retail and tourism and related sectors: retention level is low, generally due to the mindset of workers (consider service jobs as beneath them) and the seasonal nature of the work.

Marketing gaps and the lack of promotion of good news stories was identified as a central challenge to economic growth in the region. Central Okanagan's messaging is highly focussed on promoting the quality of life considerations. While this is important, marketing should be geared towards promoting sector strengths (tech, healthcare, value-added agriculture) and providing visibility to the sector on a national and international scale. Discussions also indicated that while arts and cultural considerations are growing in the economy, this sector is not seen as an important contributor to economic growth.

Respondents indicated they perceived a disconnect between the planning and economic development departments as limiting economic growth in the region. These challenges included lack of cohesion between municipalities and inconsistencies in zoning and regulations. The limited availability of light industrial and commercial land (perceived or otherwise), and a lack of shovel ready land and zoning issues affect industry attraction. Individual municipalities undertake zoning related decisions, but business attraction efforts are made on a regional level. Also, individual communities are undertaking OCP's, but there is no regional growth strategy. This affects development efforts and limits collaboration at the municipal and regional levels.

What steps need to be taken to make the region more attractive to new businesses and retain existing ones? Near term, long term?

Respondents indicated the following steps as important to attract new businesses and retain existing ones:

- Inventory of available serviced commercial and industrial land
- Improved connections between planning and economic development
- Promoting the good news sector and marketing industry strengths
- Increased partnerships between the private and public sector, increase private sector investment
- Improved downtown presence to support the tech sector through more co-workings paces and office style development



- Improved visibility and community engagement for business growth and support for business owners to utilize current support/grants available
- Formal business licencing and targeted BRE practices
- Getting the business voices more involved in land planning will alleviate issues associated with business growth.
- Opportunities to expand job finding and co-op programs to integrate students into the workforce better were identified
- Programs in the downtown geared towards students will enable youth retention in the region.
- Models to support and subsidize non-profits to ensure continued growth.
- Capitalize on UBCO research programs to turn research into businesses
- Establish post-secondary nodes in smaller communities, i.e. Lake Country
- Increase dark fibre access throughout the region
- Improved transit connections to ensure internal and external movement
- Innovative housing solutions for the short term, rental and low-cost housing to support labour needs
- Succession planning across all sectors
- Leverage Tourism Kelowna's business events recruitment to specific categories – i.e. medical school conference, aerospace, composite manufacturing
- Targets FDI and export initiatives that provide research into emerging markets.
- Emphasis government connectivity into provincial and federal levels

5. PEST/SOARR Assessment Results

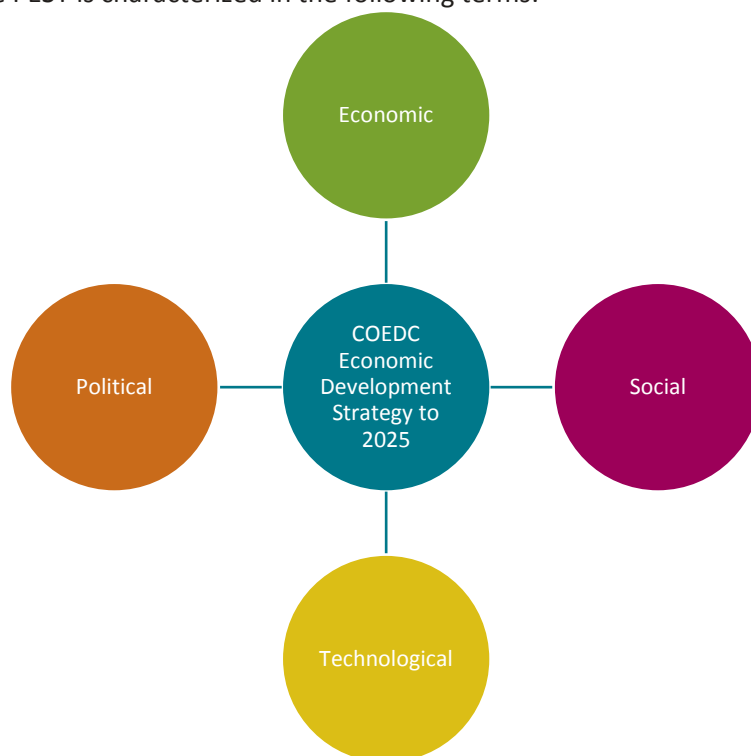
5.1 Defining PEST/SOARR

A PEST/SOARR analysis can assist in understanding the context in which an economic development strategy is being created. The analysis considers the strengths, weaknesses, opportunities and threats



facing Central Okanagan, along with the political, economic, social and technological factors at play and influencing outcomes in the Region. This framework was developed based on insights from the review of the local and regional context, as well as comprehensive dialogue with local businesses, community stakeholders and partners.

For this report, the PEST is characterized in the following terms:



Economic – Overall economic forces that could impact the economic growth of a community. Examples include Economic trends, industry growth, international trade, labour costs, income, unemployment rates, taxation, inflation, monetary policies, etc.

Social – Social attitudes, behaviours, and trends that impact the community. Examples include Population growth, age of the population, economic status, social /ethnic customs, immigration/emigration, family size/structure, lifestyle trends, etc.

Political – Political or politically motivated factors that could impact the community. Examples include Government policy, political stability or instability, foreign trade policy, tax policy, trade restrictions, labour/environmental/copyright/consumer protection laws, funding grants & initiatives, etc.

