



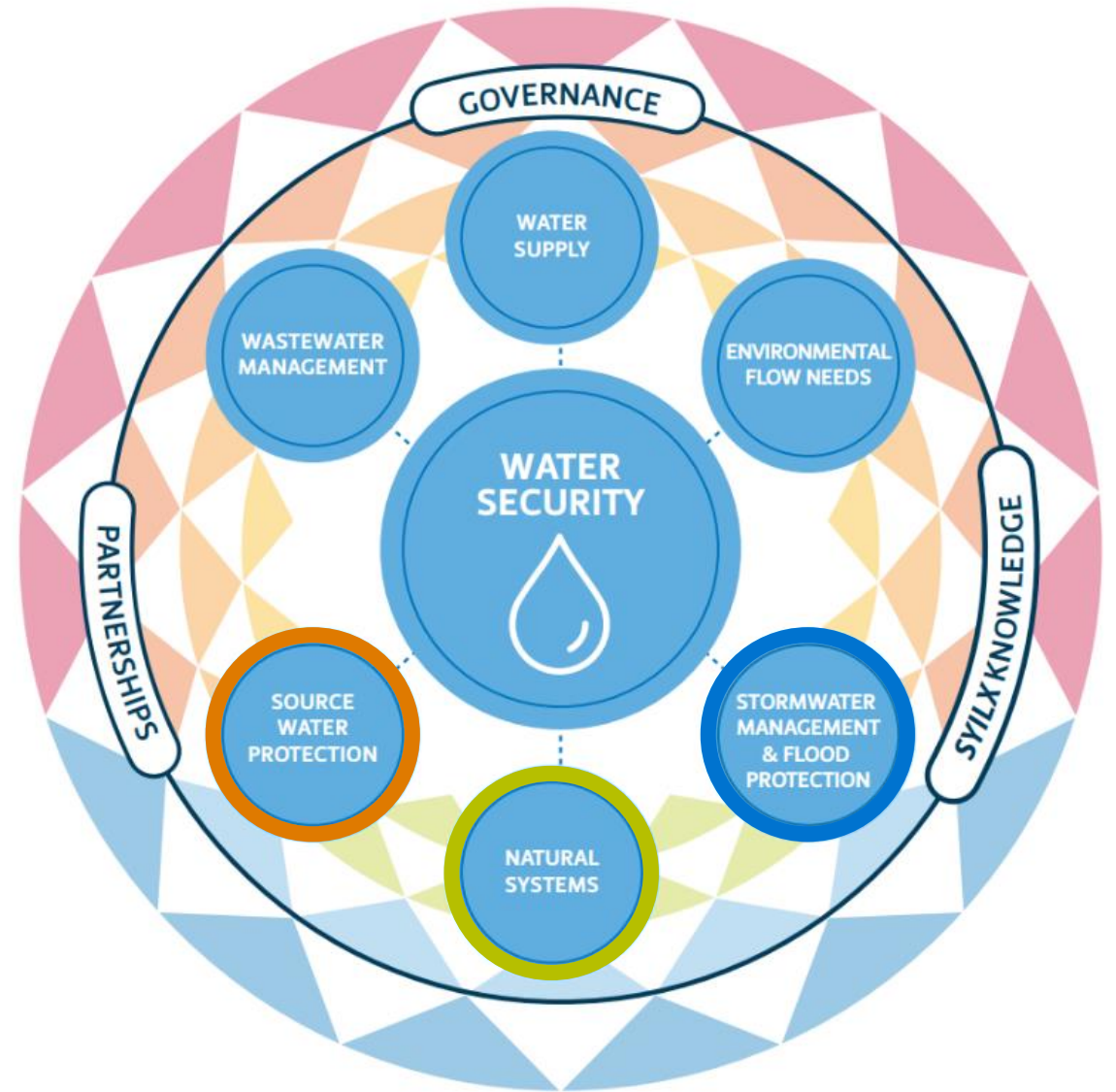
Stormwater Utility Principles for Implementation Council Workshop

April 28, 2025

Water Security Plan

Principle 3: “Stormwater is effectively managed without negatively impacting riparian areas, infrastructure, property, or Okanagan Lake.”

Principle 4: “The community is resilient to lake and creek flooding.”



