

Report to Council



Date: March 21, 2022
To: Council
From: City Manager
Subject: Southeast Kelowna Integration Project Local Area Service Bylaw 12327
Department: Utility Services

Recommendation:

THAT Council receives for information the report from Utility Services dated March 21, 2022, directing staff to levy a parcel tax under Section 200 of the *Community Charter* on the benefiting parcels in the Southeast Kelowna Water Integration Project Local Area Service;

AND THAT Bylaw No. 12327 being the Southeast Kelowna Water Integration Project Local Area Service Parcel Tax Bylaw be forwarded for reading consideration;

AND FURTHER THAT Council set the 2022 Parcel Tax Review Panel meeting for April 25, 2022 at 8:45 am in Council Chamber, City Hall, 1435 Water Street, Kelowna, BC.

Purpose:

To approve the Southeast Kelowna Water Integration Project Local Area Service Parcel Tax Bylaw for upgrading the potable water supply servicing the Local Area Service and to set the date, time and location for the 2022 Parcel Tax Review Panel Meeting.

Background:

In March 2017, the City received a grant of \$43.9 million to deliver clean drinking water to Southeast Kelowna and provide adequate agriculture water capacity to properties within the boundaries of the old South East Kelowna Irrigation District (SEKID). The grant also included funding for specific upgrades in the City's south end water system, a supply of water to users on the old South Okanagan Mission Irrigation District (SOMID) and upgrading or decommissioning of the Frazer Lake Dam.

The City assumed all assets and liabilities following SEKID dissolution on June 04, 2018 and SOMID on January 01, 2020. Water supply to all property owners was maintained during the transition and construction period. Construction of the Kelowna Water Integration Project – Phase 1 is now complete with all invoices submitted and relevant contracts closed.

Rationale for determining benefiting properties in Southeast Kelowna

For the Southeast Kelowna portion of the Kelowna Water Integration Project, the Local Area Service (LAS) process was initiated by the Province to assist with funding additional infrastructure and servicing needs. In November 2018, Council adopted Bylaw No. 11623 which established an LAS for the Southeast Kelowna Integration Project. This bylaw described the boundary extent of benefiting properties from the new waterworks consistent with the June 04, 2018, Provincial Order in Council and the Community Charter. A map of the LAS establishment area is attached as Appendix A. The City has created a list of all properties within the Boundary adopted through Bylaw 11623.

To determine the final parcel tax roll (those parcels that will be charged the parcel tax), the City referred to exemptions to parcel tax under the Community Charter. The reason for exempt status is identified in each instance in the bylaw by reference to the applicable section of the Community Charter as follows:

- 201 (2).** Parcels that do not have the opportunity to be provided with the service. This has been defined as properties that are not within 20 metres of a potable watermain that meets City Bylaw 7900 design standards. Properties beyond 20 metres that wish to connect to the potable system will pay the full cost of connecting to it, which may include extending the watermain in the right of way or road.
- 201 (3).** The owner has either:
 - (a) provided all or part of the service at the owner's expense, or
 - (b) already paid towards the cost of the service on terms and conditions specified in the bylaw
- 220 (1) a).** Land, improvements, or both vested in or held by the Provincial Government.

Financial implications:

The project costs are borne by all benefiting properties within the Local Service Area and shall be raised by way of a local service parcel tax under Section 216 of the Community Charter. The project costs attributed to benefiting parcels in the LAS amounts to \$15,967,292 of which \$3,076,610 had been collected at the end of 2021, leaving \$12,890,682 to be funded by 1,974 parcels.

A cash commutation option of \$6,530.23 is available to those property owners wishing to avoid long term financial charges (approximately a savings of \$2,300 over 18 years), provided the option is selected in accordance with the letter sent to property owners March 15, 2022.

The annual parcel tax is calculated to be \$492.86 per benefiting property over an 18-year period. This is close to the annual project fee charged in 2021 of \$480 (\$40 per month).

At the end of the cash commutation process and parcel tax review process, the Parcel Tax Roll Review Panel will authenticate the roll.

Parcel Tax Review Panel

Before the parcel tax can be applied, the Parcel Tax Roll Review Panel must meet to consider any complaints regarding the parcel tax roll and to authenticate the roll. The members appointed by Council to the Parcel Tax Review Panel are Councillors Hodge, Singh and Wooldridge.

The Panel must consider any complaints regarding the parcel tax roll based on one or more of the following reasons:

- a) there is an error or omission respecting a name or address on the parcel tax roll;
- b) there is an error or omission respecting the inclusion of a parcel;
- c) there is an error or omission respecting the taxable area; or
- d) an exemption has been improperly allowed or disallowed.

The Parcel Tax Roll Review Panel will hear any complaints on the Southeast Kelowna Water Integration Project Local Area Service parcel tax roll.

If a property owner wishes to file a complaint on the above noted properties, they must provide written notice of the complaint to the Revenue Supervisor by 16:00 Thursday, April 14, 2022.

Next Steps

March 22, 2022 – All owners on the parcel tax roll will be notified by mail of the service for which the parcel tax is to be levied, the time and place of the Parcel Tax Review Panel meeting, and the availability of the parcel tax roll for inspection at City Hall during regular business hours.

April 25, 2022 – As per Section 204 of the Community Charter, the City will convene a parcel tax roll review panel to consider any complaints regarding the roll and authenticate the rolls.

Conclusion

This new bylaw, cited for all purposes as being "Southeast Kelowna Water Integration Project Local Area Service Parcel Tax Bylaw 12327", establishes parcel taxes levied in accordance with the Community Charter.

This bylaw does not require a change to City budgets.

Internal Circulation:

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Water Operations

Considerations applicable to this report:

Legal/Statutory Authority:

Community Charter Division 4 – Parcel Taxes

Legal/Statutory Procedural Requirements:

Before a parcel tax is imposed for the first time, a parcel tax roll review panel must consider any complaints respecting the parcel tax roll.

Community Charter, Section 94 – Post on a notice board and advertise 2 consecutive weeks in a local newspaper. The required advertisements will be placed in the Daily Courier editions of Wednesday, March 30 and Wednesday, April 6, 2022.

Community Charter, Section 204(3) – Financial Services will mail letters to owners of affected parcels 14 days prior to the Parcel Tax Review Panel meeting date stating:

- a) the service in relation to which the parcel tax is to be imposed;
- b) the taxable area;
- c) the time and place of the sitting of the review panel; and
- d) that the parcel tax roll is available for inspection at the municipal hall during its regular business hours.

Considerations not applicable to this report:

Existing Policy:

External Agency/Public Comments:

Submitted by: K. Van Vliet, Utilities Services Manager

Approved for inclusion: M. Logan, General Manager, Infrastructure

cc: City Clerk
Divisional Director, Financial Services
Divisional Director, Corporate Strategic Services