

Okanagan Partnership

Flagship and Cluster Meetings

December 2004

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Okanagan Partnership Board of Directors Meeting

Status of Flagships

- **Regional Engineers and UBC Engineering Degree:** A group has been started for input which will be maintained. Engineers are actively engaging. Large turn out of regional engineers providing input to UBC-Okanagan. Goal is a staged four year degree program, spoken about at launch. Will be a four-year degree, starting with 60 students, growing to about 750 students, once all programs are in place (10% of UBC population). Will include mechanical, civil and some electrical. However, electrical has had difficulty filling seats during down turn. Mechanical is increasing. No aviation major, but an option; wine engineering.
- **Regional Planning:** Most meetings (today was fourth). There are four outcomes agreed to. One is to look at a Quest Consequence Model or analogous tool exercise (shows secondary consequences for the region). A “regional studio” for credit course that can be mobile, moving up and down the region, the first in Oliver. It will permit students to come into the region. A three-day regional planning conference. This would take the outcome of Quest-generated process to have regional planners get together. Developing a partnership with the World Urban Forum (which has so far focused on Vancouver). The idea is to have the entire region join in.
- **Skills Pipeline:** Two co-chairs identified. Still doing soul searching on what would be meaningful. Need initiatives to be couched within regional, provincial and national strategy.
- **Regional Broadband:** Met with BC Net. They are bringing ORAN broadband to Okanagan. There are gaps between UBC and three centers and the national labs. A gap analysis and budget is being prepared. IHA who has been part of this exchange said they would be willing to host the connections. There has been some discussion in Ottawa about connecting communities to Canary via ORAN lines. The vision, plans and projects will be solidified in January.
- **UBC Medical School Pod:** Build on initial plans to bring pharmacy into the region. What had not been done on Vancouver Island is to link doctors to doctors so there is a grass root component. To be facilitated in the new year. UBC is in high level discussions with Interior Health Authority and people in Advanced Education and Health to pursue the funding of these. This expansion involves working with the Health Authority from day one. Typically universities establish medical schools first. This is an activity that will include medicine and human kinetics as well as rehabilitation sciences and pharmaceutical sciences.

- **First Nations Partnership--Collaborating at All Levels:** Already held a unity forum and a second one is planned. There will be a reporting session shortly to show what has been accomplished over the past year. The Senator will host the meeting around January 12th.
- **Regional Water Management:** Intent is for the amendment of the letters of patent to create a management body that is responsive (see white paper) to regional needs. Presented to all three regional districts. Two have supported, North Okanagan will examine next month. Hope and plan to discuss this initiative with First Nations more fully. Getting some good press. There was some concern up in Vernon that this is an effort to consolidate power in Kelowna. Had good meetings with the three regional districts. A week ago an excellent dialogue on climate change and water was presented here at PARC. The paper supports the need for greater regional water government. Important to have First Nations membership on the board and meet with chiefs to explore their interests (to avoid marginalization in their own territories and bring aboriginal people into the economic system). Have already met with Christine and ONA and meeting is scheduled for January 12th.
- **Regional Airport Plan:** First meeting planned for this week (Thursday). There are number of outcomes (Ben Amos and Dr. Curt Latham). A SWOT will be undertaken for all the airports, a possible charter for collaboration and a possible collaborative project (e.g., marketing). Some pressure to work through the BC Aviation Council rather than the Okanagan Partnership. The ongoing challenges facing Penticton Airport remain a concern. Getting the Okanagan on the provincial agenda is important. The BC Aviation Council will not accomplish this if this region pushes.
- **Regional Branding:** Gordon Hotchkiss is leading (see white paper). OSTEK is pursuing some activity. Economic Development officers are meeting Thursday afternoon to explore how they might coordinate.
- **Deal Generator:** Coming up. First step is to convene stakeholders and get rolling.
- **North-South Transportation:** Still looking for a candidate to lead this initiative.
- **Okanagan Research Advisory Council:** Has not been moved forward as there is no chair. However, there individuals on the UBC-O Advisory Board that may be capable handling this. Bill Nellems is actively involved in the UBC-O Research Advisory Board right now, which will also advance these needs.

Clusters Status

- **Aviation Cluster:** Seeking a meeting with companies in the region and with Transport Canada. There are feelings that there may be a better group to convene.
- **Knowledge Services:** Had many meetings. Energetic engaged in the UBC-O engineering program development and have been active on intellectual property policy development. They had explored getting a keystone company into the region to help provide demand for local firms. They are still examining this. They will be prioritizing their vision and resourcing to move forward.
- **Life Sciences:** Drs Bill Nellems and Jerry Karr have been very active. Jerry has been liaison with the BC Life Sciences Cluster and have met with the province. They are exploring how to provide funding for their initiatives. A meeting was held with IBM to see how information technology could be applied to the region. A meeting with UBC and IHI was held to explore regional synergies. A meeting this week will focus on bio-products and how to further develop nutraceuticals and leverage related industry growth.
- **Tourism:** Team met recently with David Coombs, Wine Institute, TOTA, First Nations and Cultural Corridor to explore how to develop new products and more integrated brochures (e.g., combining wine and tourism). TOTA is willing to have an intro page with Okanagan Partnership opening, focusing on the region. Good progress is being made. Wineries often get a wide variety of producers of guides approaching them. Look forward to a more integrated approach.
- **Value Added Agriculture:** Eric Sorenson and Dave Pringle are looking at where the value-added agriculture cluster can focus. A meeting was held in Lake Country that could be held across the region on moving up the value-chain.
- **Wine and Beverage:** They will meet this week. They have two initiatives. Integrated wine and tourism (see above), support from PARC and UBC on wine, also, supporting the 2010 Olympics and ensuring that BC wine is integrated. Quality has become an R&D priority with UBC-O and PARC. Want to do a first rate viticulture and enology initiative. This effort came out more recently.
- **Forest Products:** Majors are well organized. Had one meeting. Focus was on secondary producers. Hope to have industry co-chairs from value-added would. But has not been a major focus for the present. Nick Arkle

has been co-chairing with a co-chair from First Nations, Paul Birzins, and are looking for another from remanufacturing sector. Recognition that this cluster is dominated by major corporations. Perhaps a need to have the Senator to meet with major forestry players (Weyerhaeuser, Gorman Brothers, Riverside [which is leaving]).

Further Flagship Discussion

First Nation Partnership: Would have like to have submitted a white paper, but had not. Have a two-pronged approach. Big challenge for the First Nations Flagship is that they really want to participate across the board, but lack resources to do this. Looking at terms of reference for an economic development working group to engage in capacity building and interaction. They want ideas on how to better interface. They are eager to participate but their chief executive council recognizes that participating takes time and resources. There will be a conference on aboriginal tourism with 25 sessions on resources, techniques and opportunities. Thinking about an aboriginal tourism entity. They are trying to take a corporate approach. The other big piece is that WED is supporting their approach doing their own bottom-up development processes. In the short-term the economic development unit of the ONA would twin its business plan with the Okanagan Partnership, so that they could be lead on these themes. This has been useful and continues to be so. *Unity Principle* is the focus for the Flagship—bringing First Nation's people together on collaborative solutions, through building capacity. But they are very focused on “nation building” through economic development via collaboration. Will be producing a guide on how to work with First Nations. The first Unity Conference in July was very productive and led to the tourism conference theme that engages others.

One of the biggest issues is that BC was settled without treaties entered into with aboriginal peoples. One of their primary objectives is resolution of aboriginal interests. They are thinking of doing an educational program among themselves, as a nation, to do more collaborative development (a better inward marketing job). It is important for First Nations to do this, but the Okanagan Partnership is a starting point. Plan to be full participants in the ongoing process. But will always be concerned with unresolved issues.

Enhancing mutual understanding is an important theme, about etiquette, protocols, language about “stakeholders”.

Strong commitment to let Aboriginal people define their own Flagships and encourage their participation in Flagships throughout the Okanagan Partnership.

UBC-O Initiatives

Barry says that there are already successes on UBC-O related Flagships and more coming that are strong wins:

- Engineering Program: A success, starting now.
- Medical School: Likely shortly.
- BC Net Connecting to Canary: Likely in new year (linking PARC, DRAO, UBC).
- Business School at UBC-O: Will be happening soon, will need advisors from business community, seeking a dean.
- Faculty of Creative and Performing Arts: Will add new dimensions, film, digital media (IBM and MS are interested).

Okanagan College

Now a legal entity (165 formal employees now), will have 480 employees by July and 800 coming on line. They are developing new trade programs in partnership with school districts. Looking at new programs, such as health care/medical practitioners, others with or complementary to UBC-O, for example in digital media and audio engineering. UBC-O and OC are well coordinated. UBC-O advisory council had its last meeting in Penticton, which was a very productive and positive session. Mood is good about changes. Everyone is moving on in a positive fashion. Will meet with the Okanagan College Board next month. Their advisory council has become a Board. Will have a meeting with the Vernon Council early next year.

Building a Communications Strategy

Introduction: Goal is to take the ongoing work of the Partnership to the “community”. Meet with Barry, Jim and Brad as well as Steven Greenaway (see letter of offer). Steven is a principal of Greenaway and Associates who provides public relations services across the province, formerly was under contract with UBC-O. Have been in discussions with Steven about a communications strategy with the goal of getting out the good news about the Partnerships efforts.

Presentation: I have two children, went to school in Summerland and care about this region. Becomes involved with community initiatives from time to time. There has been quite a large amount of work done by the region over the past years. The work you have done has been tremendous. Look forward to telling this tale to the province and country. However, I was asked to initially focus on a “report card”. In thinking about what this would include—in a January anniversary communications—the objectives are to show that this effort is:

- Effective
- Consistent
- Informative
- Builds profile
- Engages stakeholders
- Encourages public accountability

Not sure I would wish to use report card. Recommends focusing on a “community report”, stating what you have done and the progress you have made. The audience would be:

- General public
- Local government, community and business leaders
- Media
- Senior government officials

Key Messages Proposed

- Need to focus on providing real solutions
- Record of activity and achievement
- Demonstrate benefits of achieving region consensus.

I participated in a forum on the future of water and the agricultural community. Always wondered what happened to that report. But it emphasized coming together to sort out our future.

Appearance: 29 January document, same size as Okanagan Saturday. Target 33,000 copies (28k issued, 5k reserve).

Release Strategy

- News conference
- Media release
- Editorial board meetings
- Local government briefings
- Op-ed piece
- E-mail web-based distribution: Explore using other networks (ED districts, for example)
- Mail distribution

Start now out by 29 January

Discussion on Communications

- Note: Okanagan Saturday. Insufficient distribution.
- Article on progress of water basin was good.
- People said they care and want to know what will come next.
- This is a movement. Give lots of credit to stakeholders.
- Get the message out and raise the profile of different players.
- June will be time to report the outcome of actions.
- Think about when next round of articles will be ready to publish.

- This first set of communication activities should be carefully targeted to key audiences.
- Telling good stories about the Okanagan will help tourism and attract people who want to live here. Could provide this story to the Vancouver Board of Trade next year.

Gollub Note: There are many ways to communicate that can be explored in the future. This ranges from using highly participatory “regional town hall events or forums” at which participants could come down and speak on a regional theme (a Flagship) and be broadcast on the radio, or call in. Other regions do documentaries to show and tell their initiatives. Also, regions do ongoing editorial board meetings with co-chairs and also get regional flagship and cluster co-chairs to guest editorials. Some regions use subscription funding to print supplements to news papers or business journals. One region had a “comic book” made to explain the regional concepts.

Clusters and Other Initiative Next Steps

Meetings happening this week. Event to be scheduled for March, like “convening the marketplace” (with ICF). Tracking what has happened and moving forward. The step after that would be the June meeting to review what we have achieved during the year.

End Meeting

Okanagan Partnership Flagship Initiatives: Status

Regional Planning Flagship Meeting

Participants

- Theresa Arsenault
- Jerry Karr, Penticton Similkameen-Okanagan Conservation Alliance
- Judy Brock, Chair of SOCA
- Elisa Campbell, Director, Sustainable Communities Program
- Lea Hartley, Central Okanagan Regional District
- Jessica Murphy, City of Oliver
- Christine Rolland, ONA
- Nelson Jatel, Executive Director, Okanagan Partnership
- Monica Jatel
- Jim Gollub, ICF Consulting

Review of Initiatives Underway

One initiative was to create a regional planning literature list. This was generated by a UBC-O student with Nelson Jatel. If there were gaps or issues to be added, people were asked to notify Nelson. The goal is avoid reinventing the wheel and use this as the basis for moving forward. These reports may be posted on the web site or made accessible to the 1500 business and community leaders. There should be a way to ensure that regional planning stakeholders receive this list. There is a list of regional planners that also can be notified, as they are not on the Okanagan Partnership list (Lea will help). First Nations will be included. Provincial organizations and Crown Agencies should be contacted as well. Federal bodies concerned with land across the region should also be contacted (there are a number of departments).

Regional Planning Event

UBC has made suggestions as to ways to engage stakeholders on regional planning. The goal is to go beyond a meeting of planners.

In the minutes of the prior meeting UBC has suggested the creation of a three dimensional model of the valley to show how everything interconnects. There is a need for a champion to lead this activity. This would be a physical model which permits people to actually look at the Okanagan Valley. There are other ways to simulate the region. For example, the University has the ability to do visual simulations of development “what if scenarios” for densification. This is being tested with municipalities in the University. This uses a computer tool called “community biz” and projectors. The University recently applied this to simulate Bowen Island. They will also run people through a workshop on sustainability and then measure their changes in perception.

The goal of the physical 3D model is to provide a tangible basis for people to see and use to better understand the region. Having this model has its own merits separately from the computer visual simulation. The visual simulation is a good tool to support education (awareness of impacts) and as a planning tool.

Next steps? When we decide what we want and raise the money the 3D model can be commissioned. Various funding envelopes can be explored. The cost is likely to be around \$5000 for a table top size model for the 100 km region. This model would be portable that could be moved around the region, housed somewhere safe.

Creating the studio for students in May 2005 offers the opportunity to explore a variety of ways of displaying the region.

The mission is to get people thinking regional about planning issues, including protecting sensitive areas of the Valley. The 3D model is one approach separate from the Quest computer model or the other simulation tools.

