

What's Happening?

- ▶ SEKID, SOMID and the City all charge for water in different ways
- ▶ Need for single, fair structure that will apply to all potential ratepayers
- ▶ Separation of agricultural and domestic systems in Southeast Kelowna
- ▶ Major upgrades to the City's core south-end water infrastructure
- ▶ New separated water system to serve existing SEKID domestic customers with year-round clean water



Agriculture Rates

- ▶ City recognizes need to come up with a rate structure that is fair and sustainable for agricultural customers
- ▶ Public engagement will help inform future agricultural rate structure
- ▶ Existing rate structures for SEKID, SOMID and City are expected to remain in place until 2020
- ▶ Water rates for 2020 will be adopted by Kelowna City Council in 2019



Pay-Per-Use System

What is it?

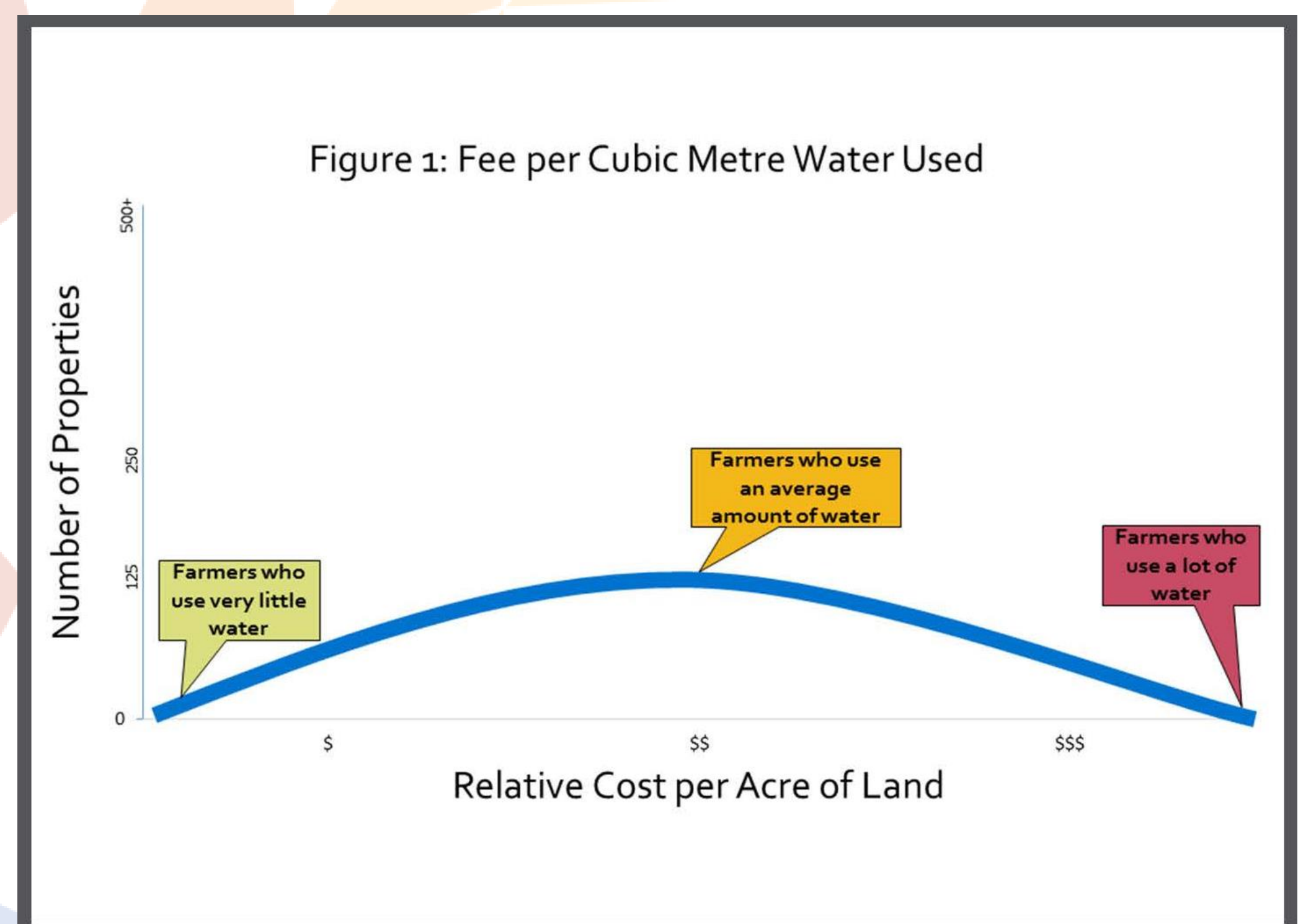
When the volume of water used on a property is measured by a water meter and the farmer is billed for how much water is used.

