

Committee of the Whole
to be held at
City of Penticton, Council Chambers
171 Main Street, Penticton, B.C.

Tuesday, November 7, 2017
Recessed from the Regular Council Meeting at 1:00 p.m.

1. **Call Committee of the Whole to Order**
2. **Adoption of Agenda**
3. **Delegations and Staff Presentations:**

3.1	Community Foundation YES Project – request for funding Aaron McRann, Executive Director and YES Youth Advisors	1
3.2	2017 ITU Multisport World Championships Festival Super League Triathlon 2018 Michael Brown, MB Events	2-15
3.3	Okanagan Lake Marina Lease Renewal - Presentation Geoff Gowe, General Manager	16
3.4	Outstanding Re-Imbursement for relocation of the BC Wine Information Centre Rod King, Board Chair & Laura Kowalchuk, Manager	17-24
3.5	Police Services – Quarterly Report Supt. Ted De Jager	On Table
3.6	Development of Storm Water Utility Rates Mitch Moroziuk, General Manager of Infrastructure Andrew McLaren, Intergroup Consultants	25-56
3.7	Budget Primer/Council Priorities Peter Weeber, Chief Administrative Officer	On Table
4. **Adjourn to Regular Meeting of Council**

Request to Appear as a Delegation

Preferred Council Meeting Date: November 7, 2017

Second choice(s): _____

Subject matter: Funding for the YES Youth Centre

Name of person(s) making presentation:

Aaron McRann and a number of YES Youth Advisors

Address: 390 Main Street
Penticton, BC

Phone: 250-493-9311

Email: info@cfso.net

Please provide details of your presentation or request of Council here: (or provide a detailed attachment)

The Community Foundation is asking the City of Penticton for a \$400,000 contribution towards the purchase of a building that will house Penticton's new youth centre. The Foundation is in the final stages of negotiating a purchase and a commitment from the City will help the Foundation fulfill it's financing obligations for the purchase.

Please note:

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- We recommend you bring backup PowerPoint files with you on a memory stick.
- Delegations are limited to 5 minutes.

Corporate Office

Dana Schmidt, Corporate Officer
171 Main Street, Penticton, B.C., V2A 5A9

Phone: 250-490-2405

Fax: 250-490-2402

dana.schmidt@penticton.ca



**2017 ITU Multisport
World
Championships
Festival Council
Report**

By the Numbers

- **August 18-27th 2017, 10 day festival**
- **Total athletes 3567**
- **41 Countries represented**
- **397 World Champions Crowned**
- **1756 Volunteers**
- **84 Homestay families**
- **95 Officials**

Sport Tourism

- 36.4% of athletes were Canadian
- 37.02% of athletes were American
- 64.45% First visit to Penticton
- 68.25% Stayed in a hotel

How Many People ?

1	Just Athlete	26.75%
2		43.00%
3		9.63%
4		9.75%
5+		10.88%

***By these numbers approximately 7,356 additional travel companions came to Penticton**

For How Long ?

1 day	0.38%
2 days	1.38%
3 days	8.26%
4 days	14.39%
5 days	17.40%
6 days	13.77%
7 days	13.89%
> 1 Week	30.54%

*** This shows a whopping 89.9% stayed in Penticton for 4 or more days**

Will We See You Again?

Extremely likely	34.67%
Very likely	26.03%
Somewhat likely	25.91%
Not so likely	10.89%
Not at all likely	2.50%

- * This shows 86.61% of participants are likely to visit Penticton again creating residual economic impact for years to come.**

The Million Dollar Question

Each athlete spent on average not including accommodations
 $\$1000 \times 3567$ (athletes) = \$3,567,000

Each athlete spent on hotel accommodations
 $\$1320 \times 2461$ (confirmed hotel guests) = \$3,248,520

Auxiliary officials, support, National Federations, volunteers
 $\$1000 \times 400$ (personnel, staff) = \$400,000

Families and friends
 $\$200 \times 7,356$ (support) = \$1,471,200

Total impact

\$8,686,720

How Did We Do?

1 - Terrible	0.25%
2	0.38%
3	1.38%
4	0.88%
5	2.38%
6	3.76%
7	10.29%
8	27.85%
9	29.36%
10 - Excellent	23.46%

We Can Do Better

- **Better communication with all city stakeholders**
- **With an event this size we will always disrupt the community although not our intent.**
- **Liaise with the city on course design and possible implications**
- **Although we held three community information sessions, they were not well attended and we need to figure out the best course of action to guarantee attendance.**
- **Have the COP's Sport Event employee imbedded with our LOC well in advance.**



*Super League
Triathlon
Council
Presentation*





LiveSlides web content

To view

Download the add-in.

liveslides.com/download

Start the presentation.

<https://youtu.be/3iwt1k1I4Bw>



Super League Triathlon Draft Schedule 2018

Thursday August 16th 2018

12:00 pm Package Pick up @ The Lakeside Resort
3:00 pm Pro Press Conference
5:00 pm Family Fun Run

Friday August 17th 2018

12:00 pm Package Pick up @ The Lakeside Resort
4:00 pm Transition Opens
5:00 pm VIP Services open
5:00 pm Age Group Equalizer Time Trail
7:30 pm Pro Equalizer Time Trial

Saturday August 18th 2018

5:30 am AG Transition opens
6:30 am AG Equalizer starts
8:00 am Last AG wave start
10:00 am Package Pick up @ The Lakeside Resort
10:30 am AG Event Ends
11:00 am VIP services opens
11:30 am Pro Women transition opens
12:00 pm Pro Women Start
1:30 pm Pro Men transition opens
2:00 pm Pro Men Start
4:00 pm Post Race awards

Sunday August 19th 2018

5:30 am AG Transition opens
6:30 am AG Enduro Starts
9:00 am Las AG Enduro wave start
11:30 am VIP Services open
12:00 pm Pro Women Eliminator transition
opens
12:30 pm Pro Women Eliminator Start
2:30 pm Pro Men Eliminator transition
opens
3:00 pm Pro Men Eliminator Start
5:00 pm AG Awards/ Pro Awards
5:00 pm Post race dinner and party



Super League Triathlon Canada – Penticton

- *First Super League Triathlon Age Group Race*
- *Potential world wide television and online viewer market*
- *Over eighty (80) of the world's top pro's racing in Penticton*
- *Smaller impact on community*
- *Expect over 1000 Age Group athletes*
- *Three (3) days of racing*





Super League Triathlon Canada – Penticton

Friday August 17th 5:00 p.m. Day #1 Part one of the Equalizer, a 15km time trial (think tour de France) that will count as the opening time of day #2.

