



**City of West Kelowna**

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January 1, 2018

Mr. Joe Farmer  
123 Anywhere Road  
West Kelowna BC

Dear Mr. Farmer,

The City of West Kelowna has been involved in a water rates study for more than a year and has utilized both internal staff and outside specialists to guide the process. As a result of these efforts, Council has now made a number of decisions and adopted bylaws that will bring about changes in how the City generates sufficient revenue to properly operate and provide for the future of our water utility. While all sectors of our customer base will be impacted to some extent by the new rates and approaches, this letter is designed to address the impact on our agricultural community who utilize approx. 23% of our water and contribute some 2% of the revenues.

During the discussion on water rates specific to the agricultural community, Council favored continued support for the agricultural community providing those who qualify for farm water rates are “bona fide” farmers and are practicing efficient irrigation. Given those directions, staff entered into a consultation process with the Agricultural Advisory Committee (AAC) over a period of three months with a focus on answering the following questions:

1. How do we define “farm property” for agricultural water purposes?
2. How should we structure agricultural water rates?
3. How should we deal with users who currently have agricultural water accounts with us but might not fit the new criteria for “farm property”?

After considerable discussion and careful consideration, the consensus responses from the AAC were as follows:

1. The BC Assessment definition of “Farm Class” is to be used as a requirement to qualify for “Agricultural Water Rates” across all service areas in the City of West Kelowna.
2. Agricultural water rates are to be structured to include a per-hectare flat charge as well as a tiered consumption model where all consumption is billed on an inclining block basis.
3. Property owners who would be excluded from the new criteria for farm water qualification would be given until January 1, 2020 to obtain farm status from BC Assessment.

The proposed rates endorsed by the AAC and Council would consist of a \$29.64 per hectare quarterly flat fee as well as consumption charges of \$0.03 per cubic meter up to 7,491 m<sup>3</sup>/hectare/year and \$0.10 per cubic meter for all remaining consumption. The first tier at \$0.03 is based on the BC Irrigation Management Guide recommended allotment for the Central Okanagan. The customers that would be most directly impacted by the proposed changes are those who currently have an agricultural water connection but do not have “Class 9



- Farm” status with BC Assessment. For that reason, the new rate structure will be delayed until January 1, 2020 to allow those customers ample time to apply for farm classification with BC Assessment. For information on how to apply and qualify, contact our area office in Kelowna at #300-1631 Dickson Avenue 1-866-825-8322 or go to <https://www.bcassessment.ca> and search “farm class”. Current agricultural water customers who have “Class 9 – Farm” status simply need to maintain that designation from year-to-year to retain access to farm water rates within CWK.

To assist with understanding the proposed changes effective January 2020, City staff are available to assist any current farm water customer determine the impact of the new rates on their account. Contact may be made in person at City Hall, by phone at 778-797-8850 or by email at [utilitybillings@westkelownacity.ca](mailto:utilitybillings@westkelownacity.ca).

For your information, all water customers within the City are facing revised rate structures and/or rates that are designed to generate the required revenue to meet the new financial realities of our water systems. The revenue share from our agricultural sector will shrink somewhat over the coming years as all other rate categories increase at a much greater pace and as some current farm water customers no longer qualify for subsidized rates. While the revised agricultural rate structure outlined above is not effective till 2020, Council has approved a 10% increase on existing rates for 2018.

Sincerely,

Lisa Siavashi, CPA  
Revenue, Reporting & Risk Manager