Quest Modeling

Quest is doing a model for the Okanagan-Similkameen District. They had a session in Penticton recently. Quest costs \$150k. It would not duplicate any one district. If the three districts did all three districts and or a larger scale whole, this would provide a helpful tool. The key is to see how developing this would play into the regional objectives. Each district might share in this cost. Quest is an interesting tool, very dynamic, using computer simulation with assumptions. The coordinator for the Okanagan-Similkameen District is now the head of marketing for Quest and perhaps could help get a good price for the region. They may find this an attractive opportunity.

What does the \$150k buy? There is an information collection period, development of assumptions, production of the model. If each district did it at a certain resolution, each one would cost \$150k or the entire region at a low level would be \$150k. The scale depends on the questions being answered.

The next step is to choose among initiatives to see the priority for this particular activity.

Proposed (UBC-led) Growth Planning Initiatives

A few weeks ago they meet to discuss options in terms of roles for UBC—how they could help. Then, placing them on a spectrum, they thought of how they could like together.

- **Studio Course:** First, a course for students as a summer studio every year—for planning and design students. This workshop course would

focus on sustainability and planning issues for the region, different pieces over different years.

- **Conference:** Second, a conference, that will be about issues concerning implementing sustainability and integrating the many ongoing activities. There is a lot of focus on the Okanagan. Several federal departments are interested and are participating in this idea of the conference. The idea was originally to use Quest as a visioning tool...where people want to go over the long term; then questions about where people wanted to go over the long term and sustainability impacts; and then, a day focusing on a 'shirette', which helps broader community engagement and translation of visions into a very realistic set of views. Interest in funding this from federal agencies.
- **Shirettes--Smart Growth on the Ground:** We are working with select municipalities over ten years to change how design is carried out on the ground. Will be starting in spring or summer of 2005. Uses a shirette tool with extensive stakeholder engagement. Identifies targets and puts this together into design parameters that goes to a team of experienced designers in different fields. They translate these instructions into design parameters for the community. This is all based on shirettes. Just now doing one for Greater Vancouver, using a gym for the facility. This could be done for the Okanagan Valley. Using shirettes are very expensive (\$450-500k for large scale efforts). The one for Greater Vancouver is \$250k, collected through external fund raising.
- **Plus 30 Network:** Started with "City Plus" in Vancouver to prepare a long-term sustainability plan (100 years, which is beyond the normal planning framework). They won the grand prize. The Regional District felt validated and is incorporating this into their planning. They won because they use a very real approach and because they believed that a "legacy" needed to be created. This is the Plus 30 network, which brings together from all over the world to learn from each other's experiences and prepare plans. They will come together in 2006 to present to each other. So far there are 15 partners in the network, Calgary, Greater Vancouver, and cities from Africa, Asia, US. The network is going very well, people are learning from each other. What we do (as a partner in the network, helping to run it), they send out what was done for Greater Vancouver, share this, and identify consultants and resources, such as Quest. Quest offers a good tool for starting the long-term process. So, by getting the three regional districts together, we could bring all the pieces together: shirettes, the Quest model—bringing people out beyond anyone's term of office. This is being run out of the International Center for Sustainable Cities. You can see the hand out and log onto the website. The cost here depends on how active the region's participants are. The network helps to raise funds. Calgary is going all out, for example. They had a Quest model developed.

Long-term sustainable planning is challenging. You may need to have a dedicated person to support this at some point.

There was a study called the Complete Communities Conference, 10 years ago. This examined sustainable development and compiled quite a bit of data that could be referred to.

Setting Priorities

We now need to look at which activities to pursue. There are a number of activities can be undertaken and staged. The key question is who would use the tool. There is a list over

- **Quest Model:** January 2005. Perhaps, going to WED via the Okanagan Partnership. Or Environment Canada, with emphasis on water. Need 10% through other sources besides government. This would focus on engaging the entire region at a grass roots level, regional planners and politicians and community at large.
- **Studio:** The first studio is in the works now. UBC will be responsible for this. There will be several across the region. Oliver might be the first, then Central Okanagan and then North Okanagan. Moura and her team will pursue this. UBC would do this annually. Each studio would look at the entire Okanagan region. Note: this would bring in students from across other nations to focus on Okanagan.
- **Three-Day Conference:** This could plan into the World Urban Forum. The Okanagan Region could be one of the entities that is entered. This approach ladders well, bringing the region into the global network. Could the region learn from and work with other water limited regions (e.g., perhaps Israel, for example). Conference is a great learning structure for the region.
- **Model:** Possibly have the model integrate into this. The model could be used through out these activities.

Note: Need to be sure to ensure that these efforts avoid duplicating other sustainability initiatives.

Next Steps

Need to determine whose “initiative” this is and what the objectives are. For example, if you were preparing an RFP for this initiative, who would be driving the effort—UBC or Okanagan Partnership. Also, we have been discussing the

three regional district while the First Nation's communities are often not recognized. These should be included from the beginning in the overall effort. After all, regional integration is a strategic theme for the First Nations. Everyone agrees that the Okanagan Partnership is the lead in partnership with other stakeholders. The Okanagan Partnership is moving forward with ideas, but has not formalized its procedures yet. Still, this set of meetings are designed to build the regional planning flagship. The Partnership may make a motion to approve an activity, such as the 30 Plus Network, then help get the right parties to engage. For example, while there is no formal linkage to the regional districts, the Okanagan Partnership presents to them and asks them to take a vote.

Approval: Is this group in favor of the staging of activities described? A motion has been made to endorse the proposals for action on sustainable planning. This motion was seconded. Motion carried.

Funding: Need to discuss funding options. This board recommends seeking funding for Quest and the "conference" elements of the proposed activities. Plus 30 is being treated as an extension of the "conference". Note that communities may be willing to partially fund activities but will also want some ownership.

Discussion: Has there been evaluation of modeling tools besides Quest. Need to speak with Calgary. Quest offers a visioning tool or a planning tool. There are other possible tools. Nelson will examine other sources and feedback on Quest.

Also, need to identify and coordinate with other sustainability initiatives underway in the Okanagan Region.

End Session

Deal Generator Flagship Meeting

Participants

- Lorraine McGrath, Chair (and Steward), Prosper Credit Union (interior BC).
- John Drope (new fund for the Okanagan) Past member of Innovation Growth Fund (working on new private equity fund)
- Ken Bessason, Kelowna Chamber of Commerce (Pleiades Management Ltd).
- Paul Maarschalk, Bridge Consulting Group
- Bob Bissell, Director Okanagan-Osage, Industry Canada
- Chris Rolland, ONA EDO
- Brent Waite, Small business operator in international trade (adult education and resource management, retired banker in agricultural).
- Nelson Jatel, Okanagan Partnership
- Monica Jatel
- Jim Gollub, ICF Consulting

Summary of Last Meeting

Access to capital is an issue for all the clusters. Knowledge Services in particular. The “deliverables” for this initiative are summarized below. They each need a champion or a leadership organization to move them forward:

1. Access to funding for start-up or growth.
2. Access to financing for certain industries and First Nations.
3. Knowledge deficit: lenders and investors; entrepreneurs/business owners

State of Finance/Capital Availability in Region

1. Improve access to funding for start-up or growth.
 - a. Host venture forum via Deal Generator Initiative.
 - b. **Okanagan Angel Network:** Has been going for several years now and small groups are growing. They are contemplating a “seed capital fund” (a bit more formalized) for very early stage.
 - c. **CFDC:** spearheading a pre-angel fund designed to fund projects between the “friends and family” or “angel” stage, that are still conceptual. This is in pipeline and expected by January or February. Leader, Charles Cornell is in Penticton office of CFDC.
 - d. **BC Advantage Fund** (Vancouver) is creating a fund for the interior. This started about a year ago, using tax credits, raised \$15-\$20m that has not been invested yet. Investor receives up to a 30% tax credit off provincial taxes. Want to increase funds under management. Thinking about a “heartlands” fund. They need to get approval from government to raise additional funds to raise capital.

Then they would go out and raise the money. Okanagan Innovation Fund: Lorraine has been instrumental in creating this equity fund, no restrictions on types of deals, includes early-stage, late stage. Did examine the BCC programs, which were restricted in various ways. All are looking for other partners. Each has a different strategy for where they secure their capital from. Some target small investors others higher income or more actively involved in management.

2. Access to business expertise to reduce risks and improve deal quality:
 - a. **OSTC: Partnership will support OSTC who has** offered to provide business expertise mentorship program. This will not be restricted to high-tech industry. No posts in place, but executive director has been mandated by his board to start this and is seeking someone to fulfill this position. Glenn Rousseau was executive director until recently. Process: entrepreneurship with a business plan will come, submit, mentors will review and provide feedback, not extensive free service. At some point they will have to pay for services. The program coordinator will have contact with volunteer mentors. This is designed to ensure that deals that make it through this process have a high probability of being accepted by investors.

Other Options

- b. **UBC** agricultural extension course by department of management and administration on finance will be delivered through continuing education. Trying to get this developed.
 - c. **Okanagan Institute for Sustainable Development** is considering a program to help businesses secure finance.
 - d. **Community Futures Development Corporation** (WED funded) are another possibility.
 - e. **Aboriginal Business Development Liaison** (ONA funded) across the region to increase entrepreneurship capacity.
3. Assist entrepreneurs in accessing funding and (conversely) improving investor awareness and knowledge of investment opportunities.
 - a. **Boot Camp for Investors:** Perhaps EDC, Community Futures or other group. Partnership will support. An investor forum to which investors from outside the region will be invited, show off the regional assets (wine and so on). Then show them good deals. Have exchange of ideas. Consider whether or not there should be a “first money” in strategy to put capital in before presenting to external investors. Or, agree to match investment capital placed by external investors. May be worth doing a survey of firms interested in securing investment. Then, build a quality deal flow from the candidates. Also, bring major investors (Working Opportunity Fund and Ventures West), to show how to structure deals and educate these institutions so that they can accelerate deal flow out of DRAO and PARC.

4. **Database of lenders:** This should include investors. Mike Volker, SFU, put together 10 pages on financial resources, including some US firms, subsidizes and grants: Money Links (www.vef.org/moneylnk.htm).
 - a. Can we create similar links for investors focusing on the Okanagan?
 - b. Creating the Document: Okanagan Partnership can create the integrated document on financial resources that can be available through the Partnership web, updated quarterly.

End Meeting

Water Management Flagship

Participants

- Rob Scherer, Forrex Forest Research and Extension Partnership
- Victor Coming, Regional Economist
- Paul Kluckner, Environment Canada
- John Bylan, Steward and Co-Chair of Water Management Initiative
- Tom Siddon, Owner of Value-Added Ag business, retired politician
- Allan Patton, Orchardist from Oliver, Chair Advisory Committee
- Denise Neilson, Research Scientist, Agriculture Canada
- Gordon Ivans, Chair, Black Mountain Irrigation District
- Maryellen Height, Community Futures Foundation
- Brian Jamison, Director, Supply of BC, Manager West Bank Irrigation District
- Jerry Carr, retired physician, Co-Chair Life Sciences Cluster, Public Advisory member RDOS
- Carol Zanon, retired geneticist and lawyer, Chair West Bank Irrigation District
- Bob Bissell, Industry Canada, Kelowna (Southern Interior)
- Ben Amos, Board Member, Okanagan Partnership
- Tobby Pike, Vice Chair Water Supply Association of BC and GM Southeast Kelowna Irrigation District
- Chris Rolland, ED Officer, ONA and Board member
- Greg Armour, Okanagan Basin Water Board
- Deana Machin, Fisheries Program Manager, ONA
- Nelson Jatel, Executive Director, Okanagan Partnership
- Jim Gollub, ICF Consulting

Call to Action

Between growth (leading to nearly 500k residents) and climate change induced droughts, the region needs a strong water management capacity. Studies were done in the 1974s that lead to the Water Board. This board addressed milfoil as well as phosphate effluents nutrifying the lakes. In studies since 1974, 1993, and 2002, grounds have met and said that we must deal directly with these water management issues. March 19th there was a good meeting to advocate moving forward on this challenge. Okanagan faces a fork in the road: “Sunshine Eclipse: Riverside, California” or “Sustainable Prosperity”.

Starting last September a group met and had a smaller steering committee put together a proposal. At first the direction was to set up a new authority. However, the letters of patent of the existing board, if restructured would give the needed authority for making decisions about water. The objective is to change the OBWB to the Okanagan Water Management Council. Expanding the Executive

Committee membership so that it included: 3 representatives from each RD (9 total), 2 representatives from the ONA, water purveyor representatives, totaling 12. The voting would require 2/3 majority, but each district has power to veto. The board of 30 people would meet monthly or quarterly on all the key issues.

The proposed mandate of the OBWC would not affect the authority of the *existing* agencies, but the mandate would be to implement and coordinate *basin-wide* planning and management for:

- Water supply management and water licensing.
- Water sources-plateau reservoirs, aquifers, Okanagan Lake.
- Water conservation (e.g., public education, local bylaws, metering),
- Drinking water quality.
- Wastewater discharges and treatment facilities.
- Nutrient loading from urban and agricultural land, golf courses
- Fisheries and aquatic resources, including restoration of degraded systems. (while salmon are being introduced, if upstream water is no good, the efforts will be useless).
- Future land and water use for residential, agricultural and industrial uses.
- Public education and consultation on water stewardship.
- Finally, a 30 year update of the water data.

Communities up and down the region are and will be influenced by the water practices of businesses and communities. Need to ensure that current health care as well as long-term supply are protected. This provides the means of discussing water issues. We need to

Update on Reception from Three Regional Districts

Efforts to reach out to the region's communities and their water boards have been carried out:

- *North Okanagan Regional District (Vernon)*: Presented white paper. They had a tight schedule and had no formal discussion. The mayor of Vernon moved that the proposal be tabled. They plan to discuss it formally next month (January). There was strong feedback from stakeholders. They support this and the importance of not diluting the proposal while maintaining engagement of stakeholders. Recognized importance of thinking regionally.
- *Regional District of Okanagan-Similkameen*: Had presentation with full board for over an hour, despite agenda. 14 of the 15 directors supported and are prepared to work with their fellow districts to propose to Victoria that the letters of patent be amended.

- *Central Okanagan Regional District:* Very far ranging discussion. They voted unanimously. They also added another paragraph to ensure consultation with other stakeholders.

Newspaper articles have been coming out. One article in Penticton Herald said: “More power flowing to water board”. In the Valley-wide news paper, the article said: “Water management key to growth”. Good article. Vernon Daily News: “Water Concept Generates Major Concerns” (quote: “This is an unsolicited proposal by Kelowna businessmen”).