Saturday August 18th 7:00 am Day #2 Part two of the Equalizer. The day one time plus Swim (500m), Run (2.5km), Swim (500m), Bike (20km), Run (2.5km). Day # 1 time trial time plus day #2 Equalizer time equal the total time for race #1.

Sunday August 19th 7:00 am. Day #3 is the Enduro. What's an Enduro, well it's swim (750m), bike (20km) run (5km)...and then swim (750m), bike (20km), run (5km) again!

This will be the most exciting race of the season!



Request to Appear as a Delegation

Preferred Council Meeting Date: NOVEMBER 7, 2017

Second choice(s): NOVEMBER 21, 2017

Subject matter: PENTICTON MARINA MANAGEMENT AND PENTICTON YACHT CLUB LEASE

Name of person(s) making presentation:

GEOFF GOWE - GENERAL MANAGER

Address: 293 MARINA WAY

Phone: _____

Email: PENTICTONYACHTCLUB@OUTLOOK.COM

Please provide details of your presentation or request of Council here: (or provide a detailed attachment)

- CURRENT MARINA SITUATION - MANAGEMENT, MEMBERSHIP TREND, CONDITION + ISSUES WITH MARINA
- WHAT'S NEEDED AT THE MARINA - DOCKS, GAS BAR, FIRE SUPPRESSION, CODE REQUIREMENTS
- PROJECTED COSTS FOR UPGRADES AND FINANCING REQUIREMENTS
- LEASE TERM TO ALLOW FOR ADEQUATE FINANCING

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 Fax: 250-490-2402
dana.schmidt@penticton.ca

DETAILED POWERPOINT PRESENTATION WILL BE PROVIDED PRIOR TO NOVEMBER 7.

October 27, 2017

BC Wine Information Centre

Presentation to Mayor & Council November 7, 2017

Re: Outstanding Re-imburement For Re-location of the BC Wine Information Centre

In September 2015 the BC Wine Information Society was approached by the City of Penticton seeking a new location within Penticton for Gateway Casinos. They identified our store site as the optimum location.

The BC Wine Information Centre Society had a signed lease with the City of Penticton at that location until 2025. Recognizing the importance of securing a new location for the Casino, within the city boundary, we worked cooperatively and timely in good faith to facilitate this major financial undertaking. The Wine Info Society signed a Letter of Understanding with the City on December 3, 2015. (attached)

The BC Wine Information Centre invoiced (#1216 attached) the City in May 2017 in the amount of \$100,631.35 as the final portion of the items agreed to in the Letter of Understanding. This invoice remains unpaid after numerous discussions with staff. We were recently advised that the City would pay the amount of \$40,783.91 of this invoice (which remains unpaid to-date), leaving an outstanding balance of \$59,847.44.

We are meeting you today to seek the remaining balance.

BC Wine Information Centre Relocation Expenses as Referenced In Letter of Understanding:

Invoice #1216, unresolved items:

Installation of stained glass window	Line Item 1.C	\$ 7402.50
Fixtures (Refridgeration/Cooler)	Line Item 10B	\$50,646.75
City agreed to pay only \$35,227.44.	Balance Outstanding	\$15,419.31
Washrooms	Line Item 12.	\$37,025.63
Total		\$59,847.44

We request the City pay in full the amount due immediately.

Regards,

Rod King
Board Chair
BC Wine Information Society

Laura Kowalchuk
Manager
BC Wine Information Centre

Attachments
Letter Of Understanding
Invoice #1216



City of Penticton
171 Main St. | Penticton B.C. | V2A 5A9
www.penticton.ca | ask@penticton.ca

Date: December 3, 2015

Letter of Understanding

Without Prejudice

Subject to approval by Gateway Casinos and Entertainment

Background:


The City of Penticton has been engaged in a discussion with the BC Wine Information Society board over the last months relative to relocation of the existing wine store.

The City and the BC Wine Information Society agree to the following:

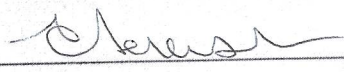
1. Lease Space
 - a. relocate to the new building to be built in the Project Easement Area (Attachment 1 area in red hatching)
 - b. Minimum Square Footage: 4046 feet equivalent to the existing lease space plus main floor common areas
 - c. Installation of stained glass windows in interior
2. Permitted use:
 - a. wine store (or a license allows *it*) *KB*
 - b. retail area
 - c. visitor services and
 - d. wine tasting or demonstration area
3. Costs
 - a. Lease costs \$8 per sq foot
 - b. Utility costs to be charged only if a separate meter is installed for the premises
4. Parking
 - a. Reserved Parking with a minimum of 9 reserved stalls in the project or parking easement area (Attachment 2)
 - b. At least 3 of the reserved spots limited to 30 minutes
 - c. At least one reserved parking stall immediately north of the entrance to the building (Attachment 1 – outlined in red)
5. Delivery
 - a. 1 Loading zone parking spot
 - b. 24 hour access for delivery vehicles to a loading dock/bay in the store
 - c. No ramps or other impediments that would limit the delivery of pallets
6. Customer Access
 - a. Ramp or accessible entry available to customers
7. Signage
 - a. Exterior sign (to be provided by tenant) promoting the Wine Society.

