ATTACHMENT B: Stormwater user fee comparison

1. Comparison of rate structure options

Table 1 compares the current taxation/reserve funding strategy for the City's stormwater management services against three rate structure options: Equivalent, Proportional or Tiered-equivalent. If the City were to transition from an assessed value based funding model to an impervious based funding model, the actual change in a property's contribution to stormwater funding will depend on a property's assessed value, property type (and associated tax rate), and total impervious area.

The direction of the arrows in Table 1 indicates whether that type of property is expected to see a relative increase (↑), decrease (↓), or little change (≈) compared to the current tax-funded framework.

Table 1: Relative change from taxation for rate structure options.

Property Type		Relative change from taxation		
		Equivalent	Proportional	Tiered equivalent
Low-density residential (≤6 units)				
Single-family homes	Small	↓	↑	↓
	Medium	↓	≈	≈
	Large	↓	↓	↑
Multiplex (2-6 units)		↑	↓	↓
Higher-density residential (>6 units), ICI[a] and mixed use				
Mobile home		↑	↑	↑
Condo/Apartment		↑	↓ ≈	↓ ≈
ICI and mixed use		Varies		
Agriculture/Tax exempt		↑	↑	↑
Undeveloped		↓	↓	↓

[a] ICI: Industrial, Commercial and Institutional

Key assumptions for Table 1 include an average annual taxation/reserve contribution of $4.1M for the taxation scenario and a $4.5M annual revenue from any proposed stormwater fee structure. These values are consistent with current funding practices for stormwater management services. The $400K difference is attributed to offsetting planned credit programs and additional administrative costs.

2. Total impervious area and billing units

Figures 1 and 2 illustrate the total private impervious area and billable units by land use based on the tiered-equivalent rate structure option. The intent of Figure 1 is to show how imperviousness is distributed across land use types in the City. The intent of Figure 2 is to show how many billable properties are within each property type classification. With more than 80% of properties classified as low density residential, the tiered-equivalent rate structure appears to be a balanced approach that seeks fairness while simplifying administration.

Figure 1: Private impervious area by land use type. Categories based on tiered-equivalent rate structure option.