Next Steps

Hope to have a regional workshop on water planning. Community Futures attended their workshop, with high representation. The participants agreed that they needed either an expanded OWB or a new entity.

The move towards water management is necessary. We have to get started now to conserve and use our water better. Yet, since what one does in Duck Lake affects others downstream. We could be doing everything correctly, and make improvements here, yet the downstream water users could place new demands on this region. We need to be sure that the people downstream are doing their part as well. Perhaps this group needs to expand beyond the Okanagan Valley. There have been protocols for water sharing along the water ways leading to the Columbia River. And, if development takes place further down stream, Osoyoos may make more demands. Further down the Columbia River Basin, there may be more demands that might put greater pressures on taking water from the Similkameen, this would profoundly affect orchards.

Black Mountain Water District: When we look at water, we see that water purveyors need to be more involved. There are 30 of them who know what their water licenses permit. Many of the water districts have done a good job—water metering and so on. Under the new Water Protection Act more districts will need to upgrade their water systems. There is a lot of water knowledge out there. But, he is scared that a more powerful Water Board may not make good decisions. Get the right knowledge in the right place.

Water Board: Need to have a strong leadership group, with ALL water purveyors represented or a group that prevents water districts from making stupid decisions. Right now they have no information on subdivisions, for example, so they could take better positions. When there was a crisis in the past, such as the lake turning green due to nutrients. People don’t understand climate change, population growth, and other factors that shape water demand. What gets measured gets done. Get people together, get knowledge for the decision-makers.

West Bank Irrigation District: When I got notice of this meeting last night (not speaking for her board), we need to be able to make more input (we have 12000 members). There is a noble cause here, and assume that everything is open for discussion. While regional districts are important to waste water, they don't supply water to as many people as you think, they often have multiple water districts and purveyors. It is very important to find out what this group is trying to do here. While creating a new board, with only one purveyor, this seems wrong. Felt considerable anger that those running the show need to give more consideration to those who actually supply the water.

Tom Siddon: Many people are doing very good work, metering and conservation. But some districts have only had progress on critical issues very recently. You can see areas where there is no septic treatment, but direct release into lakes. This same proposal and recommendations were presented at Sunpeaks. Not one member of the water supply association wrote one letter in the two months since the presentation. Can talk forever. Need to sit down and get to work.

Black Mountain: Water purveyors are willing to sit down and work on this. So, let's do it now. Let's make this work. If we can get water purveyors on site we can get things done, not to fight about territories.

Water Supplier Association: Was well received in Kamloops. But issues cannot be responded to in six-to-eight weeks. We need time. But we are encouraged about the initiative, because there is a need. There has been a vacuum on water issues at the regional level. Mandates are often focused locally. Six out of the ten mandates you are proposing are Province of BC mandates. But why aren't they doing their jobs. They are closing hydrometrics stations---not good given climate change. These stations are needed to give heads up on water supply. The province is downloading responsibilities, such as dam safety, which was once handled by the province, is down left to the localities (example, they had to spend \$10,000 for a study). Water licensing is a joke. There is no correlation between water licensing and actual use (hard to nail numbers down). We don't know the deficit on water. The issue is: Why is water data so undeveloped. Land and Water BC can turn a license around in six-months. But their licensing regime does not have any effect on granting of licenses. If you talk to people who are talking with regulators, you learn what water purveyors are dealing with. The supply-demand issues are the fundamental needs. Start from good information (knows that Brian Guy has been awarded a contract). With regards to statutory authority, we don't see a threat, but we worry about decision-makers not being informed and understanding the real circumstances. Representation from regional districts is fine, but the mandate should be carefully structured so it does not lead to false accusations. Perhaps we need our own "Kyoto Accord" concept that uses techniques, such as water trades (as used in California and other places). You have the cautious support of the Water Association. This group should be careful what they wish for. You could end up being responsible for hydrometrics, water licenses, etc. because they want the region to take over

those responsibilities without budget. You need provincial funding so that rate payers don't get stuck. There is an awful lot of work being carried out by improvement districts up and down the Valley. Naramata was a unique situation. Walkerton was an anomaly, using it as an example is a fear tactic. The Province wants to sell land for development right on the lake where water is drawn from. Source water protection, hydrometric land use, etc. Most water purveyors are located where they are due to the structure of water supply. Kelowna has five water purveyors, with seamless flow (coordinated). Need a regional approach to water demand, water conservation, trading system, and addressing provincial issues.

Tom Siddon: When we went to the MLAs they said if we get the mandate right they will back this. We don't want all decisions made in Victoria. So if we bring them a recommendation for policy change or perhaps with funding, they will do it. Okanagan is getting more visibility—including on science—due to the expansion of UBC-O.

West Bank Water District: I applaud the initiative. If this group is going to act as an authority, they should be an authority. This means knowing what progress has been made. The West Bank Irrigation District has been aggressively pursuing that is in the water management report over the past two years. Spent \$100k looking at climate change, growth, licensing, and quality. Working with other water purveyors, First Nations. They are two weeks away from approving their work plan. Which shows they can provide safe quality water for the next 30 years. Will be constructing a new water treatment plan (3 months), will be using metering, segregating agricultural irrigation (to minimize need for water treatment). Their work plan covers their situation. Having said this, they need to get the regional district to limit the use of 1" pipes, limit lawns, use xerography and so on. The formation of a West Side group is taking place, based on the Kelowna model. Articles are being critical. There is a news letter every quarter.

Farmer: Not angry, perhaps he should be. His industry (farmers) is not represented at all on the board (orchards). There are no farmers on the water board list. Perhaps because they have not been at recent meetings. But at the BC Fruit Growers they have been doing much on water-agriculture matters. They have developed a Valley wide agriculture plan already. They had a meeting of the BCFG at which water was the core issue. As farmers, with the same stake in water, they had many different angles. So, just about anything anyone said, could be contradicted by another. His area of Osoyoos was one district but the North has many purveyors. Farmers and ONA should be better represented. Perhaps an elected representatives.

Black Mountain Water District: There are more orchardists in his district, and so they know more about their needs. Farming is not out in the dark.

Tom Siddon: Need to ensure that politicians, who control land use and so on, are not outside the decision-making process.

Regional Economist: Supply and demand side need to be “married”, the demand side information gets visibility (more housing build). Both supply and demand needs to be available so that decisions, such as 300 new houses in Vernon is feasible—not just at the top end of the system (in Vernon), but also downstream, at the bottom of the system. We all could do better with improved information as well as techniques for managing the implications—what we can carry or not (houses and/or houses with big lawns).

Water Supplier: Applications go through technical review in terms of water system. Purveyors look at water demand, based on their license. They have 2 ¼ acres of land for every single acre. They track via their own hydrometric stations. There needs to be someone looking at the regional picture. Presumably the water licensing system takes into consideration all hydrological information on supply. But these have been provincial water management responsibilities. So, if you tackle these issues, you need to be prepared. There is a vacuum between the Valley and Victoria.

Tom Siddon: The Water Board does have taxing authority to raise funds.

West Bank Water District: Having been recently through this exercise, I am excited about it. Their capital works plan has left no stone unturned. They can say to their rate payers that over the next 20 years, they will not use their water for their district (of 12,000 people). Still, we need to look at all of these, building up from the water purveyors (80% of supply).

Tom Siddon: In the news, you read about new golf courses, destination resorts...

Water Supplier: Would be great if someone was added up all the licenses to see how the water supply linked together. The real mandate of this contemplated group is to determine if they use up all of their water licenses, does it use up Vasos Creek, for example.

Researcher, Agriculture Canada: Had a meeting a week and a half ago. They had this type of dialogue. They got some hydrology modeling done on the Valley they had not had previously. Some on agriculture and population, as well as factors governing water demand. This was not the complete picture. A few scientific matters were raised: need for more measurement (which they were lacking). There was inadequate data. Much interpolation had to be done. We need to generate a basin-wide water budget, which requires more study. We are studying the agricultural community on how to better use our water. Need more research on ground water in the Okanagan basin. They tried to analyze license data, which was very hard. And, they needed better information on total consumption...this is not really well document. Environment Canada wants to

come in to do some research. Others recognize that this is a key issue, so more science is needed, more measurement (with input) and monitoring, all which requires monitoring. See 9 page executive summary. Another phase is going to be launched. Report is titled: Expanding the Dialogue on Climate Change & Water Management in the Okanagan Basin, BC (January 1 2002 to June 30, 2004).

Environment Canada: Environment Canada sees this effort as making sense. They review regions under stress. After the Fraser and Georgia basin, the Okanagan is the third most “under stress” in the West. They would like to have a possible “home” for information on water research. They have been working with the province to see how they could work better, if there was a better mechanism for working together in the region. There will be a meeting in Kelowna between the Environment Canada and the province to explore next steps. Perhaps what they really need is a proposal for a feasibility study to explore how to close gaps and manage this. Western Economic Diversification also has expressed interest in providing funding for the right proposal—analysis and options to close gaps.

Tom Siddon: There are political events coming up shortly for which this region must be prepared. There is a window during which this group should move, focusing on a clear cut, structure objective.

Deanna: From her perspective local solutions are preferable to outside solutions. Much excellent work has been done by people around the table. Different research groups, water districts and others have done good work. If you could layer that information you could get a better point of view. Land and Water BC has just commissioned an Okanagan Basin Study, just getting underway this year (three year time frame). There will be a need for more scientific information for the decision-making process. The Okanagan Lake and tributaries face water quality and habitat. Water quality affects fish population. Fish are being impacted by changes in lake water. Sockeye reintroduction to their historic range is underway. Flood control dams had cut them off. Introduction into Skaha Lake is needed because there is inadequate oxygen in Osoyoos Lake and they are too warm. Sockeye need a lake environment to rear in, before returning to the ocean. There is a tripartite group working on regional water issues, such as the fish-water management group, looking at Okanagan, Skaha and Vasse lakes and the Kootenay recreational fisheries (which were once important economic drivers here and dropped over past 15 years). The province would like to re-establish those fisheries. An Okanagan Fisheries plan is underway addressing fish sustainability. They have to date assessed the condition of the fishing environment across this region—Okanagan to Similkameen. The Okanagan Nation and those in Washington State were one people, before the borders went in (each subject to separate laws) they are trying to work together on issues of importance to each of their nations. They already did a three-year study before reintroducing sockeye. Hydroelectric development also effected fisheries, being at the upper end of the Columbia River Basin. Grand Coulee dam terminated

former fisheries, back in the 1930s. They are working on species of concern, to do basin wide monitoring of fish stock. Storm sewers have a major impact on Kokeney.

Okanagan Nations: The First Nations communities are no strangers to this discussion, but have been marginalized in the past. The proposals being offered are more sensitive and proactive. From an economic development standpoint, the seven member alliance are working at strengthening their sovereignty through economic organization and collaborative work. Have had preliminary meetings at the ONA offices, like the regional districts, will have meetings with the seven chiefs with the seven member bands in the near future. The rationalization of governance and management, with the science needed to guide it is a good think.

UBC-O: Two comments. My office is at UBC-O. The steering committee that your creating should not underestimate the role that a science-based advisory committee can bring to the decision-making process. Secondly, help advise researchers on what they should focus. The CWRA conference is in February, Brian Guy is the chair. Water: Our Limiting Resource. The conference will enhance *this* group's dialogue.

Industry Canada: Industry Canada is interested in what is going on. This one of the first regions in Canada where this process is going.

ICF: This forum is a great vehicle for solving regional problems. This group should ensure that all stakeholders participate at the front-end in helping to define challenges. By defining challenges from all the different stakeholders—water purveyors, water districts, district councils, First Nations, cities, etc—and helping to see the different views of problems, this group can then bring science to better understand realities and trade offs, and from the set of priority challenges begin to define a set of tangible actions that will address the regional needs for water. This can then be deployed through a mutually defined implementation mechanism—whether the current Water Board or other entity.

End Meeting

First Nations Flagship Meeting

- Chris Rowland, ONA: 7 member bands, Regional Economic Development unit
- Jayne Fosbery, West Bank First Nations
- Diane Groeffen, Diana Groeffen & Associates (Board Member of OPS) Challenges of Cooperation between Communities and First Nations
- Michael McLaughlin, Rural Futures Associates (rural community development consultants, have the contract with the Similkameen Valley)
- Bob Bissell, Industry Canada, Southern BC focus
- Pam Lewis (in place of Chief Brewer)
- Nelson Jatel, Okanagan Partnership
- Monica Jatel
- Jim Gollub, ICF Consulting

Goal: Today's goal--create a working group to support this Flagship.

Overview

The Okanagan Partnership is a business-led process that started in 2001. At that time, there was an Okanagan Regional Innovation Forum based at OUC, that held a conference on best practices from other regions. The two co-chairs, Brad Bennett and Gordon Fitzpatrick, decided that they would like to pursue an action-focused cluster strategy. They attended an NRC conference, met Jim Gollub, and decided that the approach he has carried out across other regions in Canada and globally, would be helpful in helping the Okanagan region shape a competitiveness strategy (action-focused, emphasizing the “economic therapy” perspective). They used a four-phase process (mobilize, analyze, catalyze, realize).

- **Mobilize:** Working with our sponsors ICF created a good leadership group, reached out to an engaged regional stakeholders.
- **Analyze:** ICF then conducted an analysis of the overall performance of the region, identified seven economic drivers, assessed their competitive position relative to North American regions, and presented these at a public forum.
- **Catalyze:** Working groups for each cluster were organized with co-chairs for each group. The groups defined their challenges, priority actions and action business plans. A leadership group and the co-chairs of the clusters worked together to identify crosscutting issues or Flagships that affect the entire region's performance—sustainability and prosperity.
- **Realize:** Then in January the overall strategy was launched with both its set of cluster strategies and broader crosscutting flagships. The cluster groups and Flagship groups have been moving forward since that time.

One of the Flagships was engaging First Nations as a partner in the region more effectively. Other Flagships included regional water, regional growth, creating a brand for the region, among others. The implementation process continues and the overall process seeks to continue engage and take action.

Context for this Flagship

When the Okanagan Partnership Strategy was in its later stages, Chris was just being brought on board to work with the ONA members. She is anchoring the First Nation Flagship.

