



THE CORPORATION OF THE CITY OF VERNON

MINUTES OF

THE ECONOMIC DEVELOPMENT ADVISORY COMMITTEE

HELD THURSDAY, OCTOBER 14, 2021 at 2:30 PM

OKANAGAN LAKE ROOM

PRESENT: VOTING:

Mayor Victor Cumming, Chair
Annette Sharkey, Social Planning of North Okanagan
Leigha Horsfield, Community Futures
Richard Rolke, Greater Vernon Chamber of Commerce
Richard Toperczer, Province of B.C. – Regional Ec. Dev.
Tannis Nelson (*Via Zoom*)
Annette Sharkey (*Via Zoom*)
Leigha Horsfield (*Via Zoom*)

GUESTS: Glen Benischeck, CEO, Vantage One Credit Union
Krysten Kempton, Lawyer, Nixon Wenger
Ken McCluskey, Realtor, Royal LePage

ABSENT: Colin Wilson, UBC Okanagan
Jane Lister, Okanagan College Rep.
Jenna Stasuk, Accelerate Okanagan Rep.
Susan Lehman, Downtown Vernon Association

STAFF: John Perrott, Manager, Economic Development & Tourism
Karen Savill, Administrative Assistant, Economic Development & Tourism
Roy Nuriel, Economic Development Planner
Kim Flick, Director, Community Infrastructure and Development
Tracy Mueller, Committee Clerk

**LAND
ACKNOWLEDGEENT**

As chair of the City of Vernon's Economic Development Advisory Committee, and in the spirit of this gathering, I recognize the City of Vernon is located in the traditional territory of the Syilx people of the Okanagan nation.

ORDER

The Chair called the meeting to order at 2:31 PM.

**ADOPTION OF
AGENDA**

Moved by Richard Rolke, seconded by Richard Toperczer:

THAT the agenda for the Thursday, October 14, 2021 meeting of the Economic Development Advisory Committee be adopted.

CARRIED.

**ADOPTION OF
MINUTES**

Moved by Leigh Horsfield, seconded by Annette Sharkey:

THAT the minutes for the October 29, 2020 meeting of the Economic Development Advisory be adopted.

CARRIED.

UNFINISHED BUSINESS:

**UPDATE RE:
COMMUNITY
ECONOMIC RECOVERY
INFRASTRUCTURE
GRANT PROJECT**

The Manager, Economic Development and Tourism provided an update on Southern Interior Development Initiative Trust. The following points were noted:

- There were no comments from staff or from members of the Committee regarding this this agenda item.

**CO-OP STUDENT
EMPLOYMENT
OPPORTUNITIES**

The Manager, Economic Development and Tourism provided an update on Southern Interior Development Initiative Trust. The following points were noted:

- There were no comments from staff or from members of the Committee regarding this agenda item.

NEW BUSINESS:

**BUSINESS
ENVIRONMENT
FACILITATED
DISCUSSION**

The Chair introduced three (3) guest panelists as follows: Glen Benischek, CEO, Vantage One Credit Union, Krystin Kempton, Lawyer, Nixon Wenger and Ken McCluskey, Realtor, Royal LePage.

Each panelist was asked to speak to the current economic climate and potential challenges related to the City of Vernon.

Glenn Benischek, CEO, Vantage One Credit Union:

- When the pandemic first started, the service sector went from revenue "something" to "revenue zero".
- There were loan deferrals that were processed on the commercial side and the consumer side.