- b. Electrical and sign installation to be provided at no cost to the Wine Society.
- 8. Sales Support
 - a. In the case that the Wine Society does not meet the minimum sales required to retain its wine license, the City or Gateway shall purchase sufficient wine to reach the minimum requirement
 - b. Sales support guarantee is limited to January 1 2016 until June 30, 2017 unless extended by mutual approval
 - c. Wine Society must demonstrate they made best efforts to reach the sales targets
 - d. Wine Society must provide written evidence of the risk of loss of license.
- 9. Remaining lease terms
 - a. All remaining terms of the current lease dated May 1, 2005 between the City of Penticton and the British Columbia Wine Society remain in effect excepting articles 1.1, 6.4, 6.8, 8.7, 8.8, 17
- 10. Assistance with moving:
 - a. site design consultation to a maximum cost of \$5000
 - b. moving costs for address changes, fixtures and inventory to a maximum of \$75,000.
- 11. Dispute Resolution
 - a. Any disputes arising from the tenancy in the new building will be mediated by the City of Penticton

This amount can be increased to meet needs as costs are finalized assuming structure/design is deemed reasonable.

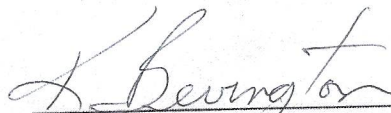
12. washrooms 

Signed and acknowledged as acceptable:


 Name: ERIC SORENSEN
 Title: CAO
 City of Penticton

Signed and acknowledged as acceptable:


 Name: KEITH BEVINGTON
 British Columbia Wine Information Society
 December 4/2015

British Columbia Wine Information Centre

101 - 553 Vees Drive
 Penticton, British Columbia V2A 8S2
 Canada

INVOICE

Invoice No.: 1216
 Date: May 18, 2017
 Ship Date:
 Page: 1
 Re: Order No.

Sold to:

City of Penticton
 Accounts Payable

 171 Main Street
 Penticton, B.C. V2A 5A9

Ship to:

City of Penticton
 Penticton, B.C.

Business No.: 89059 0078 RT0001

Item No.	Unit	Quantity	Description	Tax	Unit Price	Amount
			Wine Centre Relocation Expenses Per LOU Dec 3, 2015			
			Chase Valley Construction - Stain Glass Window - Re: 1.C			7,402.50
			Chase Valley Construction - Installation of Meter - Re: 3.B			1,495.24
			Peter Friend Corp - Exterior Signage Installation - Re: 7.B			2,452.10
			Chase Valley Construction - Electrical for Exterior Signage - Re: 7.B			349.13
			Jade Line Moving & Storage - Moving Costs - Re: 10.B			1,260.00
			Chase Valley Construction - Fixtures (Cooler) - Re: 10.B			50,646.75
			Chase Valley Construction - Washroom Accessories - Re: 12			37,025.63
Shipped By: Tracking Number:					Total Amount	100,631.35
Comment:					Amount Paid	0.00
Sold By:					Amount Owing	100,631.35

Sep

Sep

Sep

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-

-

-

BC Wine Information Centre November 7th Presentation to Council

Key Points

BC Wine Info Centre, operated by a not for profit Society for over 20 years is a showcase facility for the citizens and visitors to Penticton. The building at the corner of Eckhardt and Hwy 97 was opened in 2005 and made possible with a grant the BC Wine Information Society secured in the amount of \$780,000 as part of the Softwood Industry Community Economic Adjustment Initiative.

We had a thriving business operation when, in September 2015, the City asked the Wine Info Centre to break lease with the City and relocate elsewhere to provide space for the casino relocation. Time was of the essence.

When we were approached by the City we had a grown healthy bank account, and the Board was in discussion of where to make the next donation(s). We had already donated almost \$500,000 in the local community.

With great industry and government support the Board decided that we needed to continue the Wine Centre legacy. If we had not had the savings, we would have been unable to continue on the business and pay for the renovation. We used every piece of shelving, and anything we could from the old store. And, we had an understanding with the City of what was being covered to compensate us for the move and business disruption.

Items provided in leased space were to be provided in new space (ie washrooms) as indicated on line item 12.

Washrooms were not negotiated with Gateway, as we had them covered in our agreement with the City. We were told by the City building department, that we required not only one, but two washrooms for our facility. We had to adhere to the building code.

Invoice Summary:

Invoice #1213 February 2017

Initial invoice for design work, relocation and fixtures. Paid in full. \$49,216.00

Invoice 1216 May 2017 Remains Unpaid To Date

Washrooms on invoice #1216 are a separate line item, and not included in line item 10.B "moving costs, fixtures and inventory to a maximum of \$75,000 "this amount can be increased to meet needs as costs are finalized, assuming structure/design is deemed reasonable". As written by former CAO.

See attached for invoice details.

BC Wine Info Centre

Summary of Invoices and Letter of Understanding

Invoice #1213 \$49,216.09 February 2017 PAID

Invoice #1216 \$100,631.35 May 2017

Stained LASS Window Installation	1.C	7402.5	City Advised that Gateway will pay-unpaid to date
Installation of Separate Meter		1495.24	City Agreed to Pay
Exterior Signage	7.B	2452.1	City Agreed To Pay
Electrical For Exterior Signage	7.B	349.13	City Agreed To Pay
Moving Truck For Shelves/Desks/Inventory	10.b	1260	City Agreed To Pay
Coolers	10B	50,646.75	City Agreed to ONLY pay \$35,227.44

In Dispute

Washrooms	Item 12	37,025.63
Remaining Portion of Coolers	Item 10.B	15,419.31
		52,444.94

City Has Agreed to Pay \$48186.41 less Gateway Portion of \$7402.50 = 40783.91

ASSET MANAGEMENT UPDATE AND STORM WATER UTILITY PROPOSAL

Presented by:

Mitch Moroziuk, City of Penticton

Andrew McLaren, InterGroup Consultants



INTRODUCTION

This will be a joint City/InterGroup presentation.

- The City will speak to the background material outlining how the Storm Water Utility Proposal fits into the overall context of Asset Management and our Infrastructure Deficit.
- InterGroup will speak to the work on the Storm Water Utility Proposal, outline the options and present a recommended course of action.