The First Nations Flagship has the goal of bringing them more directly into participation in collaboration with ongoing business activities. There was an initial meeting on the First Nations Flagship, but it did not have adequate First Nations input. They need to buy into the concept of collaborative work. This in fact includes the need for the First Nations to work collaboratively within their communities.

Achievements

Engagement of First Nations stakeholders in cluster groups and Flagships:

- **Regional Planning:** When we do undertake the regional planning activities across the region, First Nations should be integrated into this process in a meaningful manner. Typically, First Nations territories are treated as outside the interests of the region.
- **Tourism:** New collateral material being produced will have both special rates for First Nations as well as more content focusing on First Nations as an authentic and fundamental aspect of the region.
- **Water Resources:** Recommending First Nations representation in future restructuring.
- **Deal Generator:** Will include First Nations financial sources.
- **Forestry:** One of the chiefs at the ONA is part of this cluster group.

Goal is to get a stronger economic development capacity within the Okanagan First Nations, address issues regionally as well as at the “band” level.

Building a Wider Network: First Nations Working Group (ONDC)

The First Nation Flagship will consist of the short term business plan of the regional First Nations regional business plan. See the Nation Building through

Economic Development document. Seven chiefs meet monthly and their band's councils meet quarterly.

The potential for a regional group with discretionary funding for economic development has long been an interest of the chiefs. A 2002-03 study, with consultation with councils and work at the band level, as well as community discussions resulted in set of recommendations. The outcome of this called for a unit within the ONA to a formal economic development unit. This required hiring an experienced EDO with confirmed short-term development funding, so there was a “mandate”. With majority support from the Chiefs Executive with tangible goals and realistic timelines.

Over a three to five year time frame, the key focus should be:

- Capacity building at the local band level. Gain a groundswell of report on how economic development initiatives would be developed, marketing and communications.
- Project development at Nation level.
- Establishment of the ONA Economic Development Model.

The result of this is the twin-track approach focused on creating a development corporation.

Policy Track Focus

- Build an operating environment with clear endorsement from the Chiefs and Band Councils. With business as well as social activities.
- Methodology for integration with existing organizational departments.
- Clear criteria to guide investment and project development and redistribution of wealth.
- Agreement on guiding principles and corresponding structure and governance.
- Demonstrated support from national and regional agencies.
- Short term development funding.
- Private sector and community development.

Process Track Focus

- Inclusive structure and a spirit of partnership.
- An agreed vision, strategy and business plan.
- Clear understanding of roles and responsibilities.
- Buy-in of senior officials.
- Effective channels of communication between all interest.

Twin Track Approach Activities

First Three Months

- Research and Development: ONA Economic Development Initiative
- Okanagan Partnership First Nation Flagship
- Unity Principle Symposium (see below) 70 First Nations will attend session focusing on collaborative issues:
 - Day Session: Examining models and governance framework, best practices, and return on investment from initiatives.
 - Evening Session: Inviting business community from across the Valley (160 confirmed attendees).

Strategic Policy Development Requirements (Months 3-12)

- CEC Capacity Building
- Policy and Structure Development
- Quality Management System Development

Coordination

- L&R Task Force
- Economic Development Working Group
- Cross Cultural Advisory
- Okanagan Cluster Workshops (Spring)

Operational Process Management Requirements (Months 3-12)

- Forestry Negotiations
- Up Series Capacity Building
- REACH Site (ABSN) /Business Development Workshops (3)
- CED Process (2) Business Development Liaison (2/3)

Proposals for Funding

Requests made to WED, ABC, INAC, MCAWs and potential private sector sponsors to enhance the Economic Development Unit's capacity to respond to collaborative growth opportunities.

Four types of funding sought:

- RAN (INAC) Funding: Support the negotiation of an equitable share of the forest resource with the Provincial Government to serve as a key catalyst in the establishment of a forestry business nit as a significant foundational component of the Okanagan Nation Development Corporation. Essentially, seed money for leveraging in further business ventures, with returns absorbed and reinvested.

- Community Economic Development Process: Augment and contextualize the OPS within the First Nation Community, essentially to inform and coordinate.
- Funding for a Business Development Liaison: To coordinate outreach and capacity building services across the seven bands.
- Proactive Integration of Economic Development: Quality Management System for integrated entities to enhance credibility and capabilities to facilitate economic, social and cultural performance.

The Proposed ONDC Model

Based on reviewing multiple models the following framework was proposed:

Goal: Equitable distribution of dividends to member communities to support local initiatives based on local need.

Goal: Apportionment of discretionary funds to agreed collaborative priorities (social, cultural, environmental and other).

ONA Role: Okanagan Nation Alliance Acts as the Not-for-Profit Shareholder Society to access funds for NGOs. Chiefs are the shareholders.

The EDO Role: Reports to ONA and is responsible for overseeing the establishment and early operation of Holding Company and its assets.

(eventual) Holding Company: HoldCo Directors are appointed by Bands and report to ONA and oversee operations.

Development Companies: That deliver net income and receive income.

Aims of Framework

- Pre-defined implementation-delivery strategy.
- Model includes investment, development, employment creation, training, education, management skill development and long-term community regeneration.
- A mechanism to recycle surpluses and value into sustainable nation, community and business initiatives and provide supportive integrated linkages to social, environmental and cultural programming.
- Council retains shared control through the collaborative venture and dividends are payable on an annual basis, giving a long-term income stream.
- Member communities remain equal stakeholders and gain equal share of value and opportunity uplift from work undertaken.

- Delivery is based on sound business practices.
- Provides opportunity to support or link with existing businesses and community initiatives.
- High priority to sustainability and not benefiting one community against another.

Upcoming Activities

Aboriginal Tourism Conference: January 24th and 25th. 25 presentations launching the World Leisure & Indigenous Peoples Conference.

Participation in the Regional Tourism Brochure.

Ongoing Issues

How to engage with the Okanagan Partnership on an ongoing basis and build a structure that will enhance ONA economic development. Note: There about 6,000 ONA members.

Okanagan First Nations View: Communities have a long way to go in terms of entrepreneurship. The Bands do, as well. It will take time to plan this. Osoyoos is doing well in fulfilling their vision. Not everyone needs to build a winery. The Okanagan Band feels that the business community in Vernon is looking at their lakeside land for investment.

West Bank First Nations View: Differences across the Nations. Interests for them may not be common to others. West Bank has only a small amount of land and therefore must plan very carefully for the Band and for individuals. Attended the June launch, but have not heard anything since then. Interested in what the other Flagships will expect from first nations. Why did everyone put First Nations on their list. Need to do some bridge building.

Next Steps

Need for the First Nations to find their own commonalties on which to focus. The conference coming up in January is a good example of a theme on which there is much common ground. Let's continue to look for interest across the First Nations.

Need to put together cross community forums. Perhaps put together by a cross cultural advisory group. This could produce a guide to working with First Nations. Cross cultural put together with economic development working groups makes sense. Can this group try and building this working group so that there are three representatives from across each of the seven bands? Can we get the message to the First Nations that they should actively participate in this group.

End Meeting

Economic Development Officer Meeting

- Robert Fine, EDO, Central Kelowna
- Scott Boswell, Summerland ED
- Glenn Rousseau, OSTECH (transitioning director)
- Glen Mandziek, ED Osoyoos
- Chris Rolland, ONA EDO
- Nelson Jatel, Okanagan Partnership
- Monica Jatel
- Jim Gollub, ICF Consulting

Theme: Competitiveness and Connectivity across the Okanagan Region

UBC Opportunity: There is much collaborative effort ongoing. There is a unique opportunity for the region to help shape investments relating to the growth of UBC-O.

- The president of UBC has given instructions to determine how UBC agriculture can be moved to Okanagan. If this is going to be the case, how can we rally the region to support industry led elements of this development. They are talking about full integration. Teaching as early as September of 2005.
- The Wine and Beverages Cluster has been working on the UBC-O link to PARC and expanding infrastructure for UBC. They are focusing on the development of new wine research, development, extension and education activities.
- The Knowledge Service Cluster group has put forward the case that there should be an UBC engineering program in this region. UBC has just announced that there will now be a full four year program here, civil and chemical engineering.

Possible Activity: Our Version of the Vancouver Island Economic Summit:

There are number of community leaders that are thinking about putting one of these summits here. If the region formed a group similar to VIEDA (Vancouver Island Economic Development Association), this would help foster the visibility of the region. We will be doing more cluster meetings in *March*. Might not there be a good conclusion of the cluster activities a “summit”? The timing could not be better. They EDOs are interested in this. But resources are required. They are already supporting the existing regional branding project. Everyone is will to share or help. In the case of First Nations, the Chief’s Executive Council would be briefed, but is unlikely to be in a position to help. This event could be a good forum at which to launch the Okanagan Economic Development Society. The event could focus on specific “strategic” asks.

Possible Activity—ORAN—Research Bandwidth: There is a good possibility to build bandwidth across the region. There are several efforts and sources of funding becoming available. CANARIE funding is going to be made available to help expand bandwidth. Investment needed: There will need to be about a \$1 million fibre connection to Vancouver. There will need to be other investments. Needs municipal support for local connections. Would like to have this bandwidth with the three cities connected as well as DRAO, PARC and IHA (so they can work with research and training hospitals across the region. There will be a series of teams to manage this effort. Barry McBride, UBC-O and Jim Hamilton, OC President are the co-chairs. There is a technical study team as well preparing a white paper. The Okanagan Partnership would like to have a representative from this group to participate in the meeting in January 7th from 1:00 to 3:00 pm at the President's Board Room, UBC North Kelowna Campus. This need has been raised previously as a regional challenge. The first phase development will focus on fibre connections major research infrastructure. SIR (Sterile Insect Release Program) needs broadband. Propose that Wayne Tebbut and Dave Forai are the best representatives from this newly formed group. Would be important for the individual communities to know the value of this. Some of these communities have a basic infrastructure. But cities will have to pay part of the cost for the bandwidth to research facilities (universities, laboratories, libraries, and even private research (this is not for consumer user). The costs are for running cable and switch/hub. Need to determine the cost. There may be funding, but localities must show they are willing to participate. Letters of support from across the communities may be needed.

Water Board Initiative: Goal is to revamp the Okanagan Basin Water Board (Chaired by Tom Siddon and John Byland). The current Water Board cannot make bidding decisions. Proposals come them, and then, must go back to the communities before they can approve. Have presented the proposal to the three districts. Strong support from two of the three regions; North Okanagan (Vernon) has not yet supported this. Want their rules to change so that a 75% board vote would permit binding decisions. Want them to have more staff as well. Want to know how the Economic Development Officers feel about the notion of a body with authority. This is a needed first step, a body that can take action on critical issues, including water for farm lands. Without this, water issues will be severe. First Nations will be significantly affected by water resource availability. The province is very supportive of this proposal, but regional consensus is needed. The north has to agree, but has not. There is nothing we can do if they disagree. Suggestion is to reform the current board, increase its mandate and capabilities. But the crucial need is the ability to make binding decisions. For example, need to do the 1974 water study. Vernon keeps vetoing. May do a letter writing campaign focusing on Vernon. An opt out clause has also be proposed to make the proposal non-threatening. Would like a letter from the new EDO organization focusing on the value of the water board initiative.

Connection between EDO Society and Okanagan Partnership: Want to propose this and ensure that there is mutual reciprocity in terms of participating, in a non-voting position.

Meeting End

Okanagan Partnership Cluster Initiatives: Status

Life Sciences Cluster Meeting

Participants

- Dr. Gerry Karr
- Dr. Bill Nelems
- Bob Bissell, Industry Canada
- Anne Marie Bromeland, Interior Health
- Colin Reed, OUC
- Mary Farway, Workers Compensation
- Joan Redlich, Self
- Derek Sienko, Spetrum Rehab Services
- Richard Holman, Ministry of Agriculture
- Daniel Salhani, Ph.D., Director, BCO Social Work
- Dr Tom Kinnehan, BIHA
- Dr Tom Li, University Research Center, Medicinal Plants
- Dr Joe Mazza, PARC
- Dr Bruce Schmidt, Genome BC (co-founder) (direct, Life Sciences Cluster)
- Nelson Jatel, Executive Director, Okanagan Partnership
- Monica Jatel
- Jim Gollub, ICF Consulting

Agenda

The agenda was organized to give a chance to review progress and continue the efforts, then, brainstorm on new horizons that might expand the region out of the “box” that they are currently in (e.g., limited by public funded health care system), reaching beyond to opportunities beyond that limit. We want actions to explore new opportunities, ending on next steps.

Status of Flagships

Five business plans were recommended to “stewards” and selected as targets for fund raising. Bill and Jerry went to the deputy minister of health and she informed the team about the process. Money is being made available through a Michael Smith Foundation, earmarked for health sciences research. Some might be available for grant applications by this group. Many of the projects that have been proposed in chronic disease modeling might be appropriate for this. Also, they met with and briefed the Provincial Health Authority (separate from the five regional authorities) that contends with crosscutting issues. This was encouraging. We need to begin to submit proposals for this process.

The health services and policy support network has funding available for health services research, focusing on system redesign in BC. A steering committee has been formed to set up a call for proposals. Interior Health will host an information

exchange on January 17th to provide information on the call for proposals. Proposals can include three year team development and research grants. Letters of intent will be received up until late February, then those screened will be asked to submit full proposals. This could well fit activities on which this group is interested.

Optimistic that funding can be achieved for health services research projects. Where to go for none-health research projects? Is part of the process of the Okanagan Partnership to identify all sources of funding so that others can be guided?

The Okanagan Partnership was not meant to be a “bank” to fund projects. When speaking with Western Economic Development (WED) they have provided some opportunities for funding projects. However, they will not fund projects that are not “economic development” focused. So, many of the life sciences proposals were viewed as “health BC” type themes.

There are groups, such as NRC-IRAP that might be appropriate. The Partnership might be able to identify the top funding sources, but not an exhaustive list.

In the case of a project that is very entrepreneurial, what can they do? The specific opportunity here is to offer digitization of medical records for hospitals and the Health Authority (etc.). This effort should be linked to the Deal Generator project. Where in the past there was less money available, there is far more available now.

Gerry and Bill pulled together UBC-O and IHA to explore how to build new linkages and this worked very well.