The six water sectors outlined in the City's Water Security Plan

ROADMAP TO EFFECTIVE STORMWATER MANAGEMENT AND FLOOD PROTECTION

1
SHARED VALUES
Okanagan Lake and its tributaries are shared water resources

2
LEVEL OF SERVICE
The City's stormwater management and flood protection LOS is one of continuous improvement.

3
EMPOWER
Empower property owners with an incentive-based credit program and a stormwater user fee

4
REGULATE AND MANAGE
Update bylaws/policies to support stormwater management objectives

5
CONTINUOUS IMPROVEMENT THROUGH ASSET MANAGEMENT
Leverage asset management plans to achieve sustainable service delivery

Agenda

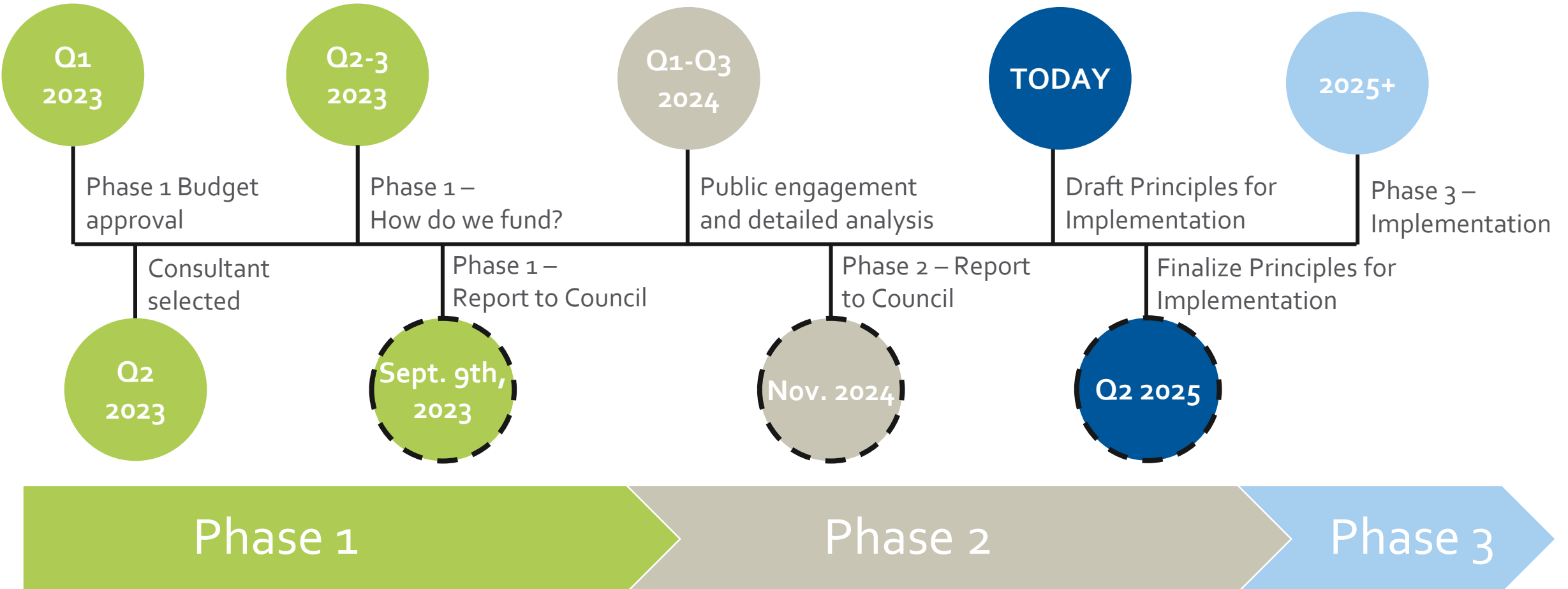
- Background and process
- Draft guiding principles
- Implementation timeline
- How will we communicate?
- Financial/budgetary considerations
- Conclusion & next steps



Purpose

To facilitate a Council workshop on principles for implementation to support the transition of stormwater funding to a mix of user fees and taxation.