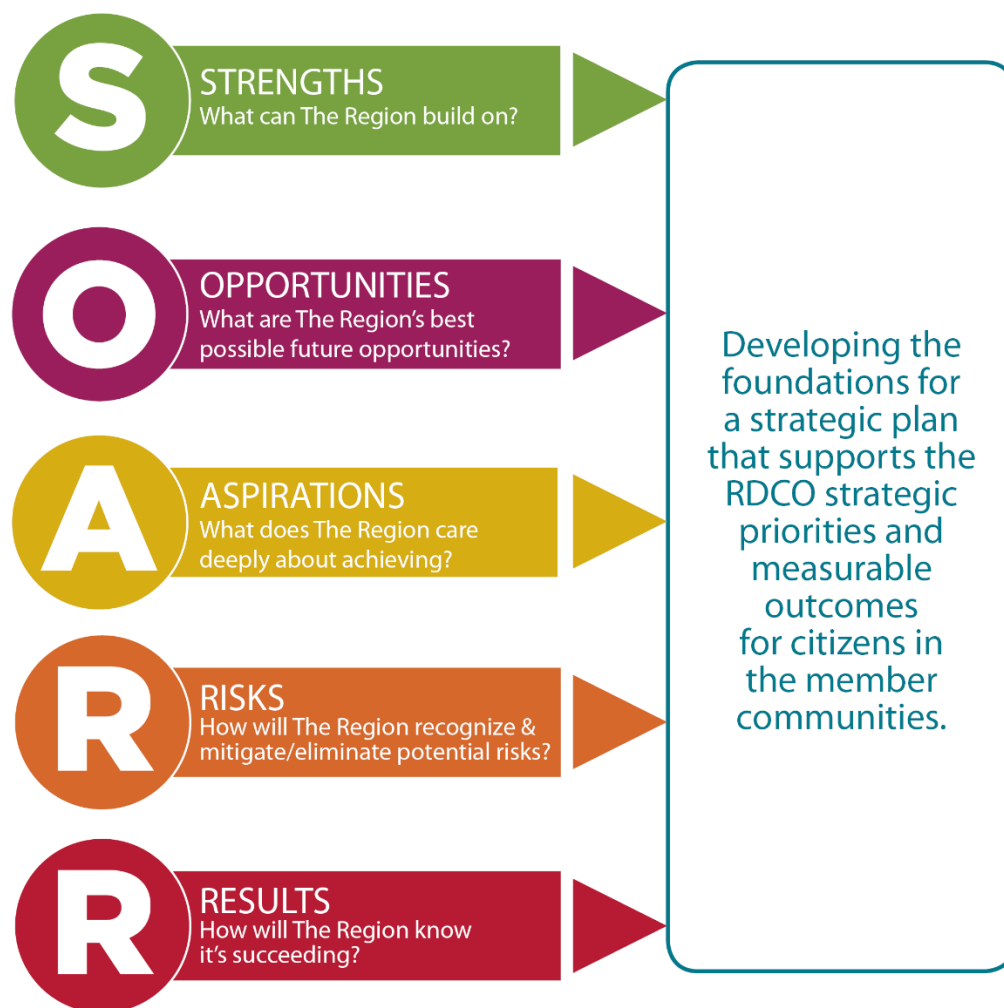
Technological – Technology that can affect the way you make, distribute, and market products and services. Examples include technology and communications infrastructure, legislation around technology, consumer access to technology, competitor technology and development, emerging technologies, automation, research and innovation, intellectual property regulation, technology incentives, etc.

The SOARR Assessment is a model for establishing a baseline for analysis in strategic planning by



studying identified strengths, opportunities, aspirations, risks and results (SOARR). It is a forward-looking model, taking elements of what would traditionally be affiliated with strengths, weaknesses, opportunities and threats analysis and using insights gained through stakeholder consultations to inform what is desired for the future and how to know when aspirations have been met. The exercise is most beneficial without applying limiting factors (feasibility, responsibility, resources, etc.) in the analysis of inputs; therefore, information in the following model output categories are not to be assumed as proscribing or attributing to any specific organization or function at this stage. The key concepts underpinning the SOARR model are outlined in the figure below.

For this report, the SOARR is characterized in the following terms:



Source: MDB Insight, 2019.

5.2 PEST Assessment

5.2.1 Political



Multiple Jurisdictions within the Region - The local government system in BC is unique. Regional districts are modelled as a federation composed of municipalities, electoral areas, and in some cases, Treaty First Nations, each of which has representation on the regional district board. The Regional District of Central Okanagan service region includes the District of Lake Country, the City of Kelowna, the City of West Kelowna, the District of Peachland, the Electoral Areas of East and West, and a service agreement with the self-governing Westbank First Nation. The Okanagan Indian Band's Duck Lake Indian Reserve #7 is also located within the service region. The Central Okanagan is located in the Thompson-Okanagan economic region of the Province of British Columbia. With the different actors in the overlapping jurisdictions that impact the Regional District of the Central Okanagan, the alignment of efforts to leverage shared resources and access funding programs from upper levels of government provide significant opportunity.

COEDC Partnerships – The COEDC's Economic Development Strategy's success depends largely on the buy-in and support of the municipalities and staff in the region. The COEDC has made collaboration a priority and needs to continue to do so to ensure the successful implementation of an economic development strategy.

Interprovincial Trade Considerations - Interprovincial trade and the removal of interprovincial trade barriers has been a longstanding source of discussion for provincial and federal leaders. The Central Okanagan Region's viticulture and growing cider industry serve the local market but are somewhat limited in their ability to expand if trade barriers exist within the rest of Canada. The removal of trade barriers and interprovincial red tape would enable local industry to access larger markets.

Oil and Gas Pipelines - Recent tensions between the governments of British Columbia and Alberta over pipeline development in the oil and gas sector has spilt over into other, unrelated industries. While these tensions are mostly political, some companies have taken a position on one side of the pipeline debate or the other. If the perception of the Central Okanagan is anti-pipeline, the region could miss out on attracting companies to other jurisdictions seen as more friendly to pipelines. Alternatively, recognition as anti-pipeline could position the region to develop as a hub of clean energy innovation, especially as the natural assets are significant for continued economic returns in Tourism and Agriculture sectors.

The United States-Mexico-Canada Agreement (USMCA) – The renegotiation and replacement of the North American Free Trade Agreement (NAFTA) with the USMCA are currently underway. Many products have already been affected in the Central Okanagan with both American wine and dairy products now having less restricted access to the market. The final ratification of the agreement will have implications on North American imports and exports.

Dispute with China - Canada is currently facing pressure from two of the world's largest economies - the United States and China. The RCMP acting at the request of the United States arrested Meng Wanzhou, CFO of Huawei and one of China's most important executives (both in terms of connections to the government of China and the size of the business). Huawei has been accused, amongst many other charges, of subverting international sanctions and doing business with Iran. This has led to retaliatory arrests of Canadian citizens in China and China's rejection of Canadian food products, including canola. The issue creates trade uncertainty with both the United States and China and may affect imports and exports in the Central Okanagan.

5.2.2 Economic



Talent and Workforce Attraction – Attracting highly skilled workers remains one of the top challenges facing employers in many parts of the country. The global market for talent has allowed high-skilled workers, particularly in the technology sector, to dictate where they choose to work. Talent attraction efforts are now a part of many jurisdictions' economic development strategies and the source of academic and business association discussions. While compensation is a strong attraction factor for talent, other factors also play a role in attracting skilled workers, entrepreneurs and their families. Quality of place, cost of living and the amenities offered in the Central Okanagan Region are strong attraction factors for talent. In addition to the need for highly skilled workers, many of the Region's employers also require unskilled labour. Fruit harvesting, agricultural production and service industry jobs often comprise lower-wage employment. Focusing solely on attracting high-skilled talent at the expense of low skilled labour could pose problems long term, particularly if the cost of living in the region continues to climb. The COEDC has made workforce development a key component of its activities and will need to continue to support and expand these initiatives.