Benefits:

- ▶ Incentive to conserve water
- ▶ Incentive to protect the water supply
- ▶ Potential savings to customer due to greater control over use

Drawbacks:

- ▶ Varying costs year-to-year
- ▶ Potential to lead to a reduction in in the variety of crops grown in the region



Fixed-Fee System

What is it?

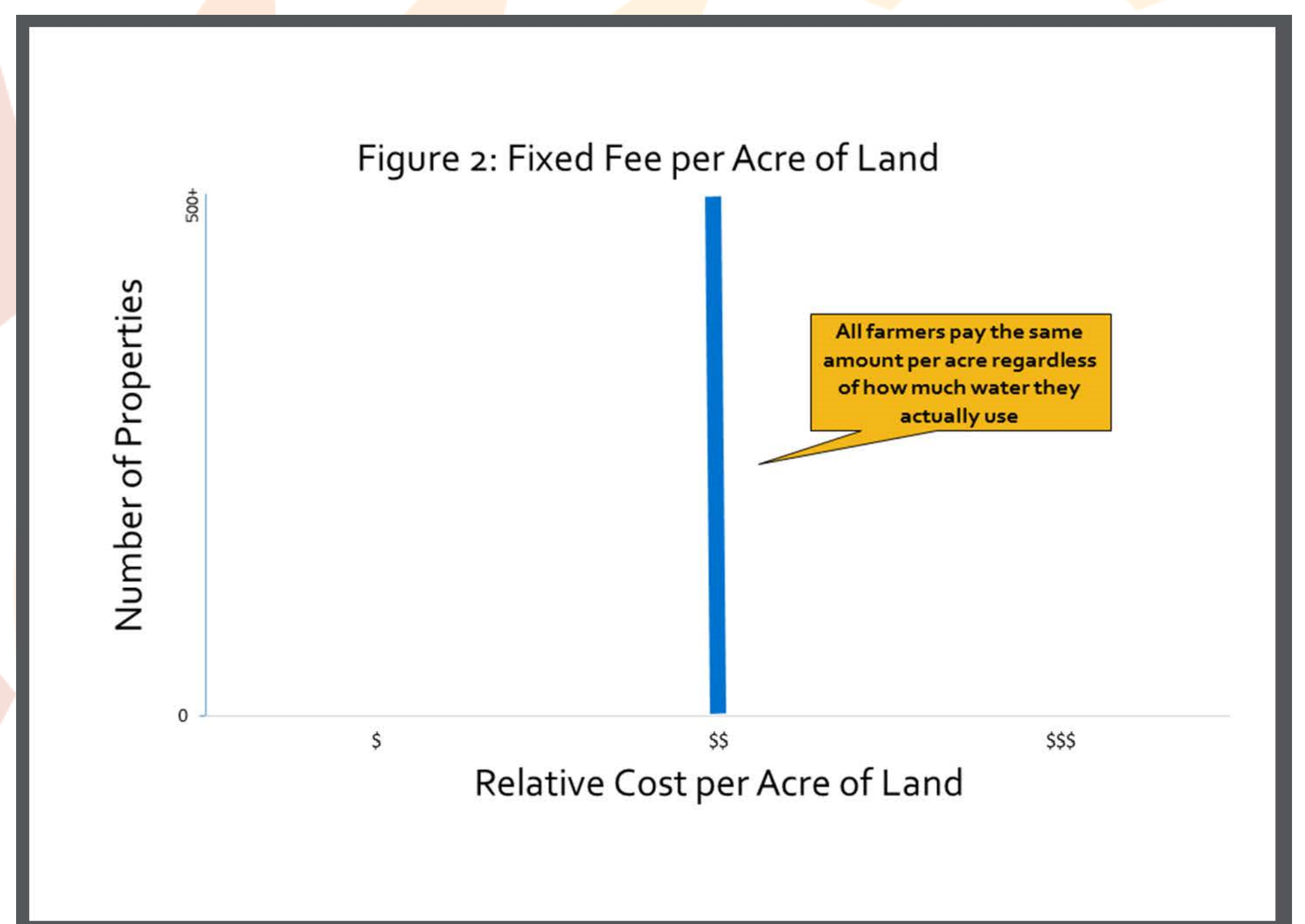
Farmers and landowners pay a fixed fee per-acre of land, regardless of how much water they use.