- As the pandemic carried on, there was a lack of movement, restricted conditions on regions and businesses.
- The challenge was balancing and helping those who were uncertain as to what the future might hold and when the demand returned. There were supply chain challenges and challenges in finding employees. Supply chains are still stressed, in the last few days there was an agreement for 24-hr processing for a key port that serves North America. It is projected that supply chains will not return to normal until 2024. There are struggles with retail industries as well as with wholesalers.
- People have moved out of the service sector into other areas of the economy and finding people and keeping staff has been a challenge as a result.
- Property values increased in Vernon and those increased values will present issues in terms of affordable housing. Attainable and affordable housing in the City of Vernon is growing a concern as we move through to the future.
- The commercial portfolio is up 12 percent; a lot of new activity has come from commercial property development and multi-family homes.
- Hospitality and event promotion in the City have been on roller coaster.
- The government subsidy utilization has directly assisted in providing small business loans through export development Canada. It was a key tool for many businesses to survive the pandemic.
- At the end of 2022 small business loan repayments will start to begin, the hope is the businesses who undertook loans through the programs offered will recover and be able to begin repayment.
- Technology has been a challenge, right now it is heavy on the manufacturing side. COVID-19 has changed the nature of work, workers do not need to live in the community that they work in.
- Everyone is rethinking everyone's business models; employee skills and online resources continue to be critically important as we move collectively into the future.
- There is a lot of optimism in investment in the City of Vernon; commercial members are positive with economic development. Businesses not in tourism and hospitality and see a future in their business growth. They are willing to invest in larger property and equipment. The largest challenges will continue to be in in the areas of staffing, supply chains and stability.

Krystin Kempton, Lawyer, Nixon Wenger

- Have been dealing largely with corporate and commercial clients.
- There have been the most volume of deals in the real estate market on record since 2016.
- With the low interest rates, there have been more people purchasing investment properties and buying second properties by pulling equity out of their existing property.
- The buyers are mainly from Alberta; however, there has also been a consistent increase in buyers from the Lower Mainland; the influx might be a direct reflection of remote working capabilities presented by the pandemic.
- Labour shortages continue to be an issue; access to qualified labour markets is an ongoing concern, the aim is to pull more people from the coast.
- Not for Profit organizations have really faced struggles over the last year with not being able to hold events on a regular basis to build up their funding base.

Ken McCluskey, Realtor, Royal LePage

- Most of the work is leasing land investment.
- At the beginning of the pandemic there was a lot of uneasiness in the downtown core.
- To address the unease, leasing incentives were given and people who were reluctant. After 6 months most businesses seem to have adapted to the protocols related to COVID19.
- Retailers downtown were not invested in improving their look or advertising (pre-pandemic); however, there seems to be more people out-and-about in the downtown core in the last few months.
- There are more people interested in investing in Vernon.
- The CAP rates have lowered in Vernon, as a result, people are coming from the Coast and Calgary and buying up properties.
- There are a few investments planned for the future on Anderson Way.
- Overall, the outlook for Vernon is optimistic.
- Staffing is an ongoing concern and the hope is that more employment growth will continue to build.

The Chair invited members of the Committee to pose questions to members of the panel; each panelist was then extended an opportunity to provide their response in a round- -table format.

1. Labour Issues - What are the Driving Factors?

- Krystin Kempton - There are people buying in Vernon and working remotely on the coast. To keep and retain staff, access to daycare is an issue in Vernon, if that is readily available and affordable it might make it easier to retain staff.
- Ken McCluskey - Younger people want to shop around for the perfect job; as a result, there is a very high turnover in many food service industries.
- Glenn Benischek - In the City of Vernon the population is aging, a lot of people are selecting retirement or focusing on the family unit and becoming parents. There are lifestyle changes, and also finding the right skill match. There are challenges in the high-tech spaces finding staff who have specific "skills".

2. Will the Economy Get back to a Semblance of Normalcy?

- Glenn Benischek - For the time being, we are essentially done with the "special protocols" that will negatively impact visitors to the City of Vernon. If we can get to a point where there is a known path forward (with a level of surety) it makes it easier for customers and businesses to adopt, to change their behaviors and business models. Another COVID-19 variant may force another lock-down / disruption. Most of the protocols in place are excellent and the business community responded well thus far.

3. What Kind of Inventory is there in Vernon Compared to Last Year?

- Ken McCluskey - What has caused multiple offers and driven up prices is the lack of inventory in the City of Vernon, the inventory is down from this time two years ago. Sales are up, but inventory is substantially down.
- Glenn Benischek - In tracking the inventory, one of the metrics followed is sales to inventory ratio. A balanced market is 12 - 15%. The City of Vernon was at 84 percent in March 2020; whereby basically, a person listed property and it immediately sold. The City is now above 50 percent, cooling off from the levels that were seen previously but very high and presenting continuing challenges in the market.
- Krystin Kempton - There are currently three buyers for every one seller. There is a lot of demand unmet.