International Trade - The aerospace sector plays an important role in the economy of the Central Okanagan Region. The growing cluster of businesses coupled with the growth of Kelowna International Airport is a source of jobs and a major economic impact along with an area of continued development focus for the industry, education, and economic development partners. The industry serves some large domestic customers, including major contracts with the Royal Canadian Air Force but also relies heavily on international trade and customers who make up the global supply chain. Many of the aerospace companies engineer and manufacture components for Boeing which has its western headquarters in Washington State. Disruptions in international trade and trade with the United States are felt acutely by this industry. The ongoing United States and China trade dispute has created uncertainty across the global economy that will continue to affect export-oriented industries in Canada in the short term until trade tensions subside.

Impacts of Climate Change – The impact of climate change is a global challenge with implications for all jurisdictions and industries. Some regions are more acutely impacted by climate depending upon their location, industry mix and other mitigating factors. The Central Okanagan Region's soil and growing conditions are ideal for many of the agricultural products and viticulture industry that contribute to the economy of the region. The hot, sunny and dry climate is cited as ideal growing factors in the COEDC Agriculture and Viticulture Sector Profiles. Some areas of the Region, including the City of West Kelowna, are challenged with irrigation and water servicing for all its agricultural areas. A warming climate and extended dry and hot summers pose a risk to many agriculture operations within the region and mitigation of this risk are essential to provide for the viability of certain crops over the long term.

5.2.3 Social

Increasing Housing Costs – The Central Okanagan Region has a comparatively low cost of housing to major Canadian cities such as Vancouver, Calgary, or Toronto. For both the rental and homeownership markets, the Region has seen an increase in housing prices from 2012 to 2018; the average sales price, for new and resale, has increased by 70% for single-detached homes, 62% for townhouses, and 65% for apartments, and the average rental rate has increased by 37% for both 1 bedroom and 2 bedroom units,



and by 26% for 3 bedroom units.¹¹ Some of the interviewees reflected on this increase in housing costs as a potential challenge and expressed some concern that there may be a time shortly where the Region crosses the threshold from a lower-cost jurisdiction to one that is considered cost-prohibitive.

Transit– Connectivity, along with existing transit infrastructure and geographic factors such as valley and lake, greatly influence traffic flows in the region. Influenced by population growth, similarly to housing needs, increased traffic, parking availability in downtown cores and commute times are areas of social tension in the Region.

Ageing Population – The Central Okanagan is ageing. The median age in the region increased from 43.4 years in 2006 to 45.5 years in 2016. In 2016, individuals aged 50 years and above represented 44% of the population while young adults between the ages of 25-39 years accounted for only 18% of the total population. The ageing population will create both opportunities and challenges in the region, placing higher pressure on health care services and demanding services and supports.

Inclusive Growth – is the connection between equity and economic development, whereas economic growth benefits inclusivity and inclusivity supports further economic growth. Through economic development practices of network building and assisting SMEs, supportive policies for skills training, transit, and housing, and partnerships that build awareness and collaboration, communities can work towards more inclusive growth outcomes.¹²

The intersection of Urban and Rural – The Central Okanagan has a thriving agricultural sector with viticulture, cider and craft beer production, tree fruits, and many other products available locally ensuring the region remains highly competitive and prosperous. Farm practices have changed with emerging technologies and new applications for machinery increasing production while also causing noise and other disruptions for neighbouring properties. Expansion of the urban and suburban areas as population growth pushes outward is increasing the edges of growth boundaries and adding tensions between land uses. Edge-planning has been referenced as one strategy to mitigate this potential source of tension.

5.2.4 Technology

Industry 4.0 – Is the next wave of technological innovation whereby production, supply chains, and work itself are intelligent processes supported by automated and internet-connected machines constantly in communication, utilizing and sharing data. Industry 4.0 is rapidly changing how businesses function and innovate in all sectors. For the Central Okanagan advanced manufacturing, aerospace, and agriculture sectors have opportunity for innovative approaches in inputs, processes, and utilising new Industry 4.0 techniques. Aerospace companies across the world and other high-tech firms are increasingly utilizing the principles of Industry 4.0 to make production and distribution more efficient and effective. Adopting Industry 4.0 techniques and technology can be cost-prohibitive for smaller firms, and the predominantly smaller scale aerospace sector companies in the Region will need to

¹¹ *Regional Housing Needs Assessment*, Regional District of Central Okanagan, July 2019


¹² *Committing to Inclusive Growth: Lessons for metro areas from the Inclusive Economic Development Lab*, Metropolitan Policy Program at Brookings, 2017



collaborate to compete with multinational players such as Boeing and others. For agriculture efficiencies in water usage, product quality/quantity outputs and innovative techniques could mean resiliency in facing climate change and land-use pressures in a sustainable approach.

5.3 SOARR Assessment

5.3.1 Strengths

| | | |
|---|---|--|
|  | STRENGTHS What can The Region build on? | <ul style="list-style-type: none">• What is The Region doing well?• What key achievements is The Region most proud of?• What positive aspects have individuals and enterprises commented on? |
|---|---|--|

Strong Demographic Indicators

- Central Okanagan shows strong population growth increasing by 35% (net increase of 54,379 people) from 154,473 people in 2001 to 208,852 people in 2018. The population is further projected to grow by 13% to approximately 236,411 people by 2028.
- Household income of residents has also increased, leading to greater purchasing power and potential for reinvestment in the community.

Desirable Natural Assets and Quality of Place

- Central Okanagan has a diverse range of natural assets (mountains, rivers, lakes, waterfalls, unique volcanic formations, deep forest, provincial and regional parks, open green spaces and trails), arts and cultural assets (theatres, art galleries, museums and festivals and events) and social and educational assets (library, UBCO and Okanagan College). These elements provide diverse recreational opportunities and significantly raise the community's quality of place experience.
- Central Okanagan is comprised of seven communities: District of Lake Country, City of Kelowna, City of West Kelowna, Westbank First Nation, District of Peachland, Central Okanagan Electoral Area East and Central Okanagan Electoral Area West. Each of these communities offers unique characteristics that raise the quality of life for residents and attracts investment.

