

DATE: December 20, 2018

FILE: 5600-01/RoystonWS

TO: Chair and Directors
Electoral Area Services Committee

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

RE: Royston Water Local Service Area- Farm Status Rebate

Purpose

To provide a rebate for properties located within the Royston 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 Royston Water Local Service Area.

Executive Summary

Implementation of 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 tier base rate or 25m³/ month will be provided a rebate opportunity reducing the charge per cubic meter from \$1.03 (25m³ to 50m³) and \$1.24 (over 50m³) to the base rate of \$0.83/m³.

The rebate is only available to properties located within the service area, implementation of the rebate is not anticipated to generate increased applications for connections to the water system. At present approximately only one per cent of water connections are properties with farm status. Minimum effects to revenue are expected due to the nature of the rebate program and the small percentage of connections within the service area that have farm status.

Prepared by:

Z. Berkey

Zoe Berkey, EIT
Engineering Analyst

Concurrence:

K. La Rose

Kris La Rose, P.Eng
Senior Manager of Water/
Wastewater Services

Concurrence:

M. Rutten

Marc Rutten
General Manager of
Engineering Services

Stakeholder Distribution (Upon Agenda Publication)

None.	✓
-------	---

Background/Current Situation

The Royston WLSA currently receives water from the Village of Cumberland and supplies water to roughly 900 connections, within the service area. Current water rates for the Royston WLSA are shown in Table No.1 below.

Table No.1: Royston WLSA Water Rates

Residential	Monthly Rate
Flat Rate	\$24.80
Tier 1 (0m ³ to 25m ³)	\$0.83 per m ³
Tier 2 (25m ³ to 50m ³)	\$1.03 per m ³
Tier 3 (Over 50m ³)	\$1.24 per m ³

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. Provided as Appendix A, is the detailed requirements for qualifying for farm status with BC Assessment, including qualifying agricultural uses and farm income requirements. The proposed rebate will be an application based rebate program and all water consumed will be charged the tier one rate (\$0.83/m³).

Within the Royston WLSA at present there are 12 properties with farm status and of those 12 properties 10 are connected to the water system. The properties connected to the WLSA that have farm status used a total of 10,324m³ of water in 2017. The total consumption for the service in 2017 was 267,800m³. Properties with farm status represent approximately one per cent of the total service connections and in 2017, represented four per cent of the total water consumed. Table No.2 below illustrates consumption by tier.

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

Tiered Rate	Consumption
Tier 1	2,527
Tier 2	1,020
Tier 3	6,777

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

Policy Analysis

Bylaw No.111 being the "Royston Water Service Regulation, Fees and Charges Bylaw No.111, 2010" sets the water rates for the Royston WLSA.

Options

The Electoral Areas Services 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 Royston WLSA are met by a combination of parcel 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 for the service would occur if a rebate for properties with farm status was implemented, which would have to be offset by a future rate increase 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	
Estimated Farm Status Rebate	\$2,982
Water Rate Revenue for Service	\$509,721
Revenue Less Rebate	\$506,738
Estimated Change in Revenue	-0.59%

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 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 water bills.

Appendix A- BC Assessment, Farm Status Qualifications

Log in (<https://www.bccassessment.ca/Home/LoginInfo>) | Register
(<https://www.bccassessment.ca/Home/RegistrationInfo>)



BC ASSESSMENT

Classifying Farm Land

WHAT LAND IS ELIGIBLE FOR FARM CLASS?

The Classification of Land as a Farm Regulation, B.C. Reg. 411/95, made under the Assessment Act, provides that, upon application, the following land may qualify for farm class:

- a) land used for a qualifying agricultural use;
- b) land used for purposes that contribute to a qualifying agricultural use (e.g., irrigation, access to farm outbuildings, shelter belts);
- c) land used for a farmer's dwelling;
- d) land in an agricultural land reserve (ALR) that is used for a retired farmer's dwelling;
- e) land used for the training and boarding of horses when operated in conjunction with horse rearing; and
- f) in some cases, vacant land associated with a farm.

Other requirements will also apply.

All farm structures used in connection with the farm operation, including the farmer's dwelling, will be classified as Class 1 - residential.

How do I apply?