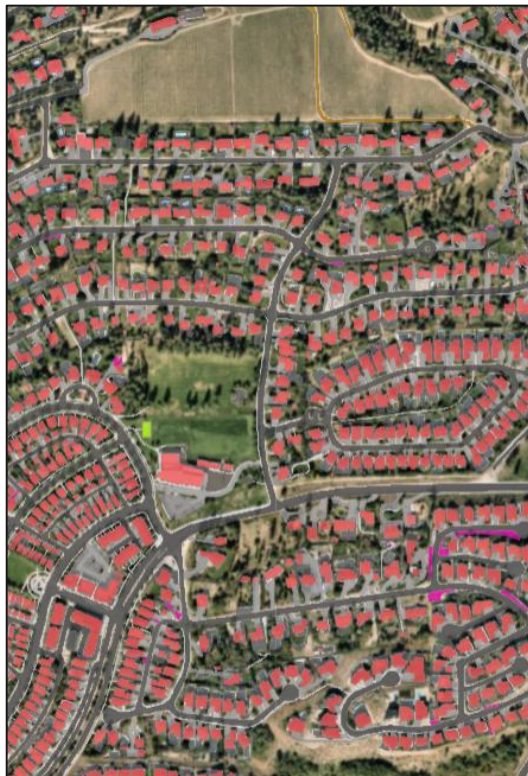
Phased approach



Imperviousness



Rural
Southeast
Kelowna



Suburban
Kettle Valley



Fully urbanized
Midtown Urban
Centre

**80% OF IMPERVIOUS
AREAS IN THE CITY ARE
ON PRIVATE PROPERTY**

Focus of the
proposed credit
program

Decision-making drivers



"This is about how we fund, not what we fund."

Lessons from other municipalities

The dedicated stormwater utility fee has helped create significant **improvements to flood protection and asset management programs** for stormwater infrastructure.

-Saskatoon, SK

Greatest benefits include **consistent, predictable and dedicated** funding for drainage projects.



















-Surrey, BC

Enables long-term strategic funding capital objectives, and the shift to proactive O&M practices, **enhancing customer service.**

- Kitchener, ON



Stormwater rate structure options

Stormwater Funding Model	Single Family Residential	Multi-residential (2-6 units)	ICI ^a and large multi-res ^b	Drivers					
				Protect Okanagan Lake	Promote good private SW practices	Predictable funding	Fair and equitable	Simple to administer	Transparent
EQUIVALENT	Average residential impervious area		Measured impervious area and credit program						
PROPORTIONAL	Average SFU ^c impervious area	Average multi-res impervious area							
TIERED-EQUIVALENT	Small, medium, and large tiers based on impervious area								

^a ICI: Industrial, commercial and institutional land uses. ^b Multi-res includes lots and stratas with > 6 units. ^c SFU: Single-family unit

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ADDED TO ADDRESS COMMUNITY FEEDBACK

This is a tax shift

- ▶ Property owners have always contributed to funding stormwater management services through general taxation.
- ▶ A shift to a stormwater user fee allows for structural change, even without additional overall user cost.
- ▶ Current annual revenue of **\$4.1M for core business**, including operations and renewal.
- ▶ Annual financial needs beyond \$4.1M continue to be covered by taxation – *Partial cost recovery*^a

^a *Partial cost recovery* from the draft Council policy on Fees and Charges.



Properties with 6 or fewer units

- Group into 3 tiers based on impervious area:
 - Small - $<234\text{ m}^2$
 - Medium - standard-sized
 - Large - $\geq 474\text{ m}^2$
- Accounts for 83% of parcels



Category	Medium low density residential	Large low density residential
Impervious area	323 m ²	561 m ²
Assessed value	\$1,793,000	\$4,176,000
Residential units	1	4
Current tax/reserves	\$66 (\$66/unit)	\$230 (\$58/unit)
Tiered-Eq. rate	\$58 (\$58/unit)	\$99 (\$25/unit)

I/C/I and higher-density residential

- Fees based on actual site imperviousness.
- Target of the credit program.
- 16% of lots account for 60% of imperviousness.



Category	Industrial	Mixed use
Impervious area	18,150 m ²	2,045 m ²
Assessed value	\$15,803,000	\$75,210,000
Residential units	0	60
Current tax/reserves	\$2,142	\$4,453 (\$74/unit)
ICI rate	\$2,957	\$333 (\$6/unit)

Draft principles for implementation

1. A Kelowna-specific vision for stormwater management can drive change for *Water Security*.
2. Incentive programs should be attractive and focus on stormwater quality.
3. Ensure billing classes align with concepts of fairness and equity.
4. Impacts to tax-exempt properties should be considered.
5. Streamline administration to reduce resourcing requirements.