The Chair clarified for the benefit of the Committee that housing starts in Vernon number around 450 new dwellings. Staff noted that there will be a more detailed update provided at the October 25, 2021, Council meeting.

4. Is there Interest in Developing Rental Housing Stock and What are the Projected Rates of Return?

- Glenn Benischek - There is a hesitancy based on 2007 / 2008 and the economic downturn that occurred during those years. The majority of developers are looking to build and to quickly sell. Rental landlordship in the province is not easy to manage. To encourage more rental stock there has to be an incentive for developers.
- Ken McCluskey - On both the industrial / commercial sides there is a lack of inventory. There are developers interested in developing leasing space for light industrial as it would be a benefit for Vernon.

5. In Terms of Investment, what is Available in the Rest of the North Okanagan (Outside of Vernon)?

- Ken McCluskey - Most interested parties are look at retail developments / light industrial. At the moment there is not a lot going on in surrounding areas. Vernon is an area that a lot of people are interested in investing in. At the light industrial sites; there is a need to have fencing and a compound that can be driven in and out of.
- Glenn Benischek - Challenges remain in finding qualified staff, finding pickers, and the other push is that people are leaving Vernon to go to other areas. Internet speed and access is an issue; the speed in Greenwood could be improved. There is an expectation that utilities would be available so individuals who are working remotely can work at home with the same level of services they are accustom to in a more traditional office setting.

6. What is the Trend on How Businesses have Pivoted into the "Bricks and Mortar" piece? And what is the Future of Bricks and Mortar in Vernon?

- Glenn Benischek - Taking businesses into a digital space is beyond some capabilities of more traditional business. Over the pandemic, consumer behaviours have dramatically changed in all areas. Small businesses embracing the digital piece in order to stay competitive and meet consumer needs is essential.

7. When you Start Seeing Inflation Rising the Way it is Across the Board in Supply Chain -- What do you Foresee in Terms of Vernon's Economic Outlook?

- Glenn Benischek - We are currently in uncharted waters; the government stimulus packages has been a "boon" to the supply side. However, the projections anticipate that consumers will continue to be conservative with the money they have in the bank.
- Aggregate demand on the economy will decline.
- In the coming months it will be a state of inflation but without significant economic growth.
- The goal is to find a mainstream middle of the road type of view. No spikes in any areas, inflation is going to cause an increase in interest rates. Not like what occurred in the 1970's; but it will be seen over the next 12 - 18 months.

8. Second Homes Purchased in Vernon, are they Mostly Used as Vacation Rentals?

- Krystin Kempton - Confirmed that most second homes are purchased as a "recreational investment".
- Rents are so high; the service industry will be negatively impacted because people need a living wage.
- Rental rates are getting higher and higher and matching mortgage prices as it is putting people in a difficult position.

The Chair noted the housing stock needs to be senior government assisted. One of the critical things that needs to be looked at is how the Federal Government will assist with housing supply for the lower 1/3.

- A member of the Committee noted that the National Housing Strategy dollars and programming has not been filtered into the Vernon Community. BC Housing has done a lot of work; however, additional increased Federal input is needed.

ACTION: A Committee member suggested the value of having a "think tank"; as a means of understanding housing projects worked on locally, and to understand where we can fill some of the gaps.

9. Is there Something that the City or other Branches of Local Government Could be Doing to Assist in Economic Recovery / Stability?

- Glenn Benischek - Vernon viewed as a success as there has been ongoing work on affordable housing in the area. That is one area where the municipality can be a voice. In terms of the Planning Process, assist in streamlining zoning, quick applications, and approvals to get the shovels turning quickly those are the incentives for developers.
- Ken McCluskey - Thought should be given to expanding the City boundaries. New construction has been a contention with turn around time in the planning department. Improving turnaround time would be good.
- The Chair - Noted that additional staffing has been added to the Long-Term Planning Department to speed up internal capital projects and infrastructure redevelopment.

ACTION: It was discussed it was important to continue to work on these items, have a think tank, brain storm, thought exchange and come to the table and develop solutions.