To have land classified as a farm the next taxation year, the owner must submit a General Application for Farm Classification or a Retired Farmer's Dwelling Land Application. These forms can be found on the Forms page (/forms) under "Farm Forms". For assistance completing the Application form, use our "How to" guide (/services-and-products/Shared%20Documents/How%20to%20Complete%20the%20General%20Application%20for%20Farm%20Classification.pdf) for step by step instructions.

The Farm forms are also available at your local BC Assessment area office. Please submit your application form to the local office by October 31. This application is not required every year, but BC Assessment may require information periodically to support continued farm classification.

The Retired Farmer's Dwelling Land Application is available online here (<https://eforms.bcassessment.ca/Retired%20Farmers%20Dwelling%20Land%20Application.pdf>) and at your local BC Assessment area office.

An application to have land used for a retired farmer's dwelling classified as a farm must be made every year.

For 2014 and subsequent tax years, the deadline is October 31.

What if only a part of my property is farmed?

Land that is used for a purpose other than farming will be classified according to that use. Land that has no present use and located in the ALR may qualify for farm class if part of the parcel is farmed. If the land is not in the ALR, unused land may qualify for farm class if part of the property is farmed, the land is not zoned or held for business, commercial or industrial purposes, and:

- it meets a prescribed highest and best use test;
- at least 50% of the land outside the ALR is in production or contributes to production, provided the land is farmed by the owner; or
- at least 25% of the land outside the ALR is in production, and the farm meets a higher income requirement, provided the land is farmed by the owner.

Why does BC Assessment need to know about my farm income?

To receive and maintain farm class, the land must generate income from one or more qualifying agricultural uses.

Income for the purposes of farm class will be calculated based on the farm gate amount you receive for your qualifying agricultural products. This income must be generated in one of two relevant reporting periods (i.e., once every two years).

For the 2014 and subsequent tax years, the relevant reporting periods will be:

- a) the person's income tax year ending in the calendar year that is two years before the tax year (e.g., the income tax year ending in 2013 for the 2015 tax year); and
- b) the person's income tax year ending in the calendar year that is three years before the tax year (e.g., the income tax year ending in 2012 for the 2015 tax year).

With respect to new farm applications and developing farms, income earned in the taxation year the application is made or production commences (as applicable), may qualify land for farm class the following tax year. There is a different reporting period applicable in these situations because there is no history of farming.

You must sell qualifying agricultural products in each reporting period (i.e., every year). Crops grown for home consumption will not be considered part of your farm income. Minimum income requirements are calculated as follows:

- a) \$10,000 on land less than .8 hectares (1.98 acres);
- b) \$2,500 on land between .8 hectares (1.98 acres) and 4 hectares (10 acres);
- c) on land larger than 4 hectares (10 acres), you must earn \$2,500 plus five per cent of the actual value of any farm land in excess of 4 hectares;
- d) \$10,000, in order to qualify unused land where the area in production by the owner makes up at least 25 per cent of the portion of the parcel outside the ALR. Some sales of qualifying agricultural products must occur every year.

What is “qualifying agricultural use”?

For the purposes of farm classification, qualifying agricultural use is:

- apiculture
- aquaculture
- Christmas tree culture (plantation and cultured native stand)
- dairying
- floriculture
- forage production
- forest seedling and seed production
- fruit and vegetable production
- grain and oilseed production
- herb production
- horticulture
- intense cultivation of plantations of Populus species (Poplar trees) and Salix species (Willow trees)
- management of the Betula species (Birch trees) and the Acer species (Maple trees) for the production of sap or syrup
- raising insects for biological pest control
- livestock raising (includes dairying, horse rearing, poultry and egg production, wool, hide, feather or fur production, raising animals for food for human or animal consumption)
- medicinal plant culture
- seed production
- turf production
- raising crops for food for human or animal consumption

The following are not considered qualifying agricultural uses:

- (a) the production of manufactured derivatives from agricultural raw materials;
- (b) the production of qualifying agricultural products for domestic consumption on the farm;
- (c) the production of agricultural by-products other than breeding products;

- (d) agricultural services other than horse stud services;
- (e) the breeding and raising of pets other than horses;
- (f) the production of any substance set out in item 1 [opium poppy], 2 [coca] or 17 [cannabis] of the Schedule to the Narcotic Control Regulations under the *Controlled Drugs and Substances Act* (Canada).
- (g) the production of any of the following, other than the production of industrial hemp in accordance with the Industrial Hemp Regulations under the *Controlled Drug and Substances Act* (Canada):
 - (i) cannabis within the meaning of the *Cannabis Control and Licensing Act* whether or not the cannabis is medical cannabis within the meaning of that Act;
 - (ii) a substance or product derived or produced from a cannabis plant within the meaning of the *Cannabis Control and Licensing Act*.