Updates

ORAN: Put together a small steering group that was expanded to bring the ORAN (High Speed Internet Network) to the region. It has heightened its visibility in the region, now that UBC-O is taking shape. However, it was only going to go to Kelowna (to UBC-O), but others need it—DRAO, PARC and others. So, they put together a group with Jim Hamilton and Barry McBride to make sure that the ORAN infrastructure will be present in all three communities. There was an announcement from CANARIE that funding was available to connect research facilities to the network (PARC and DRAO) as well as the Interior Health Authority (IHA). So this funding might be leveraged to create an Okanagan ORAN network. ORAN will probably be in Okanagan in September, due to UBC-O needs. Need to information on what real funding will be available from CANARIE. There are at least two aspects of this: Local infrastructure that a community needs to accommodate the line plus a cable that connects a center or hub with lines to other outlying centers. There will be a cost to bring in the “point presence” into UBC-O. Note: ORAN is currently only accessible to universities,

colleges, research centers, libraries. Building this connectivity has wide regional value and can leverage resources. (ORAN will also go to the university in Kamloops and its health facilities). The pot of money is \$20 million, but is competitive. Might cost \$1 million to get fibre from Vancouver to Kelowna. Could be done as an overall project. Note: There are 12 senior citizen housing projects that have fibre but are not hooked up to a network! See how this links with the possible wellness initiative.

Aging-focused Research Initiative with Community Emphasis: Good developments with UBC-O during the past eight-months. Want to revisit the original proposal based on these changes. Goal is to expand collaborative research opportunities, working with faculty of health at UBC-O—emphasizing research and service delivery. Goal is to submit a letter of intent for capacity enhancement on research focusing on Okanagan—relevant to interests of Interior Health and UBC-O targeting the Michael Smith Foundation funding. Use this to leverage future funds in this area. Intent is to establish a research team to establish community partnerships on aging, wellness, community-based care. The core emphasis is forming a collaborative that will enable a synergy to develop across these participants. Note: UBC-O has set aging as specific focus, building on regional distinctions identified through the cluster groups. The UBC-O Research Subcommittee states that what they do will match Partnership initiatives.

Home Maintenance for Seniors and Re-employment Project: Project to provide home maintenance services for senior citizens and disabled and provide work experience for the underemployed. This is designed to reduce accidents in the home for older adults (falls prevention) and provide work experience and skills that will enable the underemployed to enter or return to the marketplace. They did research, building on IHA work, on how to improve safety and security for senior citizens, including on falls prevention. There is a need for this that is recognized. Next step has been to seek partner. IHA, Workers Compensation Board, Veterans, OU. This group was identified and shared with the team. Now they received approval from this group and area ready to move ahead. The Workers Compensation Board sent a letter saying they are ready to support. Dr. Carr had a meeting with the Deputy Minister who also said this is worthwhile. Now, they are facing a few difficulties in terms of getting funding. The challenge is finding the right financial program to which to apply.

BC Bio-products: Had first meeting with a mandate on commercialization of research on bio-products across the board. Biofuels, bioenergy, bioplastics, functional food and a large range of leading edge applications from forestry, marine, agricultural waste. This is a very industry driven association, focusing across the province (as in Alberta, Saskatchewan, Ontario). Trying to drive commercialization and networking. Also, looking for new sources that can be harnessed. Example, Abac, Alberta bio-products in Alberta. There is a group of federal agencies across federal and provincial agencies focusing on bio-products

in Canada (Ag Canada, NRC, Environment Canada, Industry Canada, CanFor). Was hoping that this Life Sciences group could be extended into this area.

Okanagan Potential: UBC-O and PARC are now talking about the Faculty of Agriculture and PARC will become “integrated” (not co-located). We have 30 scientists and graduate students, focusing on bio-products, regional, provincial and national perspective. The second focus will be genomics, where there are virus based knowledge (related to CDC). The third will be food safety and quality. UBC-O has interests in these areas as do the federal government. The idea is to enhance coordination and focus. Everyone is excited about this. In bio-products, there is strong interest in nutraceuticals to prevent disease. The focus here is on positioning ourselves here to produce, purify and extract and assay molecules that can have health or industrial value, such as lignin, conducting bioassays, pass molecule to clinical center, build cell lines for development. Government is not increasing investment, but there is considerable funding available. The timing is right. Bill Nelems met with Joe Mazza and toured the PARC facility. We have a world class institution here, which, when combined with UBC-O capabilities will provide a powerful asset, whether bio-crop or medicinal crop production, similar work on forest products as well as extraction. Will start in January in setting up a bio-products business plan. *(Deputy Minister, Agriculture, BC is very enthusiastic about this. See “Ontario Biocap” brochure on bio-products roadmap).* Okanagan really needs to do a business plan for its bio-products work on screening, testing, efficacy, and commercialisation.

Creating a Network of Clinical Researchers in the Okanagan: Trying to organize this resource as an asset for the region.

Sustainable Production System Research Team: Trying to find new crops from which farmers can make a profit. Goal is to find crops from which higher value-added extractions can be made. Most nutraceuticals are imported. So, by finding materials that can be grown as crops here, could build new sources of revenue in medicinal plants. Echinacea was an early target. Quality of plants grown often varied. So, one goal is to help farmers grow plants that meet quality targets by addressing different environmental factors, including growing organically (that are not grown organically). A few months ago, was in Kelowna, saw that a factory imported alfalfa from Romania (no weeds, no sand). In a similar case, found that Saskatchewan was importing plant product from Latvia. Cost and quality, as well as moving up the value-chain are crucial. Grape seed in Vancouver Island buys grape seed from out of the province. More work on new crops and their value-added will be very important. Good story in BC is extraction of Cedar oil (\$10k a kilo).

Nutraceutical Development and Efficacy Testing: Also, use genomic background on matching individual needs to effective nutritional supplements (note that there is a possibility to also customize pharmaceuticals to specific user genomic characteristics). Joe Mazza can identify, screen and purify

agents/molecules, the key is to test products with specialized subpopulations and evaluate efficacy more rapidly. But the region needs a good “chemistry organization” that can do good molecular analysis—technological genotyping and separately population phenotyping. This could be a good genomics projects that this region could compete for regionally or through Genome BC. The Life Sciences cluster agrees to organize a working group on nutraceutical/medicinal plant applications development (Rob O’Brien, Joe Mazza, others, including using Bruce Schmidt, on call).

Wellness: No preconceptions but there is a wealth of evidence-based knowledge that could be the basis for a program to promote wellness, such as stress management, healthy eating. These activities would be carried out external to the existing health system. They require an evidence based program to demonstrate and test these efforts. There is a traditional model of wellness promotion, which is, for example, a spa. But there is far more. What is the opportunity for this? Are there capabilities here for pursuing this? With the development of the new faculty in Health Sciences at UBC-O, that will be developing fields, such as human kinetics, there is a strong opportunity for this (beyond physical fitness and the recreation industry). There is a strong interest in the disability management system (the workers compensation world). See how epidemiological attributes of the region, possibly among older adults and the fibre linked older adult housing can be brought together.

Next Steps

Two discrete ideas seem to have emerged: One around wellness emphasizing aging (Daniel, Ellis, Mary). The other was to take the first steps to develop a bio-product initiative (Joe, Richard, Bruce). These are two good foci. For each of these, we need to apply project management and develop a business plan specifying where we need to go. We need to continually have a forum with the individual action teams. We should build up so that by June we have taken more steps than to establish a network, but have specified other deliverables that will focus on concrete outcomes—for PARC, UBC-O and beyond. Placeholders have been set in place—between UBC and IHA—with activities underway that will bear dividends for a long time to come.

End Meeting

Wine and Beverage Cluster Meeting

Participants

- Pat Bowen, Co-Chair, Wine Cluster, Research Scientists, Viticulture, PARC
- Tony Stewart
- Gordon Fitzpatrick, Co-Chair Okanagan Partnership, Owner Cedar Creek
- Rod King, Grower (on R&D committee)
- Hanz Buchler
- Marjorie King, Sensory Lab, PARC (VQA)
- Tom Debello
- Louise Corbay
- Tony Stewart, Co-Chair, Wine Cluster
- Jim Campbell, BC Min Ag
- Bob Tenant, Black Hills
- Joe Mazza, Research Scientist, PARC
- Mike Watson, Tech Officer, Vincorps
- Gerry Neilson, PARC
- Martine Korban, BC Wine Biotechnology
- Grant Stanley
- Tyler Galts
- Ben Stewart
- Bob Bissell
- Chris Rolland
- Brent Waite
- Nelson Jatel, Executive Director, Okanagan Partnership
- Monica Jatel
- Jim Gollub, ICF Consulting

Welcome (Gordon Fitzpatrick)

What is our effort about? Getting beyond parochialism to thinking regionally. Grape growing and wine industry can help bring together the region, particularly as it spreads up and down the Valley. Wine and Beverage is one of the seven clusters. Things have been moving very rapidly, including the new designation UBC-O. There were five projects originally identified:

1. Spin-off GIS system (Pat Bowen): Not ready to move forward.
2. Tax and regulatory barriers: Advocacy role identified. Being done now through BC Wine Institute (among other matters serving the competitive needs of its members).
3. Consortium to develop an integrated wine-tourism marketing strategy: Being done under the tourism cluster (bit of a branding exercise), which

had good meetings with TODA, First Nations, Cultural Corridor. This is underway.

4. Regional beautification strategy, to enhance Valley aesthetics. These people have been asked to join the Flagship on regional planning.
5. Regional water management. This is now a Flagship to build a single agency to oversee water across the region.

So, the Wine & Beverage Cluster has decided to focus more on research, since this might profoundly affect the cluster—specifically quality. The cluster has, however, worked on new directions that are being rapidly advanced.

Challenges for Viticulture & Enology R&D (Pat Bowen)

- Enology research located in Vancouver: Hard to get to and work with. Now, there may be improved ways to do research here.
- Lack of analytical services for must and wine: Most is currently done in house or send to California.
- Lack of research winemaking facility, including small wine lots to carry viticulture research findings through to winemaking: Can't carry field trials all the way through the wine making process at the moment.
- Lack of research and technology extension: Don't have extension agents any more, viticulture was terminated by the province, once available here.

The proposed integration of UBC-O and PARC has provided a significant new opportunity on R&D. There will be integration of UBC-O and PARC wine-related research at a single, well developed facility here.

Comments

- The need to strengthen and integrate wineries to have better collaboration and communication.
- Relevance of research to industry is important. Research themes need to focus on areas where they can grow and improve.
- Collect research already out there and create a conduit to industry (e.g., from Research Council of Australia, among others).
- PARC is doing all its vineyard research with growers now.
- On the viticulture side, working with PARC and Pat has been good—due to the necessary interaction.
- Taking viticulture through the winemaking process is important. Some vineyards are doing this internally, but having a shared services would be important. The ability to translate discoveries into the bottle, from a small scale plant is key.
- Surveys are done of industry every two-three years to ask growers and wine makers to prioritize areas they want to have looked at. The result is that winemakers have seen the existing R&D committee as a channel to

bring ideas forward. Not sure why that has occurred. Individual wineries have individual problems, but may not be forthcoming.

- Need to now let UBC-O and PARC know what is needed and not have two separate silos. We have an opportunity to bring agriculture from across UBC here to the Okanagan. Enological research needs to be here where the grape growing and wine making is. Resolving this is important for the cluster. Once these resources are here, the synergies in research should be far easier. We need to keep working on this.
- This transformation in UBC-O and PARC is a once in a lifetime opportunity to achieve a critical mass. We will be way ahead if we can combine the two institutions together. We can become leaders in the world in our time.
- Will be great to have the research and enology research here in the Okanagan. There must be education so that students work with growers and wine makers.
- UBC-O has specified that agriculture will be a strategic focus of the UBC Board, but there is a human capital issue. You need to have undergraduates working on field trials, etc. Once this capacity grows, research projects will improve.
- Creating a training program with more of an apprenticeship is important. We need to create a system in which people circulate within this industry and across other geographies, bringing new ideas and technology to the industry. There is a critical shortage of knowledge. For example, University of Adelaide, hired a Danish fellow to come there in viticulture. We need a vision to bring in leaders as well as develop them.

Research Themes of Interest

There will be an “ask” made of the federal government, building on PARC. What would the winemakers like to see in the way of testing, to push the quality envelope:

- **Access ETS Capacity:** Anything that they do should be here. Can mail samples across the border to California. The intention was for Rob Obrien or others appears to be to set up testing capacity. Same for Haney’s facility. He also has capabilities.
- **Cost Recovery:** If there is a service to industry, an outreach testing service, would need to have some cost-recovery.
- **Options:** When UBC-O and PARC work together, there will be most systematic capacity, but some services might need to be subsidized, perhaps in an incubator type facility.
- **Need for a Model:** There is a continuum of activities that can be carried out which require a structure: Basic to applied science (federal and provincially funded), development work (consortia financed), technical work (by individual laboratories).
- **Different Financial Approaches:** Having a pilot winery that can sell its results. Lincoln New Zealand, produces wines and sell them.

- **UBC Vancouver:** Provides analytical services (Haney) has labs, but may not be able to serve all demand. There is not enough demand to support multiple facilities. Perhaps there is the possibility of expanding scale there?
- **Accredit Private Labs:** Private laboratories can be accredited to perform specific functions, based on university developed technologies and transfer of equipment originally developed within the university.
- **Window:** Need for a plan to tap into the UBC-PARC development.
- **Be Demand Driven:** We need to know the demand for services in order to estimate the request from government and the role of the education institutions. Must have quantitative information regarding needs. What is the volume of testing needed.
- **Survey:** BC Wine Institute will do a survey of members to get an indication of demand for services, prioritize these and then determine how to take this forward.
- **Business Model:** Long-term plan is needed because the costs may not be justified. The equipment and its service need to be supported. Need to calculate the costs of samples, how many done a year, equipment and its amortization. This would help determine if there is enough volume to justify having facilities here. There is a history of this in the fruit industry. If possible, incorporating this into the research end.
- **Existing Capacity:** UBC in Vancouver has expensive equipment that will become obsolete in five years. If services are available, however, we should maximize their use, today. Obviously, equipment will need to be replaced and there will need to be fees. But this region needs a competitive advantage. So, we need to know what the region has (UBC-O and PARC), the demand, and whether or not services need to be here or not. Let's survey and catalog what there is and what needs to be filled in.
- **Students:** Need to get real samples into the lab on which students can work.