Access and Proximity to Markets

- Central Okanagan continues to benefit from its position as the largest trading centre between the two largest cities in Western Canada—Vancouver and Calgary. Central Okanagan is well-served by numerous highway systems, including Highway 97, Trans-Canada Highway and Highways 3. The region is serviced by Kelowna Regional Transit (KRT). Also, Kelowna International Airport (YLW), plays a vital part in the economic development and prosperity of the Central Okanagan. YLW offers more than 60 daily non-stop commercial flights and moved approximately 1.89 million passengers in



2017, up 9.3% from 2016. The airport's cargo rates¹³ have dropped significantly since 2014 from 2,264.3 tonnes to 1,701.0 tonnes in 2017 and represent a key opportunity for growth.

A Growing Post-Secondary Presence

- Central Okanagan's two public post-secondary institutions generate significant economic impact by attracting research and development dollars and experts through their labs such as the Survive and Thrive Applied Research (STAR) initiative¹⁴ and the recently announced Innovation Precinct which will among other partnerships develop aerospace technology with Avcorp Industries¹⁵ at UBCO, and the BC Technology Access Campus for beverages research at Okanagan College.
- The presence and access to educational institutions and support structures foster incubation and commercialization of ideas and targeted response to industry needs. For example, programs such as entrepreneurship@ubc support ventures from ideation to funding, providing support and resources for entrepreneurs.
- Currently, the University of British Columbia's Okanagan Campus and Okanagan College host more than 16,000 students. This number is growing annually and expected to exceed 18,000 students on UBCO's campuses alone by 2040¹⁶.

A Diverse and Growing Economy

- The Central Okanagan was named the most enterprising region in Canada by the Financial Post in 2016. The Region is outpacing the province in the growth of businesses by employee size with the biggest jump in businesses with 20-49 employees at 8% growth compared to the province at 3%¹⁷.
- Diverse industry sectors including advanced manufacturing, aerospace, agriculture and viticulture, construction, healthcare, retail and tourism are supported by focussed investment attraction and business retention and enhancement initiatives from business support organizations, including the COEDC, Chambers of Commerce, and Industry associations, in the Region.
- The Central Okanagan has a growing workforce to support emerging sector opportunities. In 2016, Central Okanagan's labour force was concentrated in health care and social assistance, retail trade, construction and accommodation and food services. Labour force by industry in Central Okanagan grew by 7,725 people (8% growth) from 2011 to 2016. Comparatively, the province saw 5% growth for the same period.
- Central Okanagan has developed targeted opportunities to grow the tourism and agritourism sector through marketing and product development assistance, such as the COEDC *From Agriculture to Agri-Tourism – Opportunities* resource, supporting agritourism businesses and growing the suite of experiences in all seasons to benefit local and inbound visitors in the Region.
- A strong value chain supports priority sectors including Agriculture/Viticulture, Manufacturing/Aerospace, Health, Animation/Film/Digital Media and Information and

¹³ Table 23-10-0254-01 Air cargo traffic at Canadian airports, annual

¹⁴ UBCO STAR, star.ubc.ca/

¹⁵ UBC Innovation Precinct, ubcinnovationprecinct.ca/

¹⁶ UBCO Outlook to 2040, ok.ubc.ca/shaping-ubco-future

¹⁷ BC Stats



Communications Technology. For example, the existing viticulture industry is complemented by emerging craft beer and cider industries.

- Collaboration and sector partnerships have supported growth and innovation in industry sectors. For example, the agricultural research infrastructure and expertise available at UBCO, Okanagan College, Summerland Research and Development Centre, as well as industry associations, ensures continued growth for the agriculture sector. Within the tech sector, collaborations have resulted in new applications for technology in the health field, including QHR Technologies electronic medical record platform.
- The Region can capitalize on existing strengths, including tech-enabled firms, post-secondary R&D and support, dark fibre network, the Digital Technology Supercluster and the Cascadia Innovation Corridor to grow the tech sector.
- There is a growing innovation ecosystem anchored by Accelerate Okanagan; further the Region ranks 11th in the 2019 Youthful Cities ranking ahead similar mid-sized Canadian cities including Charlottetown, Halifax, and Winnipeg.

Strong Community Spirit and Entrepreneurial Culture

- The business survey and stakeholder workshops with staff, industry and educational partners identified a great sense of community pride and support for the community.
- The Region's economy continues to demonstrate its entrepreneurial culture. As of December 2018, approximately 26,768 businesses were registered in the Central Okanagan. Of the 26,768 businesses, the majority were sole-proprietorships (18,421 businesses – 69% of total businesses). In line with this finding, the City of Kelowna was named the best city in BC to open a small business by the Canadian Federation of Independent Business in 2018.

Supportive Economic Development Stakeholders

- The Central Okanagan is serviced by the Regional District of Central Okanagan's Economic Development Commission (COEDC), Municipal Economic Development staff and COEDC Advisory Council. They provide economic development services on behalf of residents and local businesses, promoting business and economic growth opportunities across the region. The COEDC has fostered a collaborative regional approach to economic development to support economic growth across the region.



5.3.2 Opportunities



OPPORTUNITIES

What is The Region's best possible future opportunities?

- What changes in demand does The Region expect to see in the future?
- What external forces or trends may positively affect development?
- What are the key areas of untapped potential?
- What weaknesses or threats can be converted into SMART improvements?

Leveraging Infrastructure and Sector Strengths to Raise Community Profile

- Continuing to focus on messaging that goes beyond 'Quality of life' and is targeted towards promoting business success stories emphasizing strengths and growth of key measurable indicators. The region has a strong technology sector, entrepreneurial spirit, an innovation ecosystem, educational and industry partners and a strong volunteer community. The Central Okanagan also has the core infrastructure necessary for economic growth including broadband infrastructure, highway system and a growing airport. Focus on these aspects to promote the region and advance/differentiate talent/entrepreneur attraction initiatives.
- Promote priority sectors to raise the profile of the community.
 - i. Agri-food and Value-added Agriculture – Continue to promote agritourism and increase awareness of the agriculture sector. Opportunities exist for the development of speciality products such as organic crops to adapt to changing consumer demands. Also, the nexus between agriculture and food processes or other value-added agricultural product processes, e.g. biomass, oil extraction, etc. can be explored. Increased access to commercial kitchens and food testing could leverage the abundance of small-scale food innovation and experimentation into commercialization.
 - ii. Fibres and Bio-alternatives – Emerging sectors related to agriculture and forestry can produce different materials such as hemp fibres, cellulose products, or other agroforestry by-products or inputs that have increased in industry confidence and application.
 - iii. Technology-enabled Businesses – Continue to promote the technology-driven and creative industries to drive economic growth for the region. Opportunities exist to expand educational industry partnerships, leverage funding opportunities through angel investment and research the feasibility of convention space for networking and business growth opportunities.
 - iv. Healthcare – The Central Okanagan is a healthcare hub and related support, creating new economic opportunities and growing existing ones. Continue to raise the profile of the sector as a regional healthcare provider on a national and international scale. Additional opportunities for health manufacturing supported through local research expertise and specialization service at KGH/UBCO also exist.