Benefits:

- ▶ Cost predictability, regardless of the growing season
- ▶ Crop type not dependent on water cost, which supports crop variability in the region

Drawbacks:

- ▶ Little financial incentive to conserve water
- ▶ Fixed-fee system does not align with the variable costs of delivering water



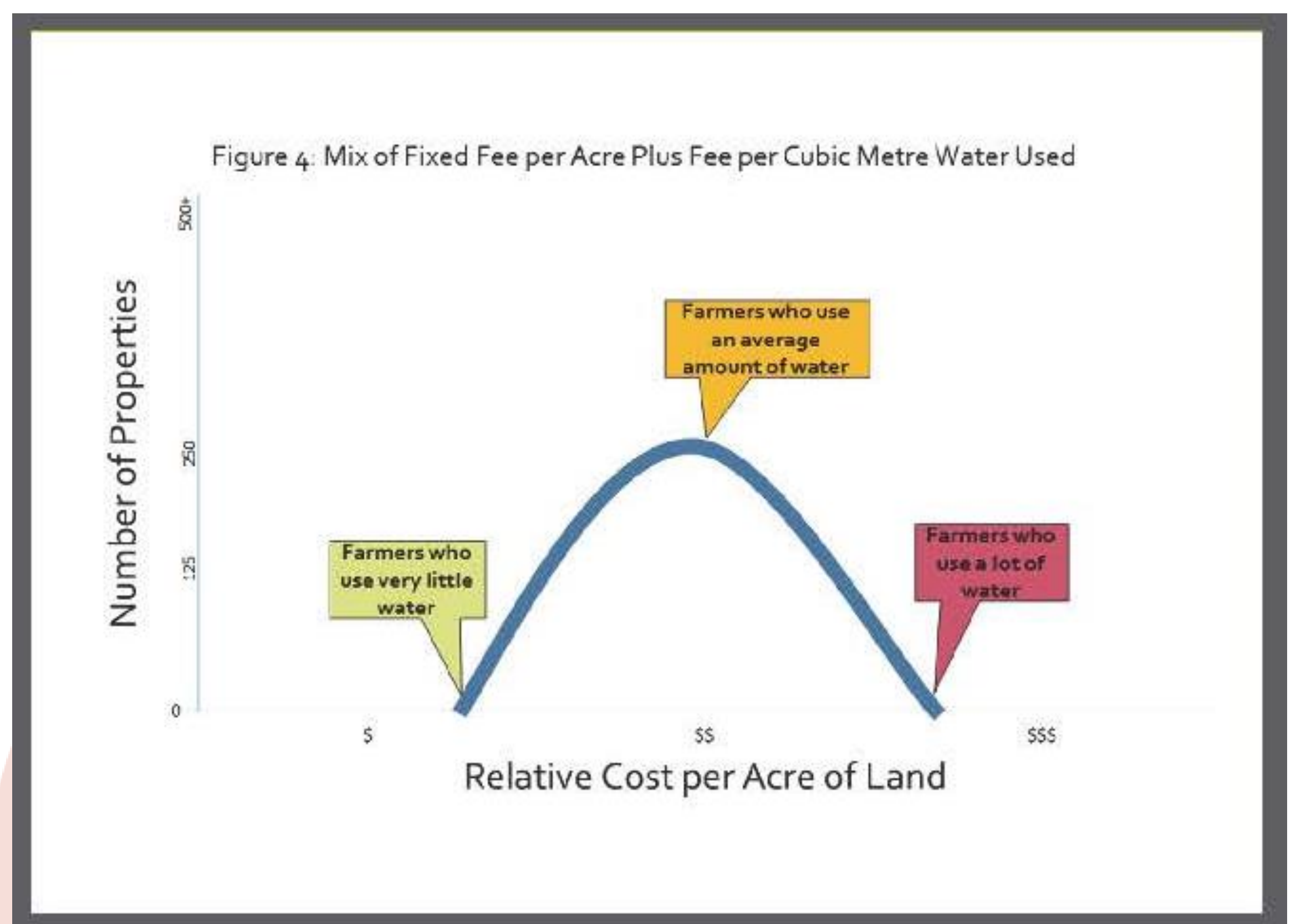
Blended Systems

What is it?

Pay-per-use rates and fixed-fee systems can be mixed to varying degrees to try and balance their benefits and drawbacks.

Benefits:

- ▶ Smaller per-acre fee than in a strict fixed-fee system
- ▶ Conservation incentives



Drawbacks:

- ▶ Costs are not as predictable as in a strict fixed-fee system
- ▶ Financial incentive to conserve water isn't as strong as a pure pay-per-use system