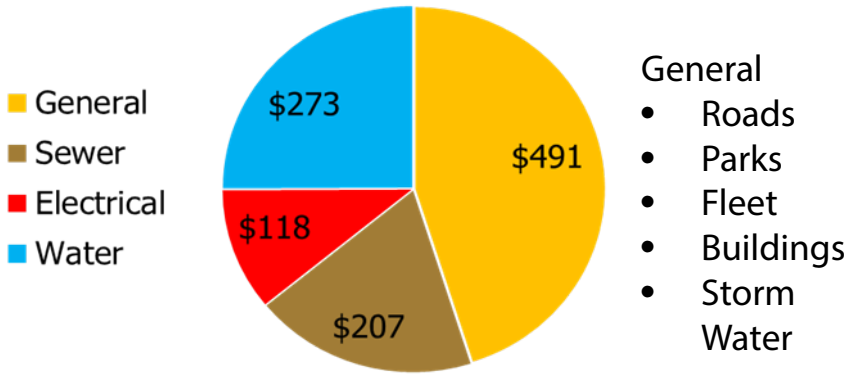
BACKGROUND

In 2016, Urban Systems completed an Asset Management Investment Plan for the City of Penticton.

This work answered the following questions:

- What do we own?
- What is the replacement value?
- What level of annual investment is required to sustain our assets?

Cost to replace assets
(\$ millions)



Total value of our community infrastructure =
\$1.09B or **\$70K** per household



The Asset Management Plan also provided a set of **29 recommendations** that would help to:

- Better understand service life and cost
- Consider risk and level of service
- Revenue generation strategies
- Improved decision making

Staff have been acting on these recommendations over the last year.

- Advanced Waste Water Treatment Plant
- Water Treatment Plant
- Roads
- Facilities
- Electrical, Water, Sewer and Storm

ADVANCED WASTE WATER TREATMENT PLANT

- Updated the asset inventory and value
- Updated service life based on operating conditions, environment, maintenance and technological obsolescence
- Determined replacement schedule based on risk, condition and criticality
- Reduced the Average Annual Life Cycle Investment from \$2.5M to \$2.3M
- Reduced the 20 Year Spend from \$49M to \$37M
- Reduced the Infrastructure Deficit from \$9.9M to \$4.1M



WATER TREATMENT PLANT

- Updated the asset inventory and value
- Updated service life based on operating conditions, environment, maintenance and technological obsolescence
- Determining replacement schedule based on risk, condition and criticality
- Reduced the Average Annual Life Cycle Investment from \$2.0M to \$1.9M
- Reduced the 20 Year Spend from \$39.6M to \$33.2M
- Reduced the Infrastructure Deficit from \$6.1M to \$5.2M



ROADS

- Moving data over to GIS
- Updating service life for roads based on inspected performance
- Looking at updating service life for sidewalks based on inspected performance
- Will examine the financial impact of Standard Reductions
- Obtained a grant to undertake work to determine a replacement schedule based on risk, condition and criticality



FACILITIES

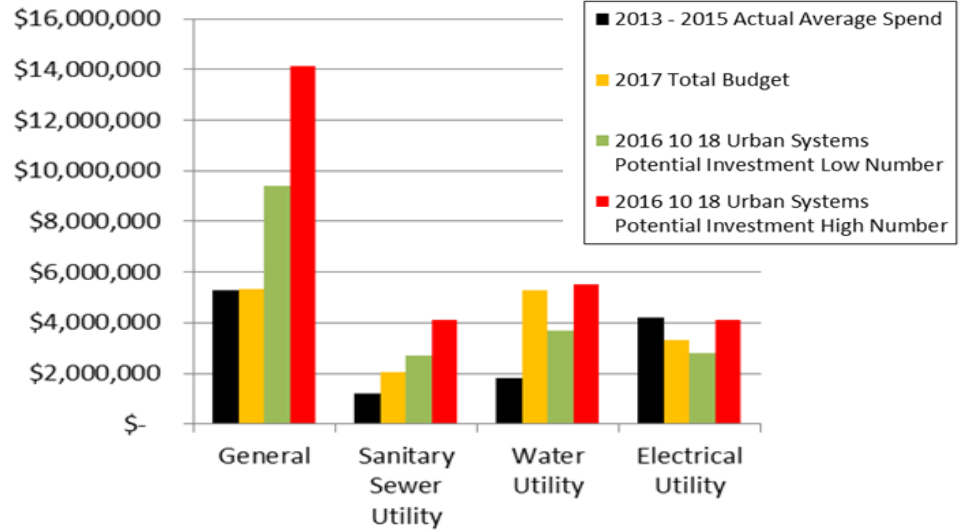
- Updating the asset inventory and value
- Updating service life based on inspected performance
- Applied for a grant to put facilities into GIS
- Obtained a grant to undertake work to determine a replacement schedule based on risk, condition and criticality



ELECTRICAL, WATER, SANITARY AND STORM (LINEAR ASSETS)

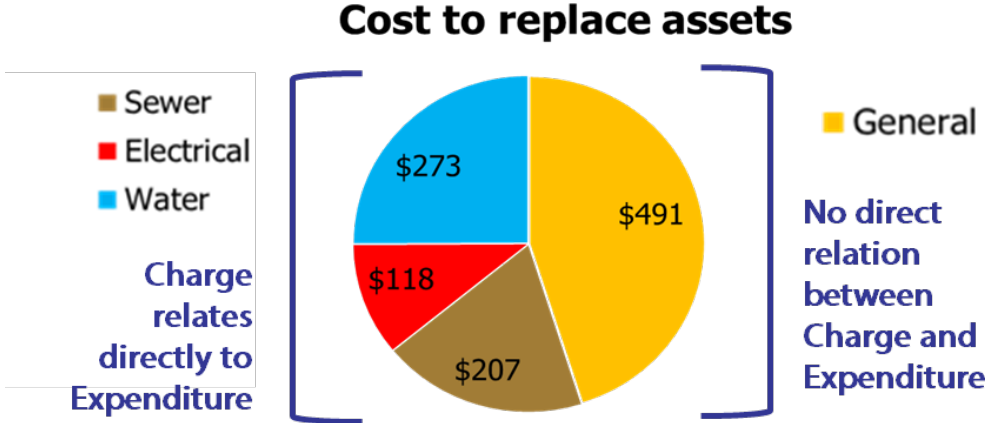
- Updated the asset inventory, value, and service life
- Determined replacement schedule based on risk, condition and criticality
- Storm Water Utility proposal development included in 2017 Budget

Spend on Assets by Fund



WHY A STORM WATER UTILITY?