Business Retention and Expansion Priorities

- Continued provision of programming (site visits) and services (business consultation) for entrepreneurship and small businesses in the region. The Region is a hub of emerging and established companies with strong representation in tech, digital and animation, life sciences and



innovative practices in construction, manufacturing and agriculture. Opportunities exist for fostering new start-ups and advancing high-growth companies with continued offerings of tailored business service programming and resource development.

- The business survey conducted by phone and online with 114 responses. Businesses in the Region identified the following strategic priorities that are most likely to increase business satisfaction: “Availability of skilled labour,” “Development charges and offsite-levies,” and “Availability of adequate housing.” Addressing these top-priority business factors through review, adaptation, or sustained attention is most likely to lead to higher business satisfaction.
- COEDC Advisory Council stakeholders identified that a focus on succession planning supports across all sectors as a step to make the region more attractive to new businesses and retain existing ones. Also, through the business survey, it was identified that 21% of business owners surveyed indicated they would have interest in succession planning/support for the sale of their business.
- Ageing demographics including business owners, especially prevalent in the agriculture sector, will pose a labour force challenge in the coming years if steps are not taken to attract and retain workers and ensure programming aligns with a business need.
- Take advantage of growing affluence and populations to raise the investment profile of the community to facilitate investment attraction. Increase funding available to address the longer period from start-up to profit for new ventures. Opportunities exist to improve access to angel investment and venture capital funds; on both the investor side as well as on financial institute side.
- Considering Central Okanagan’s strengths in the agriculture sector including viticulture, brewery and cider making, start-up tech initiatives, agri-food and agri-tourism, opportunities exist to leverage social enterprise to maximize financial, social and environmental well-being. The abundance of small producers and niche/speciality crops provides prospects for an aggregation centre or food hub to engage in joint marketing, branding, distribution etc.
- Opportunities exist for an expanded post-secondary campus presence in the Kelowna downtown core to encourage investment attraction, collaboration with industry partners, Accelerate Okanagan and other community support organizations to attract and retain businesses.

Leverage Educational Industry Partnerships for Workforce Development

- Educational institutions provide graduates with the skill needed to participate in the workforce and foster partnerships with industry to develop in-demand workplace skills and job opportunities for graduates. Opportunities exist to develop more educational- industry partnerships to align graduate skillsets with industry needs. Co-op experience, internships or field placement will help students gain critical hands-on learning experiences.

Leverage Educational Industry Partnerships for R&D

- Opportunities exist to increase research and development partnerships and support for commercialization of research through the UBCO’s Industry Liaison Office and UBCO’s Innovation Precinct Digital Learning Factory.

Supportive Business Development Policies

- Recently enacted United States-Mexico-Canada Agreement and Comprehensive Economic Trade Agreement represent new horizons that have not been fully understood by most communities.



Those with expertise in both agreements will see the greatest benefits and opportunities. Build on the success of the Region's explosion of cherry exports to China. Identify if there are other products/international markets that may be accessed with recent trade deals.

- Investigate opportunities to support the Regional Growth Strategy to meet local and regional demands and nurture a healthy business environment. The strategy is important given the prevalence of the ALR and ensures industrial and agricultural land is preserved, and commercial development is attained.



5.3.3 Aspirations



ASPIRATIONS

What does The Region care deeply about achieving?

- What is The Region deeply passionate about?
- As a Region, what difference do we hope to make (e.g. to residents, for institutions, to businesses)?
- What does The Region's preferred future look like?

Supported Business Community

- Targeted investment attraction, incubation and commercialization efforts that ensure continued business and industry growth.
- A connected community with strong ties between the local businesses and residents in the region. Support for businesses by the community is important as this promotes entrepreneurship, innovation and talent attraction. Targeted networking and collaboration between businesses that allows for supply chain growth and cluster development.
- Regional access to broadband and improved digital awareness for businesses to participate in the digital economy, particularly small business and main street enterprises.
- Improved access to capital for SME's and available pool of funders who can support business expansion and growth.
- Assess policies and development requirements to increase investment for businesses and taking proactive measures that direct growth into the downtown cores for all member municipalities. A vibrant, downtown core is essential to attract new businesses and residents; creating a sense of place and preserving the unique community differentiators while supporting growth.

Proactive Workforce Initiatives

- The continued focus for diversity in housing options. To meet the demands of labour and encourage densification, housing options need to be diversified. Talent and workforce attraction will become a challenge if the public policy cannot address the housing and infrastructure needs. Recent trends show that high-density housing options in Central Okanagan are increasing. This needs to be capitalized on and further improved.
- Focussed and efficient technologies that can harness underutilized labour pools. Targeted workforce development initiatives that are developed based on current and projected labour market information. Labour market challenges are not well understood, and the extents of labour challenges (current/future) are underappreciated. Improved labour market information will address the challenge.
- Increased collaborations between regional stakeholders and UBCO and Okanagan College to retain graduates by promoting student connections to the community; provide co-op, practicum opportunities, and employment pathways. This is essential as the future of work requires graduates with skills that enable them to participate in the technology-based and innovative environment.
- Increased investment and resource support for entrepreneurs for workforce attraction and retention. Entrepreneurs are generally not HR experts and therefore require resources/access to resources and best practices to understand their obligations and employees' requirements.



- Targeted recruitment efforts that focus on both domestic and international talent with messaging that goes beyond the usual quality of life messaging to focus on high tech, high skill and sophisticated career opportunities.

Improved Brand Awareness

- Targeted branding that has resulted in increased brand awareness of the RDCO/COEDC both nationally and internationally and facilitates easy market entry and leverages a strong Canadian brand.
- Continue targeted tourism initiatives, led by Tourism Kelowna and the Thompson Okanagan Tourism Association, with a deliberate focus on the shoulder season that continues to leverage tourism as a four-season driver of economic development and investment.

Strong Stakeholder Partnerships

- Initiatives that ensures a collaborative regional approach to economic development and improved partnerships between local government planning functions and economic development.
- Partner organizations are efficiently leveraged to ensure that the real impacts of policy changes are communicated to decision-makers, and an ongoing feedback loop exists.
- Committed government (elected officials and staff), focussed on developing messaging and marketing about the positive business climate and economic opportunity available in the region.
- Improved storytelling and innovative message delivery about good news stories, sector strengths and opportunities/careers available in the region.



5.3.4 Risks



RISKS

How will The Region recognize and mitigate or eliminate potential risks?