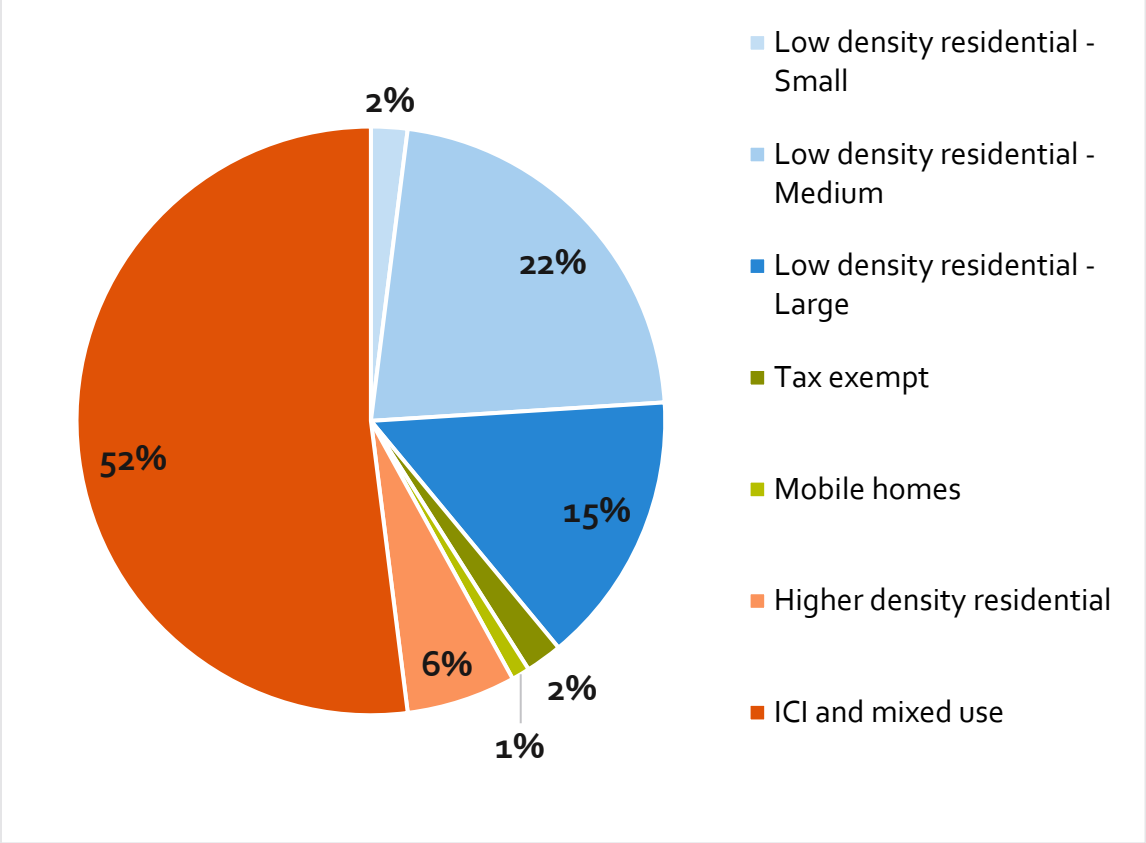
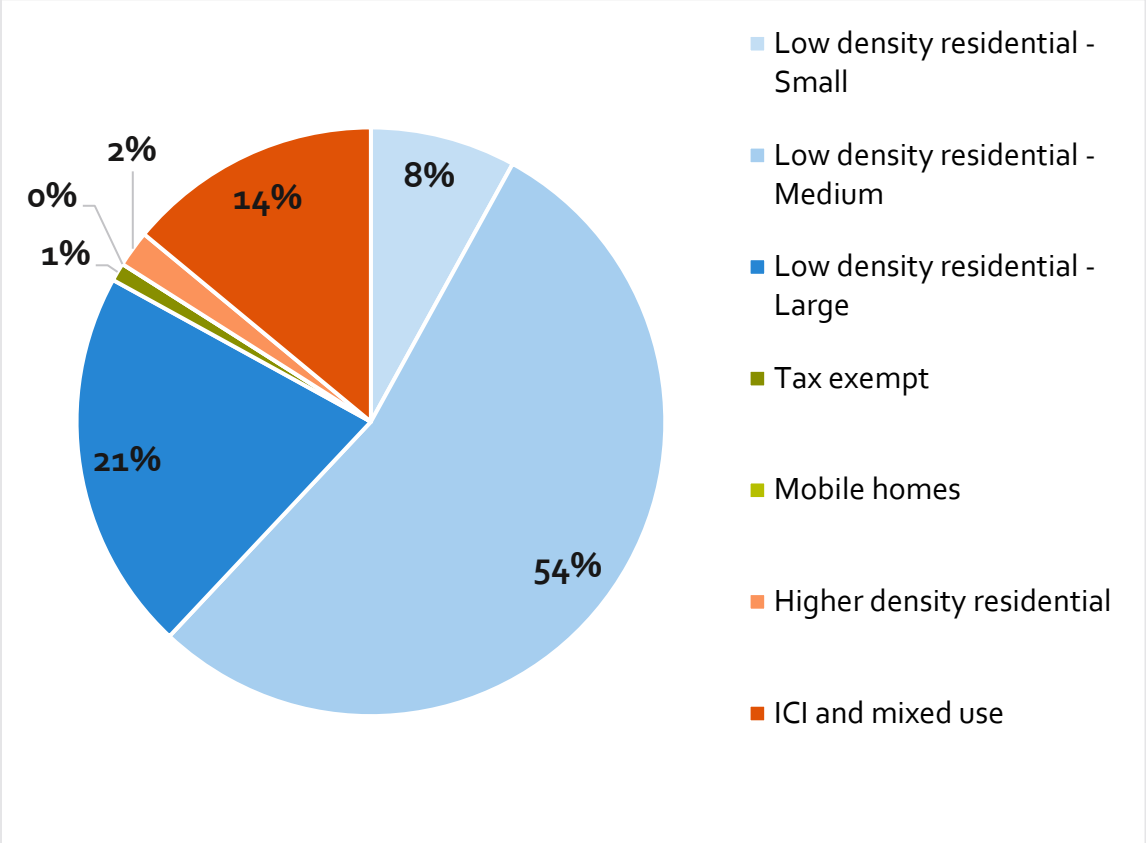


Figure 2: Breakdown of billable properties by land use type. Categories based on tiered-equivalent rate structure option.



3. Low-density residential tiers

Figure 3 illustrates the distribution of impervious area for residential properties in Kelowna with less than seven units under the tiered-equivalent rate structure option. This plot was used to establish the small, medium, and large tiers for the tiered-equivalent rate structure. The proposed splits recognize a small number of properties with minimal impervious area, a large number with an average amount, and a notable portion with above-average impervious area.

- Small tier – smallest 10% (<234 m^2)
- Medium tier – standard-sized
- Large tier – largest 25% (≥ 474 m^2)

Figure 3: Distribution of impervious area for low-density residential properties under the tiered-equivalent rate structure option.