- More transparent and sustainable
- Reduces discrepancy (General Fund \$4M to \$8M / Utilities \$2M to \$3M)
- Creates direct relationship between revenue and expenditure
- Funding from 'one pot' creates competition for scarce funds
- Storm Water is also a linear asset



HANDOFF

Andrew McLaren will now get into the details of the work done on the Storm Water Utility Rate Proposal.



CITY OF PENTICTON DEVELOPMENT OF STORM WATER UTILITY RATES



PRESENTATION TO CITY COUNCIL

Presented by:
Mitch Moroziuk, City of Penticton
Andrew McLaren, InterGroup Consultants

November 7, 2017

OVERVIEW

2

Storm water is runoff water that runs over hard surfaces and overland and is routed into drainage maintained by the City.

- The City of Penticton is reviewing options for a rate structure to fund a storm water utility including a storm water reserve.
- The City retained InterGroup to develop a proposed rate structure that ensures financial sustainability of the storm water utility including:
 - storm water annual operating costs;
 - asset management investment requirements; and
 - new infrastructure/system improvements investment requirements.

This presentation provides an overview of rate options and preliminary observations.

OVERVIEW

3

This presentation addresses the following topics:

1. Background
2. Forecast storm water utility costs (revenue requirement)
3. Review of rate structures in other municipalities
4. Initial rate design
5. Next steps & recommendations

BACKGROUND

4

BC Water & Waste Association Position Statement:

BC Water & Waste Association advocates that all water and wastewater utilities implement full cost recovery rates designed to meet community objectives and promote fairness.

Preliminary review by City of Penticton:

In 2015-2016 the City retained Urban Systems to review the annual investment required for a storm water utility and how other municipalities fund storm water services.

The review by Urban System showed that:

- Majority of run-off demand comes from hard surfaces such as sidewalks, roads and parking lots.
- Run-off from individual properties contributes to a relatively small portion of the system demand. However all customers who use roads, sidewalks and parking lots enjoy the benefits of good drainage.
- Customers that are directly connected to the municipal storm systems place extra demand on the system.

REVENUE REQUIREMENT

5

The American Water Works Association (AWWA) defines revenue requirement as:

The summation of the operation, maintenance, and capital costs that a utility must recover during the time period for which the rates will be in place.

The revenue requirement must be sufficient to provide safe and reliable utility services.

Currently storm water operations and maintenance costs are funded through general tax revenues while capital costs are funded through a combination of gas tax revenue and the dividend from the electric utility. Implementing a separate rate structure for the storm water utility will ensure operations and capital projects are funded through a specific charge for storm water service.

REVENUE REQUIREMENT

6

The revenue requirement for the Penticton storm water utility was prepared for the period from 2018 to 2025 based on the following information and assumptions:

- Operation & Maintenance Expense based on the City's budget;
- Average Annual Life Cycle Investment Based on Urban Systems Asset Management Investment Plan, 2016.
- Annual Capital Investments in New Infrastructure is based on forecast capital projects prepared by City Staff.
- Corporate Administrative Costs – share of city's billing and other administrative services.
- A portion of Creek Restoration Costs [at \$0.6 million/year].
- A provision to build up storm water capital and operating reserves. The recommended minimum combined balance is \$0.195 million estimated based on minimum reserve balance for the City's other utilities.

The revenue requirement is offset by funds from other sources (for example, Federal/Provincial grant funds and DCCs).

**CITY OF PENTICTON DEVELOPMENT OF STORM WATER UTILITY RATES
PRESENTATION TO CITY COUNCIL**

REVENUE REQUIREMENT AND RATE PHASE-IN [\$000]

7

Line No.		2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2018-2025 Average
1	Operation & Maintenance Expense	162	164	166	168	170	172	175	177	169
2	Average Annual Life Cycle Investment (Asset Replacement)	1,115	1,131	1,146	1,162	1,178	1,194	1,211	1,227	1,171
3	Annual Capital Investments in New Infrastructure	449	190	367	492	499	506	513	520	442
4	Portion of Creek Restoration Costs	600	600	600	600	600	600	600	600	600
5	Corporate Administrative Costs	76	77	78	79	80	81	82	83	79
6	Implementation Cost	50	-	-	-	-	-	-	-	6
7	Total Revenue Requirement	2,451	2,161	2,356	2,500	2,526	2,553	2,580	2,607	2,467
8	Less: Federal/Provincial Grant Funding; Development Cost Charges and Developer Funding	58	19	37	49	50	51	51	52	46
9	Net Revenue Required from Stormwater Rates	2,394	2,142	2,320	2,451	2,477	2,502	2,529	2,555	2,421
10	Revenue Forecast at Proposed Phase-in Rates	164	498	834	1,174	1,515	1,860	2,206	2,555	1,351

The revenue requirement forecast shows the costs of operating the storm water utility of about \$2.5 million per year.

The City is proposing to phase-in storm water rates over a seven year period. In the first year, storm water rates would collect about \$164,000.

REVIEW OF RATES IN OTHER MUNICIPALITIES

8

Three basic types of rate structures were identified.

1. Flat Fee/ Tiered Flat Fee – a single fee for all customers in a particular category. In some cases there is a single fee for all properties, in other cases there is a different fee for different types of property uses (e.g. residential or commercial or single-family vs multi-family).

2. Mill Rate x Assessed Property Value –A mill rate applied to each \$1000 of assessed property value. Mill rate may be the same for all property types or differ by property classes (e.g. residential or commercial).

3. Impervious Area Based Rate – An impervious area factor (\$/m²) or runoff coefficient (%) is calculated for each customer classes (based on property use). The rate is applied to property area or frontage.
 - impervious area refers to hard surfaces such as roofs, parking areas and driveways. Rainwater flows off these areas into the storm water system.