Human Capital

- **Expand Training:** The wine industry—between cellar, vineyard, hospitality—they have paths that require development. This could be the region for wine as well as “people” development. There is a need to develop education as more accessible to more. Need to expand curriculum and business should help set the agenda. Education, however, should be accessible to the widest range of students.
- **University View:** Need to determine how would you meet industry needs within bachelor and higher level degrees. Some universities have programs that have more industry focused curriculum. Recognize that more graduates may be trained than the market here requires (e.g., an export to other wine regions).
- **Direction—Extension Model:** The new campus is going to be research focused. But like UC they want to have extension positions—with faculty

who do research as well as teach extension style courses to industry. University of California, Davis, has lost viticulture extension position. Advocacy for this is important. Need to have cost recovery built in so that positions can be retained. This means understanding industry needs. University of Alberta tries to use cost recovery for coordinator, expert costs, printing services, administration. They have to see a way to offer services to the agricultural community, even when times are tough. The tourism cluster supports the importance of training “sommelier” and hospitality related aspects of winery operations.

- **High Schools Emphasis (Co-ops):** As many children leave the region when they finish high school, due to absence of employment opportunities, could high schools have more occupationally focused training related to the wine industry. Getting the school districts to accept a curriculum in wine, might be difficult. In the last discussion with Martha Piper, there was discussion of how to get young kids onto campus to help craft how courses are taught. Would be good to get youngsters into field. Remember, for every winemaker we need five cellar workers, many of whom need training.

Need for Mini-Winery Set Up

- **Needs Business Guidance:** In the past there was winemaking taking place that was not relevant to winemakers.
- **Business Models—What Scale?** In the past, trials in the past was limited to 2000 litres. If you have lots of small equipment, will it be representative of what you do in industry. How large should lots be? Need a true representation of what might be obtainable on a vineyard. If you need a quarter acre of grapes to make the pilot sample, will this work? You need a large enough scale to make small lots that could be commercially adapted.
- **Hard to Define Right Scale:** When most viticulturists make wine, it is terrible. But trying to overcome small scale translation to large scale (really hard); And, having real winemaking skills (not just reading a guidebook). Need to set up some wine lots. Should see how Gallo does their small wine lots. Check it out to see how to make it work right. Need to see what others have experienced with small scale.
- **Work Closely with Wineries:** Perhaps making a small lot winery may not work. Cedar Creek tried to do small lots, three-four tons, carried right through for three-years, with 1000 litre sample, at a commercial winery, with strict good controls. This provided very good information. Doing this, however, was very difficult. Perhaps working with commercial wineries is great.
- **Need for Sharing:** If an individual winery does small lot work they may not be willing to share information with others. At the Wine Industry Conference, they pick a research theme, picked two or three wine makers, had them do the work, they then come up and comment on their projects.

For example, three different clones of pinot noir, by three different wine makers.

- **Government Incentives:** Provides tax credit to growers and wineries to improve competitiveness, but the results need to be validated in order for the research to receive the credit. Cooperation is needed to enable this.
- **PARC-Industry:** Recognizes the value of PARC research specialists working with professional wine makers who helped distribute the knowledge. Industry should stay engaged. Winemakers must be part of any project, they should be rewarded for their involvement.
- **Risk to Company:** Any time a winery uses a new yeast or other factor, say treating five tanks the same (rather than differences complexities and layers) to demonstrate a new process, they may be at risk. If they commit their facilities on behalf of the industry, they may need some offsetting value.
- **In a Dedicated Site and/or In the Field?** You need BOTH. You need to have both a dedicated facility but also capacity to demonstrate in the vineyards. There is capacity at PARC now.
- **Requirements:** Smallest lot size view? 2000 litres is the minimal size (ton and half), one and half to two-tone press, seven feet of head space, temperature controls. Develop a small lot winery with a license that can train and sell its wine. Need to have a small lot business model to see what real revenue could be generated. Can it really cover operating costs and enable itself to break even. See the Lincoln model, New Zealand (Tom Schultz). PARC knows these people and will get in touch.
- **Coordinate Education Better with Wineries:** Offered an opportunity for Haney's undergraduates to work in the field here, but they couldn't due to their class work/thesis. In contrast, they wanted positions when the harvest was over, not the crush or summer canopy management. Need to have a coordinated program.
- **Training Time:** Best time to have students would be October for harvest, and July for peak canopy management. For the crush you need to train people, get them started in mid-September through November. May-June-July for the field work. For hospitality it may begin June onwards. Target: June through Labour Day.
- **Oregon Model:** Sharing of information on making of wine. Oregon succeeded in Pinot Noir. The collectively shaped a vision. From an industry point of view, much more industry-education collaboration. See how Oregon State University developed their programs.
- **PARC Next Steps:** Need to know the specifics and have a reasonable consensus on space and facility needs. Joe Mazza will prepare an outline based on specifications provided by Pat Bowen or others. Also, how will winemakers work with the dedicated facility—winemakers. Need to specify sources of expertise. PARC can have spaces dedicated to different functions, such as bio-products, vegetables, wine. One person may manage the entire facility, with a specific area dedicated to each industry, with winemakers defining how it operates.

Wine Sensory Evaluation

Having spoken about the small scale production facility, etc., there is an opportunity to undertake more on sensory evaluation. There is a practical point for this as scale of wine making grows.

- **VQA Capacity.** Needs a better lab set-up. Perhaps what they need is a wine education center, but also an education center. Wine education for sommeliers, for hospitality groups. Could use a stronger linkage with wines from their Wine Library. For this to happen, they need a conference room, cold rooms, to do education on an effective basis. Being able to taste wines, and having wineries able to not only taste what is being grown around the world as well as Okanagan, this becomes a valuable resource. Wine education coupled into teaching is important—university students and others.
- **The Wine Library at UBC:** Needs a way to expand. They don't have sensory evaluation capacity.
- **Fine Tune Wine Tasting Skills:** In Australia, students tune their skills through constant tasting and evaluation. The idea is to heighten awareness. This process was highly competitive. Students learned to identify style and variety.
- **Wine Authority Focus:** The new Wine Authority says we need to improve sensory evaluation. Key is to train judges and provide good feedback.
- **Work with Wines from Around the World:** Must have wines from other regions in order to ensure a bigger picture for the Valley. Must develop sensory skills by lining up local wines against wines from around the world. If you have special tasting on Sirah or Pinot Noir, so that wine makers, hospitality and others have a nice environment every two months or so to see how wines stack up against other wines from around the world.
- **Harness Local Capacity:** Should use the expertise from inside the industry where ever we can.

Research Capacity

UBC Vancouver

Researchers

Enology

- Dr. Hennie J.J. van Vurren, wine yeast genomics (does testing for wineries)
- Vivien Measday, yeast genetics

Viticulture

- Steve Lund, grapevine genomics (sequencing, ripening, etc.)
- Pat Bower, associate, vine physiology
- Jorg Bohlman, associate, molecular genetics, biochemistry (terpenoid synthesis, plant defense metabolites)

Facilities

- Analytical and molecular labs
- Wine Library
- Campus resources: equipment, expertise

PARC

Viticulture

- Pat Bowen, whole plant vine physiology, GIS, irrigation management, water stress physiology (ABA effects, berry development), temperature (within vineyards), crop load management, synthesis of flavour, aroma and tannins in berries, berry shrivel disorder.
- Tom Lowery, entomology (pest management, insect biology, damage thresholds, insect repellents and antifeedants, insect transmitted viruses.
- Peter Sholber, vine pathology
- Gene Hogue, weed management
- Kevin Usher, grape chemistry
- Scott Smith, soils, GIS
- Gerry Neilsen, soils, nutrition (mostly apple and cherry)
- Denise Neilsen, soils, irrigation, climate change
- Michael Weis, histology

Enology

- Margaret Cliff, sensory analysis
- Marjorie King, sensory research (VQA)
- Benoit Girard, fruit, wine chemistry
- Joe Mazza, wine chemist
- Pascal Delquis, microbiology, fermentation

Facilities

- Analytical (could update)
- GIS (world class)
- Pilot plant: hope to expand
- Field facilities (don't use, prefer commercial vineyards)

OUC

- Nigel Eggers
- Mamoud Saleyh?
- Rob O'brien, chemist, successful in getting good analytical facilities in place.

Additional Capability Comments

Marjory King, VQA: Doing research on phenolics to see differences. Examining language for understanding and describing astringency (Australia has a mouth-feel wheel). Examined data collection methods, to help get information. Also, improving how judges work. Sensor description of wines from different research projects, with controls over how wines are examined. Now, have new mandate of consumer research, to look at decision-buying of wine consumers.

Joe Mazza: Investigating phenolics in fruits and vegetables, have not worked in grapes. Interested in impact of phenolics on health. Using cell lines to examine phenolics and expect to add wine. Also looking at polyphenolics, extracted from seeds. But this is a very competitive field. Joe is able to work with industry and help build the wine focus.

Gerry Neilsen: Works in soils and nutrition. History of irrigation over time is that it leeches out minerals. Looking at how water moves around roots. Studying how nitrogen reaches roots—not too much which impacts long-term health of plants. Hoping to add more local knowledge for the wine industry.

Accessing of Wine Information

- **BC Wine Institute Website:** Has information, should get their information on-line in near term. They had a reference booklet, then, if you were interested you paid for a copy of the document. Insiders tended to use it more than industry. Need to have a web-based research location on the BC Wine Institute that has linkages world wide.
- **PARC:** Occasionally posts documents. No systematic organization of information for the wine industry. All papers are kept in electronic version, so they are accessible as requested.
- **Use Search Engine:** If you use “PARC, wine, grapes, etc.” you can get titles. Then, you e-mail the researcher who can provide a paper. See the Napa Valley Wine Library.
- **Need to Improve Distillation of Information:** Need to have an extension service focusing on wine industry needs. UBC should look at this.
- **Strategic Themes:** Really need to aggregate information on key issues that vary year to year, such as disease management and crop improvement. Create a mechanism to do just in time response.

Proposed Integrated Research Facility PARC/UCB-O

Proposal for joint UBC-PARC activity formalized this coming March. There are many committees, but by aligning stakeholders there will be more influence on its form:

- Proposed vision
 - Not discussed. But there is a need for a vision of an integrated organization that connects research, extension and education for the wine and beverages industry.
- Priority Desires
 - **Research**
 - *Note:* While there is an R&D Committee that will be advising the UBC-PARC development, there has been low participation from the wine industry. Perhaps this is too formal. There may be a more industry-centric, less formal structure that could articulate directions. Definitely, need a team to advise on wine research, post today.
 - **Crop improvement:** Varieties that are stress tolerant, disease resistant (need university level research). GMO is controversial. But perhaps a plant breeding group, focusing on development of vines.
 - **Long-term Proactive Preventive Research:** Climate change. And, can also distinguish region internationally (with collaboration with other institutions around the world).
 - **Wine Innovation:** Genomic structure of wine and tasting that permits understanding taste and wine making--such as what "causes" the distinctive Okanagan style of wine. For example, flavor analysis. Australians are identifying tastes, growing grapes and ways of making them to serve target markets. Also, nutrigenomics, which is matching wine properties to specific individual outcomes or needs.
 - **Education**
 - From quality to delivery.
 - Marketing: Value added agriculture. How to avoid commodities, using appellation and variety effectively. Can research and training help this?
 - **Extension Services**
 - Need to explore how to intermediate between vendors and to help guide those who don't have optimal knowledge.
 - **Facilities**
 - Small scale wine making facility, as described earlier.
 - **Organization**
 - Build a strong regional network to discuss issues, share information. Grow the existing Wine Institute activities? People are busy and selective, so need to focus on priority

concerns. A formal structure, with sunset provisions for action-committees. Set a process, for example, with industry, researchers, extension, do the work, and get it communicated out to the wine business. See model of “Communities of Practice” in which specialists in given field get together in their field, examine risks and how they will respond, and how they will direct employees to respond. This permits bringing in specialists from outside, but enables individual enterprises to pursue their own solution. This helps get good risk management or production information to users rapidly. You might want to have a “communities of practice” web portal. A specific individual has the job of searching for and compiling information that is accessible only to members. This becomes a core of information that has limited “fluff”.

Committee to Make R&D Recommendations

These individuals have been asked to work together to specify in greater detail the requirements for the Wine & Beverages R&D proposal.

- Tom Debello
- Grant Stanley
- Rod King
- Bob Tenant
- Howard Soon
- Hans Buchler

End Meeting

Knowledge Services Cluster Meeting

Participants

- Lorraine Redmond, ED Commission (Marketing)
- Mike Boudreaux, Executive Director Okanagan S&T Council (Capital)
- Jack Vanderstar, Wireless Start-up (Director of OSTEC)
- Andrew Hay, VP OSTEC (Engineering Group and Dean OUC/UBC-O)
- Jennifer Nyland, Director SW Packeteer
- Vern Neilsen, CrossFlux OSTEC Board, Okanagan Capital Fund
- Martin Wedepohl, Co-Chair. Consultant (former Dean, Engineering UBC-V, adjunct Faculty Manitoba, other universities)
- Ron Casorso, NRC/DRAO (a Director OP; Presidents Advisory Council UBC-O)
- Tom Landecker, Director, NRC/DRAO
- Peter Haubrich, Principal, TwinLakes Tech (working with DRAO; former director with Sony Research)
- Nelson Jatel, Executive Director, Okanagan Partnership
- Jim Gollub, ICF Consulting

Opening

Knowledge Services has five initiatives we want to discuss today, with each of their leaders here to present:

Faculty of Applied Sciences (*Martin Wederpohl*)

Group came into being to address the need that there would not be ability to generate technology commercialization without a faculty of engineering. They were overtaken by events when Barry McBride said that UBC-O was going to have an orderly development of a four-year program with a graduate element, with accreditation. Met with Michael Issacson, who will be dean. The dean would be based in Vancouver, with joint oversight, serving both areas with local associate directors. He asked that this group remain in place to serve as an advisory group. Electrical, Civil and Mechanical are the fundamentals, post first year. Michael did ask about streams of research to help guide recruitment of faculty, with a focus on themes that will relate to the Valley. An internal assessment of demand in Vancouver has been carried out. There are also discussions between UBC and NRC focusing on joint appointments. Cross appointments with industry, these adjunct professors can then enable graduate students to be located at specialized facilities where they are located, such as DRAO (e.g., electrical engineering). UBC has increased capacity in electrical engineering, but short-term demand has dropped (due to dot.com bubble). Electrical at UBC has doubled and they are absorbing that capacity. The

expectation that there will be rising demand in this field. Martin will continue in advisory board role with UBC-O.