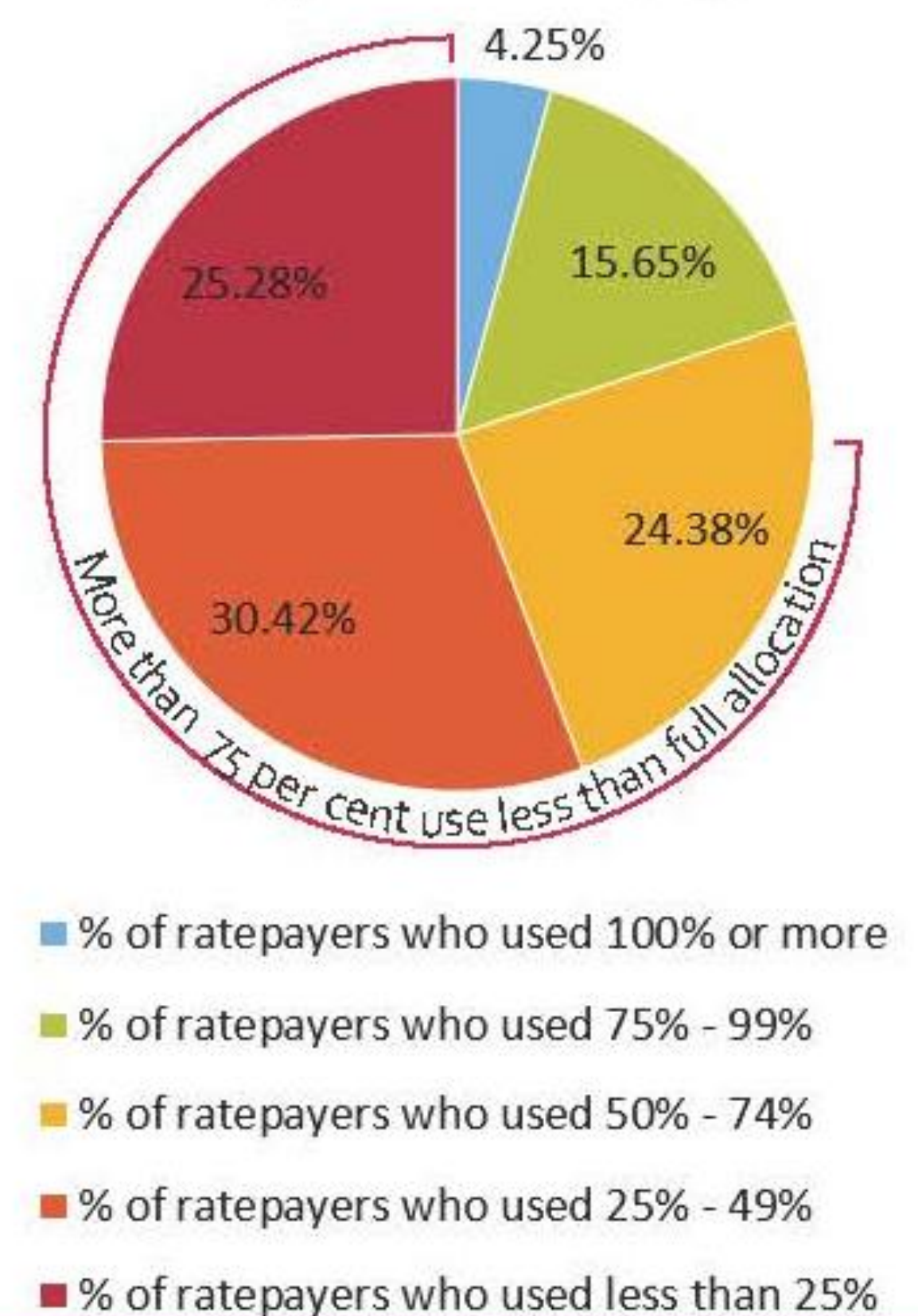
SEKID's System

What is it?

Farmers and landowners pay a fixed-fee for their allotment of water, and pay-per-use for water exceeding their allotment.

- ▶ Variation of a fixed-fee system with the addition of penalties for excess water use
- ▶ Per-acre volume of water determined annually by SEKID's board of trustees
- ▶ Pay-per-use rates charged for extra water and SEKID's board can discontinue water service
- ▶ Farmers who use less than their allotment do not receive financial reward for implementing water conservation measures

Figure 3: Use of agricultural water allotments by SEKID ratepayers - 2016



2017 Kelowna Integrated Water Supply Plan

What is it?

