

# COMMITTEE REPORT



**Date:** October 12, 2017  
**RIM No.** 1210-21  
**To:** Agricultural Advisory Committee (AAC)  
**From:** Kevin Van Vliet, Utility Services Manager  
**Subject:** Community Engagement Process – Agricultural Water Rate Design

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## 1.0 Purpose

To inform the Committee of the engagement strategy to inform consideration of a new water rate design for agricultural water customers with which to update the Water Regulation Bylaw No. 10550.

## 2.0 Background

With more than 12,000 hectares of the City's land base zoned agriculture, agriculture is integral to the history and identity of Kelowna and is a key consideration in the City's community planning, economic development and sustainability. During the engagement process for the recently endorsed Agriculture Plan, water was identified as a concern by growers and residents. To that end the Agriculture Plan identified two actions for ongoing and long-term implementation which the upcoming engagement is also consistent with, namely:

- 2a: Evaluate and monitor City of Kelowna water pricing with the goal of sustaining agriculture and;
- 2f: Continue to work towards ensuring sustainable, redundant and secure water for all agriculture.

The pending transition of Southeast Kelowna customers into the City system and the separation of the irrigation and domestic water supplies has resulted in the need for the City to review its agriculture rate and rate design to ensure that necessary Water Regulation Bylaw updates result in fair rates that encourage conservation and support farming operations.

The City of Kelowna water utility currently has sixteen customers (as of January 2017) that are in the "Agricultural" customer class. City agricultural customers pay a fee of \$0.114 per cubic metre for all water consumed on the property. There is no additional fee for a residence. In contrast, South East Kelowna Irrigation District (SEKID) currently charges a fixed fee per acre of land that has been allocated water. Residences pay a separate, additional water fee. This rate design provides more stability to the farmer in predicting costs but little incentive to use less than their given allocation. On a spectrum of charging for water, the City and SEKID rate models are at opposite ends. In the middle are many options that combine a fixed component with a variable component based on water use, such as the system used for City of Kelowna residential and commercial customer classes.

Incorporation of SEKID's and the South Okanagan Mission Irrigation Districts's (SOMID) agricultural customers into the City of Kelowna water utility necessitates that the City's current agricultural rate design

be changed. The City has committed to consulting with the agricultural community and reporting back to Council on what might be a more appropriate rate design. While SEKID will continue to set the irrigation rates for customers in 2018 and 2019, we hope to give customers assurance and advance notice of any changes to the rate design that may affect them and are therefore planning consultation to occur this fall and winter.

**Engagement Process:**

The communication and engagement process seeks to outline options for an agriculture rate design and provide Council with recommendations on a preferred option moving forward after 2019.

In all forms of consultation, emphasis will be placed on considering both collective and individual needs, ensuring all voices are heard and analyzing the range of issues. Guided by an engagement plan reflecting the City's Public Engagement Guiding Principles and Engagement Policy staff will facilitate meaningful dialogue amongst stakeholders across the community, not just SEKID customers, as any current or potential City agriculture customers will also be affected by any rate design adopted. Opportunities for a broader discussion by all members of the community will also be available.

The goals of the engagement process include:

- To inform customers and stakeholders with balanced and objective information
- To engage customers and stakeholders in the rate design process
- To create opportunities for customer and stakeholder input on rate design, billing cycle preferences and agricultural customer classifications
- To create broader understanding of the value of the water utility and investment of customers in water resource stewardship
- To create understanding of the value of water use efficiency and water conservation

A variety of direct in-person and online public consultation techniques will be used to reach a variety of stakeholders, identify issues and gather input for the plan.

The engagement process will start in mid-September and will be conducted as below. The consultation will focus on engaging the directly impacted agricultural customers but will provide opportunities for broader community and stakeholder input.

The following stakeholders have been identified as having either direct or indirect interest in the subject:

Direct interest:

SEKID Board of Trustees  
Agricultural Advisory Committee (AAC)  
SEKID Agricultural Customers  
Current City Agricultural Customers  
SOMID Agricultural Customers  
City Council

Indirect interest:

Industry Groups  
Other Water Improvement Districts/Communities  
Summerland Research and Development Centre  
Regional District of Central Okanagan  
First Nations

Activity:

**Phase 1: Inform about plan and process**

- Face- to- face Meetings (including SEKID Board, Agricultural Advisory Committee (AAC))
- Website Update
- Mail-out to stakeholders (including SEKID customers, current City customers, SOMID Customers)

**Phase 2: Collect input**

- Face- to- face Meetings (including SEKID Board, AAC)
- Online Engagement
- Stakeholder workshop by invitation
- Public Open House

**Phase 3: Review and Report**

- Council Workshop
- Report out of engagement results

**Phase 4: Council Consideration**

- Review 2018 engagement outcomes
- Recommendation and rationale for preferred rate design option
- Council to adopt rate design and set rates for 2020



**Next Steps:**

Information on the project, background and on upcoming engagement opportunities will be available on the Kelowna Integrated Water – Phase 1 webpage at [kelowna.ca/water](http://kelowna.ca/water).

Staff anticipates reporting back to Council with a summary of the engagement and will gather Council’s input on the draft rate design arising from public and stakeholder feedback.

Changes to Water Regulation Bylaw No. 10550 will be proposed in Spring 2019 prior to official transition of agricultural customers to the City utility in 2020.

**Report prepared by:**

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Kevin Van Vliet, Utility Services Manager

**Approved for Inclusion:**



Joe Creron, Deputy City Manager