REVIEW OF OTHER MUNICIPALITIES

Flat Fee/ Tiered Flat Fee	Mill Rate x Assessed Value	Impervious Area Based Rate
<ul style="list-style-type: none">• City of Surrey• City of Calgary• City of St. Albert• City of Ottawa	<ul style="list-style-type: none">• City of Pitt Meadows (hybrid, rate also includes flat fee)• City of Richmond (hybrid, rate also includes flat fee)• Township of Langley	<ul style="list-style-type: none">• City of White Rock• City of Mississauga• City of Kitchener• City of Victoria• City of Edmonton

EVALUATION OF FEE STRUCTURES

The following characteristics were considered when evaluating the feasibility of implementing the fee structures in Penticton:

	Flat Fee/ Tiered Flat Fee	Mill Rate	Area Based
Data Availability	Yes	Yes	Some data would need to be collected and entered to billing system
Ease of Understanding	Easy to understand	Somewhat more complicated	Most complicated to understand
Cost Causation	Can track cost causation at a broad level but not at a finer level	Poor linkage to cost causation for storm water	Best linkage to cost causation
Ease of Administration	Straight forward to administer	Rates based on existing property value data, can be administered	Most complicated to administer

RATE SCENARIOS

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Based on review of rate structures from other municipalities and data available from the City, a few alternative options were developed [including flat fee; mill rate based on fee; area and frontage based fees].

Two options [one single flat fee and a series of flat fees that differ based on the rate class] were selected for further review based on evaluation of the fee structures in the previous slide [easy to understand, implement and administer].

RATE SCENARIOS

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For both options, a seven-year phase-in period was also examined.

In the first year [2018] the proposed rate is \$10/folio [for not directly connected customers]. A \$10 credit/folio would also be applied to the tax bill so that there would be no net additional cost to customers in the first year.

The rates for 2019-2025 would be phased-in by equal dollar amounts each year so that by 2025 customers are paying the full cost of running the utility.

CITY OF PENTICTON DEVELOPMENT OF STORM WATER UTILITY RATES
PRESENTATION TO CITY COUNCIL

RATE SCENARIOS: 1A SINGLE FLAT FEE SCENARIO

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Under the Single Flat Rate scenario the storm water rate is calculated as the total revenue requirement divided by number of properties or folios. The rate option assumes direct connected properties pay a 30% premium (based on premiums observed in other municipalities).

The estimated rate is \$153.4/year per folio **regardless of customer class, size or type of property** for not directly connected and \$199.4/year for directly connected for 2025 [the full revenue requirement target year].

Total Net Revenue Requirement for 2025	\$2,555,349
Total Number of Folios	16,082
No direct connection	14,168
Directly connected	1,914
Flat Fee, \$/year for 2025 target year	
No direct connection	\$153.4 /per folio
Directly connected	\$199.4 /per folio [assumes 30% premium]
Total Revenues from Rates	\$2,555,349
Revenue Shortfall	\$0.0

CITY OF PENTICTON DEVELOPMENT OF STORM WATER UTILITY RATES PRESENTATION TO CITY COUNCIL

RATE SCENARIOS: 1A SINGLE FLAT FEE SCENARIO

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The table below illustrates Single Flat Fee Scenario rates for 2018-2025. As indicated in the previous slides, for 2018 the proposed rate is \$10/folio for not directly connected and \$13/folio for directly connected. The rates for 2019-2025 will be phased-in to get full revenue requirement and rates by 2025 [annual increase of \$20.5-\$26.6/folio].

		2018	2019	2020	2021	2022	2023	2024	2025
Total Net Revenue Requirement		\$2,393,530	\$2,141,624	\$2,319,607	\$2,451,045	\$2,476,587	\$2,502,482	\$2,528,735	\$2,555,349
Total Revenues at Proposed Rates		\$162,355	\$496,823	\$833,754	\$1,173,148	\$1,515,004	\$1,859,323	\$2,206,105	\$2,555,349
Surplus/(Shortfall)		-\$2,231,175	-\$1,644,800	-\$1,485,853	-\$1,277,897	-\$961,583	-\$643,159	-\$322,630	\$0

Rate Class	Unit	Stormwater Fee							
		2018	2019	2020	2021	2022	2023	2024	2025
Residential									
Single Family Dwellings									
No direct connection	\$/year per folio	\$10.0	\$30.5	\$51.0	\$71.5	\$92.0	\$112.4	\$132.9	\$153.4
Directly connected	\$/year per folio	\$13.0	\$39.6	\$66.3	\$92.9	\$119.5	\$146.2	\$172.8	\$199.4
Multi Family Apartment Buildings									
No direct connection	\$/year per folio	\$10.0	\$30.5	\$51.0	\$71.5	\$92.0	\$112.4	\$132.9	\$153.4
Directly connected	\$/year per folio	\$13.0	\$39.6	\$66.3	\$92.9	\$119.5	\$146.2	\$172.8	\$199.4
Multi Family Dwellings [strata]									
No direct connection	\$/year per strata	\$10.0	\$30.5	\$51.0	\$71.5	\$92.0	\$112.4	\$132.9	\$153.4
Directly connected	\$/year per strata	\$13.0	\$39.6	\$66.3	\$92.9	\$119.5	\$146.2	\$172.8	\$199.4
Business/Other									
No direct connection	\$/year per folio	\$10.0	\$30.5	\$51.0	\$71.5	\$92.0	\$112.4	\$132.9	\$153.4
Directly connected	\$/year per folio	\$13.0	\$39.6	\$66.3	\$92.9	\$119.5	\$146.2	\$172.8	\$199.4

RATE SCENARIOS: 1B FEE BASED ON RATE CLASS

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Scenario 1B uses a rate structure with a premium paid by commercial classes and a discount for multi-family units:

- This scenario takes into account that typical commercial customers have a higher proportion of impervious areas on their properties compared to residential customers. The illustrative premium is based on the City of Penticton's run-off coefficient [commercial customer rate is about 2 times higher than residential rate].
- This Scenario also includes a discount for strata units and apartment units [about 47% based on review of other municipalities] in multi family buildings considering the density and lower impact of each unit to the storm water system compared to detached single family dwellings.
- This Scenario also assumes apartments buildings with more than 4 units pay a rate based on the number of units and the same per unit rate as a strata unit.

**CITY OF PENTICTON DEVELOPMENT OF STORM WATER UTILITY RATES
PRESENTATION TO CITY COUNCIL**

RATE SCENARIOS: 1B FEE BASED ON RATE CLASS

Table below shows the calculation of rates for 2025 [the full revenue requirement recovery target year].