What does “farm gate amount” mean?

Farm gate amount is the dollar value you receive from direct farm sales, the value of qualifying agricultural products that are used for processing, or, in some cases, crop or livestock insurance payments. In the case of livestock, farm gate amount means the live weight sale price, less any purchase costs and less any slaughter, cut and wrap costs. Sales of cut and wrapped meat will only qualify as income for the purposes of farm class if the poultry or livestock is slaughtered in compliance with the *Meat Inspection Regulation* under the *Food Safety Act*.

What happens if I cannot supply sales receipts?

In the absence of receipts, BC Assessment staff may rely on local market prices or other local sources. You may be required to provide a sales log or other proof of farm sales.

As a result of the changes to the reporting periods, we recommend that you keep receipts, sales logs or other proof of farm income for at least a three-year period.

What happens if my farm does not meet the income requirements, if I fail to provide necessary information, or I stop farming?

BC Assessment will remove the property from farm class.

Can I apply to have the farm class re-instated in the future?

Yes. If you re-apply for farm classification and meet the prescribed qualifications, your property can qualify for farm class.

How do I maintain farm class on my land?

Property already classified as farm land must continue to meet the requirements to receive farm class for the following year. BC Assessment may ask you to provide additional information in support of continued farm classification. Failure to provide the required information about your farm operation will result in the removal of farm classification from your property.

What if I buy a property that is already classified "farm"?

If you plan to continue to farm the property, you are required to submit a General Application for Farm Classification (<https://eforms.bcassessment.ca/General%20Application%20for%20Farm%20Classification%20-%20Fillable.pdf>) to BC Assessment after you purchase the property. If you are not planning to continue to farm the property, please contact BC Assessment and notify the staff of your plans to cease agricultural activity.

Updated 10/2018

Disclaimer: Where information presented is different from legislation, legislation shall prevail.

(/services-and-products/Shared%20Documents/BCAL15102%20BCA_farm_brochure_digital.pdf?Web=1)

Guide: Farm Classification in British Columbia (/services-and-products/Shared%20Documents/BCAL15102%20BCA_farm_brochure_digital.pdf?Web=1)

How to Complete the General Application for Farm Classification (</services-and-products/Shared%20Documents/How%20to%20Complete%20the%20General%20Application%20for%20Farm%20Classification.pdf>)

General Application for Farm Classification (<https://eforms.bcassessment.ca/General%20Application%20for%20Farm%20Classification%20-%20Fillable.pdf>)

Name

Medical Marihuana and Property Class ([/services-and-products/Pages/Medical Marihuana and Property Class.aspx](/services-and-products/Pages/Medical_Marihuana_and_Property_Class.aspx))

Classifying Farm Land ([/services-and-products/Pages/Classifying Farm Land.aspx](/services-and-products/Pages/Classifying_Farm_Land.aspx))

Classifying Horse Operations for Farm Purposes ([/services-and-products/Pages/Classifying Horse Operations for Farm Purposes.aspx](/services-and-products/Pages/Classifying_Horse_Operations_for_Farm_Purposes.aspx))

Classifying Land Leased to Farmers ([/services-and-products/Pages/Classifying Land Leased to Farmers.aspx](/services-and-products/Pages/Classifying_Land_Leased_to_Farmers.aspx))

Classifying Land Used for a Retired Farmer's Dwelling ([/services-and-products/Pages/Classifying Land Used for a Retired Farmer's Dwelling.aspx](/services-and-products/Pages/Classifying_Land_Used_for_a_Retired_Farmer's_Dwelling.aspx))

Farm Classification in British Columbia ([/services-and-products/Pages/Farm Classification in British Columbia.aspx](/services-and-products/Pages/Farm_Classification_in_British_Columbia.aspx))

Farm land assessment ([/services-and-products/Pages/Farm land assessment.aspx](/services-and-products/Pages/Farm_land_assessment.aspx))

Farm Property Inspections ([/services-and-products/Pages/Farm Property Inspections.aspx](/services-and-products/Pages/Farm_Property_Inspections.aspx))