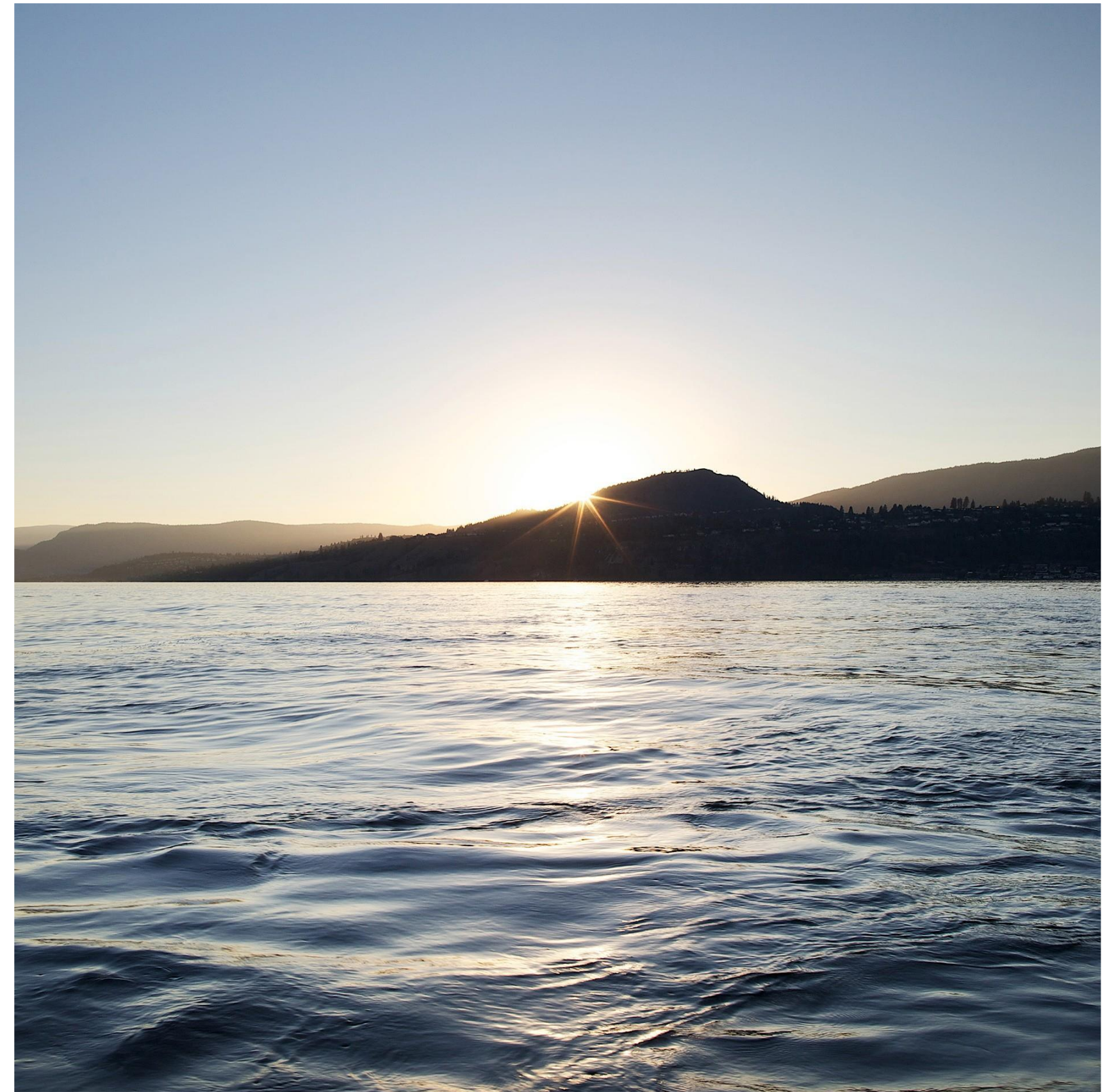
The integrated, city-wide system is needed in order to achieve the best and lowest cost solution to providing drinking water that meets Canadian Drinking Water Quality Standards, provides administrative and operational flexibility and maintains agricultural interests.

- ▶ Drinking water can be drawn from two main sources - Mission Creek and Okanagan Lake
- ▶ Substantial savings by eliminating the need for every water purveyor to build its own infrastructure for treating drinking water
- ▶ Separation of drinking and agricultural systems will reduce costs over time and ensure dedicated supply for farming