- What challenges does The Region need to be aware of?
- What policy shifts could impact our aspirations?
- What contingencies should The Region have in place to address threats or unexpected consequences?

Demographic Challenges

- In 2016, the Regional District of Central Okanagan had a median age of 45.5 years compared to the median age of 43 years in British Columbia. Central Okanagan's median age increased from 43.4 years in 2006 to 45.5 years in 2016, suggesting that the population is ageing.
- Central Okanagan's existing housing stock is predominately comprised of single-detached dwelling (i.e. low-density units).

Gaps in Educational Programming

- In 2016, 15% of the population aged 15 years and over in Central Okanagan had no certificate, diploma or degree. For the people with a secondary (high) school diploma or equivalency certificate, Central Okanagan's share of the labour at 31% is higher than the Province. Central Okanagan has a lower proportion of the population with a university certificate, diploma or degree at bachelor level or above at 18% compared to the Province at 25%.
- An increased downtown Kelowna presence of educational institutions is important as it raises the economic and social profile of a community resulting in an added investment attraction value proposition for the region.

Workforce Development Risks

- Workforce development is a regional issue that extends beyond municipal borders. Growth of in-demand sectors will be dependent on the ability to train and recruit high-skilled workers to the region. Occupation groups forecasted to have the most significant growth require some postsecondary education that the current labour force does not have.
 - i. Through the business survey and stakeholder workshops, it was identified that Central Okanagan has workforce challenges related to specific sectors and jobs. For example, stakeholders identified that while the technology sector requires skilled talent, the service sector, namely, the retail trade and food and accommodation sector require mid-skilled and unskilled positions including cashiers, caterers and bussers.
- There is a perceived wage disparity between similar roles in different comparative markets and the wages in the Central Okanagan. Research is needed to understand the true nature of the perceived wage disparity and the impact it has on the workforce and attracting talent.
- Despite the strong projected need for workers, employers have not implemented workforce attraction as a priority. This may require a shift in thinking among employers to meet current and projected future needs.



Business and Sector Development Risks

- While the Central Okanagan has a higher than national median income and potential for investment in the community, stakeholders stated that this private investment is limited. Respondents indicated that this might be due to limited knowledge sharing between the community and industry needs. Residents have limited awareness of opportunities and the potential for incubation and commercialization in the region. Similarly, industry sectors have limited awareness of the investment potential of the community. The lack of/or limited angel investment and venture capital funds affect development opportunities.
- Limited availability of serviced employment lands coupled with perceived challenges associated with zoning may limit the region's ability to attract investment for industrial land uses and higher-order commercial and office employment use.
 - i. Continued pressure from residential and commercial growth abutting agricultural land is affecting sector growth

Lack of Brand Awareness

- Historically, the messaging has focussed on the 'Quality of life.' Through the workshops, stakeholders identified that Central Okanagan's economic profile and good news stories are not well known on a provincial, national and international level. The region has promising high-growth sectors, and the promotion of commercialization potential should be increased.



5.3.5 Results



RESULTS

How will The Region know it's succeeding?

- What are the key goals The Region would like to accomplish in order to achieve these results?
- What meaningful measures will indicate that The Region is on track toward achieving its goals?
- What resources are needed to implement The Region's most vital projects and initiatives?

Growth in key sectors businesses and workforce

- Increased investment lead generation from targeted industries and increased lead-to-conversion ratios.
- Tracking business and workforce count across the region will indicate how successful cluster development and workforce attraction initiatives are progressing.

Performance Measurement

- The COEDC has developed and publicly shares key macro indicators; results are measured, reported and compared to expectations or goals. These include best practices in place including the “Quick Stats Dashboard” and “Quarterly Economic Indicators” Reports maintained by the COEDC which include Population, Housing Starts, Building Permits, Business Licences, Airport Traffic, Tourism Room Revenue, Median Home Price, Average Rent and Unemployment¹⁸.

Increased Youth In-migration and Retention

- As identified in the economic assessment, youth in-migration is integral to employment growth as they fill boomer vacated positions. Targeted messaging and brand focussed recruitment efforts, along with strong industry educational partnerships, will promote youth in-migration and retention.

Attraction and retention of the workforce

- Continued collaboration with educational institutions, business and industry partners along with an increased understanding of current and predicted labour market information would enable the region to address labour force needs and support the development of a sufficient pool of skilled talent available to participate in the workforce.

Support for Entrepreneurs

- Entrepreneurship programming through networking events, grant assistance, pitch competitions, mentorship, coaching and peer-to-peer engagement.
- Growth of Businesses that move from the start-up phase through to product development and validation and support to explore and enter local, national and international markets.
- Continued mapping of the start-up ecosystem to understand business needs, satisfaction rates, investment and economic impact.

¹⁸ Quick Stats Dashboard, investkelowna.com/about-the-okanagan/okanagan-overview/quick-stats-dashboard/



- Increased private investment through strategic partnerships including angel investments, leveraged buyout and venture capital to provide businesses with financial backing.



6. Strategic Development

Based on research and consultation with the business community, regional stakeholders and the area municipalities the following four economic development priorities were identified as key considerations for the update to Moving Forward to 2025.

6.1 Strategic Pillar: Growing Sustainably

Directional Statement

“We use economic development best practices to support an economy that works for the people, businesses and environment of the Central Okanagan. We work to advance the Regional Growth Strategy priorities through partnership and collaboration.”

The Central Okanagan’s population is projected to continue to grow while also ageing, placing increased stresses on the housing supply, transportation networks and health care services. This growth creates significant opportunities for the Region to invest in sustainable and smart growth initiatives and policies, which will be necessary to manage growth while maintaining the high quality of life that attracts visitors and residents.

The RDCO has recognized the importance of these initiatives by identifying Transportation & Mobility, Sustainable Communities and Environment as three of the top four priorities of the Regional Board Strategic Priorities 2019-2022¹⁹ the fourth being Economic Development. These priorities are important enablers for the strategic directions identified in this Strategy and facilitate successful economic growth and development.

Housing

The RDCO’s Regional Housing Strategy and Regional Housing Needs Assessment projects support a role of advocacy and facilitation in the development of more suitable and affordable housing. Key challenges raised are the use of short-term rentals (Airbnb), increasing land costs and increased pressure on non-profit housing from individuals struggling with substance abuse. Improving density and affordability in key areas where existing physical and transportation infrastructure is in place is imperative to sustainable growth in the region.

Transportation

The RDCO’s residents are nearly wholly dependant on personal vehicles to access their place of work and nearly every amenity within the region. As the population continues to grow, this mass of vehicles will put increasing pressure on transit corridors with the most obvious being the traffic load on the William R. Bennett Bridge. The stated goal of the Region is to see the “transportation mode share, shift from single-occupant vehicles to other more sustainable options such as transit, cycling, walking and carpooling / ride sharing”.