1. A Kelowna-specific vision for stormwater management can drive change for *Water Security*.

Moving to a stormwater user-fee model provides a means of empowering and incentivizing property owners to better meet the City's unique stormwater management needs, supporting a culture and legacy of responsible water resource protection.



Protect



Predictable



Fair/Equitable



Empower



Simple



Transparent



1. A Kelowna-specific vision for stormwater management can drive change for Water Security.

- As urban growth accelerates, so do its effects on our water resources.
- A dedicated, predictable funding source builds stability, and supports consistent progress, even without extra revenue.
- Alignment with other initiatives:
 - Water Security Plan
 - 2040 Official Community Plan
 - Council Priorities 2023-2026



Constructed stormwater wetland on Gopher Creek.

2. Incentive programs should be attractive and focus on stormwater quality.

A well-structured credit program empowers property owners to mitigate stormwater impacts and aligns with broader *Water Security* goals.

 Protect

 Predictable

 Fair/Equitable

 Empower

 Simple

 Transparent



2. Incentive programs should be attractive and focus on stormwater quality.

- An opportunity to empower property owners to minimize impacts on creeks, wetlands and Okanagan Lake.
- 80% of impervious area is on private property.
- Focus the credit program on stormwater quality.
- User fees are the best legal option to incentivize on-site stormwater management.



On-site stormwater management facility at UBC-O.



3. Ensure billing classes align with concepts of fairness and equity.

Finalizing property classifications to ensure contributions reflect actual stormwater impacts.



Protect



Predictable



Fair/Equitable



Empower



Simple



Transparent

3. Ensure billing classes align with concepts of fairness and equity.

- There is no correlation between assessed value and impervious area.
- Contributions align with actual stormwater impacts.
- Shift toward a user-pay framework like water and wastewater services.



Green infrastructure in Modern Pl.

4. Impacts to tax-exempt properties should be considered.

Developing tailored exemptions, credits, or phased implementation plans for agricultural and tax-exempt properties ensures balance while encouraging best practices.



4. Impacts to tax-exempt properties should be considered.

- Tax exempt properties benefit from stormwater management services, but do not contribute via taxation.
- When serviced, tax exempt properties pay water and wastewater fees.
- Tailored exemptions, credits, or phased implementation plans can limit impacts from change.



A fruit packing facility within the Agricultural Land Reserve

5. Streamline administration to reduce resourcing requirements.

Integrating stormwater fees into existing systems reduces administrative complexity, leveraging automation for efficiency.



Protect



Predictable



Fair/Equitable



Empower



Simple



Transparent



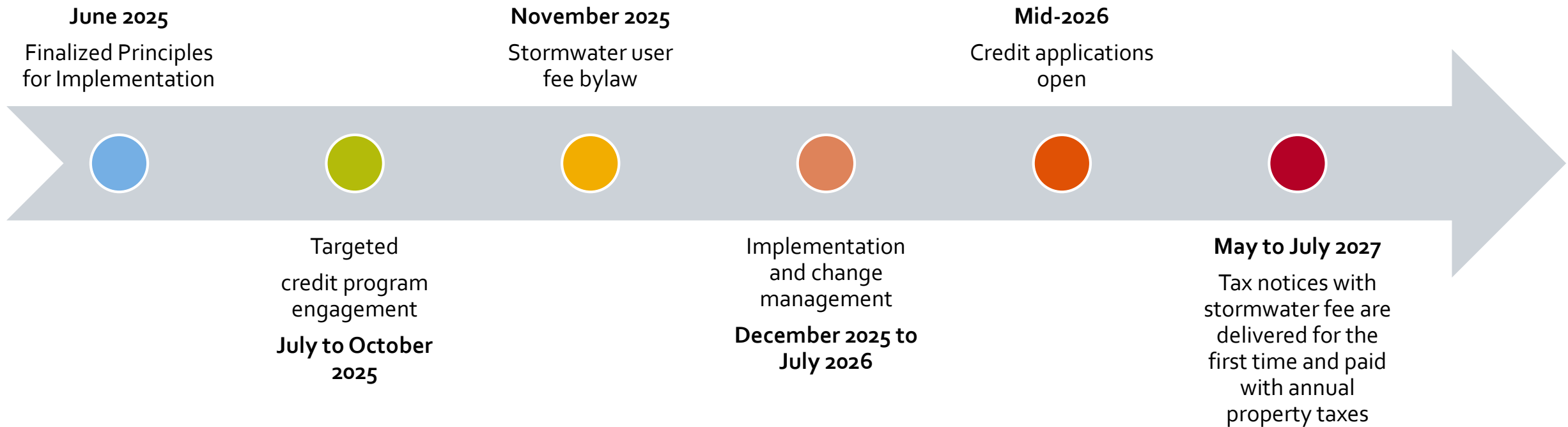
5. Streamline administration to reduce resourcing requirements.