Staff noted that they can identify projects underway and think about developing an agenda for the next meeting as a discussion item.

INFORMATION ITEMS:

The Chair asked each Committee member for any updates they wanted to share and the following notes were provided;

Richard Toperczer, Province of BC, Reg. Ec. Development Branch

- Managing the BC Wildfire and COVID-19 Recovery Programs and the Recovery Advisory Program for populations under 25,000 people.
- Another is forest policy changes and the way public lands forestry operate. There will be changes in the coming weeks that will have significant impacts to some communities that are "forest dependent".
- What that means is that there will be mitigation, navigation and looking to develop opportunities. Indigenous partnership development, looking at different methods where communities can work together, changing the fabric of the communities. Revelstoke recently hired an Indigenous staff liaison. In most municipalities housing is a concern and attainable housing, helping people get into the market.

Annette Sharkey, Social Planning Council of N.O. Rep.

- Working closely with bylaw, non-profits, and outreach for homeliness. Vernon secured 1.5 Million Dollar Grant to address homelessness. That money will go to transitional hotel rooms, additional staffing, seasonal bylaw teams who work with outreach. Hopeful to bring people in over the winter in supportive housing.
- Working to attract and retain immigrants to our community. Partner with Community Futures with the Art Program. Trying to do creative thinking on how to house people when they first come into the Community.
- The other piece is around the opioid crisis and peer programs to ensure that people who are using illicit drugs know how to stay safe. Looking to create better response in the community for awareness and education on racism. Working with BC Housing.

Tannis Nelson, Regional District of N.O. Rep.

- Lots going on at the Regional District. Regional District is taking on an impact study to look at arts and culture and the economic / health and social impact. It is exciting because a lot of the organizations rely on data.
- Other significant projects are the Greater Vernon Cultural Centre. The RD has made the decision with two unsuccessful grant applications, would like to unburden from the requirement, will go to an Alternative Approval Process by way of referendum. This method would allow the project to go forward right away, can launch into design and planning.
- Trails are busier than ever due to extended use; and the season will be extended as a result.

Richard Rolke, Greater Vernon Chamber of Commerce

- Busy at the Chamber, in the planning stages for Business Excellence Awards, the gala will be "in person" and "live streamed", there has been great input from the public in terms of recognizing businesses and non-profits.
- Hosted Round Table with BC Labour Minister and our MLA to hear about concerns regarding paid leave.
- In terms of ongoing labour issue, have been making the job board available to members. Open jobs get posted online and socially.
- Other task is assisting members with the twists and turns with government programs and COVID-19.
- Are part of a coalition of Chamber's from Armstrong to Osoyoos and they want to encouraging shopping local and tourism.

John Perrott, Manager, Economic Development and Tourism, City of Vernon

- It has been a very busy summer. We are on a trajectory that is positive, and more of an update will be provided at the next meeting.
- Annual business walk is underway, there are more than a dozen volunteers to check with businesses and confirm the insights shared today.

The Chair

- Supportive Housing is in place and there are two places to come on stream in 2022. Also seeing the Albert House move along, CMHA and Vernon Native Housing, have gone through approvals for a second one.
- The land trust has been building townhouses and their second project was approved last week which will see a building of similar size.
- Some of these other projects are coming on stream and will be available in 2021 and 2022 on the Social Housing Side.

In closing the Chair thanked the members of the panel for their participation on behalf of the Economic Development Advisory Committee and for sharing their valuable insights.

DATE OF NEXT MEETING

The next meeting will be at the call of the Chair.

ADJOURNMENT

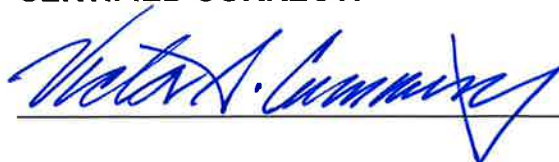
Moved by Richard Toperczer, seconded by Richard Rolke

THAT the Economic Development Advisory Committee of October 14, 2021, be adjourned.

CARRIED.

The meeting of the Economic Development Advisory Committee adjourned at 3:54 PM.

CERTIFIED CORRECT:



Victor A. Cummings