Environment

The natural environment is a key component of the current high quality of life and quality of place the

¹⁹ RDCO Strategic Priorities, regionaldistrict.com/media/270323/2019_2022StrategicPrioritiesFINAL.pdf



RDCO enjoys. The high quality of the natural environment enables the agriculture and tourism sectors and directly tied to the economic success of the Region. The ALR is a key example of a Provincial initiative that protects land use for agriculture and supports the tourism industry. The RDCO's prioritization of initiatives including the Solid Waste Management Plan, Regional Floodplain Management Plan, Integrated Watershed Management Plan, and Regional Park Management Plans all support the protection of the local environment. These initiatives will have direct and indirect economic impacts supporting the overall Economic Development climate and the 2020-2025 Economic Development Strategy.

Growing Sustainably

Action 1: Support implementation of Regional Growth Strategy priority projects
Action 2: Engage in and provide industry intelligence to Regional Planning Labs
Action 3: Provide Regional Stakeholders with economic data to support informed decision making
Action 4: Share best practices of applied sustainable growth and align with federal/provincial support initiatives

Increased knowledge of industry intelligence, statistics and trends to inform decision making for the future

6.2 Strategic Pillar: Competing Globally

Directional Statement

"We communicate the Central Okanagan's profile as an innovative future-focused economy through targeted investment attraction initiatives and assisting businesses with specialized service and expertise."

The Region has already recognized the importance of investment readiness to ensure sustained long term commercial and industrial growth. The RDCO Regional Growth Strategy Priority Project Plan identifies the protection and provision of employment lands as a priority consideration²⁰. The development of a Regional Employment Lands Inventory²¹ is one of the priority projects identified in Plan.

Currently, industrial land is limited in the region with challenges including the need to protect the Agricultural Land Reserve (ALR), low vacancy rates and service limitations - e.g. utilities, lot size or access. While the 2018 Central Okanagan Economic Profile provides general information on the availability of commercial and industrial land in the Region's communities, the lack of a central repository of available serviced and un-serviced commercial and industrial land, as well as vacant

²⁰ "Ensure the timely availability of suitable and affordable employment lands to maintaining competitiveness, particularly in high-value sectors such as manufacturing, value-added agricultural, and the rapidly growing tech sector."

²¹ The inventory will provide the foundation for a Regional Employment Lands Strategy and the development of tools to enable new business and investors to identify appropriate sites.



commercial and industrial buildings, affects the ability of the community to effectively expand and attract targeted investment.

As identified in the Competitiveness, Trends and Regional Value Proposition section, multiple jurisdictions within the Region act as an inhibitor to growth and development. The RDCO provides planning for the Central Okanagan West Electoral Area and the Central Okanagan East Electoral Area while the District of Lake Country, City of Kelowna, City of West Kelowna, Westbank First Nation and District of Peachland each have their own planning departments. Furthermore, the development of an inventory requires significant resources, including a financial commitment and staff time. The strategy recognizes the unique challenges that the Region faces in terms of developing and maintaining an inventory of employment land, and buildings. The actions contained in the Strategy make clear that the RDCO needs to take on a lead role in this regard, ensuring buy-in within the municipal jurisdictions and the alignment of efforts to leverage shared resources and access funding.

Given the challenges, the Region needs to focus on innovative measures that create a business-friendly environment, encourages entrepreneurship and expands existing businesses in the region. The focus should be placed on attracting and developing higher density and mixed-use development opportunities, including office-commercial spaces and alternative uses such as flexible office space or co-working space for professional service firms. This is of relevance as employment projections for Central Okanagan indicate a 26% growth (20,959 new jobs) over the next decade with the largest gains in health care, accommodation and food services, retail trade, educational services and professional, scientific and technical services.

The emphasis should be placed on rethinking land-use, densification and establishing higher-order industrial/office development where appropriate. Consideration should be given to further enabling development in downtown Kelowna along with other commercial cores, Highway 97, Mission/ South Pandozy districts, Boucherie and Westbank Centres and the commercial and cultural core in Winfield. As central areas located in proximity to transit areas, the development and efficient marketing and promotion of these locations are critical for long term business attraction, entrepreneurship, and business expansion.

It is essential that Central Okanagan monitor the demands of its current marketplace and anticipate infrastructure investments that would be required in 5, 10, 15 years. In rethinking land-use, Central Okanagan also needs to focus on business investment that is supportive and/or complementary to existing agricultural uses. The 2019 Central Okanagan Agricultural Sector Report is important in this regard as it provides the asset inventory, enhanced data, and information resources necessary to provide sector-specific value propositions for local producers. Similar efforts should be undertaken to ensure investment in other target sectors including high-value sectors such as manufacturing and the tech sector.

It is also important for the Region and the local municipalities to continue to be supportive of the overall business climate by looking at ways to support or facilitate the streamlining of regulation and approval processes.



Competing Globally

Action 1: Facilitate a regional approach to investment readiness

Action 2: Development of lead handling protocols

Action 3: Increase the awareness of the Region's value proposition

Action 4: Leverage the Region's investment efforts to align with federally/provincially identified target sectors and priority markets

Increased Regional capacity to attract investment through creation of tools and resources

6.3 Strategic Pillar: Inviting Top Talent

Directional Statement

"We support business growth and position the Central Okanagan as a talent-rich region by communicating the Region's career and lifestyle opportunities, equipping employers with resources and facilitating the connection between industry and post-secondary."

Workforce development is a regional issue that extends beyond municipal borders. There is a strong projected need for workers in the Central Okanagan with a current unemployment rate of 4.3%²² as of July 2019. A survey of local businesses indicated that 60% are dissatisfied with the current availability of skilled labour, which could potentially slow growth in key sectors that are dependent on the ability to train and recruit high-skilled workers to the region.

The COEDC has long recognized the importance of workforce development and attraction, commissioning the Growing in the Okanagan, 2020 Labour Market Outlook²³ and Human Resource Strategy and Implementation Plan²⁴ in 2014. Consultation and research findings indicate that while significant progress has been made, many of the workforce issues raised in these reports resonate today including:

- The current labour force growth is insufficient to meet regional labour force needs,
- There is expected to be a shortage of qualified workers with post-secondary education,
- Most employers do not have an HR nor a succession plan,
- A perceived disconnect between the industry sectors and the skill level of the region's population,
- Limited connections between education institutions and the business community/industry.