Financial Services (*Paul Merichuck and Mike Boudreaux*)

Access to capital was the original challenge. Organized a “skunk works” that found that there was plenty of money here, but that opportunities were not investor ready. These issues range from know how and preparedness. The solution is an *Okanagan Business Mentorship Network* that will help prepare start-ups and help them develop, fill their board with competent people, enabling potential investors to do due diligence earlier on. Members of this network will include angel investors and professional service providers. A white paper was prepared and presented to the Okanagan S&T Board. At the last board meeting they agreed to find the resources and, once it is self-sustaining, launch it on its own. A business plan is in progress. They expect the operation in place by June.

Separately, the *Okanagan Angel Network*, between friends and families and venture capitalists—filling in the gap between no man’s land. They invested more than \$1million in six companies. They have made follow-up investments (largest \$1.3m) since their first round. Currently the group has 20 or more profiled investors. They completed an inventory of their net worth and submitted. There are another 40 individuals who have expressed interest, but are not approved. Last meeting had standing room only—over 30 attendees. OSTC started it, but it is incorporating as the *Okanagan Angel Network* (taking over a prior legal entity).

They expect to have a side-car fund that will enable investors to serve as a pool and permit investors in multiple investors. This will help more shy angels join in, with a minimum investment in a revolving fund that would place capital across multiple investments, leveraging other angel investments. The other angels provide the deals. Also looking at a formal seed capital fund. When the Okanagan Capital Fund was coming to light, the *thought* that it would be an early stage fund. However, it needed to show its financial performance, and as a result focused on later stage deals. The fund was about \$2 million. This fund is now closed.

Now there are two different versions being considered. The Okanagan Capital Fund is now closed, and taking advantage of the BCC tax credits (which if you cash out before five years, you give back tax dollars). After liquidity event the fund will pay out--after five years or so--and part of its returns will be used to capitalize a new fund. The new fund will *not* use the BCC tax deals, and will be able to make broader investments.

The Okanagan Deal Generator Initiative will try over the next three months to pull together VCs from Western Canada and (perhaps) Seattle, to get these investors to be interested in Valley deals (with first money in from among Valley investors). There have been discussions with BC Advantage Fund, they want to get more

links in the interior, most likely to promote the use of the BCC tax credit. Altera Fund has changed its focus to biotech, and may not spend time here. They have focused on mezzanine deals.

Attended a national angel meeting in Calgary recently, learned about best practices. Now in touch with a number of US and Canada. Modeled this network on the *Vancouver Angel Network* that was founded about 12 years ago. Now growing beyond the original (Mike Volker and others doing investor “101” or investment boot camp. Confidentiality of the *Okanagan Angel Network* is maintained, most try to maintain a low profile. Involvement is an individual choice. The fit depends on what companies needs and what Angel is willing to offer. There are cases where investors do play an active role. The deals are not pre-screened. But, they are starting to direct deals to specific angels, so that the angel will do initial due diligence before sharing with other angels. The screening process for this network is that the company that is submitted to the group must be sponsored by or investing in already by the angel. Talking about having an executive director and a more formal screening process. Half of the networks have a more formal process. Example, Colorado Angel Network requires \$1500 plus screens deals. Sometimes an individual Angel who comes to a meeting actually represents two or three Angels, doing the due diligence. Some Angels are higher profile some keep a low profile. Looking at deals from across Western Canada—including Alberta and BC. Attends the VC Angel Network meetings and quality of deals here are on a par, and some have presented in VC. Sharing deal flow with Edmonton, Calgary, here and Vancouver.

Working with various funds and angels, those with money say there is a shortage of quality deals. The deals often don't meet expectations. Need to have people who have been on both sides to help candidates prepare deals. The regional network is based on the Sirrolli model which does not introduce or match until the enterprise is ready at which point, after investment, angels will be on board. Sirrolli says that business includes product development, production and financial control/sales and marketing. You need strengths in all three of those legs, but that is very rare. Having a good board is phenomenal. Many of the companies in this area do not have good boards and don't know how to access the “grey hairs” that can lend weight. Financial institutions in the Valley have \$1 trillion of assets, most is retirement investments. Big financial gap here is that while friends and family are hear, as are angels, but the VCs want investment rounds above \$500k, usually \$6 million or more. Making that formal round is a challenge. VCs don't like angels, because VCs are insistent on certain rights and complain about valuation.

Okanagan Knowledge Sources Portal/Coaching (*Lorraine Redmond*)

The marketing group was tasked with defining Knowledge Services and then marketing this set of competencies. There are many talents in the region. The task is to plug into these resources and leverage them in a systematic way. There have been work already done, such as the *Mentoring* initiative by OSTC, as well as a Women's Enterprise Society (Laurel Douglas is running right now). The goal of *this* group is to collaborate across and with various public service organizations, inventory what different groups are doing, what their networks are that feature talents and see how we can better serve our clients using these. The idea was to possibly establish a portal that would link the information together. The principle the team has identified is that this new portal must be sustainable and provide value on delivery. Does the portal just link people or add additional value? There are vehicles out there. So this will evolve out of applications and provide value-delivery. The team is currently looking for resources. One idea is to create a list of portals and explore how they can be linked, so that any entrepreneur could access a given portal and find their way to a network of resources. Perhaps it would be appropriate to analyze and mine the OSTC membership base. Analyzing information is a first step, but there needs to be a way to make this accessible. Perhaps the strategy should be to have everyone offer reciprocal linkages. Judicious use of Google will help an individual find knowledge services in the region. More is needed, specifically, finding someone to provide you with the knowledge you need. The question is also can data on the talents in knowledge services be linked beyond the region to help market and promote outsiders to use regional talents. This is essentially a resource inventory initiative that will distribute its output. If a portal develops out of it, fine.

Commercialization of Intellectual Property (*Jennifer Nyland*)

Have been working on this for several months. Wrote a white paper on intellectual property that was submitted to UBC. This paper was to address considerations that the business community would like UBC to consider with regards to how it develops and works with industry in the Okanagan. Basically, we took a look at the needs in the community, talked with people with experience and industry with intellectual property, and examined sample policies. This short paper has been provided to the Board of the Okanagan Partnership, but it has not been considered yet. Also prepared a university intellectual property grid, examining ownership of IP, assignment of rights and commercialization (SFU, Waterloo, McGill, MIT, UBC-V, Stanford). There is a continuum of policies. Toward one end, you have the inventor owning the IP and its rights and is not required to share revenue. At the other, you have Stanford, where they own everything, including if it was sponsored research, BUT they have a well developed mechanism for commercialization. SFU is in between, closer to Waterloo, with clear guidelines about revenue sharing and inventors. This one is

the easiest to understand, but is also relatively no. SFU had people down from Waterloo, taking the best features. The implication that the Waterloo model might be attractive is that Waterloo evolved from a farm to a region now with all the major technology company operations present—IBM, HP, etc. in the surrounding community. The idea was to focus on six or seven key aspects that are important to the Okanagan stakeholders. Spoke with a PARC representative who deals with commercialization and did not have public version, but the policy is that the “employer” (Canada) owns the IP. The basic understanding is that the “Queen” will license the technology and continue to own it. UBC is similar to the Stanford model. They own the IP and decides how the IP will be used. UBC has the option to commercialize or not and can sign over the rights to the inventor if they do not want to develop it. The view in the Okanagan is that the UBC IP policy is not what the region would like to see. Yet there are successful examples of commercialization among the different models. The factor that makes the difference is the strength of commercialization organizations. The key concern here is to influence the evolution of UBC-O. Case: UBC formation of the company, NEXUS. They grew too fast, had to raise more capital and eventually sold their company, making a lot of money. Out of the fragments from the demise of the company came many spin-offs. More economic wealth was generated and wiser businesses. Zatrex is a different success story that struggled their way forward, fighting off bill collectors.

At DRAO most scientists don't worry about commercialization, but engineers are a bit different. Gollub described the SRI International model for encouraging its staff to prepare business plans for spin-off ventures. This policy gives staff science and engineers equity in start ups, but prevents them from being principals in the start-up. A scientist can build up a portfolio of enterprises in which they own equity over time.

The reason why the Knowledge Services cluster is interested in IP policy is that they want to ensure that engineers that are recruited to the region will find a positive environment for their possible entrepreneurship, and, to also more effectively attract companies to the Okanagan. In fact, there is considerable interest in the separate issue of how UBC-O and the national laboratories work with industry.

Critical Mass-Attraction (*Vern Neilson/Gordon Hotchkiss*)

This team is an outgrowth of the Knowledge Clusters' recognition that the region needs to focus on activities that extend beyond the 110 high tech companies already here (mostly small with six or fewer employees) to building a collaborative culture and attract a major corporation here. There is much to offer a global company here already, including an industry in its infancy. The presence of this larger firm would provide employment for the graduates of the university, and, new spin-offs would grow. With Packeteer, they needed more engineers

and they could not, originally find them. Yet, there many engineers who want to live here, but won't move because if they lose their jobs here, there will not be enough demand to offer them an alternative. Now that the university is expanding here—UBC-O they want to seek out larger companies. They have had contacts with Donald Detweiller (image processing software for clients, such as JPL and topographic mapping from satellite imaging and synthetic aperture radar). Barry McBride put the team in touch with Livingston, who provides commercialization services. The idea would be to connect to their clients. They are also canvassing their members to see whom they know. For example, ESS (silicon video processing) has a small operation here, and perhaps further development can take place here. Attraction is part of a portfolio management approach. These activities will be in addition to forming and retaining companies. In one case, the Innovation Fund was going to invest in a firm in Alberta, on the condition that some operation was set up here (that investment did not go through, however). Even had discussions with MicroSoft about having operations here, but did not have the UBC-O yet. Many people could telecommute between here and other offices. Many companies could have employees here. Through the EDOs they set up a booth at CES (Consumer Electronics Show) to promote the Okanagan.

End Meeting

Aviation Services Cluster Meeting

Participants

- Curt Latham, Regional Director, BC Aviation Council
- Dave Forai, Economic Development Officer, North Okanagan*
- Mike Tindall, Chair Vernon Chamber of Commerce*
- Jim Duncan, BCIT Aerospace Campus, Kelowna
- Jason Rock, ACR Systems
- Robert Harriman, Mayor, Corporation of Peachland
- Grahame Go, Airport Manager, Vernon Regional Airport
- Louise Noble, Acting Manager, Penticton Airport
- Nelson Jatel, Executive Director, Okanagan Partnership
- Jim Gollub, ICF Consulting

Regional Airport Flagship

Element 1--Inventory of Assets

The six airport managers should agree on a format for an inventory and use it as an overall template (A “shell” access database has been prepared for use). For now, an informal approach can be used.

In terms of inventorying the airports. We should know some of this from Canadian Aviation Manual, other information will be required hands on collection of information. The following are ONLY illustrations of possible categories of information:

Physical Facilities

- Acreage: Size.
- Runway: Length.
- Navigation: Radar.
- Hangars: Size and number.
- Power: Generation capacity.
- Water and Sewer: Supply and treatment.
- Parking: Space and structures.
- Emergency Facilities: Fire/Rescue.
- Special “Fixed” Equipment: Testing (for example)

Regulation

- Ownership: City, independent agency, etc.
- Zoning: Land uses and densities.
- Customs: Point of entry.
- Foreign Trade Zone: Tax status.

Development

- Development: Sq. meters built.
- Amenities: Restaurants, maintenance.
- On-Site Tenants: Firms on site by type of land use.
 - Industrial manufacturing
 - Light manufacturing
 - Office
 - Retail
- Off-Site (Adjacent) Tenants: Firms near by who use airport facility.
 - Industrial manufacturing
 - Light manufacturing
 - Office
 - Retail

Airport Image

Working from the inventory, the stakeholders have the opportunity to craft an image of their airports across the region. This information can be used to help determine the “characteristics” of the airport. The following are ONLY examples of how this information might possibly be used:

- **Vernon:** From “flying club” to Trade Zone with light aviation manufacturing and training [Note: there is pressure by ski resorts to offer more air service, but need runway length].
- **Kelowna:** International and domestic passenger service, maintenance, commercial services, point of entry (volume).
- **Penticton:** Customs point of entry (by law), domestic charters passenger services (12 seaters), helicopter facility, commercial real estate for development, businesses.

By preparing this the single document the region will be able to show how the airports are working together. The materials can be integrated and show the region’s capacity (e.g., in a brochure). While not all businesses may not be listed in the first version, once an initial set of businesses are engaged this will induce others to join. We cannot really market ourselves if we do not know who we are. If we go to “Ottawa”, we should bring the Okanagan Regional Aviation stakeholders (Kelowna, Vernon, Penticton, Princeton, Oliver, Salmon Arm). We should have consistent message about “Welcome to the Okanagan Valley”.

Working as a Team: Discussion of Penticton Needs

- **Resolving Ownership:** Transport Canada “owns” the land; but the First Nations bands claim ownership. So, eventual efforts to resolve this matter

could involve the airport being owned through a jointly owned structure. City currently has no incentive to take responsibilities, as the airport is not making money. But they have not formally given up their first right of refusal. No land in ALR, all is Band land. Senator Fitzpatrick, federal government and ONA need to resolve issues.

- **Funding Improvements:** Focusing on getting development funding for capital projects to expand the taxiways (at north end) and add utilities. Would like to develop an airpark. Can only lease at the north end. No taxiway at the north end of the airport. This airport is losing money right now. There is no pressure on the city to help finance improvements right now.
- **Retaining Helicopter Training:** This airport has been home to a company with long expertise in mountain training. The helicopters (with operations in Vernon and Prince George) go to Cathedral Lakes area, hover and land. If this area becomes a national park, this will prevent access to helicopters. Maybe there are flight paths that can be “grandfathered in”. But Canadian Helicopter firm will leave if the park comes in. This will lose money from Canadian, Dutch, US, Swedish and other clients. Hotels and restaurants will be hurt...

Conclusion

We focused on priorities today. We will carry out the inventory, unconstrained. We all need to think about “joint ventures” to work with each other.