- Existing systems will be leveraged to streamline administration.
- Tax notices will be used to avoid creating a new physical/online billing list.
- Online resources, FAQs in tax inserts, and AI chatbots can be leveraged.
- Automated online process for the credit program.

TAX PAYMENT AND HOME OWNER GRANT DUE DATE: TUESDAY JULY 2, 2024	
<p>A 10% penalty will be applied to any outstanding amounts (including outstanding Home Owner Grants) after the due date, as per Provincial Legislation.</p>	
HOME OWNER GRANT INFORMATION	PROVINCIAL TAX DEFERMENT PROGRAM
<p>The City of Kelowna no longer accepts Home Owner Grant applications. Home Owner Grants must be claimed through the Province of BC:</p> <ul style="list-style-type: none">• Online: gov.bc.ca/homeownergrant• By phone: 1-888-355-2700 <p>Do I qualify?</p> <p>To qualify for the grant:</p> <ul style="list-style-type: none">• You Must<ul style="list-style-type: none">o Be the <u>Registered Owner</u> of the Residence (or a spouse or relative of the deceased owner)o Be a <u>Canadian Citizen</u> or <u>Permanent Resident</u> of Canadao <u>Live in BC</u>o Occupy property as your <u>Principal Residence</u>	<p>The Province of BC offers property tax deferral programs by online application only. For more information, including eligibility requirements, please contact the Province of BC:</p> <ul style="list-style-type: none">• Online: gov.bc.ca/propertytaxdeferral• By phone: 1-888-355-2700 <p>IMPORTANT: Any utility service charges that appear on your tax notice are NON-DEFERRABLE. It is your responsibility to make this payment to the City of Kelowna before the tax due date. The Home Owner Grant must be claimed by the tax due date, if eligible, as this amount is also NON-DEFERRABLE.</p>
PAYMENT OPTIONS	CHANGE OF OWNERSHIP
<p>ONLINE BANKING: Search "Kelowna" as the payee, choose taxes, and use your folio number as your account number, omitting the decimal point, but including every number. Allow sufficient time for bank processing. If you have sold your property or changed location, update the account number through your online banking as folio numbers are attached to the property; otherwise, you may pay someone else's account.</p> <p>CANADA POST: Allow sufficient time for mail delivery. Postmarks are not considered as date of payment.</p> <p>CITY HALL: A drop box is located at the Water Street entrance. Make cheques payable to "City of Kelowna" and include your folio number. Post-dated cheques are accepted.</p> <p>IF YOUR TAXES ARE PAID BY A MORTGAGE CO., BANK OR OTHER AGENT: Your Home Owner Grant, if applicable, must be claimed on time to avoid penalties.</p> <p>PRE-AUTHORIZED WITHDRAWAL SYSTEM (PAWS): The City offers a pre-authorized pre-payment plan for taxes. Payments are withdrawn from your bank account monthly on the 10th of each month except for June. The taxpayer is responsible for making the final payment and, if eligible, claiming a Home Owner Grant on time to avoid penalties.</p>	<p>If you no longer own this property, you may forward this notice to the new owner or return it to the City of Kelowna.</p> <p>MAILING ADDRESS CHANGES</p> <p>If your mailing address has changed, notify the BC Assessment Authority at bcassessment.ca or 1-866-835-8322</p> <p>INTEREST ON ARREARS AND DELINQUENT TAXES</p> <p>Interest is charged on the outstanding amounts of arrears and delinquent taxes at the prevailing rate from Jan. 3 of this year to the date payment is received. For convenience, interest shown on this notice has been calculated to the tax due date. The interest rate is set by the Province of BC.</p> <p>DELINQUENT TAXES</p> <p>If there are delinquent taxes outstanding (as shown on the front of this notice), this property will be subject to tax sale on the last Monday in September at 10 a.m. If the delinquent taxes with interest are received at City Hall prior to tax sale, the property will not be sold.</p>
<p>City of Kelowna, Revenue Branch, 1435 Water Street, Kelowna BC V1Y 1J4 Phone: 250-469-8757 Email: revenue@kelowna.ca</p>	
REMINDER - IMPORTANT INFORMATION	
<p>HOME OWNER GRANTS MUST BE CLAIMED THROUGH THE PROVINCE OF BC BY VISITING GOV.BC.CA/HOMEOWNERGRANT OR CALLING 1-888-355-2700.</p> <p>YOUR PROPERTY TAX PAYMENT MUST BE RECEIVED AT THE CITY OF KELOWNA THROUGH ONE OF THE PAYMENT OPTIONS OUTLINED ABOVE.</p> <p>DO BOTH BY JULY 2, 2024 TO AVOID THE 10% LATE PENALTY.</p> <p>We are provincially legislated to apply a 10% penalty to all unclaimed Home Owner Grants and unpaid tax amounts after the property tax due date. <u>Under no circumstances can this penalty be waived.</u></p> <p>PAYMENT REMITTANCE STUB ONLY - THIS IS NOT A HOME OWNER GRANT APPLICATION</p>	