The COEDC has implemented several initiatives to support workforce development/attraction in the region to mitigate these issues and has made real progress in developing networks through:

²² Statistics Canada Unemployment Rates, statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410029401

²³ Growing in the Okanagan, 2020 Labour Market Outlook
investkelowna.com/application/files/4514/7795/5164/growingintheokanagan_labourmarket2020.pdf

²⁴ Human Resource Strategy and Implementation Plan
investkelowna.com/application/files/4514/7795/6191/workforce_development_malatest.pdf



- The Connector Program²⁵, a formalized community networking/integration initiative designed to broaden a job seeker's network through one-on-one in-person meetings with established business leaders in the community.
- Connecting Industry with Training: The COEDC collects, analyzes and communicates industry skill needs to training institutions.
- Communicating with Businesses: The COEDC collects and monitors the human resources needs of businesses through one on one communication and works in partnership with organizations and institutions to address ongoing needs.
- Okanagan Young Professionals Collective²⁶ is a strong team of representatives from almost every industry sector and geographic boundary in the Okanagan. This advisory team guides and challenges the Collective to be better and do more.
- The COEDC's Advisory Council is made up of 40+ influential industry leaders, community shapers and elected officials. The council meets monthly to share information and work together towards the goal of sustainable economic growth.

Consultation and research findings highlight a need to inform students about job and career opportunities in the Region, and about the future of the Central Okanagan's job market. Improving collaboration between business and academia will improve the consistency and availability of certifications and training opportunities that employers are demanding, and education institutions are offering.

Experiential learning programs that support specific industries and businesses are already in place such as:

- Okanagan College two-year diploma in digital animation²⁷ supporting companies like Bardel and Yeti Club
- Okanagan College Aircraft Maintenance Engineering-Structures²⁸ program supporting KC Aerospace

Growing demand for the expansion of these types of experiential learning and co-op programming is expected to continue the Region and represents expansion best practices. These types of programs can also alleviate the current lack of entry-level opportunities identified by the Okanagan Young Professionals affecting youth retention in the region.

Inviting Top Talent

²⁵ The Connector Program, investkelowna.com/how-we-help/young-professionals/connector/

²⁶ OYP, investkelowna.com/how-we-help/young-professionals/okanagan-young-professionals-collective/

²⁷ Okanagan College Animation Program, okanagan.bc.ca/Programs/Areas_of_Study/Technologies/Animation.html

²⁸ Okanagan College Aerospace, okanagan.bc.ca/Programs/Areas_of_Study/trades/departments/aero/news.html



Inviting Top Talent

Action 1: Collaborate with industry and regional partners to support talent development, attraction, and retention

Action 2: Collect and share labour market intelligence

Action 3: Facilitate industry and post-secondary connectivity

Action 4: Showcase career and professional development success stories across all industries

Increased capacity of employers to retain, develop, and attract top talent

6.4 Strategic Pillar: Building Business

“We leverage proven strategies to attract, retain and build business. We have a continual improvement partnership-driven mindset and use digital innovations and new ideas to maximize impact.”

The business development activities of the COEDC have been focused on two key areas: providing information and one on one business support. There is an opportunity to more fully operationalize and expand business development and business retention and expansion programming in the region, making these services more accessible to a wider audience.

The COEDC has made significant inroads with the business community in the RDCO and their contribution through participation in the Advisory Committee is a best practice in Economic Development. Another best practice is COEDC’s development of key reference materials like the Business Services Guide²⁹ and Financing Resources & Business Incentives for Central Okanagan Businesses³⁰ which provide comprehensive information on the services and financing available to businesses.

However, this support may not be reaching smaller businesses since they are more difficult to find, contact and support, and tend to have less time and often do not know how to ask for or find support. Clearly with COEDC recognizes small businesses significantly impact local economies sustaining and supporting diversity in the business base and often provide higher value employment opportunities. Small businesses act as agents of positive economic impacts, being nimble and able to scale up and scale down employees and production to match the cycles of the economy and can reach national and international markets. Despite the high number of small businesses in the Central Okanagan, many of those surveyed suggest that the Region has provided only limited support for their operations or they don’t see existing supports as relevant their operations. The barriers for businesses accessing the available support is lack of awareness and operationalizing of businesses services not a lack of services.

Significant positive progress has been made through the work of regional partners like Accelerate Okanagan³¹ in supporting technology enabled businesses and start-ups but many businesses do not

²⁹ COEDC Business Services Guide, investkelowna.com/application/files/3715/6053/2152/CO_Business_Service_Guide__2019-05-30.pdf

³⁰ COEDC Financing Guide investkelowna.com/application/files/2915/6347/1251/FinancingResources_COBusinessess__2019-07-18.pdf

³¹ Accelerate Okanagan, accelerateokanagan.com



recognize the organization as being open to other sectors. Small businesses and community stakeholders have reported that they are struggling with workforce development, business planning, marketing and promotion and access to capital. Best practice support programs are active in the region including the Young Agrarians administered BC Land Matching Program³² providing land matching and business support services to new farmers looking for land to farm as well as landowners interested in finding someone to farm their land.

These opportunities are focused on enhancing the existing business databases and improving integration within the existing robust network of business service providers.

Building Business

Action 1: Create and connect businesses to resources, tools, support programming and market information

Action 2: Partner with Region's business service providers to address needs and opportunities of businesses

Action 3: Create assets that showcase successful regional companies and the ecosystem that supports them (i.e. post-secondary institutions, centres of excellence, etc.)

Action:4 Gather industry intelligence through direct connections with the Region's businesses

Increased capacity of regional business and business service providers to foster growth

³²BC Land Matching Program, gov.bc.ca/gov/content/industry/agriculture-seafood/programs/land-matching



7. Appendix

Economic Base Analysis – Research Studies:

- [COEDC 2018 Operational Strategic Plan](#)
- [2018 Economic & Industry Profiles](#)
- [Economic Indicators Reports](#)
- [Kelowna and the Okanagan, Thriving on a National Level Infographic](#)
- [Growing in the Okanagan – 2020 Labour Market Outlook](#)
- [Central Okanagan Aerospace Core Competencies Study](#)
- [Central Okanagan Aerospace Regional Asset Map](#)
- [Central Okanagan Economic Profile for Agriculture \(July 2017\)](#)
- [Economic Impact of the Okanagan Tech Sector by Accelerate Okanagan 2017](#)
- [Regional Growth Strategy: Priority Projects Plan 2017 - 2021](#)
- [Regional District of Central Okanagan Strategic Priorities Plan 2015-2018](#)
- [Techstars Report 2017](#)
- [West Kelowna Economic Development and Tourism Strategy](#)
- [Westbank First Nation Economic Development Strategic Plan 2016-2019](#)