End Meeting

Value-Added Agriculture Cluster Meeting

Participants

- Dave Pringle, Co-Chair, General Manager, Surecrop Feeds (commercial feed)
- Eric Sorenson, Co-Chair (not present, family emergency)
- Richard Bell, farmer/processor/marketer (chickens)
- Louise Nelson, Vice President for Research, OUC
- Richard King, BC Food Packers (storage packing)
- Dwight Johnson, Village Cheese, Armstrong (goat cheese)
- Rod Lampert, Project Manager, Mayors Task Force, Oyama, Lake Country
- Rolly Hein, Mayor, Oyama, Lake Country and a farmer
- Bruce Cook, Consultant in agrifood sector
- Dave Brew, Councillor, Township of Spallumcheen (former chicken grower)
- Brent Waite, Private consultant
- Joe Mazza, PARC
- Nelson Jatel, Executive Director, Okanagan Partnership
- Jim Gollub, ICF Consulting

Opening: The Okanagan Partnership Sustainable Prosperity Strategy

Nelson Jatel summarized the history of the Okanagan Partnership activities over the past year, explaining the principles of the Sustainable Prosperity Initiative and the progress on clusters to date.

Lake Country Initiative Rolly Hein

When we talk about value-adding is about being creative with the materials at hand. You don't need to go with your handout to government. You would be innovative and think like a business man if you depend on government support. Got his start when he was asked by HRDC to chair a commission (as mayor) looking at industrial adjustment. He then asked HRDC to look at the situation of farmers in Lake Country and the needs of the community. He wanted \$30k for a study, but he did not ask. Lake Country has 40% that is undevelopable, 5% is underwater and 11% is what remains for development. Kelowna "took" their industrial park land. The average size of farm is less than 10 acres, the average age of farmer is 59. The average farm, based on the letters patent, pays \$20 a year, which is not enough to sustain the community. The HRDC said they could not give more than \$100k. Rolly said this was not what they "expected"...They studied the structure of the Lake County farm economy and how to maintain the

small family farm and requirements of succession planning. Case in point, the Grey Monk Farms. This family could not give their children the land, strictly as a farm. But they were an early family to switch over to grape growing, wine making, a bed and breakfast, tourism shop and now have many (18) employees and the kids are working on the farm. The vision is that the farm will be known as Grey Monk winery 300 years from now. Larger companies are purchasing large tracks of land elsewhere. In the Okanagan has the Agriculture Land Preserve. Moreover, this region has more biodiversity than anywhere else in Canada. Farmers love to grow food, they love the dirt. The region had a "Fuji Apple" which they thought they could sell globally, but Chinese apples now sell them for half the price. Fresh broccoli is now flown in from China and sold competitively, even shipped by air. Mexico, China and other low labor cost regions will compete against our farm businesses. If you want to add value, and have agric-success in the Okanagan, you need to have farmers on the city councils. People of North America don't know anything about farms, so you need to have a political body that knows about agriculture. Second, you need to find a champion for the cause—someone who lives and breaths agriculture and has the time needed. If you don't your efforts will fail. Rod Lampert is their champion. Don't plant the seed until you have sold the crop. Farmers will often grow apples because that is what they know, what their father and grandfather grew. We can find value-added products with which we can make money. For example, you can't do this with apples or wheat. Now, the challenge is late growing fruit. Late growing cherries were, for a while, the succession. Everyone copied everyone, and we had the first crash, from \$2.00 a pound which dropped to \$0.70. There are now competitors for the Okanagan up in the Kooteney's. Finally, your neighbor is not your enemy. If you create a community who share a vision of agricultural creativity, others will cooperate and retain those interested in farm experiences as part of their tourism (how farms work). People need to know about organic food, but a lot of older people don't know that it is worth paying more for fresher, not chemicalized products. "Why what we grow is better for you" is the key message for the future of agriculture. We should partner with supermarkets and push them to work directly with farms in the Okanagan, who will package for them. Supermarkets need to tell farmers what to grow. Farmers need to become demand-focused, perhaps not parsnips but peas. We need to create the future. The Land Commission is not barrier. They have given farmers more opportunities than you imagine. You can have food processing on the site for adding value. You can have 10 accommodation units on your farm for agri-tourism. You can have a retail outlet on your farm, if 50% is agriculture. You can do educational activities. The province was sending confusing messages to farmers. They confirmed that these activities are appropriate. This region's farmers were the first economic generators in the Valley. We are going to cooperate with each other, share with our neighbors, increase value added and expand reasons for people to visit farms. Case: Farmer grew a 14' tall corn patch for silage into which he cut the Air Canada logo, grew a maze, had 30,000 visitors and still sold the corn.

Lake County Initiative *Rod Lampert*

Been working with Rolly for the last year. Lampert is from Oyama, but originally from Penticton. Looked at the photos here at PARC. His grandfather came to this region just after the First World War, had been in to the FCAF. Was driving an Indian motorcycle, met his grandmother at a farm gate Bed and Breakfast in Vernon. He road down to Penticton and opened the first mechanic's shop. Then went up to Vernon got his girl, married and settled down. His grandmother worked in a packing company that eventually became Nabisco Brands. The photos they have are of people working in the packing plant, adding value. Just over the hill, his uncles own about 14 parcels of farm land producing, chickens and tree fruits. Back in the 1960s he used to come here to see the experimental farm. His grandparents lived to 97 years, married 76 years. They had 14 children—13 girls and 1 boys. They died within three weeks of each other. They raised their kids on the prairies. Grandfather worked as a blacksmith. Back then, he had to work off-farm to earn a secondary income. Value-adding is not new.

The Mayor's Task Force was intended to create new employment opportunities, using the HRDC funds, which leveraged additional funding from Community Futures and others. The outcomes have been the motivation of stakeholders. They found 10 farm families who wanted to expand their horizon. They started with a conference to help people understand what the program was about. They had about 100 people who wanted to participate and narrowed this down to 10 cases focusing on value-added and agri-tourism. The people went through a process of identifying their key opportunities, using a SWOT analysis. They had a lot of light bulbs go on. Their ideas were about inviting the world to come to their farms. They evaluated and started to plan. They tapped into renewal programs of Agriculture Canada for farms. They linked people to these programs, built a data base. Then, they set up a mentoring program in which farmers and business men were developed. They examined different service providers who could help. They looked at BC Land Commission, local government regulations and found that these 10 cases would run into serious obstacles. They have consultants preparing new by-laws for the local councils and set up an agricultural advisory committee. They planned a second conference to bring all the participants together. Had 250 people attend the conference with speakers from across the West. Within that exercise, they invited people from the Fraser Valley. They have organized circle tours, AACs (agricultural advisory commission), and other efforts. All these success stories were put together to see what could take place locally. They have invited a woman from Alberta who has a farm here and will return to run her effort as a model. There will be the new AAC, extending the mayor's task force, and the mentoring system. The key is to look to other success stories and reach out—we are not competitors but team mates. Get the current operators who do value add to form consortia, as the wine industry has done.

The Emerging UBC-O and PARC Connection (*Discussion*)

Louise Nelson: There will be a joint integration of UBC Agriculture and PARC programs. The concept is to integrate the expertise they have in Vancouver with the expertise they have here and bring in new partners. Moura Quayle has been speaking with the Deputy Minister in Ottawa in Agriculture Canada on this—keen at the highest level. Environment Canada is also interested in coming in as is the National Research Council. What this will mean over the next few years is that the PARC facility will be expanded. A portion of the faculty of Agriculture will move here from Vancouver. There will be 250 new faculty hired over the next few years. Some of the areas to be covered include sustainability in agriculture, bio-processing in agriculture, and health and wellness and science policy (using the micro-climates to create a living laboratory). Commercialization and technology transfer helps integrate what is going on at the lab bench with specific efforts to build economic prosperity for Canada. This effort will mesh these activities in a new way.

Joe Mazza: The staff at PARC are excited about the new integration, but it is still at the earliest stage. From a research science point of view much can be done. They have a significant capacity here serving agri-food.

Nelson Jatel: UBC-O and PARC are seeking input from industry on what they would like to see coming in to this region to support their business needs. The Wine & Beverages Cluster, for example, has a clear strategy, and requested a research laboratory that went from “vine to wine” and tested new techniques. This same activity can be applied to local farmers here. Including helping to select the crops and how to add value to them.

Rolly Hines: One area we really need help is in modified atmosphere packaging. This is being used in meat and sandwich industry. However, there are tremendous opportunities for this. BC Ministers have guaranteed that every child in school will receive fruit for school children, a proposed \$16 million program. But this region needs to know what to do and how. A second area where UBC-O could help would be research on packaging of primary products to serve markets. How to use universal product codes, packing and labeling, so that they can go directly to supermarkets. We also need to look at an agricultural workforce we don't have today, we need expertise on food safety and how to interface with the public. Also, how to get better onto the farm who are ready to work. Case: I have 11 acres and grows 10 cattle, vegetables. But now due to the Land Commission, he can have a restaurant, 10 accommodations and a little conference center. Rolly will train anyone, as long as someone pays for their costs (Rolly is meat cutter and a cook, by trade; and a Cree medicine man). He only makes \$4k from his farming activities, but could meat \$60k from a restaurant.

Richard Bell: Disposal of waste is essential. Need to have appropriately scaled digestors that are affordable. There are 45 chicken processor firms around here that all have waste disposal problems. There is a need for some costs effective processing.

Dave Brew: Some communities are opposed to having rendering plants due to government mishandling and community opposition.

Rolly Hein: Need to know how to select which nutraceutical plants should be grown here. Previously worked with Tom Lee to examine hemp growing opportunities.

Richard King: Need for a focus on sustainability. Good to have a research infrastructure that supports competent people as they learn and develop more. The Valley does not yet have a huge air pollution problem, but has some traffic problems. But there are no research facilities that focus on sustainable growth. Try to deal with chicken manure processing would be extremely valuable. Waste disposal fees are a serious burden, effective rendering and processing would be very valuable.

Rod Lampert: Have an opportunity in Central Okanagan, with a value of \$4500 per kilogram—the truffle. This group would work with PARC. The largest truffle sold in Italy for \$40,000.

Dwight Johnson: Concerned about cheese and moving toward quality, not necessarily quantity. Need an Okanagan First program so that supermarkets buy local. Circle tour idea is important. But the North Okanagan has three cheese makers, so that visits could be expanded. Also, on functional food, the idea of enhancing Omega Fatty Acids in cows used for milk, through feeding them flax. Cheese concentrates Omega's by 10 times. There are other ways to achieve functional foods. If you feed a cow canola you can produce butter with the health properties of margarine. Also, feeding children cheese in school, as well as fruits from the region. His facility has an R&D lab (small) that could be shared for looking at dairy (which is in the North of the Valley). Waste disposal is a critical issue, with the problem of whey. Dwight's facility is an agriculture tourism center, with tile and stainless steel.

Nelson Jatel: When bringing Chinese visitors on a tour, the wineries did not serve any Okanagan cheeses. Perhaps, in the future, cheese, wine, truffles can all be integral money generators. The manager of Mission Hill (Igo Brady) says that they need more tours to do besides wineries.

Dave Pringle: Certain projects are more important to different stakeholders than others. Is there something that this group could do to help cement the relationship between UBC-O and PARC?

Louise Nelson: The deal will be done when provincial and federal agencies review and approve. A business plan is being prepared that will be completed in January, that will then go to Cabinet and then to Treasury. Letters of support will help support the proposal.

Bruce Cook: Regarding the UBC-O and PARC linkage, I am on their advisory council and am focused on animal agriculture. Martha Piper was focused on defining niches and avoiding duplication. Would like to see activities here that extend beyond wine, to animal science that would be relevant to agriculture. The topic of functional foods for animals, for example, would help integrate new concepts. Given that the animals are all in the north of the Okanagan, there are some complications. Wrote a letter to Martha Piper and had a discussion with Moura Quayle, and would hope that some set of animal agriculture in animal nutrition, agricultural economics, agribusiness is up in Kelowna. Having this here will help regional agricultural industry. The hard reality is that some intensive agriculture is needed here. The waste disposal issue is a huge issue—anywhere where there is intensive agriculture. This will continue to be an important part of the agriculture business. With the closing of the facility in Spallumcheen, there is a shortage. There are opportunities for generating secondary value, or at least reducing ‘tipping fees’. These are all big volume activities with large costs. For example, they have to truck cattle carcasses all the way to Calgary right now.

Nelson Jatel: Would be important to examine the amount of waste produced in this region. The BC Bio-products association just did an analysis of waste output by region. A bio-mass strategy initiative could be a valuable regional activity. Could PARC be an active participants in such an initiative? A project on processing squid entrails found that the waste product value is higher than the squid meat. The same could be true here.

Louise Nelson: UBC-O or PARC could examine methods of bio-processing and their economics.

Joe Mazza: All that is really entailed is to bring partners together. But what I am interested in is what innovative sources of value can be extracted. Mining for valuable molecules, from a research point of view.

Nelson Jatel: There area federal funds for minimizing greenhouse gases, from BC Hydro for reducing carbon emissions, and PARC is willing to work on specific projects under contract to farmers.

Richard King: Most agriculture waste is being chopped rather than burned. There are waste disposal technologies, only a matter of cost. People don’t want to live around industrial operations. A number of wastes have to go up to Edmonton. Fruit waste (rotten Apples) are an enormous volume. They had delivered these to feed lots, but that is going away (due to odors).

Dave Brew: If you don't have clean air and clean water and waste disposal, you are in trouble. The digester that is currently being proposed will cost \$4 million, just for the roads required. Maintaining businesses requires addressing these needs.

Jim Gollub: This region needs to choose some tangible projects on which regional farmers are willing to work with UBC-O and PARC. These could be topics such as:

- **Value added ingredients and processing:** Identification of strategic value-added natural ingredients for target markets (screening, growth, assembly, extraction, packaging and marketing).
- **Bio-processing of waste:** Innovative and feasible digester approaches to waste processing for farms. Bio-processing of chicken or cattle rendering, cow or chicken manure or cheese whey at centers, such as "convergence centers" at brown fields or designated agricultural technology parks. This could lead to cost-effective and value-added business plans for new, existing or recruited industries.
- **Field packaging:** Controlled atmosphere packing of vegetables or fruits in the field for delivery direct to markets.

Next Steps *Nelson Jatel:* We will work to link this group to UBC-O and PARC researchers on value-added ingredients and themes discussed, including bio-processing. We will look at innovative municipal by-laws for future value-added farming. Request that the group provide letters to support value-added research through PARC and UBC-O. This meeting was intended to get leadership ready to pursue doable action initiatives. Hopefully, more growers and processors will join and be ready to participate soon. Expectation is to get new initiatives moving by June.

End Meeting