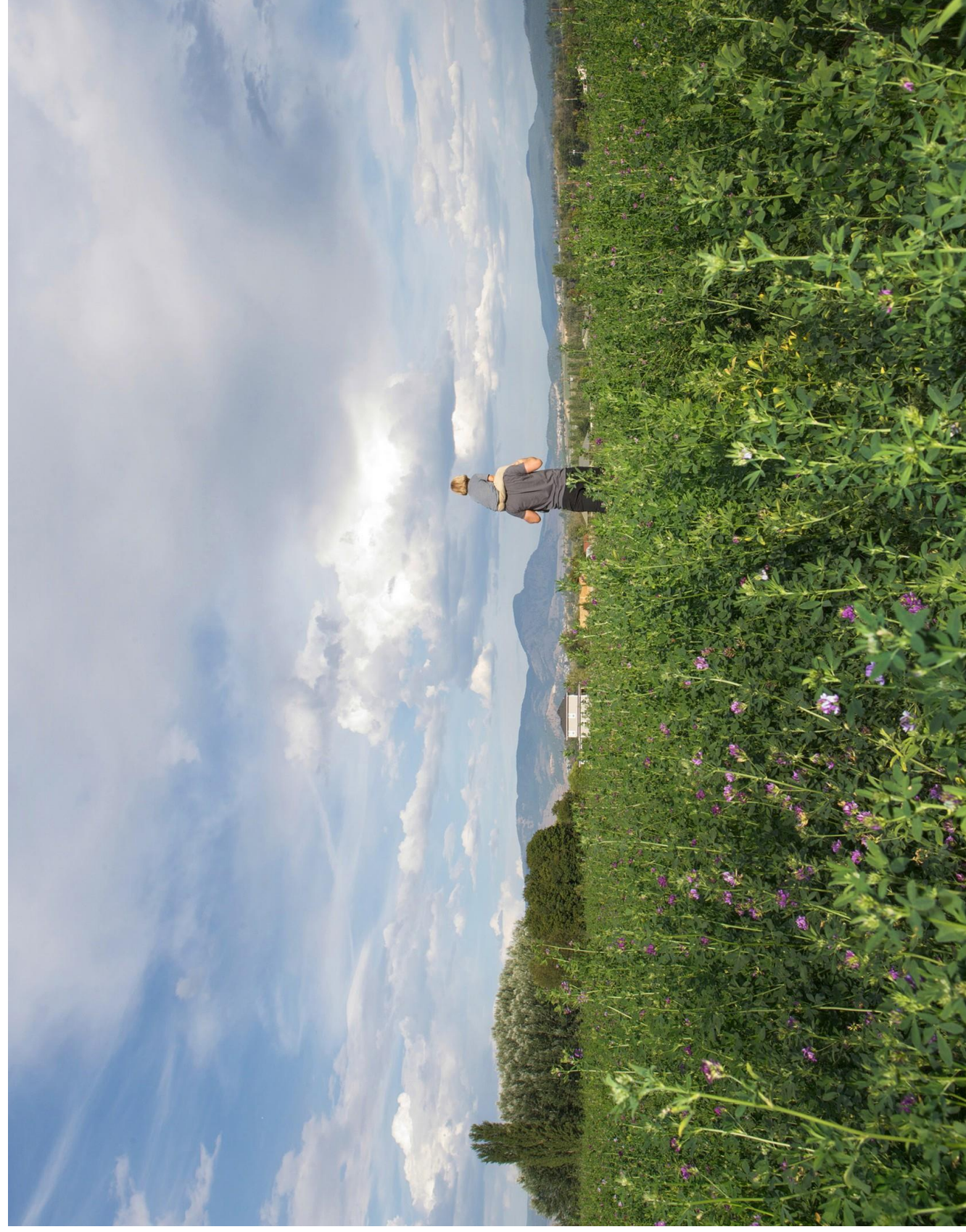


Phase 1 - Overview

- ▶ Separate agricultural and domestic water systems for rural Southeast Kelowna Irrigation District (SEKID) customers
- ▶ Extend City of Kelowna water distribution system to supply domestic water to SEKID
- ▶ Maintain SEKID groundwater sources for alternate supply
- ▶ Reduce treatment needs by drawing high quality water from Okanagan Lake
- ▶ Sustainable water connection to South Okanagan Mission Irrigation District (SOMID) from City of Kelowna supply
- ▶ Sign-up for email updates or learn more about the project at kelowna.ca/water
- ▶ Public information session regarding construction details expected Spring 2018



Project Timeline



Agriculture is a Priority



of Kelowna's land base is zoned for agricultural use (12,000 ha)



of Kelowna's land (approximately 40% of the landbase) is in the Agricultural Land Reserve

