

**DATE:** November 27, 2018**FILE:** 5620-01**TO:** Chair and Directors  
Black Creek/ Oyster Bay Services Committee**FROM:** Russell Dyson  
Chief Administrative OfficerSupported by Russell Dyson  
Chief Administrative Officer**R. Dyson****RE: Black Creek/ Oyster Bay Water Local Service Area - Farm Status Rebate****Purpose**

To provide a rebate for properties located within the Black Creek/ Oyster Bay (BCOB) Water Local Service Area (WLSA) with farm status, as classified by BC Assessment.

**Recommendation from the Chief Administrative Officer:**

THAT an application based annual rebate program for properties with farm status be developed and implemented for the Black Creek/ Oyster Bay Water Local Service Area.

**Executive Summary**

Implementation of an annual rebate program for properties with farm status provides an opportunity to recognize the value of food production within the WLSA by utilizing an established mechanism, farm status classification through BC Assessment, for the basis of a rebate that is reasonable in cost.

The proposed rebate is as follows:

- All water consumed above the base amount would be provided a rebate opportunity, reducing the charge per cubic meter from \$2.06 (residential tier two rate) to the tier one rate of \$1.37/m<sup>3</sup>.

Prepared by:

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Concurrence:

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### Background/Current Situation

The BCOB WLSA supplies water to 919 connections within the service area. Current water rates for the BCOB WLSA are shown in Table No.1 below.

**Table No.1: BCOB WLSA Water Rates**

	Monthly Rate
<b>Residential</b>	
Flat Rate (up to 15m <sup>3</sup> )	\$22.80
Tier 1 (15m <sup>3</sup> to 45m <sup>3</sup> )	\$1.37 per m <sup>3</sup>
Tier 2 (Over 45m <sup>3</sup> )	\$2.06 per m <sup>3</sup>
<b>Commercial/ Industrial</b>	
Flat Rate (up to 15m <sup>3</sup> )	\$35.64
Tier 1 (Over 15m <sup>3</sup> )	\$1.78 per m <sup>3</sup>

To recognize the value of food production within the Comox Valley Regional District (CVRD) WLSA's the CVRD is recommending implementation of a rebate program for properties with farm status. The proposed rebate utilizes an established mechanism, farm status classification through BC Assessment, for the basis of a rebate that is reasonable in cost. The proposed rebate will be an application based rebate program and all water consumed will be charged the tier one residential rate (\$1.37/m<sup>3</sup>).

Within the BCOB WLSA at present there are 36 properties with farm status and of those 36 properties 28 are connected to the water system. The properties connected to the WLSA that have farm status used a total of 22,694m<sup>3</sup> of water in 2017. Table No.2 below illustrates consumption by tier.

**Table No.2: Total Consumption for Properties with Farm Status**

Consumption (m <sup>3</sup> )	Minimum	Tier 1	Tier 2
Commercial	180	548	
Residential	4,335	4,258	13,373
<b>Total Consumption by Tier</b>	<b>4,515</b>	<b>4,806</b>	<b>13,373</b>

Receiving the rebate would need to be initiated by property owners with submittal of a rebate request. Upon verification of farm classification, a rebate would be issued for the difference in water rates for that year, as part of the following years April billing cycle. Applicants will need to reapply annually for the rebate program.

### Policy Analysis

Bylaw No.5 being the "Black Creek/ Oyster Bay Water Service Regulation, Fees and Charges Bylaw No.5, 2008" sets the water rates for the BCOB WLSA.

### Options

The committee has the following options:

1. Provide a rebate option for properties with farm status.
2. Not provide a rebate option for properties with farm status.

Implementation of a rebate program for properties with farm status provides an opportunity to recognize the value of food production within the WLSA's by utilizing an established mechanism, farm status classification through BC Assessment, for the basis of a rebate that is reasonable in cost. As such only option No.1 above is recommended.

### Financial Factors

Revenue requirements for the BCOB WLSA are met by a combination of frontage tax and user rates. Providing a rebate may result in a change in water use patterns and may have a short term on the revenue of the services in the future. A minimal reduction in revenue is expected to occur if a rebate for properties with farm status was implemented, which would have to be offset by a future rate increases to compensate. Table No.3 below provides the estimated effect the rebate would have on revenues for the service.

**Table No.3: Estimated Effect on 2017 Revenue of Rebate for Farm Status**

2017 Effects on Revenue	
Farm Status Rebate	\$9,452
Water Rate Revenue for Service	\$516,812
Revenue Less Rebate	\$507,360
<b>Estimated Change in Revenue</b>	<b>-1.83%</b>

### Legal Factors

None.

### Regional Growth Strategy Implications

Providing a rebate for properties with farm status helps to support and enhance agriculture sectors and increase local food security, aligning directly with one of the policy areas and goals outlined within the Regional Growth Strategy.

### Intergovernmental Factors

A similar rebate has been implemented within the CVRD's Comox Valley water system water local service areas.

### Interdepartmental Involvement

The Engineering Services Branch is leading this work with help from Financial and Legislative Services.

### Citizen/Public Relations

Information about the rebate program is proposed to be provided via the annual water service year in review newsletter, sent out with residents April 2019 water bills.