Total Net Revenue Requirement for 2025	\$2,555,349	
	<u># of Folios</u>	
Residential	<u>14,409</u>	
No direct connection		
Single Family Dwellings	8,150	\$152.2 /year per folio
Multi Family Apartment Buildings with 4 or less units	145	\$243.9 /year per folio
Multi Family Apartment Buildings with more than 4 units	103	\$81.3 /year per unit [2,527 units]
Multi Family Dwellings [strata]	4,340	\$81.3 /year per strata
Directly connected		
Single Family Dwellings	187	\$197.87 /year per folio
Multi Family Apartment Buildings with 4 or less units	-	\$317.09 /year per folio
Multi Family Apartment Buildings with more than 4 units	11	\$105.70 /year per unit [448 units]
Multi Family Dwellings [strata]	1,473	\$105.70 /year per strata
Farm/Recreational/Non Profit/Supportive Housing	<u>416</u>	
No direct connection	400	\$152.2 /year per folio
Directly connected	16	\$197.9 /year per folio
Business/Light Industry/Utilities/Other	<u>1,257</u>	
No direct connection	1,030	\$308.76 /year per folio
Directly connected	227	\$401.39 /year per folio
Total Revenues from 2025 Rates	\$2,555,349	
Revenue Shortfall	\$0.0	

CITY OF PENTICTON DEVELOPMENT OF STORM WATER UTILITY RATES PRESENTATION TO CITY COUNCIL

RATE SCENARIOS: 1B FEE BASED ON RATE CLASS

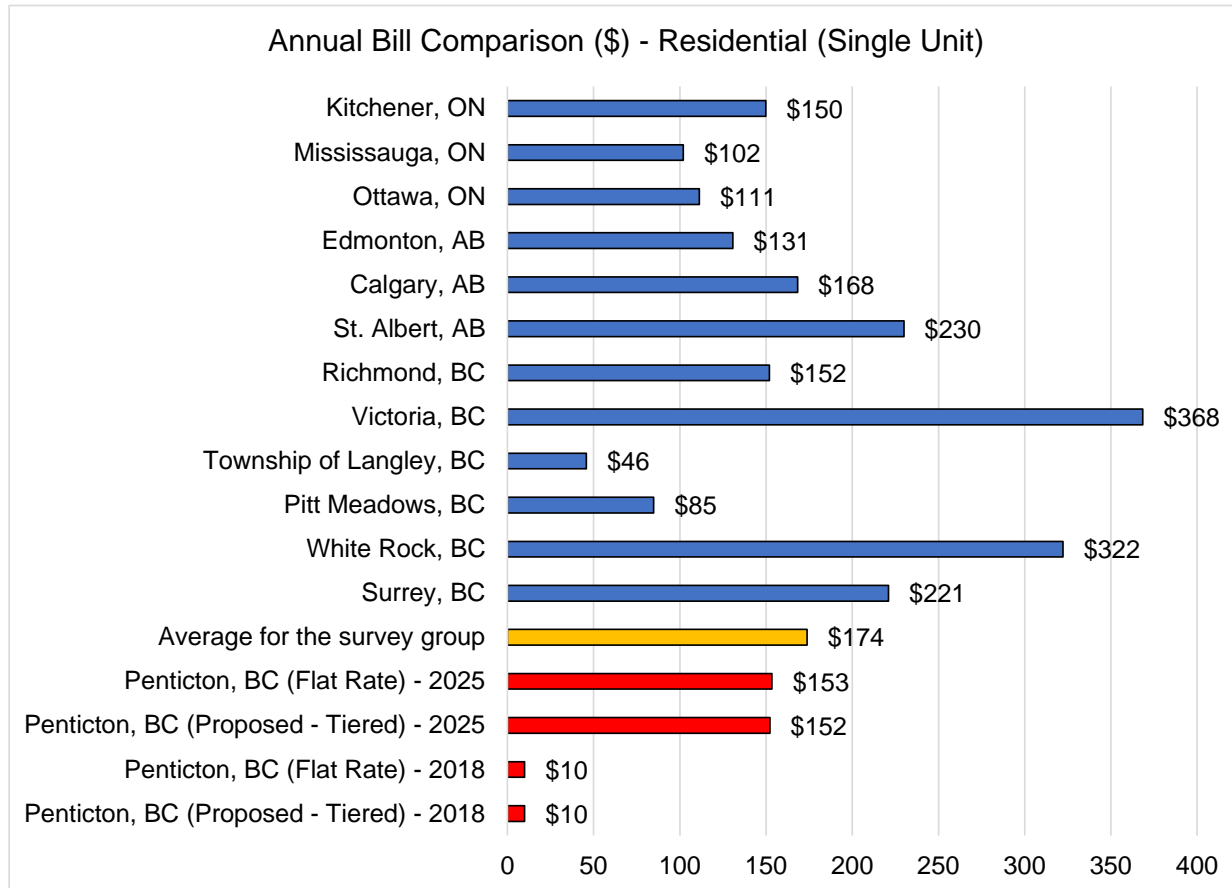
The table below illustrates Scenario 1B rates for 2018-2025. Similar to Scenario 1A, the rates increase gradually over a seven year period to get full revenue requirement recovery by 2025.