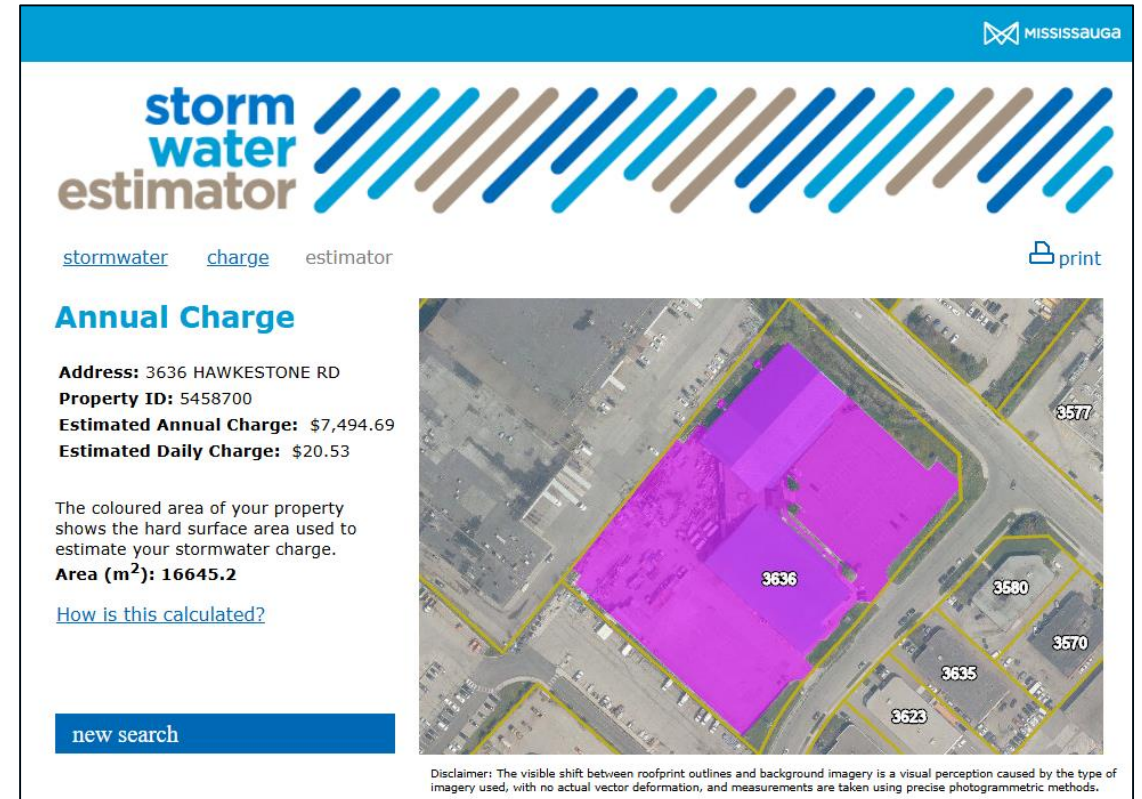
The first tax notice to include stormwater fees will address FAQs in the tax insert.