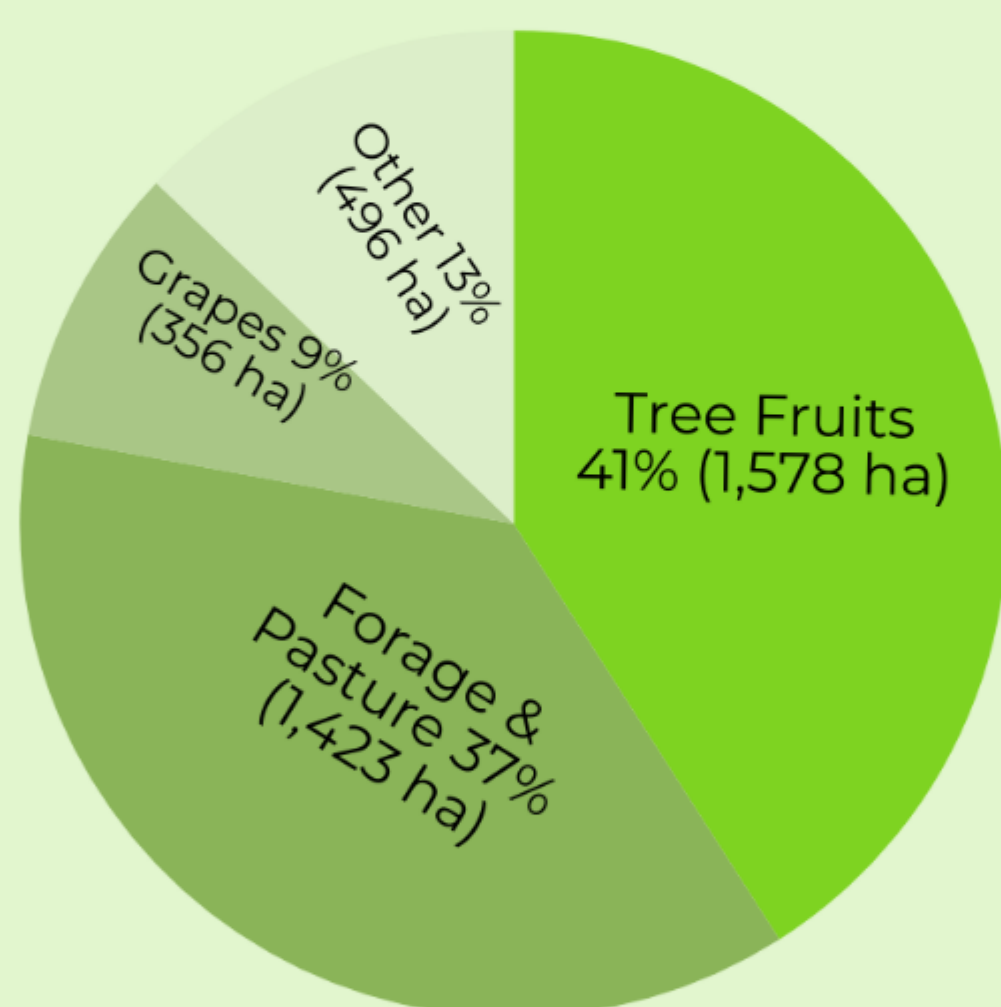


Kelowna had 10,054 ha in the ALR when it was established in 1973



3,915 ha
of Kelowna's ALR land is in active farm use (as of 2014)

3,853 ha of Kelowna's land is used to grow field crops
(2014 Province of B.C. Agriculture Land use inventory)



86 % of Kelowna's cultivated crops use irrigation



parcels of land involved in agriculture



properties with farm class status



average farm parcel size



of farm parcels are smaller than 4 ha



Average gross farm receipts in the Central Okanagan have grown 43% since 2011 to \$138,600 per farm



1% of the Central Okanagan's population is employed in farming (2011 census)



Average age of a farmer in the Central Okanagan is 57.9 years old (2016 census)