Rate Class	Unit	Stormwater Fee							
		2018	2019	2020	2021	2022	2023	2024	2025
Residential									
Single Family Dwellings									
No direct connection	\$/year per folio	\$10.0	\$30.3	\$50.6	\$70.9	\$91.3	\$111.6	\$131.9	\$152.2
Directly connected	\$/year per folio	\$13.0	\$39.4	\$65.8	\$92.2	\$118.6	\$145.0	\$171.5	\$197.9
Multi Family Apartment Buildings with 4 or less units									
No direct connection	\$/year per folio	\$16.0	\$48.6	\$81.1	\$113.7	\$146.2	\$178.8	\$211.4	\$243.9
Directly connected	\$/year per folio	\$20.8	\$63.2	\$105.5	\$147.8	\$190.1	\$232.4	\$274.8	\$317.1
Multi Family Apartment Buildings with more than 4 units									
No direct connection									
<i>Number of Units</i>	\$/year per unit	\$5.3	\$16.2	\$27.0	\$37.9	\$48.7	\$59.6	\$70.5	\$81.3
Directly connected									
<i>Number of Units</i>	\$/year per unit	\$6.9	\$21.1	\$35.2	\$49.3	\$63.4	\$77.5	\$91.6	\$105.7
Multi Family Dwellings [strata]									
No direct connection	\$/year per strata	\$5.3	\$16.2	\$27.0	\$37.9	\$48.7	\$59.6	\$70.5	\$81.3
Directly connected	\$/year per strata	\$6.9	\$21.1	\$35.2	\$49.3	\$63.4	\$77.5	\$91.6	\$105.7
Business/Industry									
No direct connection	\$/year per folio	\$20.3	\$61.5	\$102.7	\$143.9	\$185.1	\$226.3	\$267.5	\$308.8
Directly connected	\$/year per folio	\$26.4	\$79.9	\$133.5	\$187.1	\$240.7	\$294.2	\$347.8	\$401.4

CITY OF PENTICTON DEVELOPMENT OF STORM WATER UTILITY RATES PRESENTATION TO CITY COUNCIL

BILL COMPARISONS

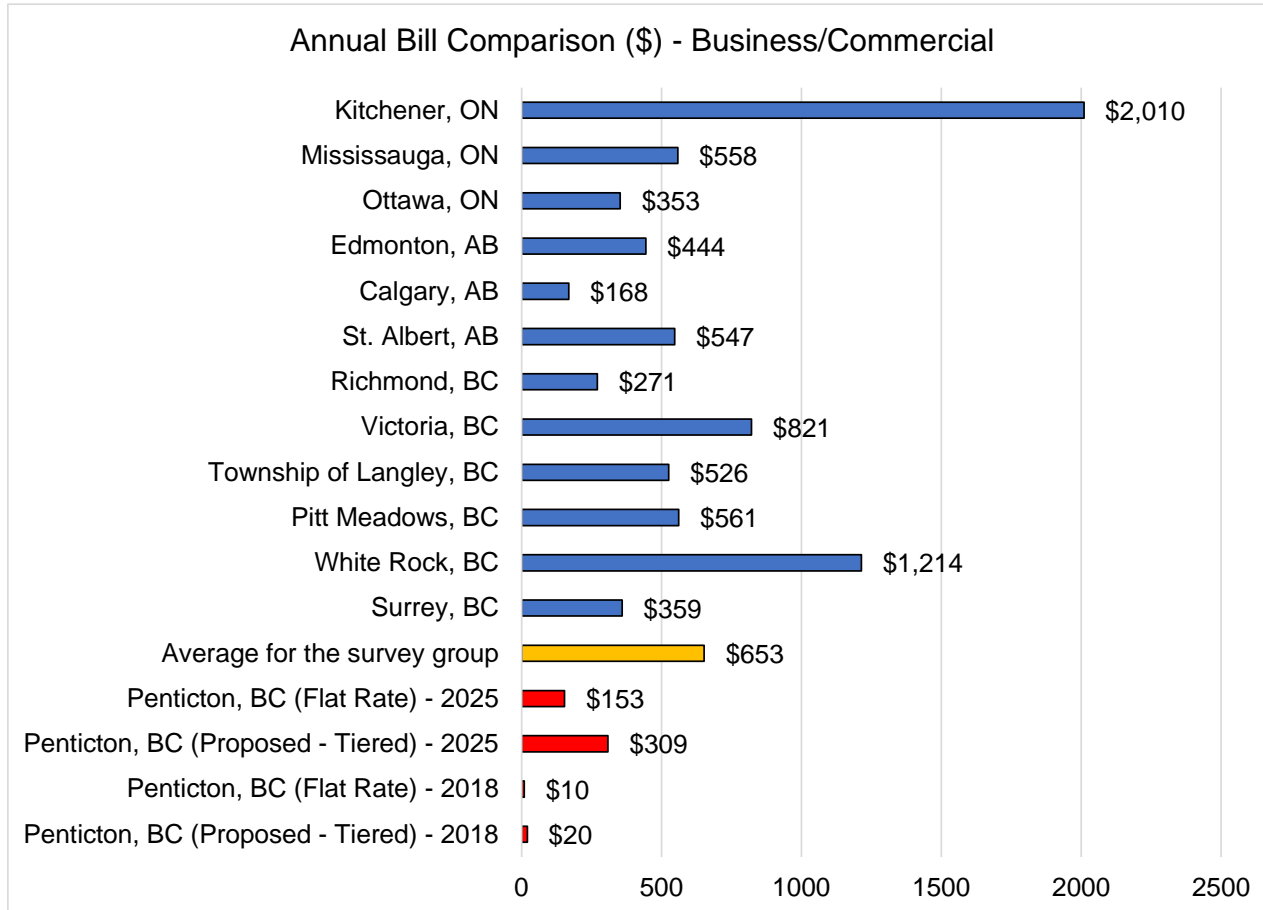
The figure below compares storm water charges for a typical residential single family property across municipalities. 2018 and 2025 proposed bills for the City of Penticton are compared to current bills in other municipalities.



CITY OF PENTICTON DEVELOPMENT OF STORM WATER UTILITY RATES PRESENTATION TO CITY COUNCIL

BILL COMPARISONS

The Figure below compares storm water charges for typical Businesses/ Commercial properties across municipalities. 2018 and 2025 proposed bills for the City of Penticton are compared to current bills in other municipalities.



NEXT STEPS & IMPLEMENTATION

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- The City will undertake a public consultation process to get feedback on the rate options before end of first quarter of 2018.
- Revisions to the rate proposal will be made based on feedback from council and the public.
- A revised report on the utility creation and proposed recommended rates will be provided to council. Rates would look to be implemented in 2018 at no additional cost to customers, and phased-in over seven years.
- Currently storm water operations and maintenance and capital projects are funded through general revenues. By implementation of the separate rate structure the storm water utility operations and capital projects will be financed through the specific rates for storm water service.

QUESTIONS?