

# Report to Council



**Date:** May 09, 2022  
**To:** Council  
**From:** City Manager  
**Subject:** Southeast Kelowna Golf Course Irrigation Rates  
**Department:** Utility Services

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## **Recommendation:**

THAT Council receives for information, the report from Utility Services dated May 09, 2022, with respect to the Water Regulation Bylaw update;

AND THAT Bylaw No. 12367 being amendment #16 to Water Regulation Bylaw No. 10480 be forwarded to Council for reading consideration.

## **Purpose:**

To establish fair and equitable irrigation rates for golf courses in Southeast Kelowna using non-potable water and, to have Council amend the Water Regulation Bylaw to address the rate change for the subject golf courses.

## **Background:**

The Water Regulation Bylaw sets out the rates charged for use of the City's water supply systems. The non-potable system has two rates, one for Agricultural users with "Farm Status" (according to BC Assessment) and one for those properties without farm status. Agricultural users now pay \$127.20 per acre in 2022 for their allotment. Each acre of allotment allows for up to 2,772 cubic metres of water at the flat rate. The charge for this full allotment equates to \$0.045 per cubic metre of water supplied. All other users without farm status on the non-potable system currently pay \$0.32 per cubic metre.

Prior to 2018, the South East Kelowna Irrigation District (SEKID) billed three golf courses (Harvest, Orchard Greens and Gallaghers Canyon) using an agricultural rate structure. In 2021, the City implemented the new billing rates for non-potable irrigation supply, raising concerns from one of the three golf courses that did not have farm status. This would have resulted in an annual charge approximately seven times higher than in previous years when they were charged agricultural rates.

On July 12, 2021, Council passed Amendment No. 14 to Water Regulation Bylaw 10480:

*"Agricultural" means land assigned an Allotment and is classified as Farm, as of December 31, of the preceding year, under the Assessment Act, R.S.B.C. 1996, c. 20 as amended or replaced from time to time, or a golf course located within the boundaries of the former South East Kelowna Irrigation District boundary, as they were upon dissolution.*

Community engagement with the agriculture users in 2017 and 2018 indicated little support to apply agriculture rates for non-farm use.

Council directed staff to engage with the three golf courses to establish a golf course rate structure that was fair and bring this information to council for consideration in early 2022.

**Discussion:**

The goal of a revised water structure is to ensure fairness and equity across the City's customer base, in particular, across customers that have access to the non-potable system. In addition, staff have considered how other water providers charge golf courses for irrigation water to ensure that the City of Kelowna is fair and competitive with other jurisdictions in the valley.

Staff contacted the management teams for each golf course in late 2021 and met with each in early 2022. The primary equity and fairness concern relates to the fact that two of the golf courses are on land with farm status and active farming operations while the third is not.

The discussions aimed to obtain feedback related to the potential impacts of a rate change on their particular business plans and determine their current agricultural area and allotment expectations.

The rationale for a non-potable golf course irrigation rate was discussed and there was acknowledgement of why the City would want to establish separate rates for the two uses. However, each organization expressed concern for the impact the rate would have on their operations. Additionally, there was feedback that such an increase would be more easily absorbed if shared across all non-potable recreational users. The feedback from the golf course engagement is summarized in Attachment 1.

Staff recommend a rate structure based on the principle of agriculture use of non-potable water will be charged at the established agricultural rate for the designated allotment. Golf course irrigation (non-agricultural use) beyond the agricultural allotment volume will be at a non-potable golf course rate. For clarity, the agricultural rate would apply to the volume of water used up to their allotment and then water in excess of the allotment would be charged at the Non-Potable Golf Course Irrigation Rate. Attachment 2 includes the breakdown of agricultural and golf course areas for each course as well as an estimated billing for 2022 based on the proposed rate structure.

To be consistent with other substantial rate changes implemented as part of the merger with SEKID, a new rate structure for golf course irrigation using non-potable water could be phased in over a three-year period. The new rates would eventually be comparable to other golf course irrigation rates applied in other jurisdictions in the Okanagan Valley. Attachment 3 lists comparable golf course irrigation rates in Okanagan Valley.

The proposed Non-Potable Golf Course Irrigation Rates (in excess of the allotted volume for any agricultural use) are:

2022: \$0.10 per cubic metre

2023: \$0.15 per cubic metre

2024: \$0.22 per cubic metre (would be part of rates bylaw in fall of 2023).

The proposed rates are only for golf courses using the non-potable irrigation system. Golf courses wanting to use potable water for irrigation would continue to be charged the commercial water rate. Attachment 4 summarizes the proposed bylaw changes.

**Conclusion:**

The proposed phased rate approach is consistent with past council directives and provides additional time for each golf course to adjust and prepare for the associated financial impact. The proposed rates are competitive and once fully implemented will likely remain some of the lowest rates for golf course irrigation in the Okanagan valley.

It is recommended that Council receive and approve Amending Bylaw No. 12367 to amend Water Regulation Bylaw No. 10480.

**Internal Circulation:**

Financial Planning,

Utility Billing,

Communications

Utility Planning Manager

**Considerations not applicable to this report:**

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

**Submitted by:** A. Weremy, Water Operations Manager

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

Attachment 1: Summary of Stakeholder Engagement

Attachment 2: SEK Golf Course Area Breakdown

Attachment 3: Okanagan Valley Golf Course Irrigation Rates

Attachment 4: Summary of bylaw text amendments

Attachment 5: Southeast Kelowna Golf Course Irrigation Rates Presentation

cc: General Manager, Infrastructure  
Divisional Director, Corporate Strategic Services  
Divisional Director, Financial Services