

Report to Council



Date: September 16, 2019
To: Council
From: City Manager
Subject: Water Bylaw amendments for Customers of the former South East Kelowna Irrigation District (SEKID)
Department: Utility Services

Recommendation:

THAT Council receives for information the report from the Utility Services Manager dated September 16, 2019, regarding water utility rates for customers of the former South East Kelowna Irrigation District (SEKID);

AND THAT Bylaw No. 11924 Amendment No. 10 to Water Regulation Bylaw No. 10480 be forwarded to Council for reading consideration;

AND THAT Bylaw No. 11926 to repeal SEKID Bylaws 664, 690 and 693 be forwarded to Council for reading consideration.

Purpose:

To update City bylaws to allow for changes in Utility billing frequency and administrative fees and processes for the former SEKID customers to the end of 2020.

Background:

On June 4, 2018 by Order of the Lieutenant Governor in Council the Province dissolved the South East Kelowna Irrigation District (SEKID) and transferred the rights, properties, assets, bylaws and obligations of the SEKID to the City of Kelowna. Since that time the City operation and administration of the former SEKID water system has been conducted by the City under the terms and conditions of the SEKID bylaws.

On May 14, 2018 Council directed staff to retain the 2019 water rates and rate structure for SEKID agricultural and domestic customers through the year 2020 allowing time for staff to continue "business as usual" for SEKID customers while we conduct consultations on agricultural rate structure and transition SEKID customers to a metered water system.

SEKID has a myriad of bylaws covering the typical requirements of operating a community water system. Staff have been reviewing the bylaws to identify redundancies to our existing bylaws as well as items that will need to be added to City bylaws.

To date, billing for water continues to be conducted from the SEKID office under the same billing process that SEKID has used for years. Staff have been adapting our billing system to accommodate SEKID customers and the SEKID rates to allow billing to be issued by staff at City Hall this fall.

Discussion:

It is the goal of staff to transition the SEKID customers to City billing gradually and in a stepwise fashion between now and the end of 2020 while maintaining the SEKID water rates per the May 2018 Council resolution. The first step is to transition SEKID customers to the City Water Utility bi-monthly (every other month) billing cycle. SEKID currently bills commercial services monthly, residential services quarterly, and agricultural / irrigation services once per year.

Staff propose billing residential and commercial services bi-monthly and moving agricultural services to once per year (in the fall, after harvest). The rates stated in the bylaws have been adjusted such that the SEKID customers pay the same annual rate.

There are three SEKID bylaws pertaining to water rates and billing that staff recommend replacing with a few simple amendments to our Water Regulation Bylaw No. 10480. This will allow the following three SEKID bylaws to be repealed:

- SEKID Bylaw 693 – 2018 Amended Domestic Tolls Bylaw
- SEKID Bylaw 690 – Taxation Bylaw 2019
- SEKID bylaw 664 – Assessment Roll Bylaw

The amendments to the Water Regulation Bylaw will allow SEKID water customers to continue to pay the SEKID water rates through 2020 as directed by Council. It will transition customers to our bi-monthly billing cycle. It will also transition customers to our administrative fees and rules (sometimes referred to as penalties and administrative fees) to be consistent with the rest of City customers. These fees are one-time fees that are only used by certain customers if needed, for example penalties on late payments, interest on late payments, one time turn on/off, etc. In general terms penalties and service fees for SEKID customers would be reduced overall by transitioning to the current city utility fees.

The following is a general summary of the changes for SEKID customers:

- Commercial and residential services will be billed bi-monthly beginning December 16, 2019, which covers the period October 16 to December 15, 2019;
- SEKID Water Tax will now be referred to as “irrigation service charges” on the utility bill. These service charges will be billed bi-monthly on commercial and residential services, and annually on agricultural services. Staff are recommending that “agricultural services” be defined as properties classified as “Farm” under the Assessment Act. Non “Farm” properties would pay for their irrigation water bi-monthly. These charges will be combined on SEKID customer’s bi-monthly bill, with the overall costs remaining unchanged from SEKID’s water tax bylaw until January 2021;

- Billing for water consumption will be changed from US Gallons to Cubic Meters to align with the City's Utility Billing system;
- SEKID penalties of 5% on outstanding utilities and 10% on outstanding water tax will be changed to a 1.5% late payment charge assessed monthly on all outstanding balances per section 8.4 of the Utility Billing Customer Care Bylaw;
- Fees for customer requested meter testing will change to \$50.00 from \$30.00 for a 1" service, \$40.00 for a 2" service, or \$50.00 for services larger than 2". If this testing discloses an error in favor of the property owner, this fee will now be returned to the customer rather than held to cover the cost of testing;
- There will no longer be a fee for processing land title changes;
- Fees for turning off services will change from \$250.00 for removing a meter or \$50.00 for a temporary shut off to \$25.00 during regular business hours and \$160.00 for emergency after hours to align with section 6.4.1 of the Water Regulation Bylaw.

Conclusion:

Replacing the three SEKID bylaws and beginning the conversion process SEKID customers to the City's bylaws will minimize administrative costs and ensure a manageable transition to the City utility billing model.

Internal Circulation:

Revenue Supervisor
Utility Planning Manager
Communications

Considerations applicable to this report:

Financial/Budgetary Considerations:

The changes resulting from the new bylaw will not have a significant impact on overall revenues or costs to the City of Kelowna.

Communications Comments:

The billing changes will be directly communicated to former SEKID customers via mail and on the City's and SEKID website.

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

External Agency/Public Comments:

Submitted by:

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Approved for inclusion:



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