Phase 3 – Implementation timeline



How will we communicate the shift?

- **Pre-implementation (2025-2026)**
 - Targeted engagement with ICI, higher-density residential, tax exempt, and ag. landowners.
 - Status updates on the Get Involved project webpage.
- **Implementation (2027+)**
 - First year tax notices will include FAQs related to the change.
 - Online AI chatbot to answer the most common questions.
 - Online stormwater fee estimator.



Municipalities like Mississauga have developed online tools to communicate their switch to a stormwater utility.

Financial/budgetary considerations

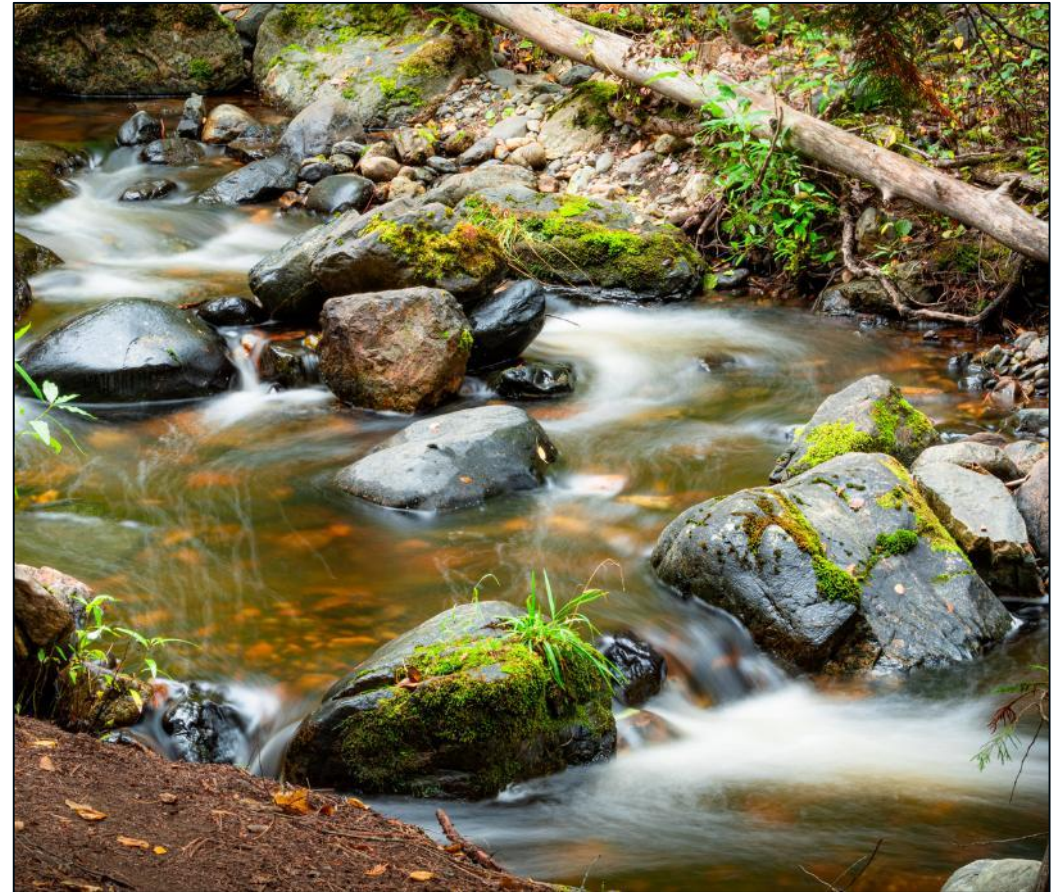
1. **Phase 3 estimate: \$165K**
 - Includes startup costs, engagement, and support for Comm's and Revenue.
 - **When?** Budget amendment in 2025.
2. **Annual administrative costs: \$200K**
 - To support Utility Services, Financial Services, GIS, and credit program management.
 - **When?** 2026 Preliminary Financial Plan
3. **Credit program costs: 10% of revenue**
 - To offset revenue loss from the credit program.
 - **When?** 2027 onward



Brandt Creek flowing during a minor storm event.

Conclusion & Next Steps

- Staff and Council have workshopped the proposed *Principles for Implementation*.
- Should Council wish to proceed, staff will prepare a finalized report on *Stormwater Utility Principles for Implementation* and report back to Council along with recommendations.





Questions?